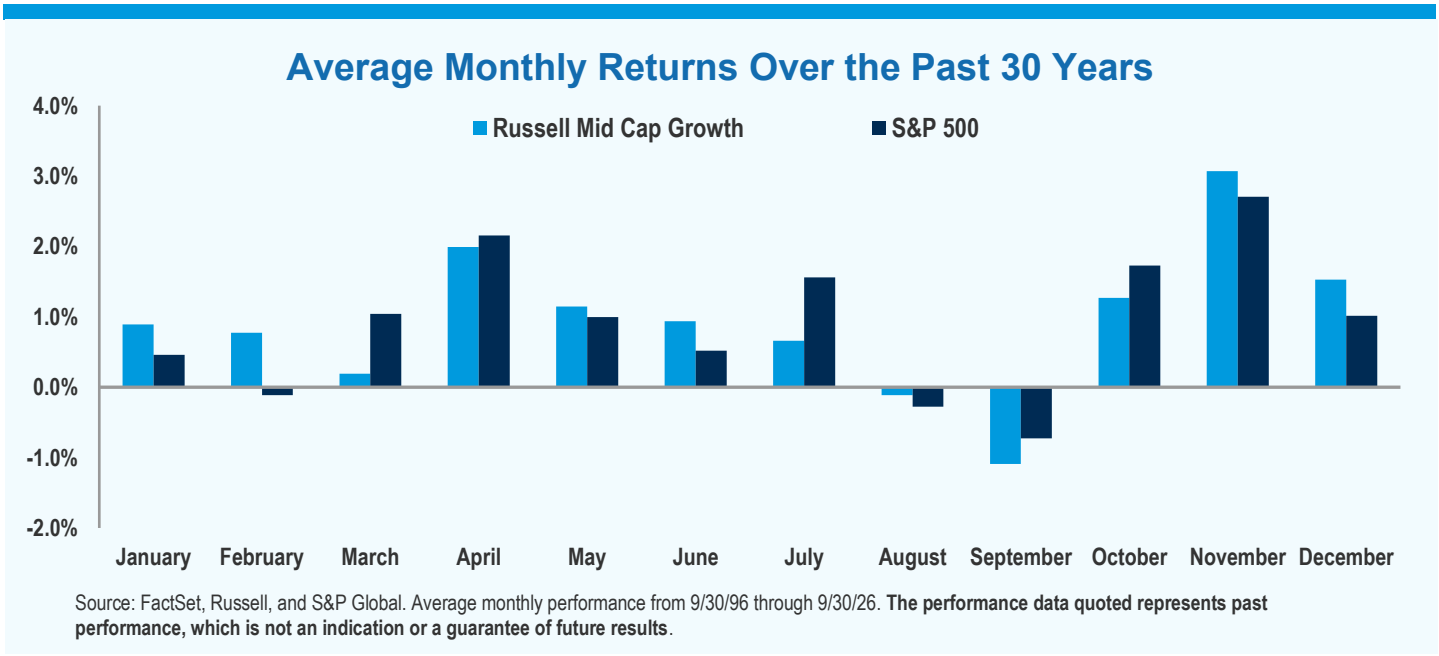
ALGER

Alger On The Money

‘Tis The Season

Does the holiday season bring gifts to investors? Statistically speaking, it has historically. With the year’s final stretch approaching, we think it is worth revisiting what the calendar has historically offered, particularly for mid cap growth stocks.



Source: FactSet, Russell, and S&P Global. Average monthly performance from 9/30/96 through 9/30/26. **The performance data quoted represents past performance, which is not an indication or a guarantee of future results**.

- Of course, past performance is not indicative of future results, but seasonality is worth acknowledging. Over the past 30 years, November and December have been among the strongest months for U.S. equities, as the chart above illustrates. The S&P 500 has gained 3.7% on average across the two months combined, while mid cap growth stocks, as measured by the Russell Midcap Growth Index, have averaged more than 4.6% over the same stretch. We believe this partly reflects investors turning their focus to the following year’s earnings, which has tended to favor companies with stronger fundamentals.
- On that measure, mid cap growth stocks stand out. Consensus estimates call for Russell Midcap Growth earnings to rise 23% in 2027, compared with 16% for the S&P 500, driven in part by companies providing artificial intelligence (AI) infrastructure, developing software whose demand is rising with AI adoption, and advancing life sciences.[1] That outlook has not been reflected in performance, however, as mid cap growth stocks have trailed their larger peers for much of 2026. As investor attention turns to next year, the earnings growth differential may begin to receive the recognition it has lacked, in our view.
- In addition to the seasonal pattern, this November’s midterm election may offer support for equities more broadly. Historically, the resolution of political uncertainty has provided equities a steadier backdrop in the year that follows, regardless of the election outcome (see also Post-Election Bump?). In our view, mid cap growth companies may be well positioned for the months ahead, with seasonal tailwinds, reduced political uncertainty and an encouraging earnings growth outlook aligning at a point when the group remains overlooked. While we strongly encourage investors to take a long-term view, there are reasons to believe that we could be entering a potentially joyous season for the U.S. stock market.

[1] FactSet, as of 10/15/26. Consensus analyst estimates of calendar year 2027 earnings per share growth. Estimates are subject to change and there is no guarantee that projected earnings growth will be realized.

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