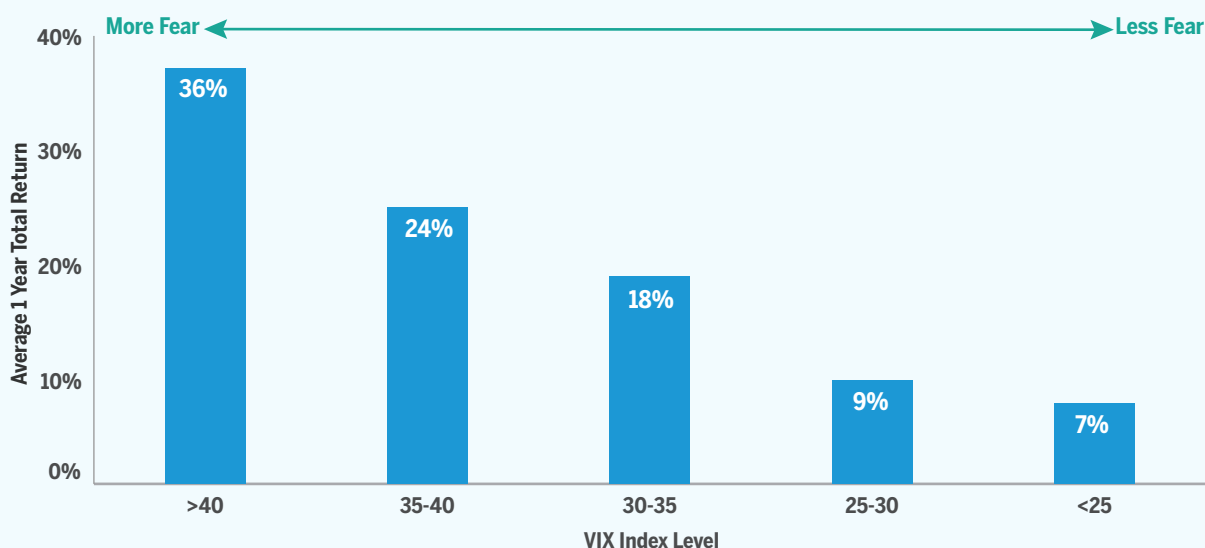


The Upside of Fear

Fears of the impact of soaring tariffs have driven a correction in U.S. equity markets. While it may be tempting to reduce equity exposure and downside risk, we believe current conditions may present an attractive buying opportunity, particularly in companies with exposure to durable secular themes poised to gain market share within the economy. In our view, one of the best gauges of sentiment is the VIX Index, which measures the implied volatility of the S&P 500 Index. The higher the VIX index, the greater the volatility investors anticipate and the higher the premium they're willing to pay for options contracts. What is the Index telling investors now?

Can You Take Advantage of Fear?

S&P 500 1-Year Total Return from Various VIX Index Levels



Source: FactSet and Alger. Data from February 1990 – April 2025. **Past performance is not a guarantee of future results.**
 Note: Ensuing returns have been measured from the day the VIX hit each level.

- Having just reached 45 on April 4, 2025, this so-called “fear gauge” is pointing to a very high level of anxiety.
- However, as this chart shows, many times when fear is the highest is the point you may want to consider investing in equities.
- Based on our data which goes back to 1990, the S&P 500 has historically generated double-digit 1-year returns when the VIX was over 40.

At Alger, we continue to invest in growth stocks leading the way on innovation as we have for over 60 years, and we are reminded of Warren Buffett’s advice of being “fearful when others are greedy and greedy when others are fearful.”

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The S&P 500® is an index of large company stocks considered to be representative of the U.S. stock market. The VIX Index is a calculation designed to produce a measure of constant, 30-day expected volatility of the U.S. stock market, derived from real-time, mid-quote prices of S&P 500® Index (SPXSM) call and put options.

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