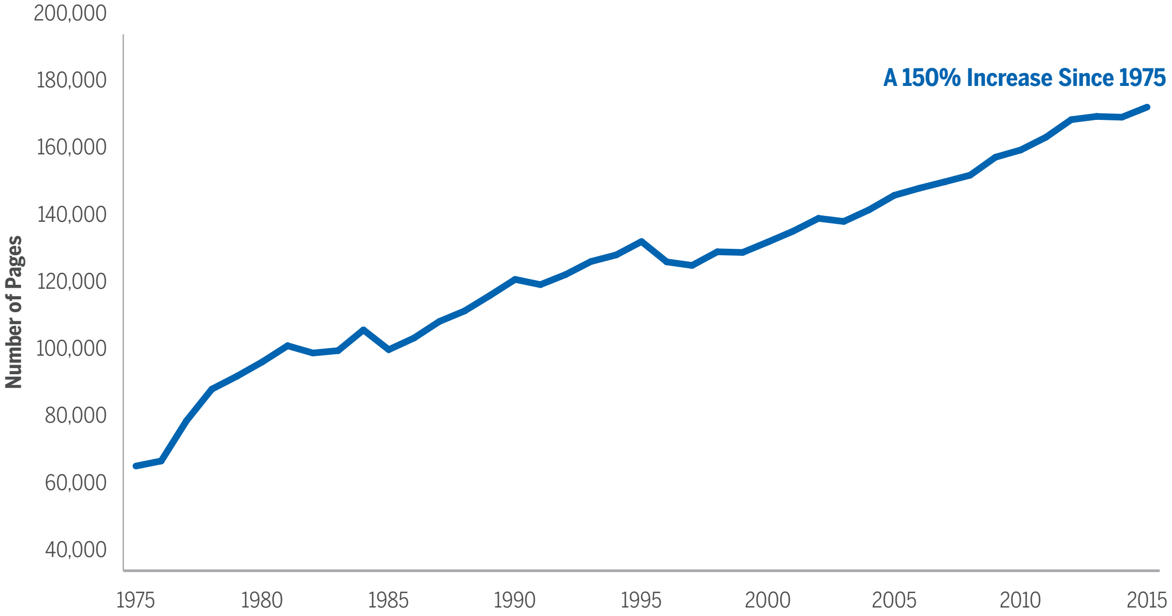
Opening the Throttle for Corporate Earnings

The volume of U.S. regulations is at a historical high. Thus, the potential for Washington to initiate reforms that can reduce regulation and help lower costs for U.S. businesses is also high. This has benefits for many companies, small or large, and for equity investors.

Total Pages in Code of Federal Regulation



Source: George Washington University

- Regulatory costs can be substantial; one large bank recently reported that 20% of its employees are dedicated to compliance and control functions. (See Alger Market Update *"Businesses Poised to Benefit Under Trump Proposals"*)
- Government rules are estimated to reduce U.S. GDP growth by 0.8% annually, according to the Mercatus Center of George Mason University. Small businesses, which are the backbone of job creation in the U.S., list regulatory costs as one of their greatest challenges, according to the National Federation of Independent Business. After the presidential election, small business confidence spiked in anticipation of regulatory reform. (See Alger On the Money *"Small Business Confidence Has Catapulted"*)
- Increasing business creation, capital expenditures and other measures that drive economic growth are potential outcomes of reform. We believe investors should continue to maintain appropriate U.S. equity allocations.

Gross Domestic Product (GDP) is the monetary value of all the finished goods and services produced within a country's borders in a specific time period. S&P 500 is an index of 500 stocks seen by economists as a leading indicator of U.S. equities and a reflection of the performance of the large cap universe.