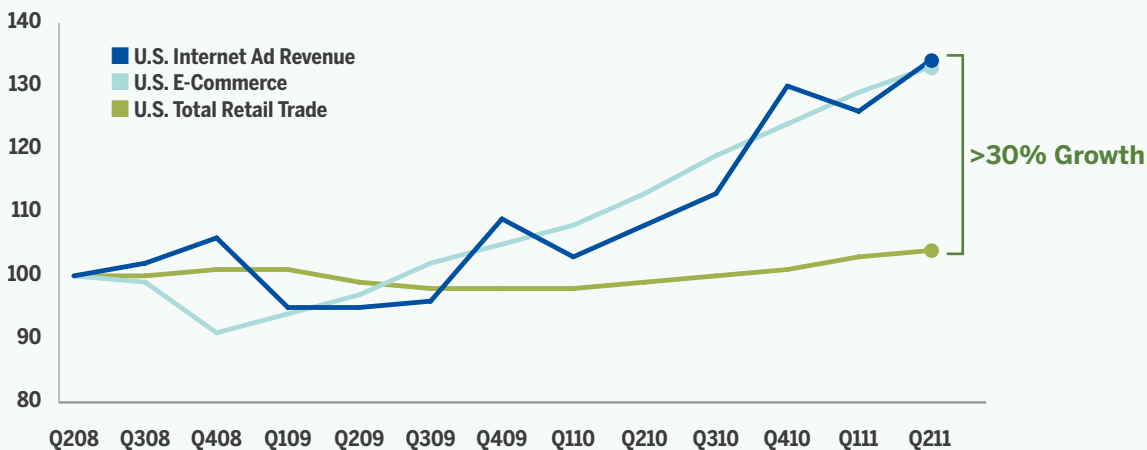


## The Resilience of Innovation

Did you know that during economic downturns innovation has managed to thrive? For example, throughout the Global Financial Crisis technological innovation prospered. It stands to reason that disruptive technologies may continue to flourish during future periods of market volatility and economic turbulence.

### Internet Businesses Outperformed During and After Global Financial Crisis

Growth Indexed to 100



Source: Bureau of Economic Analysis, PwC, Census Bureau.

- During the Global Financial Crisis, innovative industries, such as e-commerce and Internet advertising, grew over 30%, as retail sales and other measures of economic activity stagnated.
- The resilience of innovation dates back further than recent events. Personal computer penetration managed to grow through the early 1990s recession and in the Great Depression automobile ownership successfully advanced. Even as the economy has contracted, pockets of ingenuity have allowed corporations to profit and improve overall productivity (see Alger whitepaper [The Enduring Force of Innovation](#)).
- We find that the most innovative companies produce the strongest fundamentals and stock returns, and hold the key to investment performance. While investors today may have concerns ranging from where we are in the economic cycle to what actions global central banks will take, the answers to these questions do not drive long-term corporate earnings growth—innovation does.

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