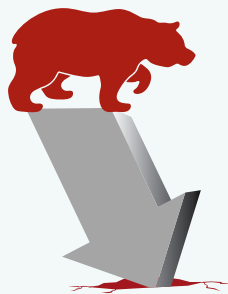


## Fall Harvesting

Many investors believe selling stocks with embedded losses is a good tax strategy. With many investors following this strategy after a mixed 2023, where the majority of the S&P 500 year-to-date returns have been driven by the top ten stocks by market cap as of October 2023, could battered-down stocks provide an attractive entry point to prudent investors just as others are selling?

### Historical Outperformance of Tax Loss Candidates



**From 1986 to 2022, Tax Loss Candidate (TLC) stocks were down more than 10% from January through October in a calendar year.**



**TLC stocks have historically outperformed by an average 1.9% over the following three months of November through January.**

Source: Bank of America Global Research. Analysis conducted from January 1986 through January 2023 shows that S&P 500 stocks which were down over 10% from January through October in a calendar year (termed as Tax Loss Candidates), exhibited relative outperformance when held from November through January.

- As the chart indicates, stocks that are tax loss candidates (TLCs) - or those down more than 10% in a calendar year through October - have historically outperformed the stock market from November through January by an average of 1.9% since January 1986 through January 2023, according to analysis from Bank of America.
- Investors often harvest equity losses for tax purposes at the end of the year. Mutual funds typically sell before October 31st (the deadline for most to realize capital gains) and retail investors by December 31st.
- With over a third of stocks in the S&P 500 Index down more than 10% this year, we believe there may be notable selling at a tax loss. This dynamic may create a buying opportunity for TLCs, due to their potential disconnect from company fundamentals. While past performance is not indicative of future performance, those beaten-up names may offer compelling returns in the months ahead.

The views expressed are the views of Fred Alger Management, LLC ("FAM") and its affiliates as of November 2023. These views are subject to change at any time and may not represent the views of all portfolio management teams. These views should not be interpreted as a guarantee of the future performance of the markets, any security or any funds managed by FAM. These views are not meant to provide investment advice and should not be considered a recommendation to purchase or sell securities.

**Risk Disclosures:** Investing in the stock market involves risks, including the potential loss of principal. Growth stocks may be more volatile than other stocks as their prices tend to be higher in relation to their companies' earnings and may be more sensitive to market, political, and economic developments. Local, regional or global events such as environmental or natural disasters, war, terrorism, pandemics, outbreaks of infectious diseases and similar public health threats, recessions, or other events could have a significant impact on investments. Foreign securities involve special risks including currency fluctuations, inefficient trading, political and economic instability, and increased volatility. **Past performance is not indicative of future performance.** Investors whose reference currency differs from that in which the underlying assets are invested may be subject to exchange rate movements that alter the value of their investments.

This information is general in nature and should not be construed as legal or tax advice. Alger makes no warranties with regard to such information or the results obtained by its use. Alger disclaims any liability arising out of your use of, or any tax position, taken in reliance on such information. Always consult an attorney or qualified tax professional regarding your specific legal or tax situation.

**Important Information for US Investors:** This material must be accompanied by the most recent fund fact sheet(s) if used in connection with the sale of mutual fund and ETF shares. Fred Alger & Company, LLC serves as distributor of the Alger mutual funds.

**Important Information for UK and EU Investors:** This material is directed at investment professionals and qualified investors (as defined by MIFID/FCA regulations). It is for information purposes only and has been prepared and is made available for the benefit investors. This material does not constitute an offer or solicitation to any person in any jurisdiction in which it is not authorized or permitted, or to anyone who would be an unlawful recipient, and is only intended for use by original recipients and addressees. The original recipient is solely responsible for any actions in further distributing this material and should be satisfied in doing so that there is no breach of local legislation or regulation.

Certain products may be subject to restrictions with regard to certain persons or in certain countries under national regulations applicable to such persons or countries.

Alger Management, Ltd. (85 Gresham Street, Suite 308, London EC2V 7NQ, UK) is authorized and regulated by the Financial Conduct Authority, for the distribution of regulated financial products and services. FAM and/or Weatherbie Capital, LLC, U.S. registered investment advisors, serve as sub-portfolio manager to financial products distributed by Alger Management, Ltd.

Alger Group Holdings, LLC (parent company of FAM and Alger Management, Ltd.), FAM, and Fred Alger & Company, LLC are not authorized persons for the purposes of the Financial Services and Markets Act 2000 of the United Kingdom ("FSMA") and this material has not been approved by an authorized person for the purposes of Section 21(2) (b) of the FSMA.

**Important information for Investors in Israel:** This material is provided in Israel only to investors of the type listed in the first schedule of the Securities Law, 1968 (the "Securities Law") and the Regulation of Investment Advice, Investment Marketing and Investment Portfolio Management Law, 1995. The Fund units will not be sold to investors who are not of the type listed in the first schedule of the Securities Law.

S&P 500® is an index of large company stocks considered to be representative of the U.S. stock market. The S&P indexes are a product of S&P Dow Jones Indices LLC and/or its affiliates and has been licensed for use by Fred Alger Management, LLC and its affiliates. Copyright 2023 S&P Dow Jones Indices LLC, a subsidiary of S&P Global Inc. and/or its affiliates. All rights reserved. Redistribution or reproduction in whole or in part are prohibited without written permission of S&P Dow Jones Indices LLC. S&P® is a registered trademark of Standard & Poor's Financial Services LLC and Dow Jones® is a registered trademark of Dow Jones Trademark Holdings LLC. Neither S&P Dow Jones Indices LLC, Dow Jones Trademark Holdings LLC, their affiliates nor their third party licensors make any representation or warranty, express or implied, as to the ability of any index to accurately represent the asset class or market sector that it purports to represent and neither S&P Dow Jones Indices LLC, Dow Jones Trademark Holdings LLC, their affiliates nor their third party licensors shall have any liability for any errors, omissions, or interruptions of any index or the data included therein. Investors cannot invest directly in any index. Index performance does not reflect deductions for taxes. **The performance data quoted represents past performance, which is not an indication or a guarantee of future results.**

Tax Loss Candidates, defined by Bank of America Securities, are stocks within the S&P 500 that are down 10% or more from January 1 – October 31 in a calendar year.

Alger pays compensation to third party marketers to sell various strategies to prospective investors.