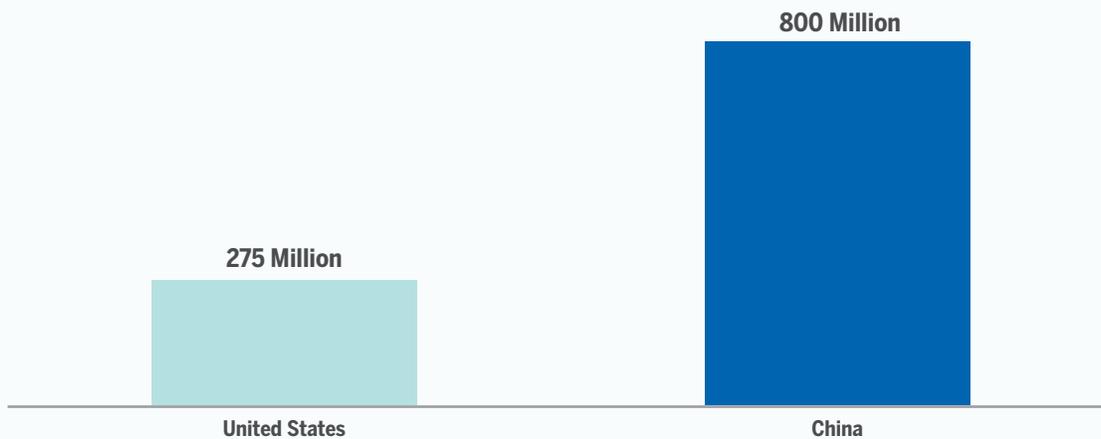


Innovation in China

The mobile boom in China has driven innovation and today China possesses a host of new internet creations that lack U.S. equivalents. As a result, there may be a significant long-term opportunity in China.

China's Internet User Base Is Nearly 3x that of U.S.



Source: China Internet Watch and Marketer.com.

- Smartphones have quadrupled the number of internet users in China during the last decade, helping Chinese companies to amass large revenue streams that support experimentation and ingenuity in the internet space. Government policies and the absence of offline infrastructure, such as retail stores and an established television advertising ecosystem, have also aided in China's rapid internet development.
- Once known for companies that initially imitated their U.S. internet counterparts, China is now a trailblazer in the internet space with many unique offerings.
- One China-based company, Meituan, combines food ordering, reviews, travel and delivery into one popular "super app." Evolutionary mobile payment platforms Alipay and WeChat Pay are each approaching one billion users, enabling trillions of U.S. dollars in payment volume. Alibaba has also developed smart supermarkets, blurring offline and online commerce unlike any American retailer.
- Despite concerns about the Chinese economy and the trade war with the U.S., investors interested in innovative technology may find the long-term prospects of China extremely interesting.

The following positions represented the noted percentages of Alger's assets under management as of November 30, 2018: Meituan, no holdings; WeChat, no holdings; Alibaba, 0.96%; Alipay (owned by Ant Financial), no holdings.

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