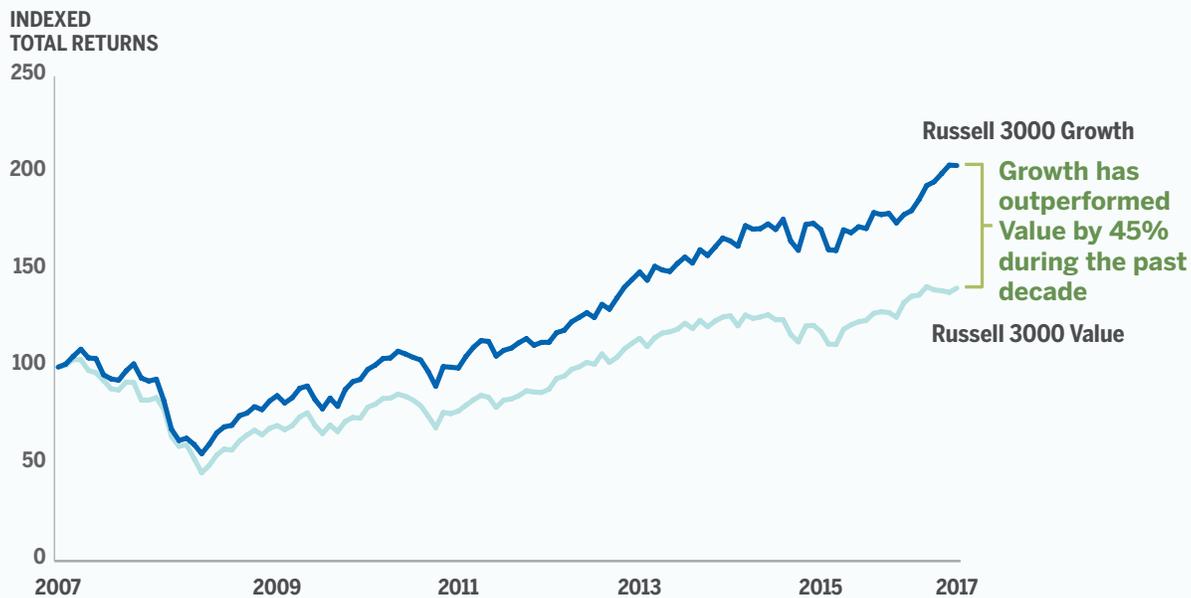


Style Divergence Favors Growth

Growth investing has produced persistent and robust outperformance relative to value investing during the past decade. We believe the economic developments that have supported this style divergence appear to be on a steady course that may continue to bolster growth over value.

Growth and Value Have Diverged Over Time



Source: FactSet. Data through 6/30/17.

- The Russell 3000 Growth Index recently outperformed the Russell 3000 Value Index by 45%, marking the pronounced disparity between the two investing styles.
- One cause has been slower economic growth, which makes cyclical value stocks less attractive compared to the strong, secular growth prospects of growth stocks.
- Additionally, growth companies are known to be innovators and innovations have been penetrating U.S. markets at ever faster rates (see Alger On the Money “[Champions of Change](#)”). While growth stocks are likely to continue benefitting from innovation, value stocks may be the victims of change.
- At Alger we believe investors should consider that the divergence between growth and value may endure in the foreseeable future.

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The Russell 3000® Growth Index is an index of common stocks designed to track performance of companies with greater than average growth orientation in general. The Russell 3000 Index measures the performance of the 3,000 largest U.S. companies based on the total market capitalization, which represents 99% of the U.S. equity market.

The Russell 3000® Value Index is an index of common stocks designed to track performance of companies with greater than average value orientation in general.