

ALGER

Inspired by Change, Driven by Growth.



The Changing Face Of U.S. Equity Investing

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The Changing Face of U.S. Equity Investing

- U.S. economy has thrived because of – not despite – challenge and change
- Latest challenge of globalization and rise of BRIC is positive for U.S. economy
- U.S. equity investing is global investing
 - U.S. companies are global leaders in innovation, investment, and execution

The U.S. Economy: Constant Challenge and Change

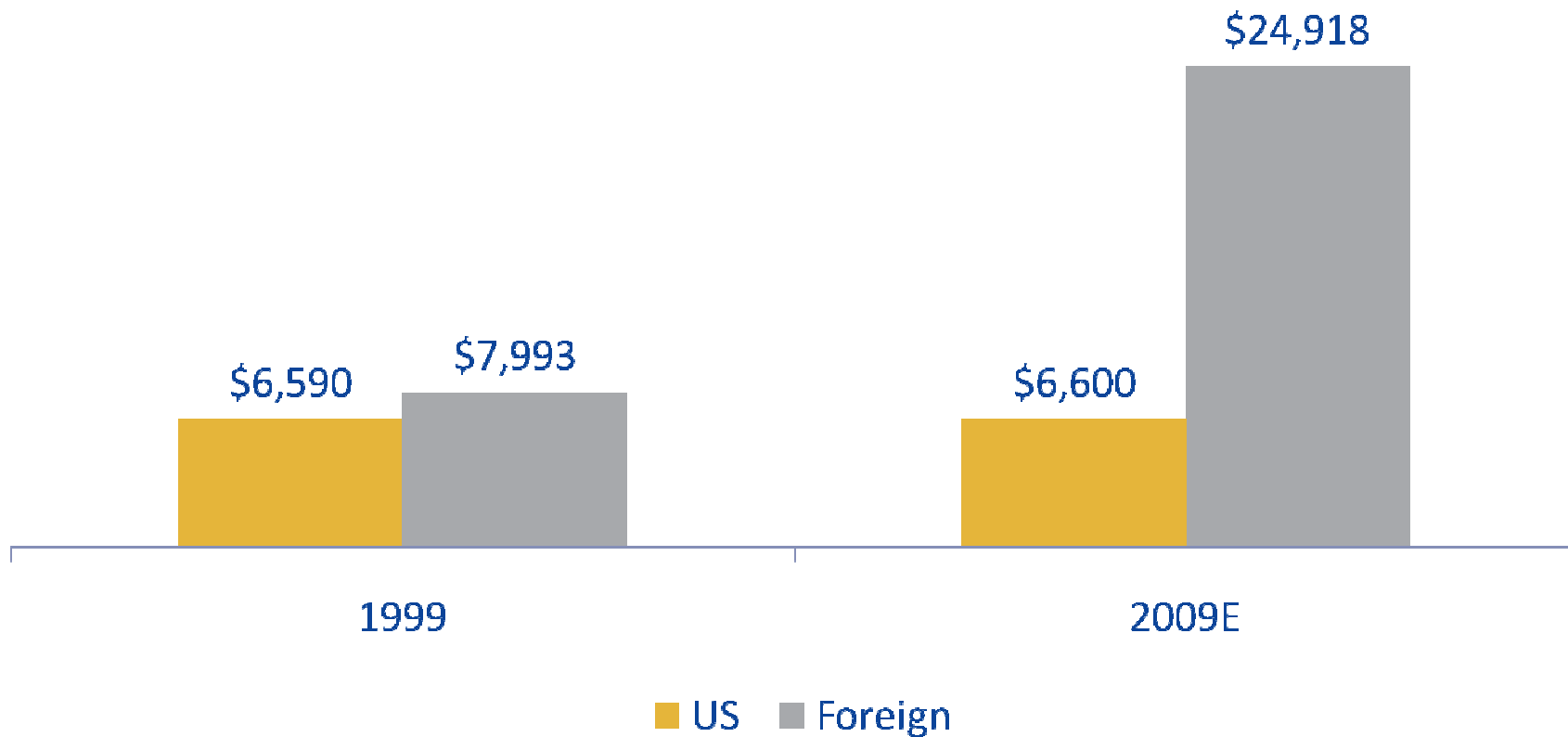
- **1950s and 1960s** – The U.S. is the worldwide manufacturing and export leader
- **1970s** – U.S. manufacturers embrace (low cost) off-shore manufacturing
- **1980s** – U.S. transitions to an increasingly service based economy
- **1990s** – Technology & internet ignite transformational change in U.S. economy
- **2000s** – Globalization & rise of the BRIC countries

Changes in the Top Three S&P 500 Sectors

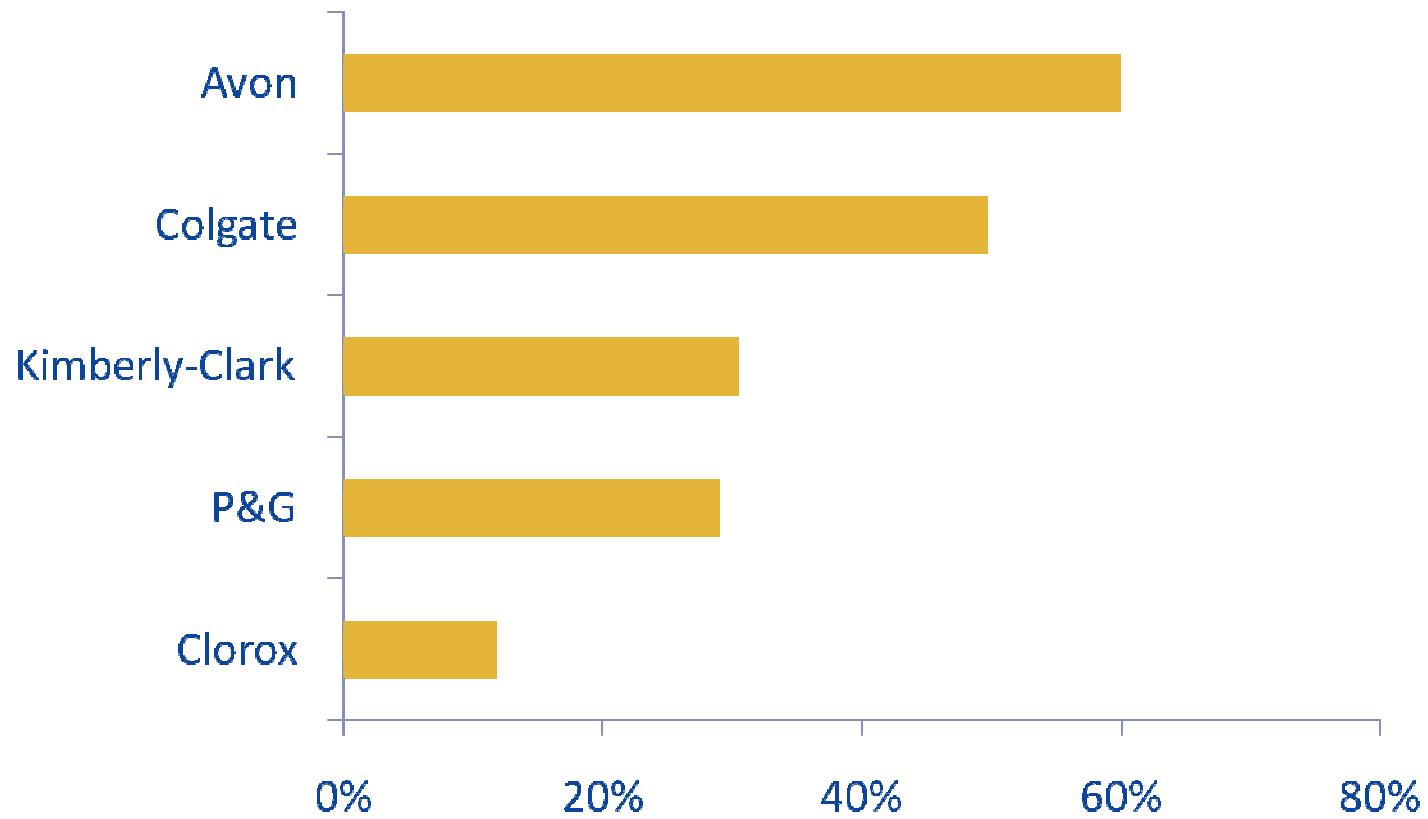
Sector Weight - 1957	Top Three Sectors (1957)	Sector Weight - 2009
26.1%	Materials	3.6%
21.6%	Energy	12.0%
14.6%	Consumer Discr.	9.2%
Top Three Sectors (2009)		
3.0%	Info Tech.	18.5%
1.8%	Financials	15.2%
1.2%	Health Care	13.1%

Foreign Based Earnings Power

Major Oil Company Earnings (\$ millions)

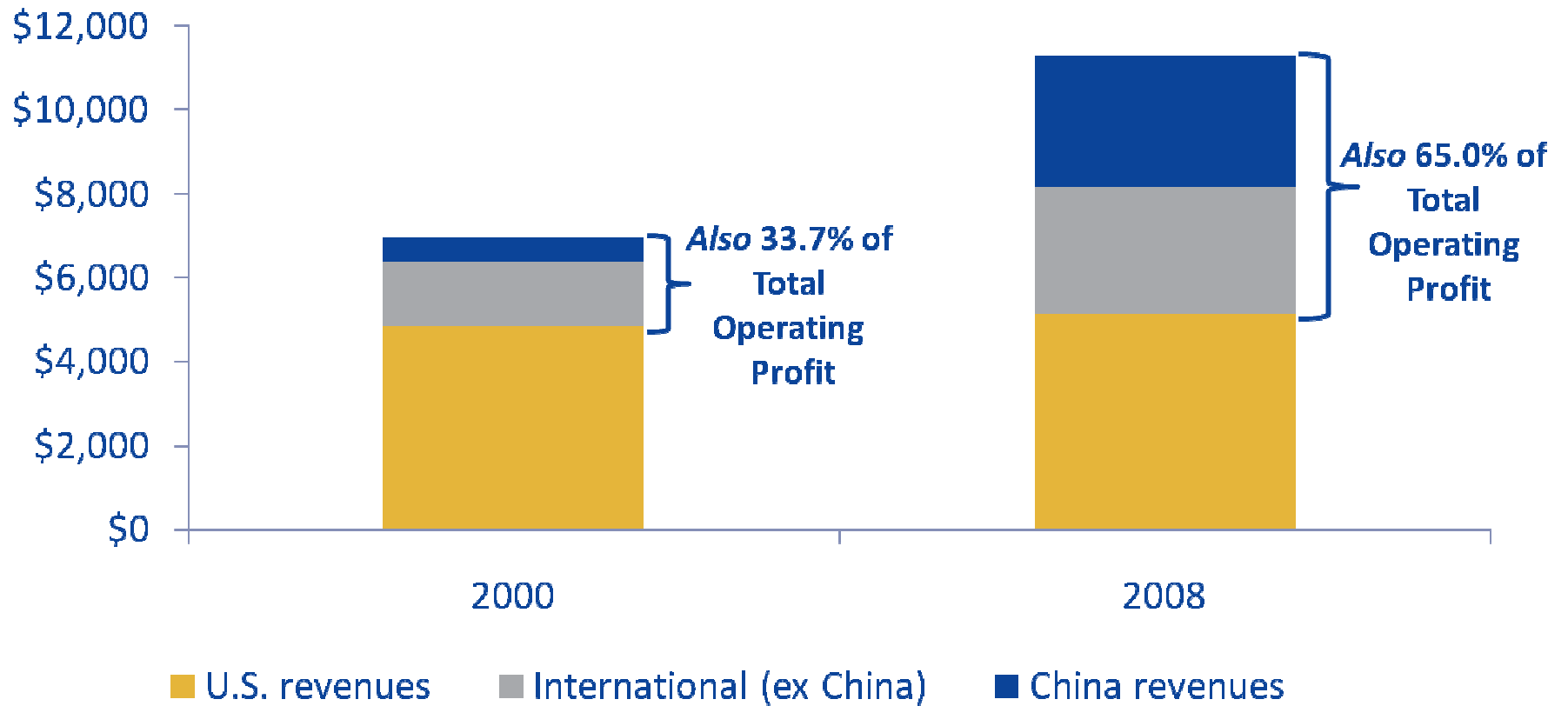


2008 Emerging Markets Revenue



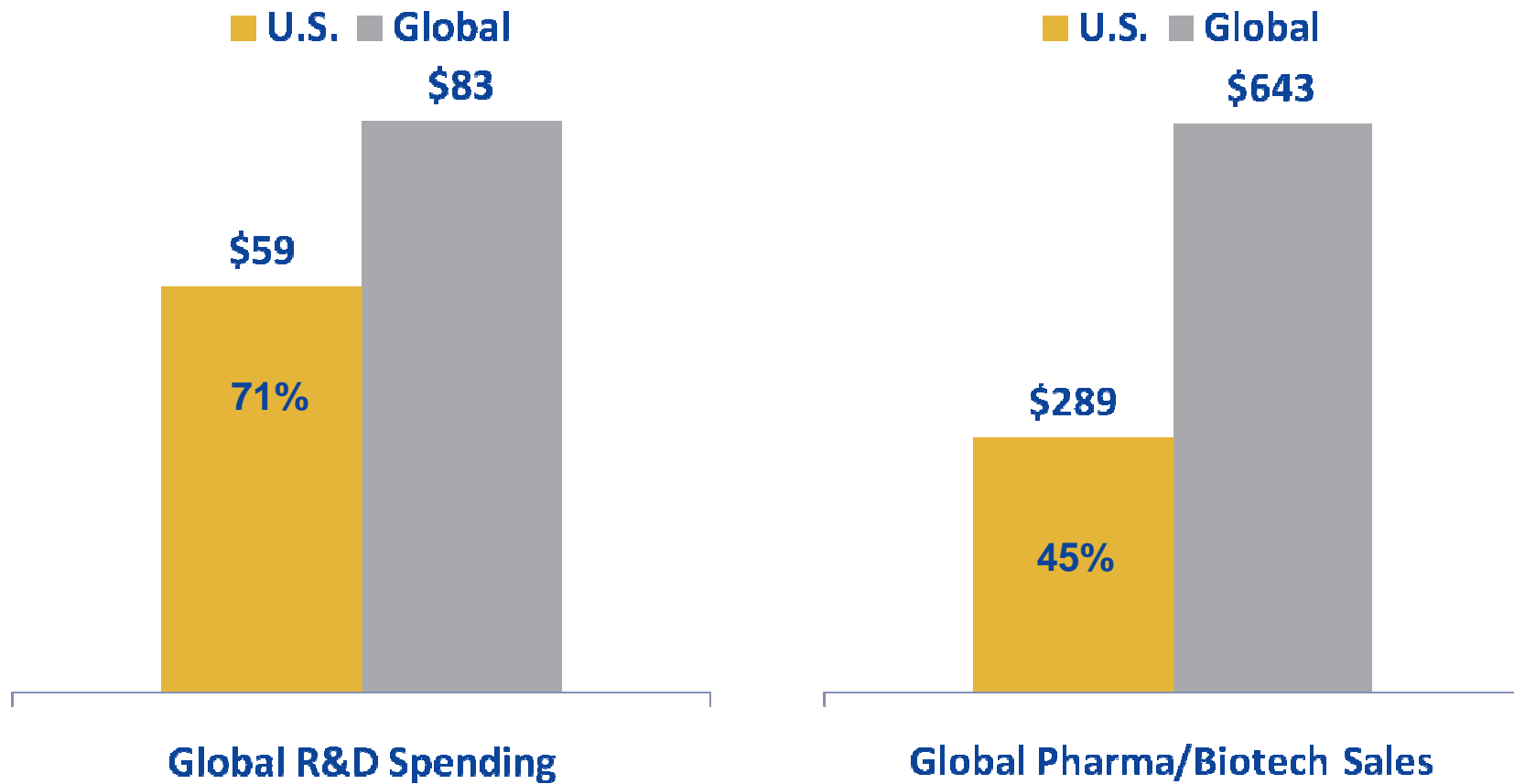
Source: Barclays Capital

YUM Revenue Growth (in \$ millions)



U.S. Companies Will Benefit from Global Health Care Expansion

(in \$ billions)



Emerging Markets Offer High Growth for Healthcare

To Win, Companies Must Have Both:

- Clinically impactful products (innovation)
- Broad distribution networks (investment/knowledge)

Since 1980s, Pfizer, in China, has:

- 4000 employees in over 170 cities
- 4 manufacturing plants
- 1 R&D Center
- 1800 Sales representatives covering 137 cities

Companies Undergoing *Positive Dynamic Change* offer the Best Investment Opportunities



We are Positive on the Future of U.S. Equity Investing

- Valuations are reasonable
- Significant cash on the sidelines
- U.S. growth companies will benefit from the global recovery

Significant Change in the Competitive Landscape Creates Opportunity for Well Positioned Growth Companies.

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**NATIONAL COUNCIL ON TEACHER RETIREMENT
87TH ANNUAL CONVENTION**

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