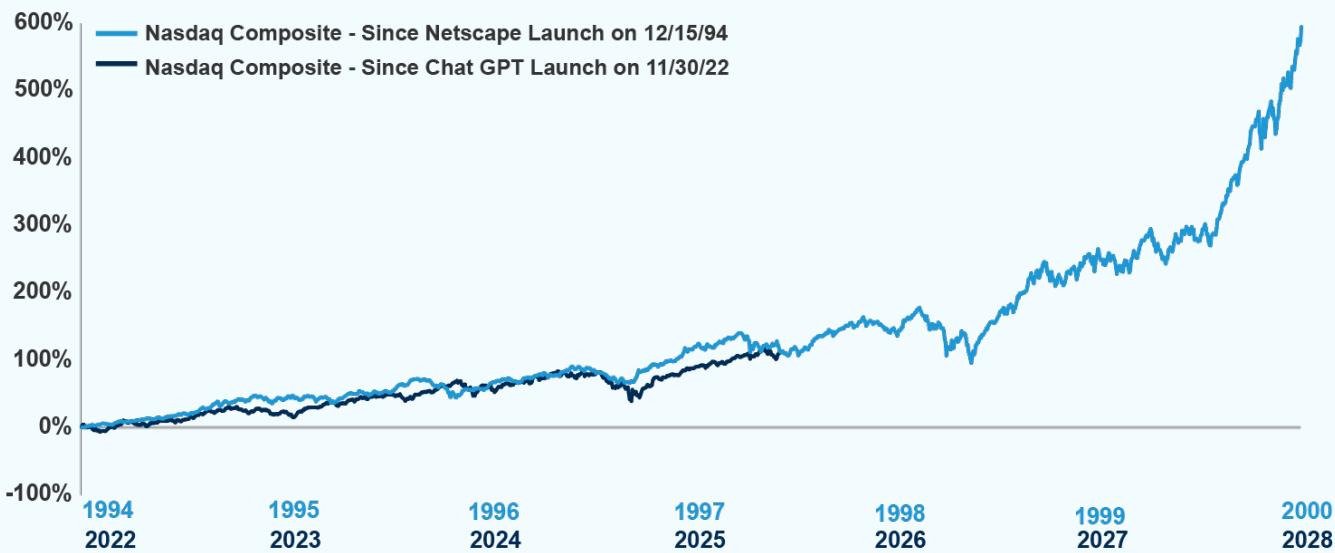




## Party Like It's 1998?

Driven by enthusiasm for the Internet, the U.S. stock market produced strong returns for many years following the introduction of Netscape in 1994. Did the release of ChatGPT set equities on a similar path and, if history does rhyme, what may that imply about future returns?

### Nasdaq Composite Returns Since ChatGPT and Netscape Launches



Source: FactSet and Nasdaq. Nasdaq Composite return since the launch of ChatGPT from 11/30/22 through 12/31/25. Nasdaq Composite return since the launch of Netscape from 12/15/94 through 3/10/00. The performance data quoted represents past performance, which is not an indication or a guarantee of future results.

- After its introduction on December 15, 1994, Netscape became the first widely used graphical web browser, revolutionizing internet access and inspiring investors with the potential of the World Wide Web. In the three years following its launch, the Nasdaq Composite soared by 112%.<sup>1</sup>
- While Alger had been researching and writing about AI for years, it wasn't until OpenAI launched ChatGPT on November 30, 2022, that the world was able to interact broadly with a large language model. Within just five days, ChatGPT reached one million users, igniting investor excitement about the transformative potential of generative AI. In the three years since its introduction, the Nasdaq Composite had surged almost exactly as much as it had following Netscape: 113%.<sup>2</sup>
- If the introduction of ChatGPT is analogous to Netscape, that would put us in early 1998—a year when the Nasdaq surged 40%. Notably, the Internet was still so nascent that many of the major technology giants responsible for much of the shareholder value creation tied to the web had not yet been founded: Google (1998), PayPal (1998), Salesforce (1999), Facebook (2004), Uber (2009), Instagram (2010). Will the Nasdaq rise over 220% in the next 2–3 years as it did from the end of 1997 to its peak in March 2000? While the outcome is uncertain, it is possible that many of AI's future value creators have yet to be introduced to the world, presenting compelling opportunities for growth equity investors, in our view.

<sup>1</sup>Nasdaq & FactSet. Nasdaq Composite total return from 12/15/1994 through 12/31/1997. **Past performance is not indicative of future performance.**

<sup>2</sup>Nasdaq & FactSet. Nasdaq Composite total return from 11/30/2022 through 12/31/2025. **Past performance is not indicative of future performance.**

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