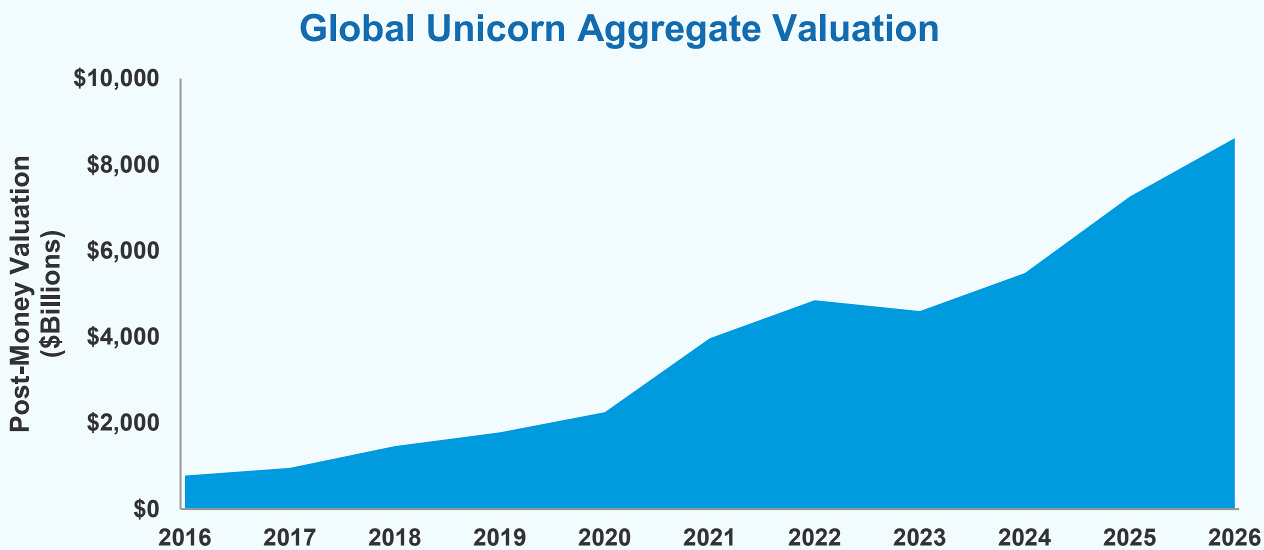
ALGER

Alger On The Money

Following the Growth Opportunity

Investors have long benefited from owning innovative companies as they scale and gain market share. As the landscape of innovation evolves, do public equity markets capture the entire opportunity set?



Source: PitchBook. Data as of 3/31/26. Aggregate valuations are post-money, reflecting each company's implied value immediately after its most recent funding round, and may not represent current market value.

- As shown in the chart above, the aggregate valuation of global unicorns (private companies valued at $1 billion or more) has increased more than tenfold in the past decade to approximately $8.6 trillion in 2026. This illustrates the rapid expansion of high-growth private companies and the growing value of assets that remain outside public equity markets.
- We believe the rising valuations of private companies partly reflect powerful, accelerating innovation that allows companies to grow more rapidly than they once could. Consider artificial intelligence (AI) lab Anthropic, which went from $1 billion in annualized revenue to $30 billion in under two years, well ahead of the 8 to 11 years it took Alphabet and Amazon to cover the same ground (see AI's Escape Velocity?). At the same time, companies are staying private for longer, as ample venture capital funding has reduced the need to tap public equity markets. In fact, the median age of technology companies going public is around 12 to 13 years, significantly longer than the 4 to 5 years in 1999 and 2000 during the dot-com boom.[1]
- Public growth equities have historically been a powerful source of innovation-driven returns. Yet, with more high-growth companies remaining private for longer and unicorns now representing trillions of dollars in value, we believe selective exposure to private growth companies, alongside public growth equities, may broaden investors' access to the innovation opportunity set.

[1] Ritter, Jay R. IPO Statistics, July 2026 update. University of Florida Warrington College of Business, Table 4a: "Technology Company IPOs, 1980-2025 Including Direct Listings," p. 14.

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