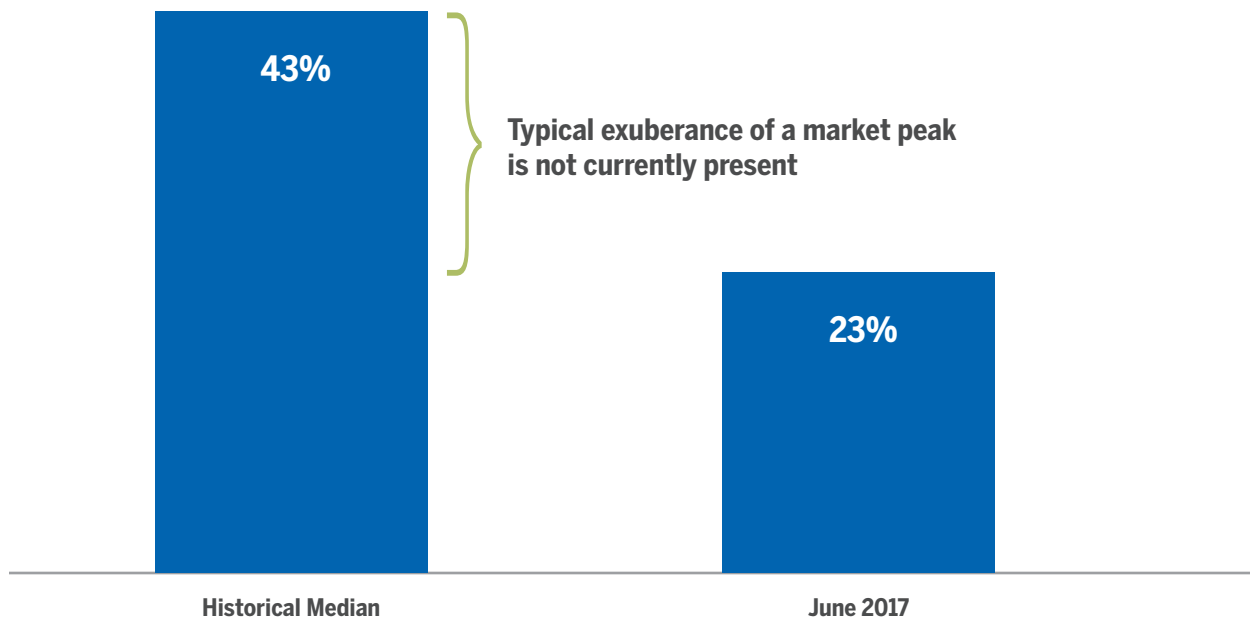


# Are We Exuberant?

Despite perceptions that investor confidence may be too high, the U.S. market now lacks the exuberance that traditionally accompanies a market top. U.S. equities have typically experienced very large increases during the final years before their peaks and it does not appear that today's market has reached that threshold.

## Median Two-Year Return of S&P 500 Preceding Peaks and Current Two-Year Return



Source: BofA ML U.S. Equity & Quant Strategy and FactSet. The median above covers the 10 market peaks of the S&P 500 from 1956 to the present.

- The current two-year return of 23%<sup>1</sup> is approximately half the median return of the two-year periods before the peaks of the last 10 U.S. bull markets.
- This cycle has not yet displayed the very strong gains that marked the conclusion of previous U.S. bull markets. At Alger we see the absence of exuberance as reason for continued optimism about the stock market. We encourage investors to frame their outlooks accordingly because the bull market may have room to continue.

<sup>1</sup>Through 6/30/17.

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