

# Turning Back the Clock on the Future

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The Dow Jones Industrial Average was under 4,000 and Whitney Houston led the charts. The year was 1993, and it seems like a very different era. It is therefore telling that the current state of cryptoassets, such as Bitcoin and Ethereum, may be analogous to the internet back then. Back in 1993, there were less than 20 million internet users worldwide out of a population of 5.5 billion; just 0.3% of people participated. That's about where we are today in terms of the global penetration of active cryptocurrency users.

If that is a fair comparison, there may be a lot of growth ahead for cryptoassets. Cryptocurrencies were born from the development of distributed ledger technology or DLT. DLT is significant because instead of having one organization, person or entity managing a database, it enables data to be maintained across many different entities or computers. It is decentralized rather than centralized.

This is important because for the first time we can have trust among counterparties without a central authority. We don't need a title company to confirm we own our home or a bank to tell us how much money is in our account. With DLT technology, the truth is upheld by a

public network of computers that is incentivized to maintain the system for all to see.

In the future, DLT may enable nearly anything to be digitalized or "tokenized." From the digitalization of money and virtual goods to collectibles and houses, anything can be digitally represented on the blockchain and maintain its scarcity and integrity. This may usher in new manners of economic interaction, including machine-to-machine transactions.

Imagine an autonomous car that takes payments from customers, routes itself to and from destinations, and even pays for its own gas and maintenance using nothing more than smart contracts and cryptocurrency. In such a world, economic interactions would likely become easier and take place with greater frequency while requiring less human interaction. At Alger, we think the results would be increased productivity and farther reaching global prosperity. Innovation and change on this scale are a key focus at Alger and we look forward to tracing the investment opportunities that will arise as these developments come to fruition.

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