

Streaming Content

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THIS VIDEO WAS SHOT BEFORE CORONAVIRUS SWEEP ACROSS THE WORLD AND VOLATILITY HIT THE MARKETS.

HOWEVER, WE CONTINUE TO BELIEVE IN THE THESIS IT CONVEYS AND WE HOPE YOU FIND IT VALUABLE.

We're seeing a massive upheaval in a television market that has been around for decades. As a consumer, I'm extremely excited about these streaming services because it's just more great TV to watch. As investors at Alger, we love Positive Dynamic Change, and we think that these companies are right at the heart of the Alger investment philosophy.

Over-the-top or OTT products take many forms: from short video clips like a YouTube, to subscription video services like a Netflix, or even a skinny bundle like a DirecTV Now, which is essentially a paired down version of a cable bundle that is streamed over the internet. There are hundreds of these various OTT services, but really the top four dominate the market, and the proliferation has been helped by the ease of access of smart TVs.

OTT has been fantastic for consumers. Instead of having to sit and wait a week to watch your shows, you can binge an entire season immediately. So because OTT is so convenient and at a lower price point, you are seeing a lot of consumers either complement their cable watching with these products or many just cancelling their cable outright.

I don't think there's ever been a better time to be a content creator. The content is following the talent and

the eyeballs and the money and shifting to these premium services. This is evidenced by the fact that 70% of the Emmy nominations this year were for premium or subscription services, and a network show has not won a top comedy or drama since 2014.

Going forward, we think that the secular shift from the traditional bundles towards OTT will continue. The legacy media companies however have begun to wake up and they've started to launch their own versions of these streaming services: Disney Plus, Apple TV Plus, HBO Max. There's many others coming.

We believe that the proliferation of these premium content services will actually accelerate the demise of the legacy bundle package.

We also think technology is very important to the success of these streaming platforms. In our opinion, Netflix has the best compression technology and the best ubiquity across all platforms, which we think gives it and the other legacy players a significant advantage.

We're confident there'll be multiple winners in this space and we think the future is bright for numerous of these streaming players.

The shows I've been watching recently are Succession on HBO. I just started The Watchmen on HBO as well, and I've been streaming many, many shows on Netflix, including the El Camino Breaking Bad movie. I just watched the Paul Rudd show Living with Yourself, which is very interesting. And then obviously, I watch all of the big shows like the Stranger Things as well.

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