

ALGER



Unlock Your Growth Potential.SM

Spring 2024

Capital Markets: Observations and Insights

Capital Markets: Observations & Insights

“It’s hard to beat a person who never gives up.”

- Babe Ruth

As we continue to celebrate our 60th anniversary in the pursuit of growth investing excellence, we reflect on six decades of perseverance, both of our firm and our country.

Our company’s enduring legacy of determination began when Fred Alger opened our doors in 1964 with \$3,000, some used furniture, and a staunch work ethic. He started alone, from humble beginnings, but Alger’s adherence to investing in Positive Dynamic Change and hard work of maintaining a diligent bottom-up fundamental process and a cohesive culture in the face of incredible adversity has compounded over 60 years to produce a prominent investment firm. Our headquarters now sits just a few blocks away from Fred’s original office but boasts 178 employees in over 60,000 square feet of space with \$25.7 billion under management.*

Similarly, America’s hard work has compounded to create immense wealth over the past six decades. U.S. productivity has tripled, and real GDP has grown more than five times. Growing at 7% annually, the S&P 500 earnings per share have skyrocketed from a mere \$4 per share to over \$220 per share last year, representing growth of more than 50x. As fundamental investors we note that the stock market closely tracked this growth with the S&P 500 index growing at the same 7% rate or 10% with dividends.**

Our takeaway is that grit and innovative thinking on a regular basis can compound into life changing progress and significant wealth creation. At Alger, we continue the tradition of diligence and perseverance as we strive to generate outstanding investment performance results for our clients.



A handwritten signature in black ink, appearing to read "Daniel C. Chung".

Daniel C. Chung, CFA
Chief Executive Officer
Chief Investment Officer



A handwritten signature in black ink, appearing to read "Brad Neuman".

Brad Neuman, CFA
Senior Vice President
Director of Market Strategy

*Data as of 3/31/24. **For the 60-year period ending 12/31/23.

The performance data quoted represents past performance, which is not an indication or a guarantee of future results.

Key Observations and Themes

I

Bull vs. Bear

With monetary policy set to ease and earnings growth recovering, will the stock market continue to register new highs? Or will elevated valuation and sentiment combined with economic concerns derail the rally?

3

II

The Long Run

Regardless of how the short-term macroeconomic situation evolves, the long-term future of the economy and investing is very bright, in our view.

12

III

Enduring Themes

Secular investment trends may transcend economic volatility, politics and central bank actions, producing compelling investment opportunities over the long term.

16

IV

Style Wars

Powerful structural forces may keep the long-term trend of growth outperformance intact, in our view.

25

V

The 2024 U.S. Elections

Historically, investing in innovation and fundamentals has outperformed strategies that attempted to profit from policy changes.

30

VI

Unlock Your Growth Potential with Alger

Alger is a pioneer of actively managed growth equity investing. Our journey over the past six decades has been a testament to navigating change, disruption, and innovation.

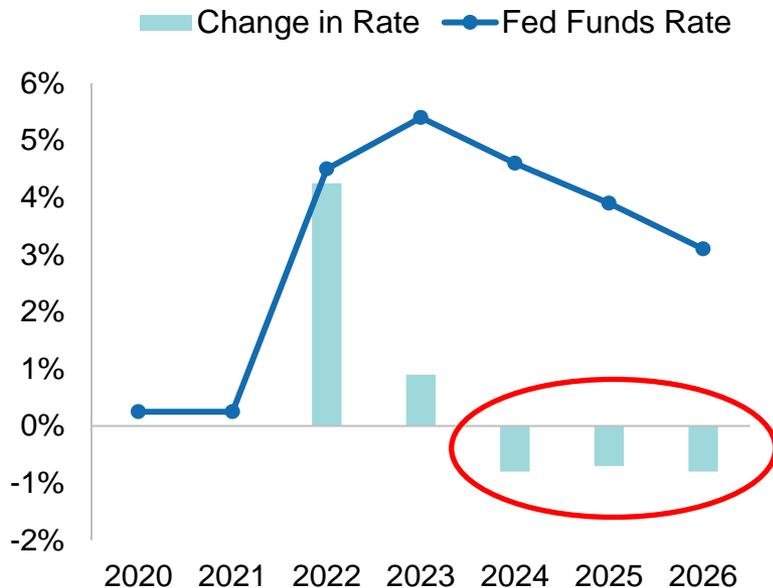
35

Bull vs. Bear

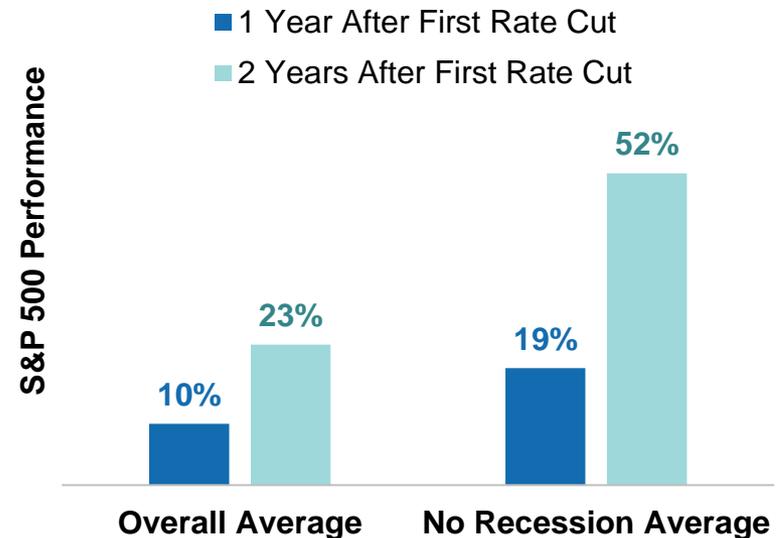
Bull Case: Easing Monetary Policy

- After two years of interest rate hikes, the Federal Reserve forecasts looser monetary policy for the next few years
- Rate cuts have historically led to strong returns when no recession followed

Federal Funds Target Rate Set to Decline



S&P 500 Performance After Rate Cuts



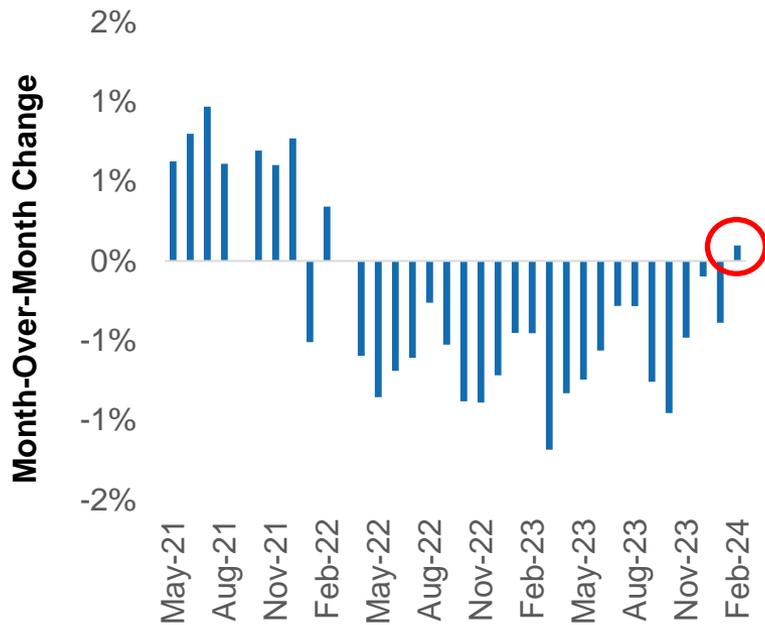
Source: Federal Reserve and FactSet. Fed Funds rate projections for 2024-2026 from the Federal Reserve Summary of Economic Projections released 3/20/24. Projections are for end of calendar years displayed. S&P 500 return based on price performance after rate cuts on 7/24/74, 4/1/80, 6/15/81, 4/15/82, 9/3/84, 6/5/89, 7/6/95, 9/29/98, 1/1/01, 9/18/07, and 8/1/19 with 1984, 1995, and 1998 as the only cuts without a subsequent recession. **The performance data quoted represents past performance, which is not an indication or a guarantee of future results.**

Bull vs. Bear

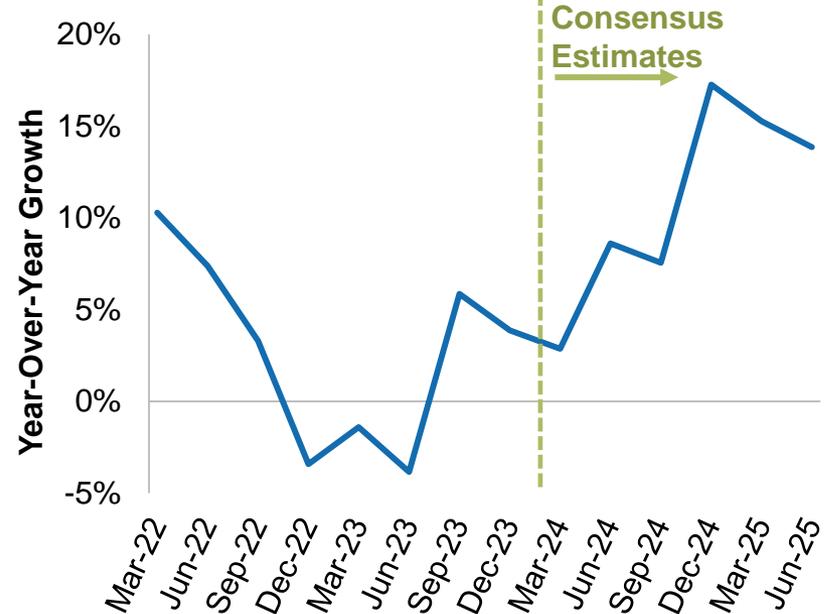
Bull Case: Accelerating Fundamentals

- Improvement in the Leading Economic Index (LEI) has historically supported S&P 500 EPS growth acceleration
 - LEI historically has led S&P 500 EPS by one quarter
- After nearly two years of little improvement, S&P 500 earnings growth is projected to significantly increase
 - Led by Communication Services, Tech & Healthcare

Leading Economic Index Inflecting Higher



S&P 500 Earnings Growth Projected Improvement



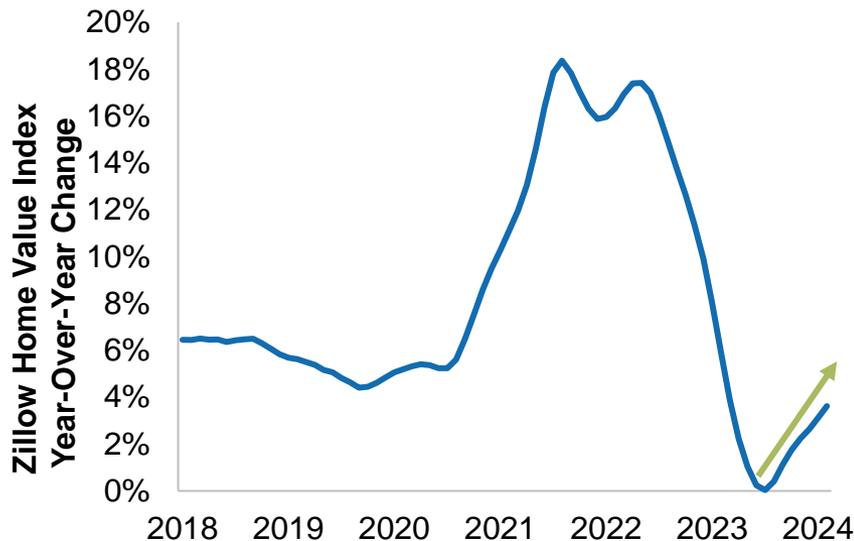
Source: The Conference Board (left); The Leading Economic Index (LEI) is a monthly index of 10 economic components used to predict the direction of global economic movements in future months. FactSet (right) as of March 2024; 1Q24 through 2Q25 are consensus estimates.

Bull vs. Bear

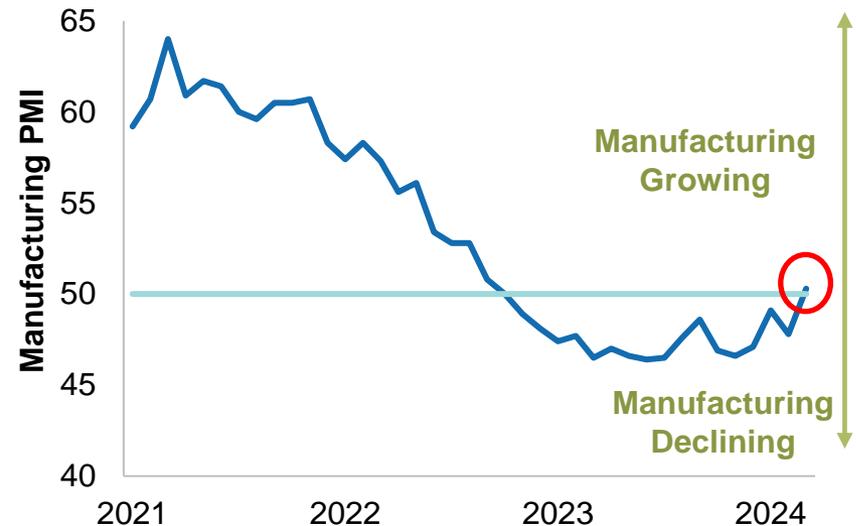
Bull Case: Cyclical Areas Rebounding

- Housing, one of the most interest sensitive areas of the economy, appears to have bottomed
- Manufacturing looks to be coming out of more than a year long slump

U.S. Home Prices



ISM Manufacturing Purchasing Manager Index



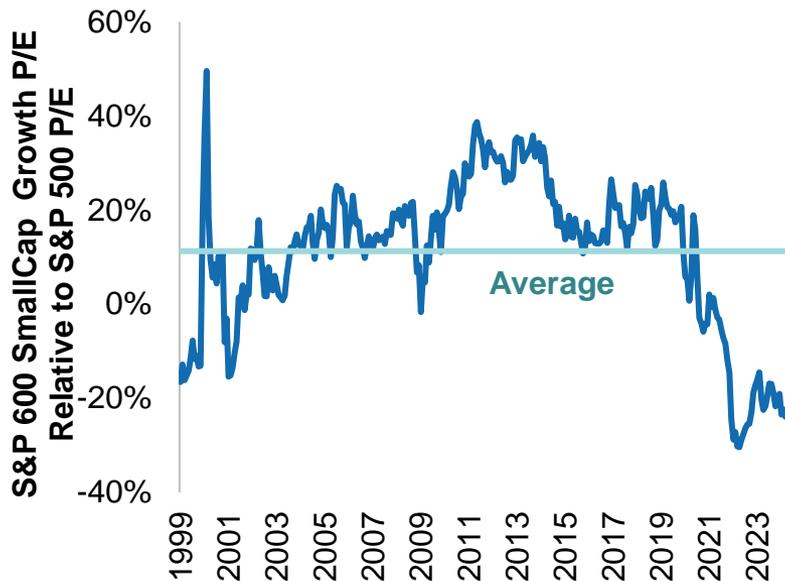
Source: Zillow. Zillow Home Value Index is a measure of the typical home value and market changes across the U.S. It reflects the typical value for homes in the 35th to 65th percentile range (left). The Institute of Supply Management ISM® Report On Business® – Manufacturing (PMI®), which summarizes economic activity in the manufacturing sector in the U.S. (right).

Bull vs. Bear

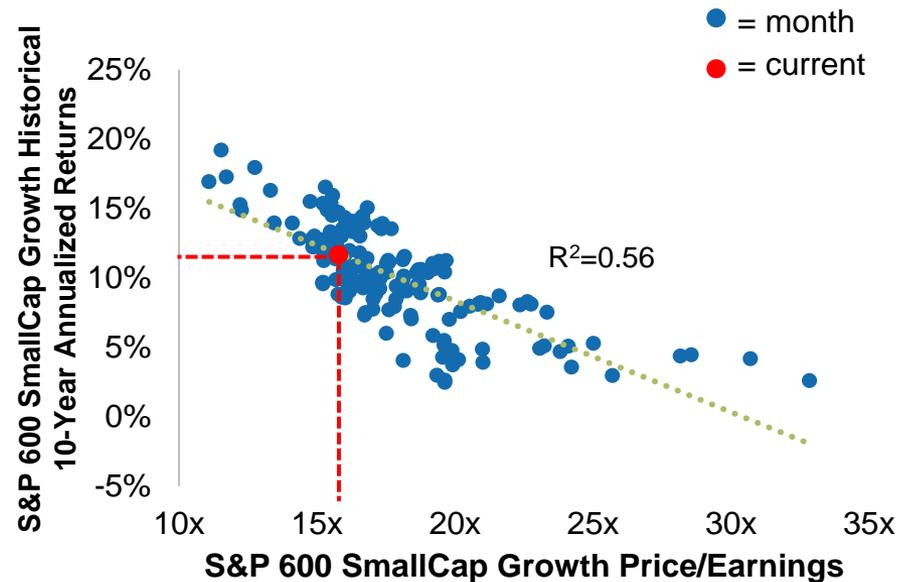
Bull Case: Areas of Attractive Valuations

- Some areas of the stock market such as small and mid cap growth stocks appear attractive, in our view

Small Growth Valuation Relative to History



Valuations & Historical Returns

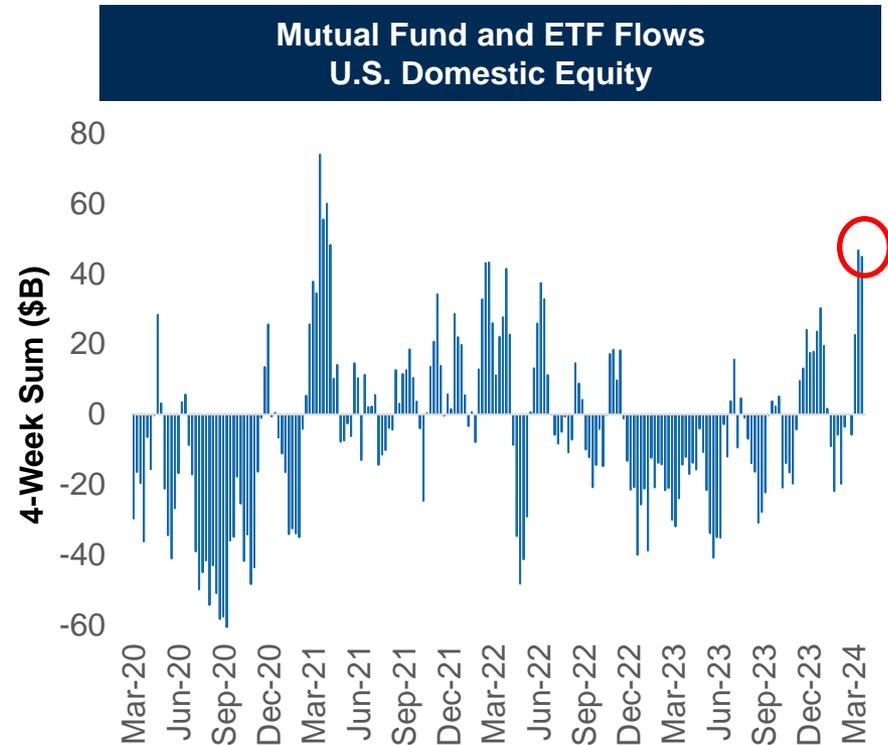
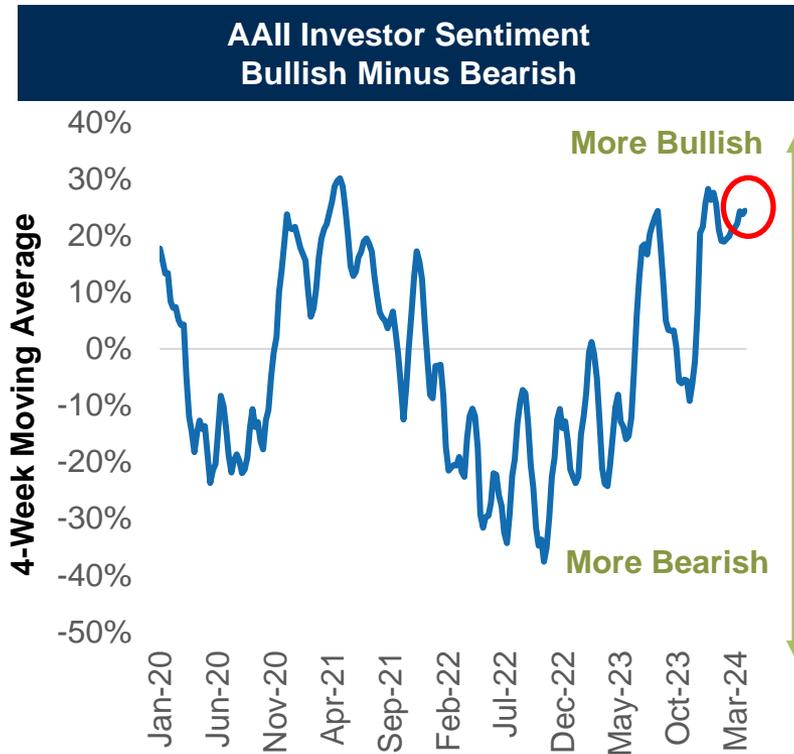


Source: FactSet. Each dot represents the P/E during that month and the returns generated over the subsequent 10 years. The starting P/E ratio is the price divided by the next 12-month earnings per share estimate at the start of each 10-year period measured. Monthly data through March 2024 and beginning in September 1998. R-squared is a statistical measure used to analyze how differences in one variable can be explained by the difference in a second variable. In the chart, the R-squared of 0.56 means that 56% of the variability in subsequent 10-year annualized returns can be explained by the price-to-earnings multiple. **The performance data quoted represents past performance, which is not an indication or a guarantee of future results.**

Bull vs. Bear

Bear Case: Lofty Sentiment

- Investor sentiment, which has often been a contrarian indicator such as in 2021, is strong again in 2024



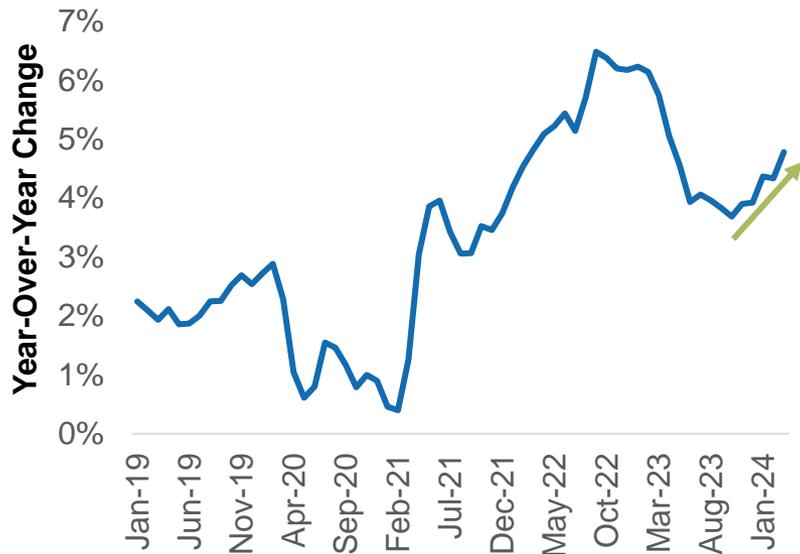
Source: American Association of Individual Investors (AAII) as of end of March 2024 (left); showing the percent of investors with a bullish sentiment minus the percent of investors with a bearish sentiment. Investment Company Institute as of late March 2024 (right). Includes all active and passive U.S. domestic equity mutual fund and ETF flows.

Bull vs. Bear

Bear Case: Sticky Inflation

- While certain areas of inflation have moderated, such as goods and shelter, other areas like services have re-accelerated
- Companies are increasingly planning on raising prices to offset higher input and labor costs

U.S. CPI Inflation
Services ex-Food, Energy & Shelter



Small Business Price Plans Over Next Three Months
Percent Reporting Higher Minus Lower



Source: Bloomberg (left). The Consumer Price Index (CPI) is a measure of the average change over time in the prices paid by U.S. urban consumers for a market basket of consumer goods and services. National Federation of Independent Business Small Business Optimism Report March 2024 showing the percent of small businesses planning to increase prices minus those planning on lowering prices (right).

Bull vs. Bear

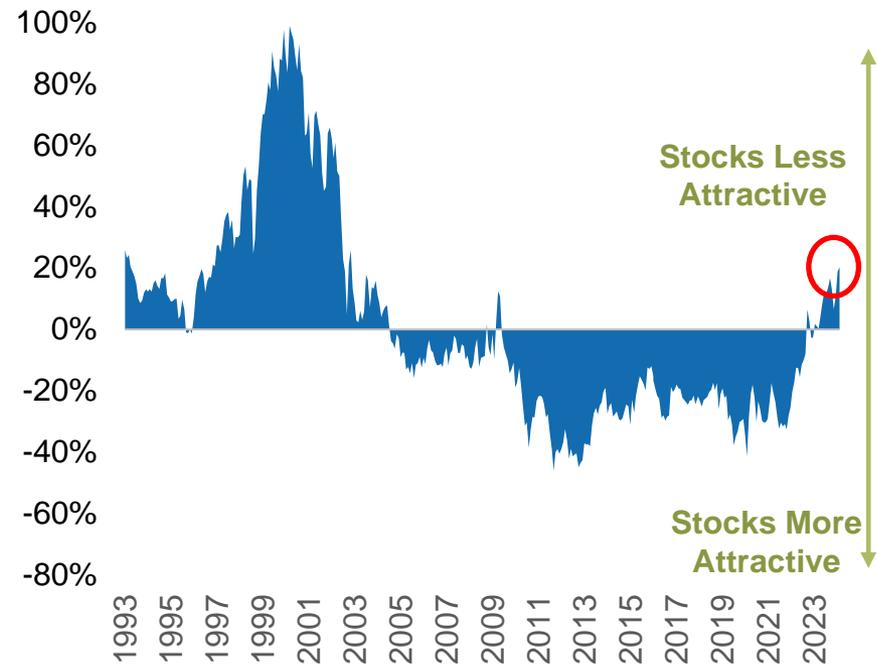
Bear Case: Valuations Stretched Overall

- Equities look rich in absolute terms
- Stocks look expensive relative to bonds

S&P 500 Price-to-Earnings



U.S. Stock P/E Premium/(Discount) to Corp Bonds



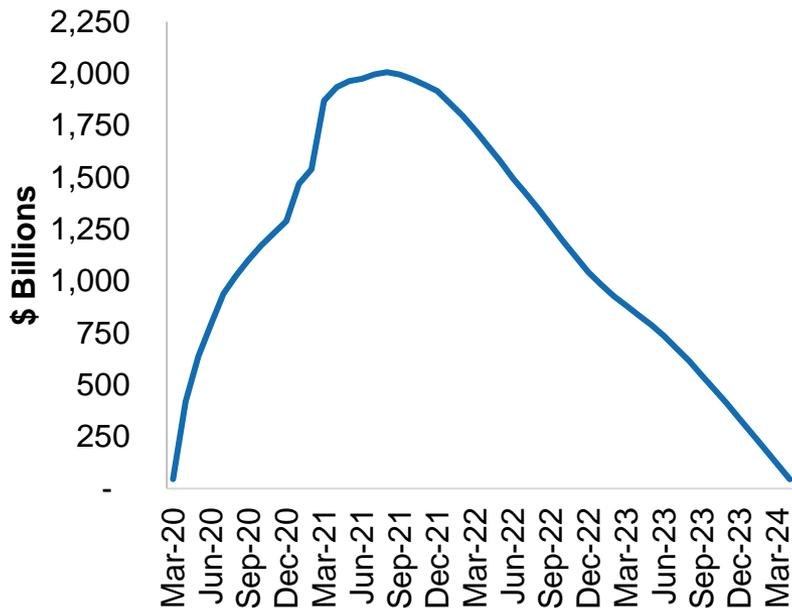
Source: FactSet as of end of March 2024. Consensus next 12-month estimates (left). Stock premium/(discount) to bonds is the percent of the S&P 500 P/E is (below)/above the corporate bond P/E. Corporate bond "P/E" is inverse of Moody's Baa corporate bond yield (right).

Bull vs. Bear

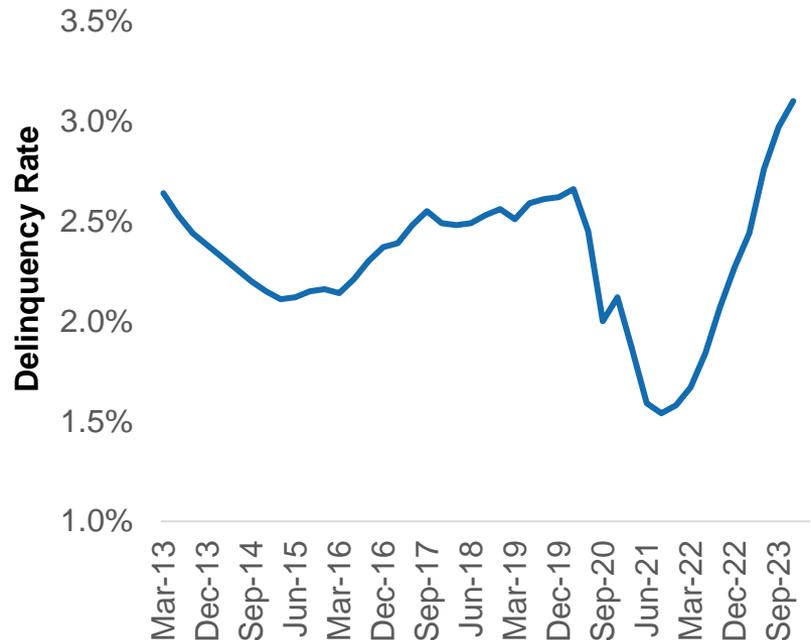
Bear Case: Consumer Weakness?

- U.S. personal savings surged during the pandemic, driven by fiscal stimulus
 - We believe that excess savings is exhausted and may potentially weigh on consumer spending
- High interest rates are weighing on consumer finances
 - The credit card delinquency rate is the highest in over a decade

Cumulative “Excess” Savings Depleted?



Credit Card Delinquencies Climb

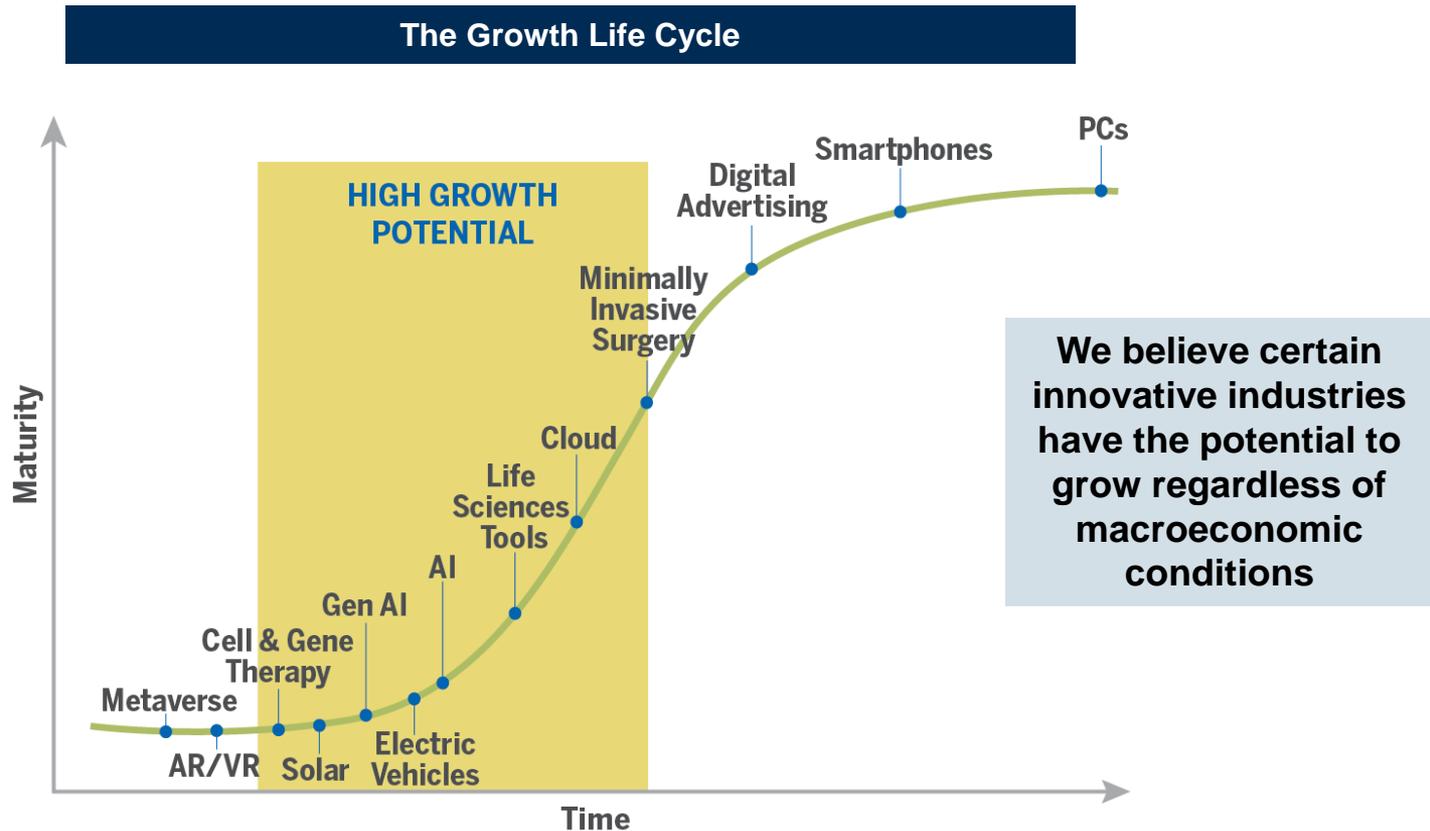


Source: Alger estimates based on data from the U.S. Bureau of Economic Analysis (left). Federal Reserve (right).

Bull vs. Bear

Investing for Various Market Environments

- Industries or technologies early in their lifecycle are less susceptible to economic volatility because of their potential for market share gains, in our view



Source: Alger. Investing in innovation is not without risk and there is no guarantee that investments in research and development will result in a company gaining market share or achieving enhanced revenue.

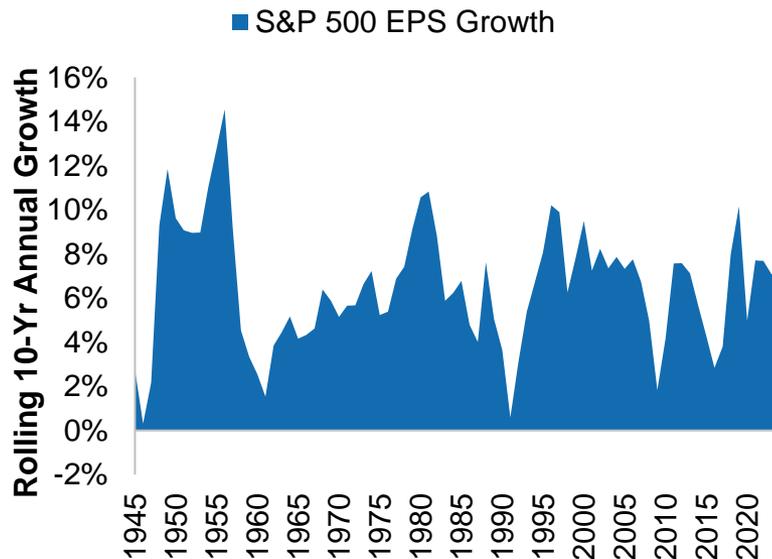


The Long Run

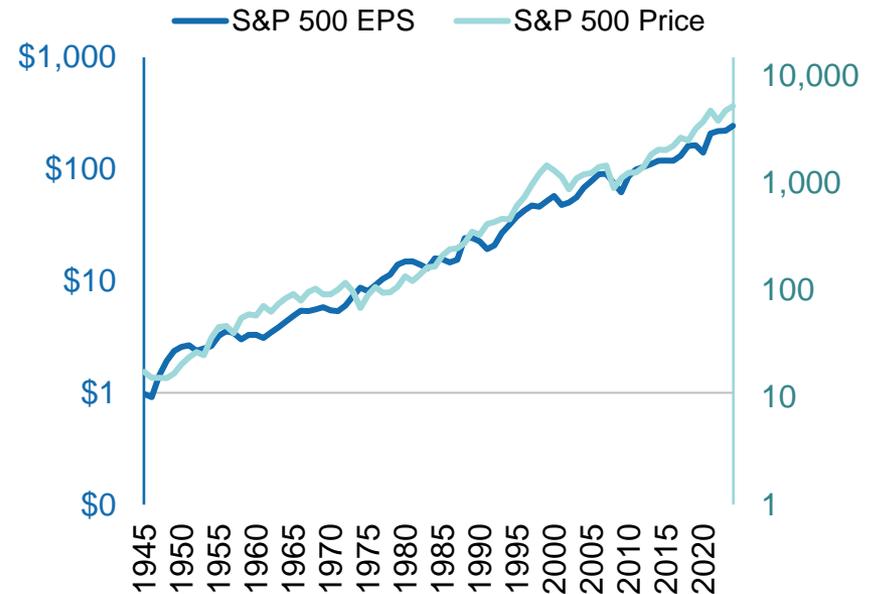
Powerful Long-Term Trends

- Earnings have historically grown over full cycles
- Post WWII, S&P 500 EPS has always grown over 10-year periods
- The S&P 500 price has increased in-line with the 7% annual growth in earnings
- Huge wealth creation despite 12 recessions and several wars

Earnings Have Historically Grown...



...Driving Stocks Prices Upward at a Similar Rate



Source: FactSet as of 3/31/24. The performance data quoted represents past performance, which is not an indication or a guarantee of future results.



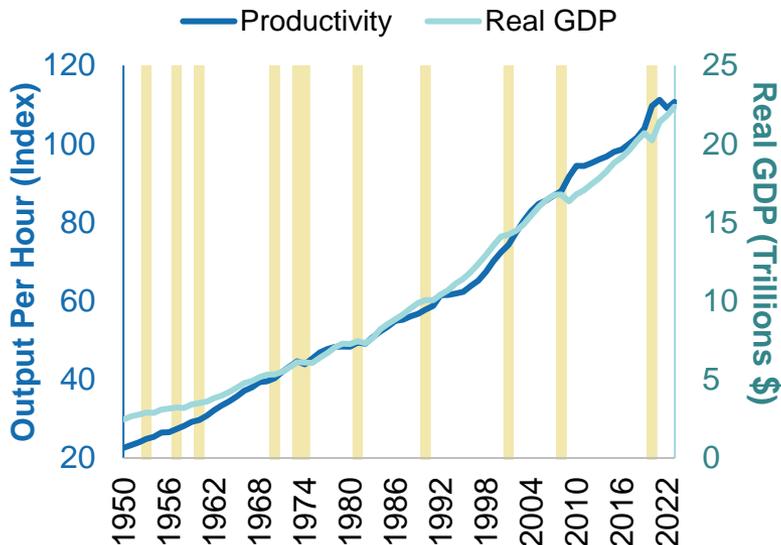
The Long Run

The Engine of Growth

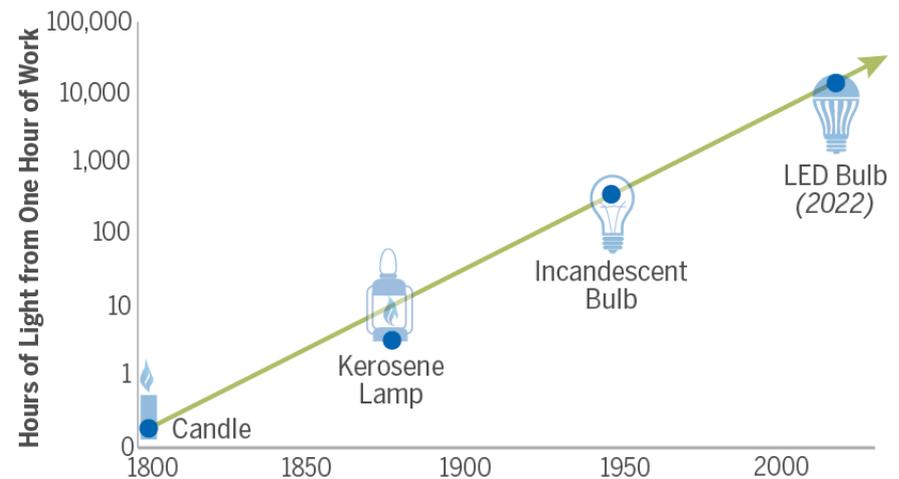
- If earnings drive stock prices and GDP drives corporate earnings, what propels GDP?
 - *Answer:* productivity (output per hour)

- If increasing output per hour is the main ingredient to better living standards over time, what drives productivity higher?
 - *Answer:* innovation

Productivity Improvements Increase GDP



Innovation Drives Productivity



Source: U.S. Bureau of Labor Statistics and U.S. Bureau of Economic Analysis through 2023 (left). Shaded regions denote U.S. recessions as determined by the National Bureau of Economic Research. William D. Nordhaus, "Do real output and real wage measures capture reality? The history of lighting suggests not," in "The Economics of New Goods" ed. T.F. Bresnahan and R. Gordon, Chicago University Press, and Alger estimates (right). **Investing in innovation is not without risk and there is no guarantee that investments in research and development will result in a company gaining market share or achieving enhanced revenue.**

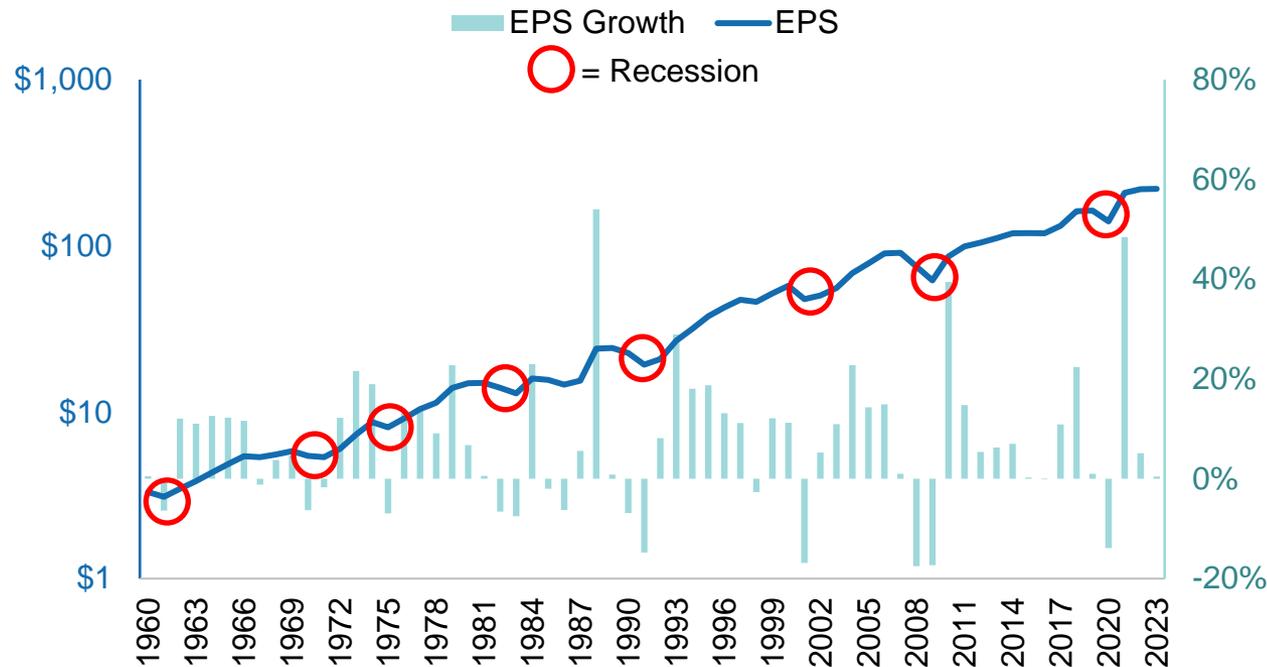


The Long Run

Recessions and Recoveries

- S&P 500 earnings have declined in past recessions, but historically, EPS has reached or nearly reached a new high in the first or second year after the recession ended
 - Temporary EPS declines shouldn't theoretically impact long-term value significantly

EPS has Historically Trended Higher Despite Recessions



Source: S&P reported EPS 1960-1987. S&P operating EPS 1988-1995, FactSet S&P 500 Operating EPS 1996 to present.

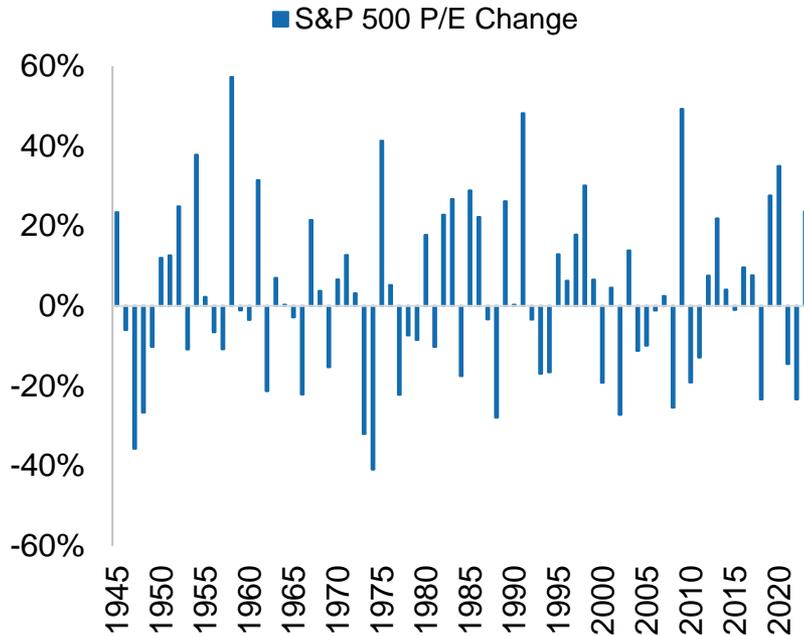


The Long Run

Fundamentals > Sentiment

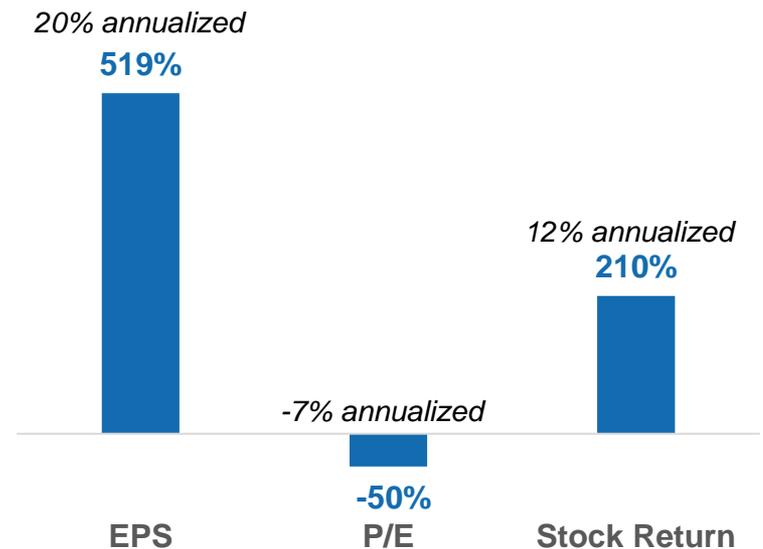
- While sentiment shifts may dominate short-term equity price fluctuations, long-term returns are driven by fundamentals such as earnings and cash flows
 - As Buffet’s mentor Benjamin Graham said, “In the short run, the market is a voting machine but in the long run, it is a weighing machine”

Sentiment Shifts Over Time...



But Earnings Drive Stock Prices

Hypothetical 10-year Return of Company Whose EPS Grows 20% Annually but P/E Falls in Half



Source: FactSet using last 12-month EPS (left). Alger (right).



Enduring Themes

The Age of Connected Intelligence is Here

- Every few decades a new technological revolution takes hold and changes the way we live and work
- The Age of Connected Intelligence is a result of a confluence of technologies working together: immense amounts of data and incredibly powerful computing power

Global Technological Revolutions Shape Our Lives

 **1771**
Industrial Revolution
• **Innovations:** machinery and mechanization helped by water power

 **1829**
Age of Steam and Railways
• **Innovations:** iron and coal mining; steam engines

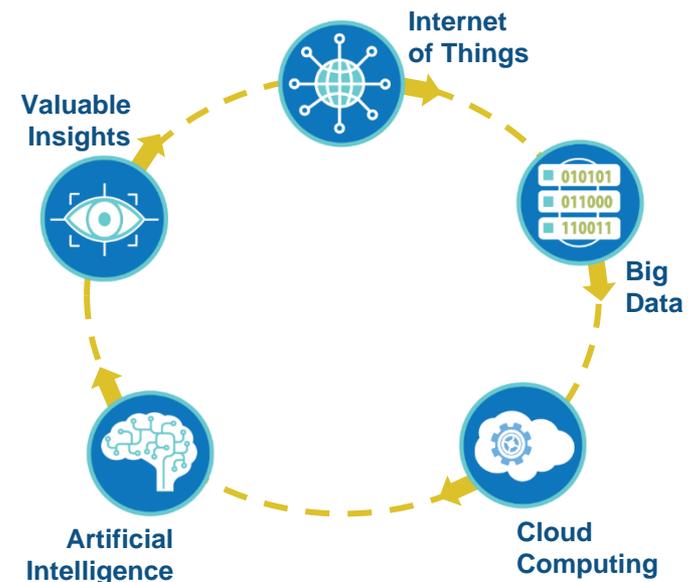
 **1875**
Age of Steel and Electricity
• **Innovations:** cheap steel; electrification

 **1908**
Age of Oil, the Automobile, and Mass Production
• **Innovations:** internal combustion engine; petrochemicals

 **1971**
Age of Information and Telecommunications
• **Innovations:** integrated circuit; internet

 **Today**
Age of Connected Intelligence
• **Innovations:** artificial intelligence; internet of things

Age of Connected Intelligence



Source: Carlota Perez, "Technological Revolutions and Financial Capital," Edward Elgar Publishing, 2002, and Alger for the last period of technological change.

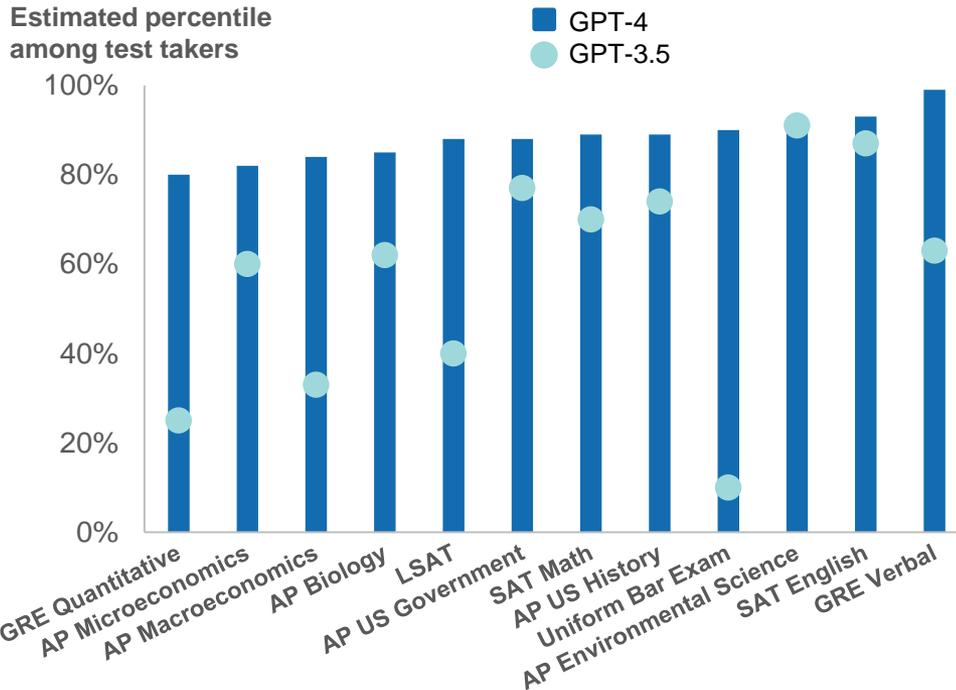


Enduring Themes

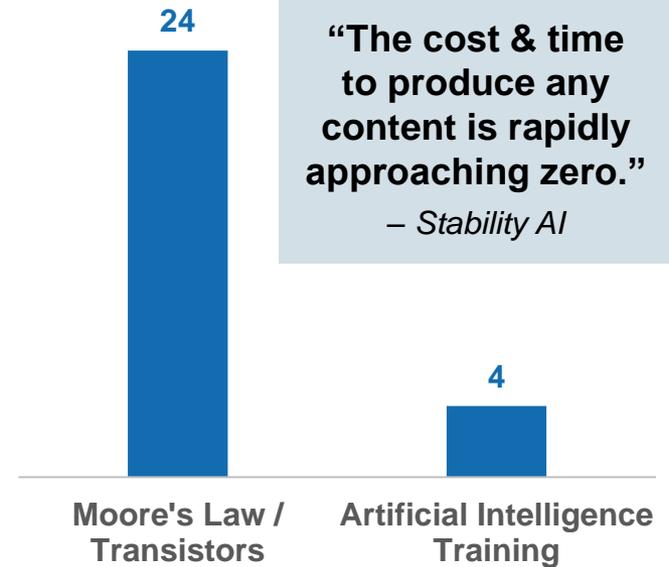
Artificial Intelligence Growth

- With AI growing much faster than Moore’s Law, its utility is expanding rapidly
- Companies providing AI-based software or hardware have a large opportunity, in our view

AI is Smart and Getting Smarter



Doubling Time in Months



Source: OpenAI (2023). Chat GPT-4, which launched March 13, 2023, is a more advanced language model than Chat GPT-3.5. Doubling time from Intel, Our World in Data, Alger. Doubling time refers to the amount of compute or “training” utilized by AI programs, while Moore’s Law refers to length of time that it takes for the number of transistors per integrated circuit to double. Evaluation periods vary.

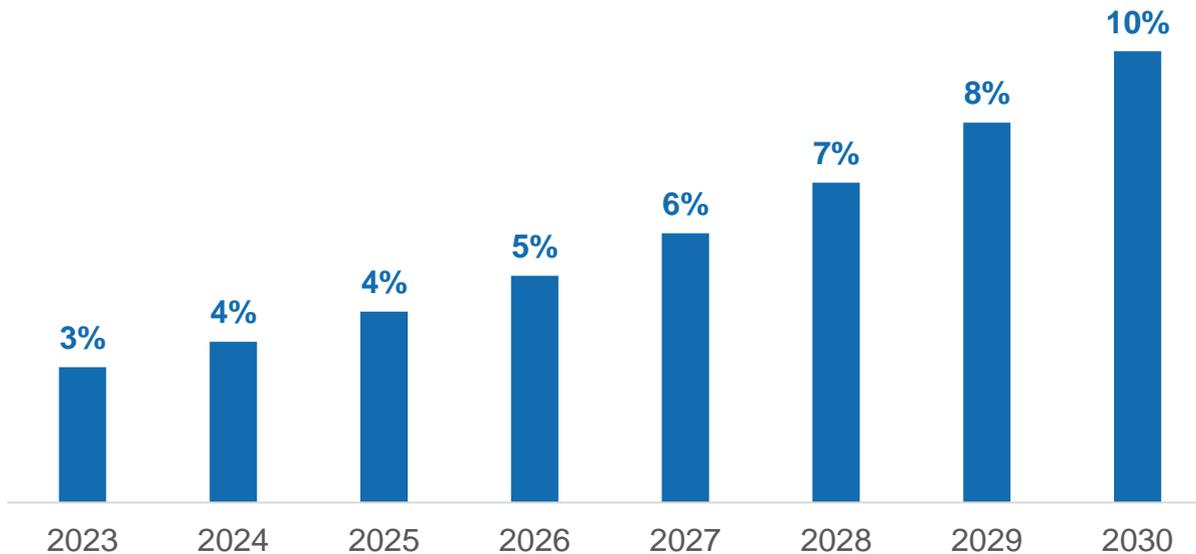


Enduring Themes

Power Boost

- The strong demand for Artificial Intelligence (AI) is boosting power consumption
 - Energy hungry data centers may present several related investment opportunities

Data Center Share of U.S. Electricity Consumption



AI is “power hungry”

Source: Edison Electric Institute and Alger estimates from 2023 through 2030.

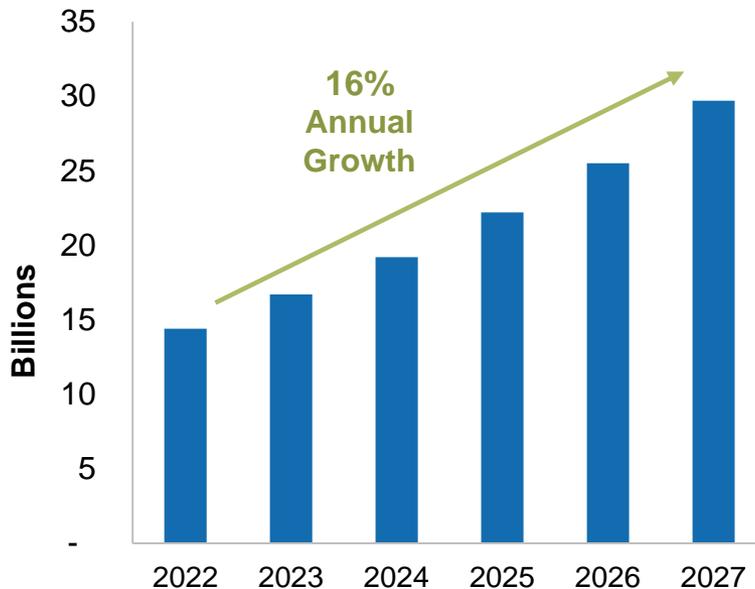


Enduring Themes

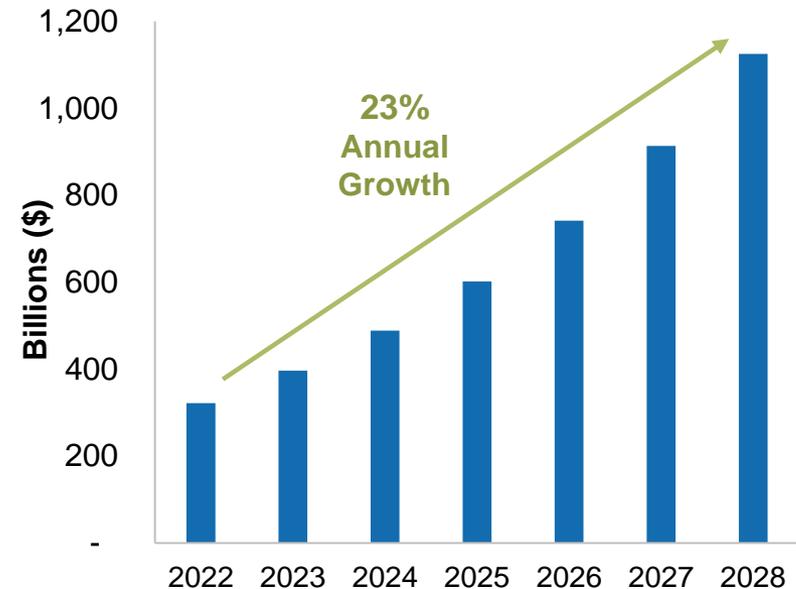
The Internet of Things

- The explosion in connected devices is creating the “Internet of Things” or IoT, transmitting valuable and actionable information
 - Drivers of IoT spending include security, data analytics, efficiencies, reliability, customer service, improved ROI and compliance

Global IoT Connected Devices



Global Industrial IoT Market Size



Source: IOT Analytics, May 2023 (2023 – 2027 are estimates), and Grand View Research, March 2022 (2022 – 2028 are estimates).

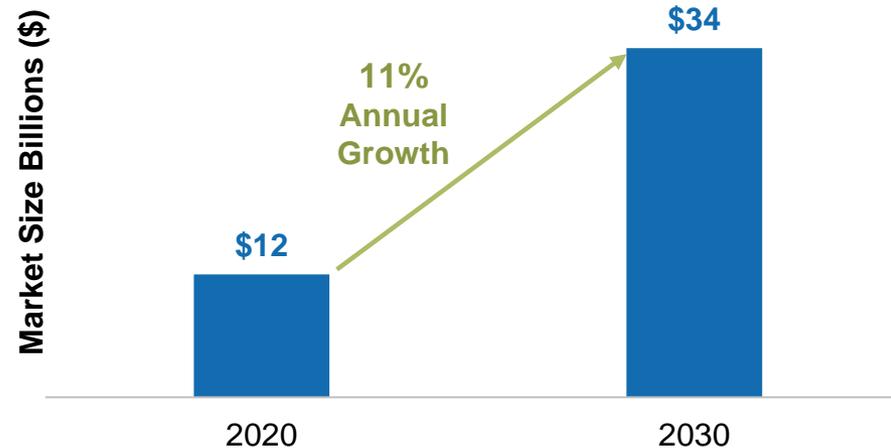


Enduring Themes

Advances in Surgical Technologies

- Improvements in surgical procedures owing to advances in bioengineering and biomaterials should drive improved outcomes for patients and revenue opportunities for innovative companies in our view
 - Robotic surgery
 - Minimally invasive surgery

Worldwide Minimally Invasive Surgical Technologies



Source: Alger analysis. 2030 is an estimate. Market consists of surgical robotics, percutaneous heart valve repair, and minimally invasive technologies.

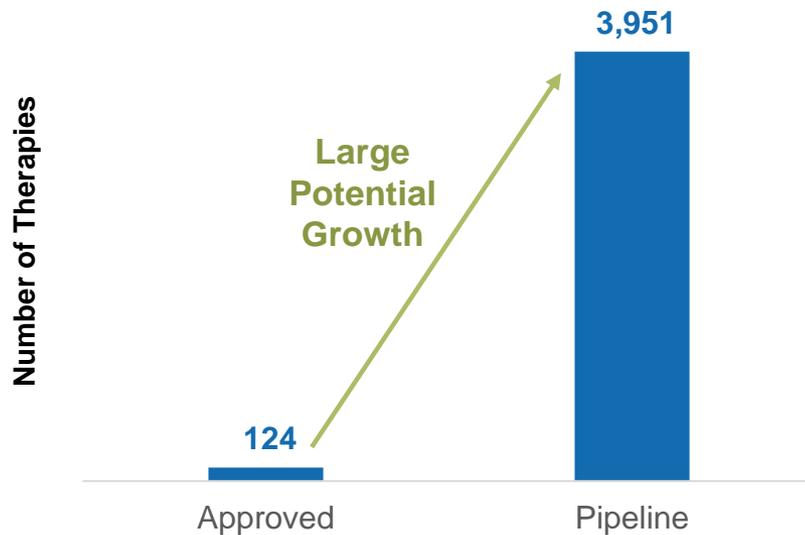


Enduring Themes

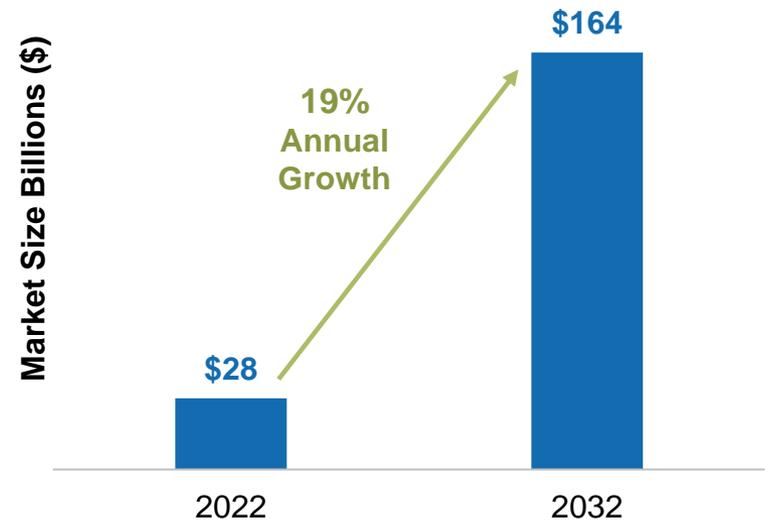
Life Science Innovation

- Scientific and clinical research as well as technology advances leading to solutions that improve disease detection, monitoring, and treatment
- Cell and gene therapies driving potential breakthroughs in battling untreated diseases beyond cancer

Cell & Gene Therapy Pipeline



Global Genomics Market

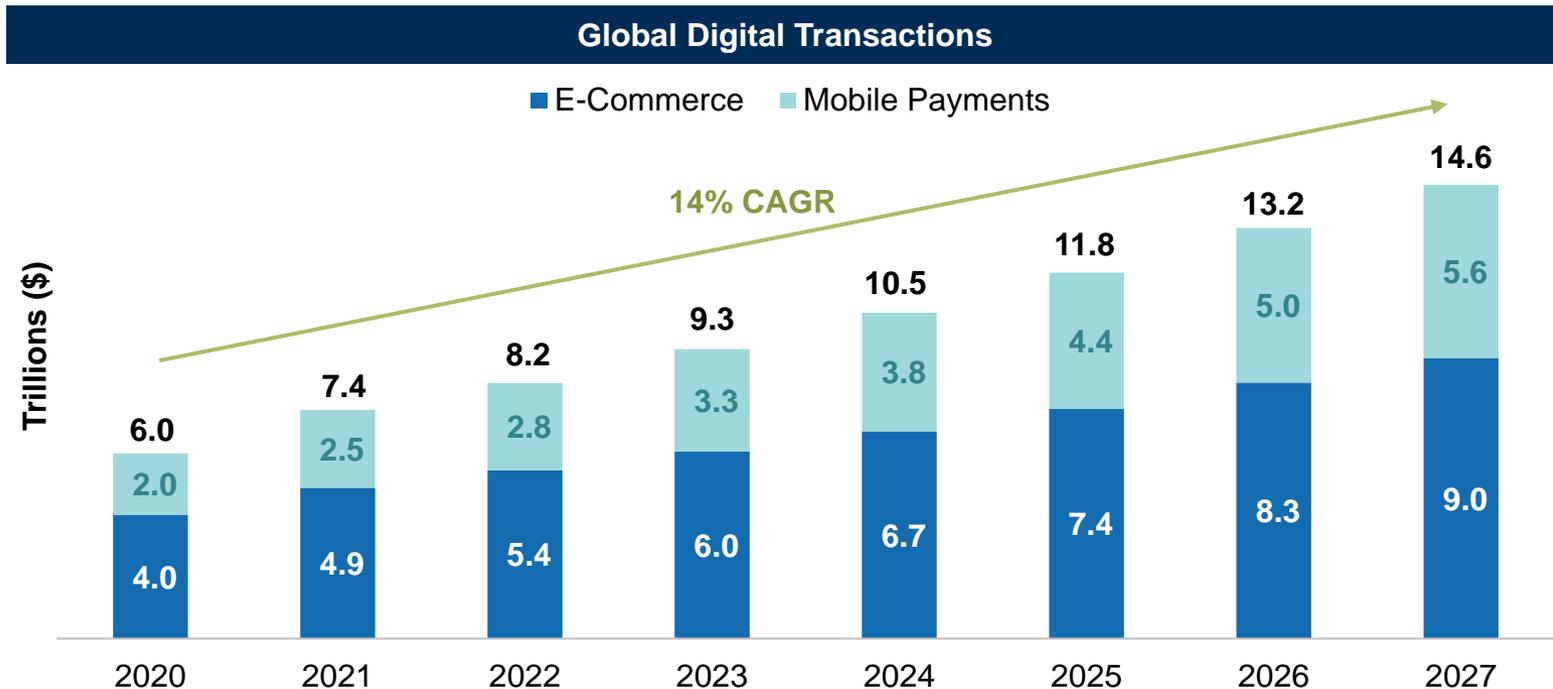


Source: American Society of Gene & Cell Therapy, Q4 2023 Quarterly Data Report including Cell, Gene, and RNA therapies (left). Precedence Research, November 2023; 2032 is an estimate (right).



Enduring Themes Digital Payments

- Digital payments continue to outgrow the broad economy as they gain penetration, driven by increasing e-commerce and rapid growth in mobile payments
 - China has the largest volume of digital payments in the world
- Payment networks, processors and software companies can capitalize on the trend



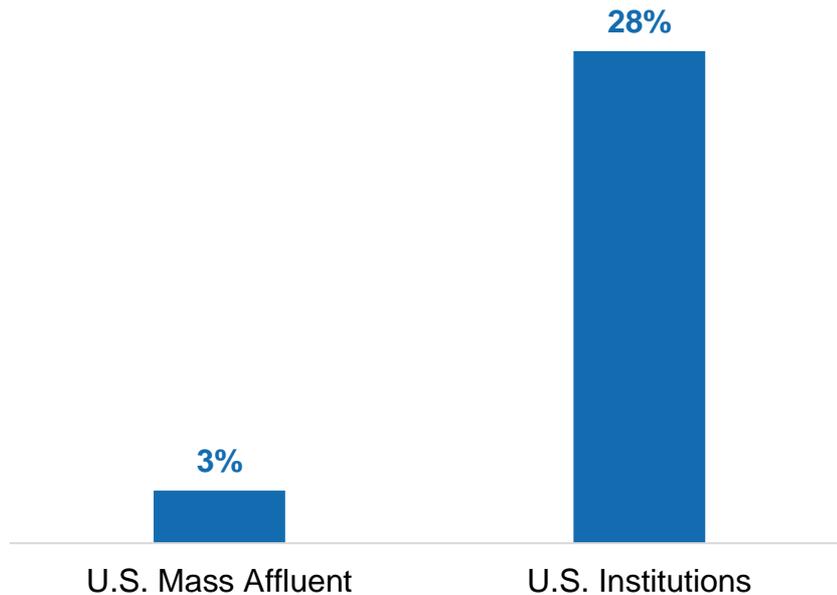
Source: Statista, April 2023 (2023 – 2027 are forecasts). E-commerce includes digital remittances. CAGR is compound annual growth rate, the rate of return required for a quantity to grow from its beginning balance to its ending balance. Mobile payments occur when smartphones are used to process transactions using wireless communication or scan QR barcodes.



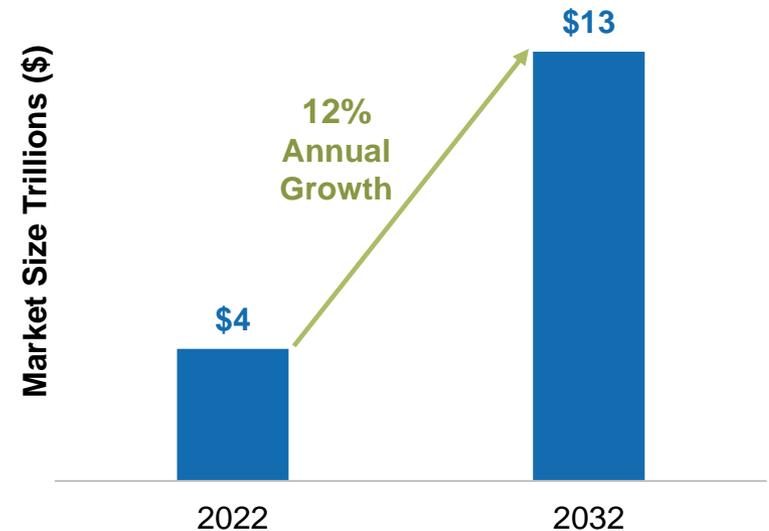
Enduring Themes Private Market Growth

- Individual investors' small allocation to private markets could grow a lot if it approached institutional allocation levels
- As individuals allocate more to alternatives, AUM of the category may grow strongly in the future

Asset Allocation to Private Markets



Individuals' Global Alternatives AUM

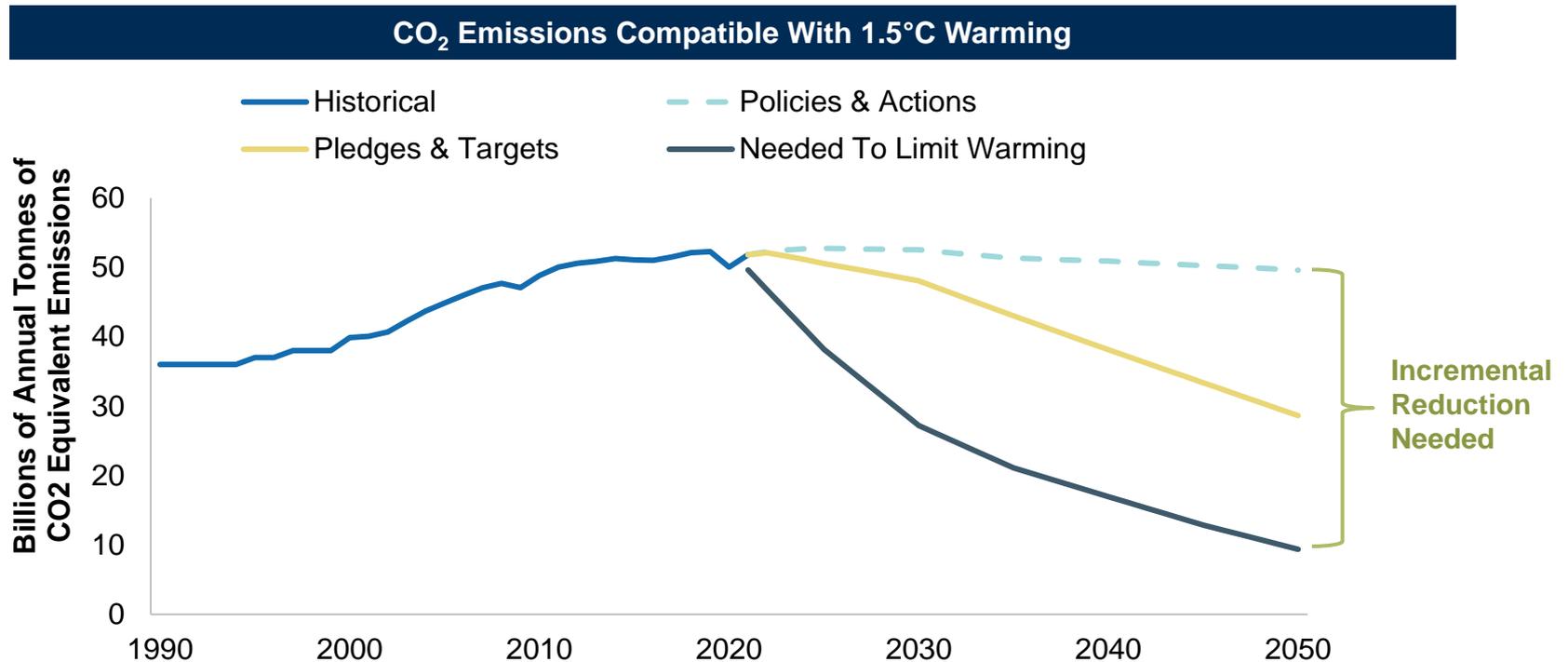


Source: Alger estimate for U.S. mass affluent and institutional data (includes Canada) from BlackRock 2023 Global Private Markets Survey (left). Bain & Company, "Why Private Equity Is Targeting Individual Investors," February 2023. 2032 data is forecasted..



Enduring Themes Emission Reductions

- The rate of CO₂ emissions is not sustainable in our view and current emission targets need to be reduced further
- Reducing emissions may provide opportunities in alternative energy sources and in electric vehicles and related products and services



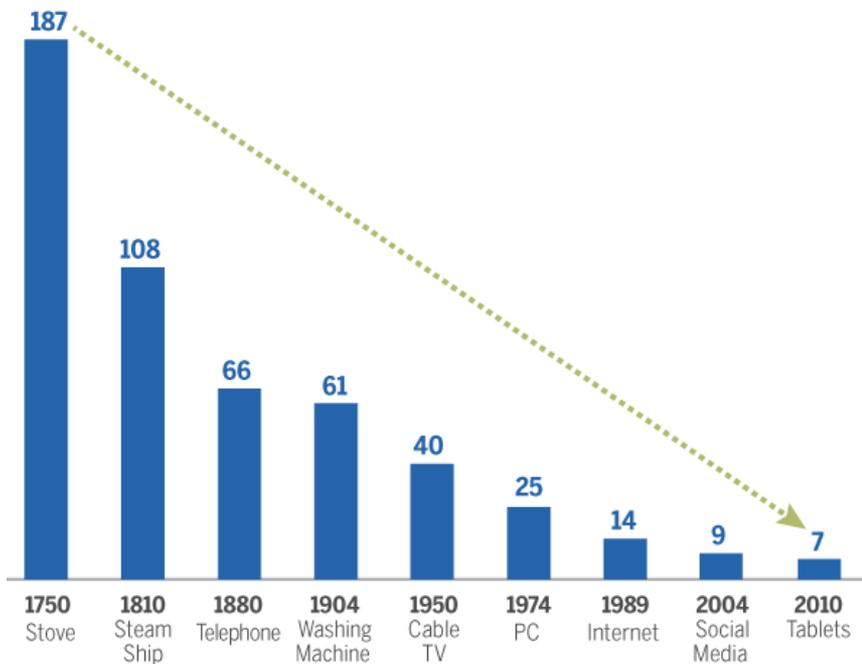
Source: Climate Action Tracker (an independent scientific analysis that measures government climate action), December 2023. "Policies & Actions" and "Pledges & Targets" represent average of "high" and "low" estimates. "Needed to Limit Warming" based on median scenario to achieve 1.5 degrees Celsius global warming.

IV

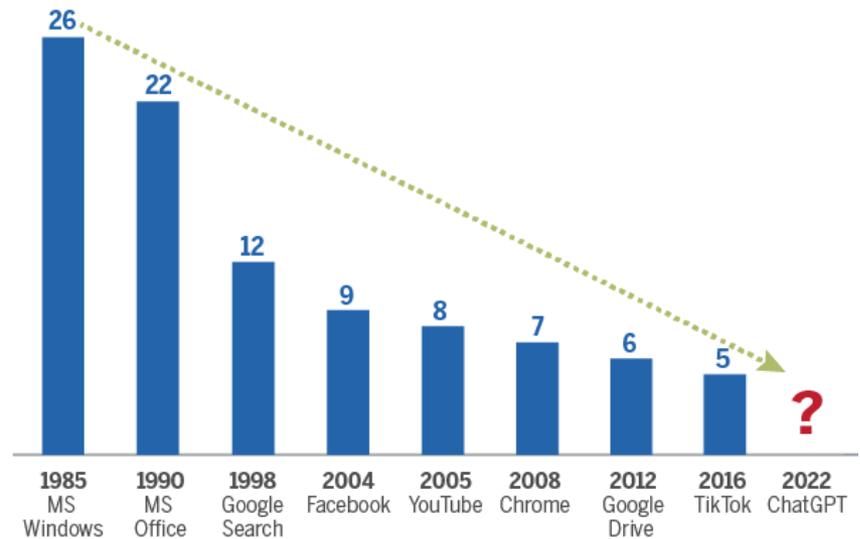
Style Wars Accelerating Change

- Innovation is accelerating across many areas of the economy, causing new products and services to diffuse through society faster and disrupt businesses at a greater pace
- This may be a tailwind to growth companies, which we believe are the drivers of innovation, and a headwind to value stocks, which may be victims of change

Years from Market Entry to 50% Penetration



Years to Reach 1 Billion Users



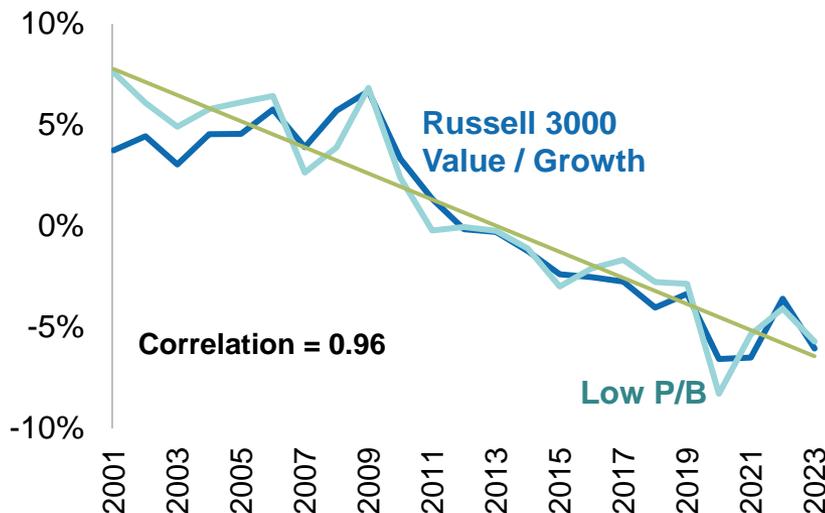
Source: Asymco, Visual Capitalist, company disclosures, Alger estimates.

IV

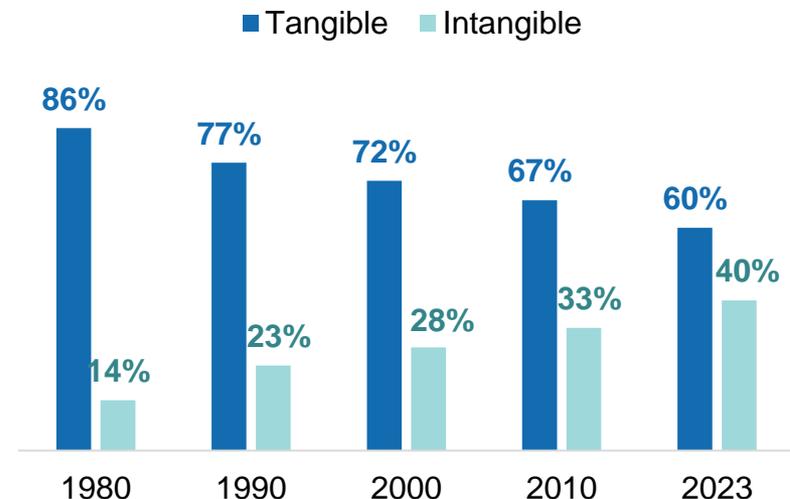
Style Wars Structural Issues Driving Growth vs. Value

- Despite recent outperformance, value stocks have underperformed over the long-term
 - Driven by the very weak performance of the price-to-book valuation metric
- Book value may no longer be as relevant, making current style classification flawed
 - Result of increasing use of intangible assets that are expensed rather than capitalized

Value/Growth vs. P/B Cumulative Return 10-Year Rolling Return



Business Investment Intangible vs. Tangible

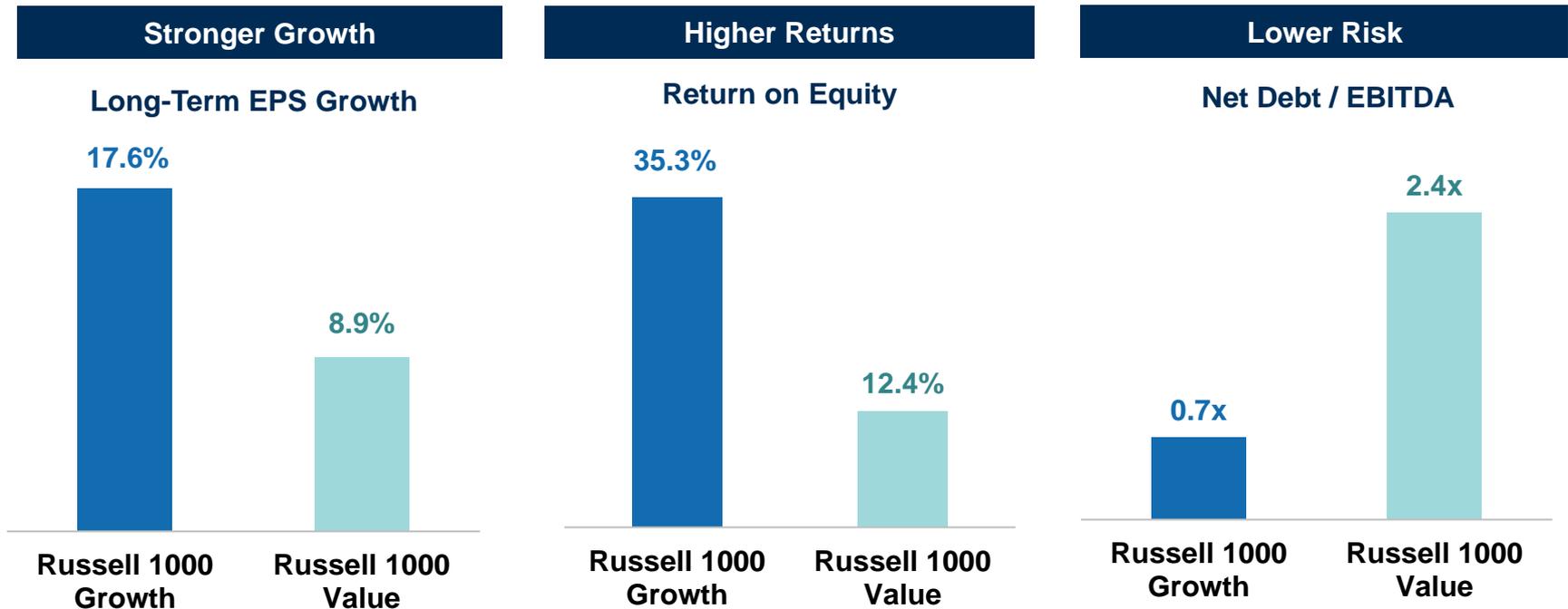


Source: FactSet, Kenneth R. French, FactSet, Bureau of Economic Analysis. Low price-to-book returns are based on the B/P Fama/French factor for the CRSP universe which includes US firms listed on the NYSE, AMEX, or NASDAQ. Data through 2023. Correlation measures a relationship estimate between two variables. **The performance data quoted represents past performance, which is not an indication or a guarantee of future results.**

IV

Style Wars The Growth Advantage

- Three variables drive P/E multiples: growth, return on capital and risk
- The Russell 1000 Growth Index has higher expected EPS growth, higher return on equity and lower risk in the form of better balance sheets as compared to the Russell 1000 Value Index



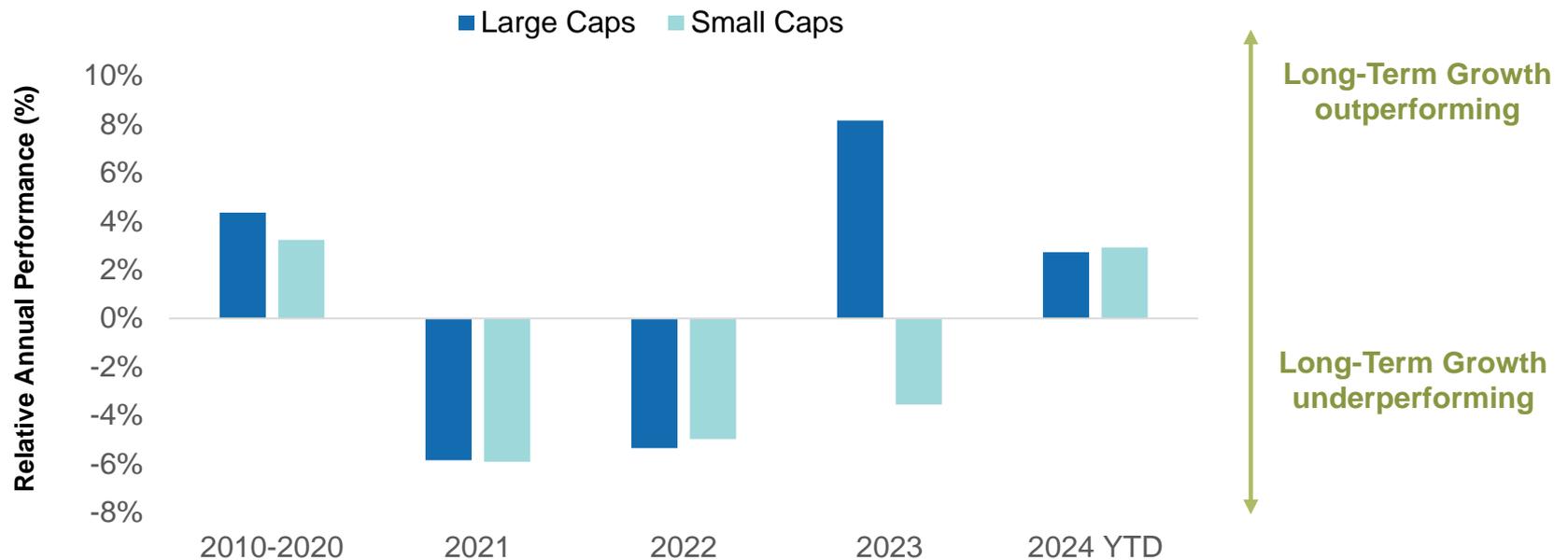
Source: FactSet as of 3/31/24. Growth represents consensus long-term analyst estimates and actual future EPS growth rates might be materially different than the forecasts shown.

IV

Style Wars Don't Call It A Comeback

- After outperforming for over a decade, the long-term growth factor underperformed in 2021 & 2022 as interest rates rose but rebounded in 2023 in large caps while still languishing in small caps
 - Year-to-date in 2024, long-term growth is outperforming across market capitalizations as we move closer to anticipated interest rate cuts

Long-Term Growth Factor Performance



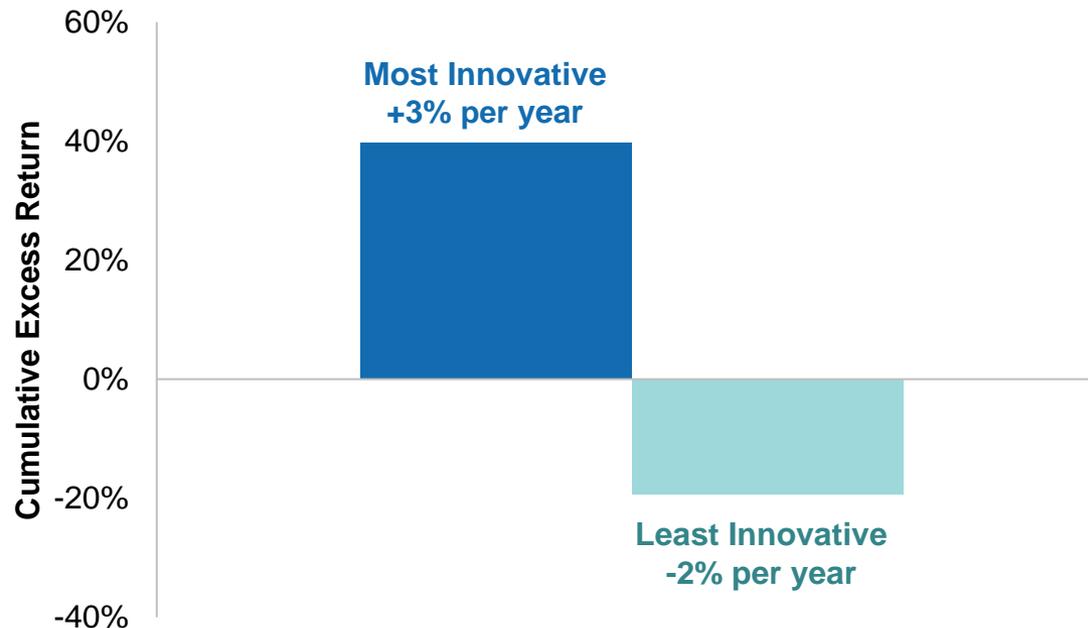
Source: Piper Sandler and FactSet as of 3/31/24. 2010-2020 is annualized performance. Large caps represented by Russell 1000 and small caps by Russell 2000. Factor performance, which is the performance of a group of securities with a common set of attributes, is sector neutral and is calculated by taking the relative performance of the top quintile of stocks against the bottom quintile of stocks for each factor. The constituents in the quintiles are rebalanced monthly. "Long-term Growth" is mean estimated 5-year EPS growth.

IV

Style Wars A Powerful New Investing Factor?

- Studies have shown and our research demonstrates that the most innovative companies have grown their sales, earnings and stock prices faster*

Innovative Companies Have Outperformed Over the Past Decade



Source: FactSet. Excess performance of the quintiles of R&D as a percentage of revenue with the most innovative being top quintile and the least innovative being bottom quintile of the stocks in the S&P 1500 index. Stocks were divided into quintiles based on R&D spending-to-revenue and calculated monthly for the 10-year period ended February 2024. *Baruch Lev and Suresh Radhakrishnan, "The Stock Market Valuation of R&D Leaders." **The performance data quoted represents past performance, which is not an indication or a guarantee of future results. Innovative companies may be defined as those companies with a high ratio of annual R&D investment to revenue. Investing in innovation is not without risk and there is no guarantee that investments in research and development will result in a company gaining market share or achieving enhanced revenue.**

V

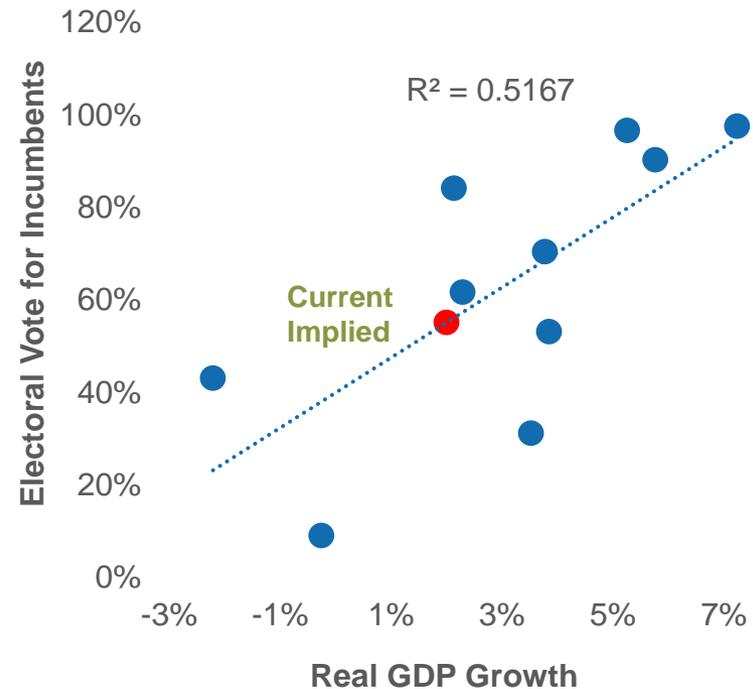
The Election It's the Economy

- No recession in the preceding two years has historically meant successful Presidential re-election

Re-Election vs. Recession			
Year	Candidate	Recession in Past Two Years?	Re-Elected?
2020	Trump	✓	X
2012	Obama		✓
2004	GW Bush		✓
1996	Clinton		✓
1992	GH Bush	✓	X
1984	Reagan		✓
1980	Carter	✓	X
1976	Ford	✓	X
1972	Nixon		✓
1964	Johnson		✓
1956	Eisenhower		✓
1948	Truman		✓
1944	Roosevelt		✓
1940	Roosevelt		✓
1936	Roosevelt		✓
1932	Hoover	✓	X

- The share of electoral votes that the Presidential incumbent receives has been highly correlated with real GDP growth

Re-Election vs. Real GDP Growth

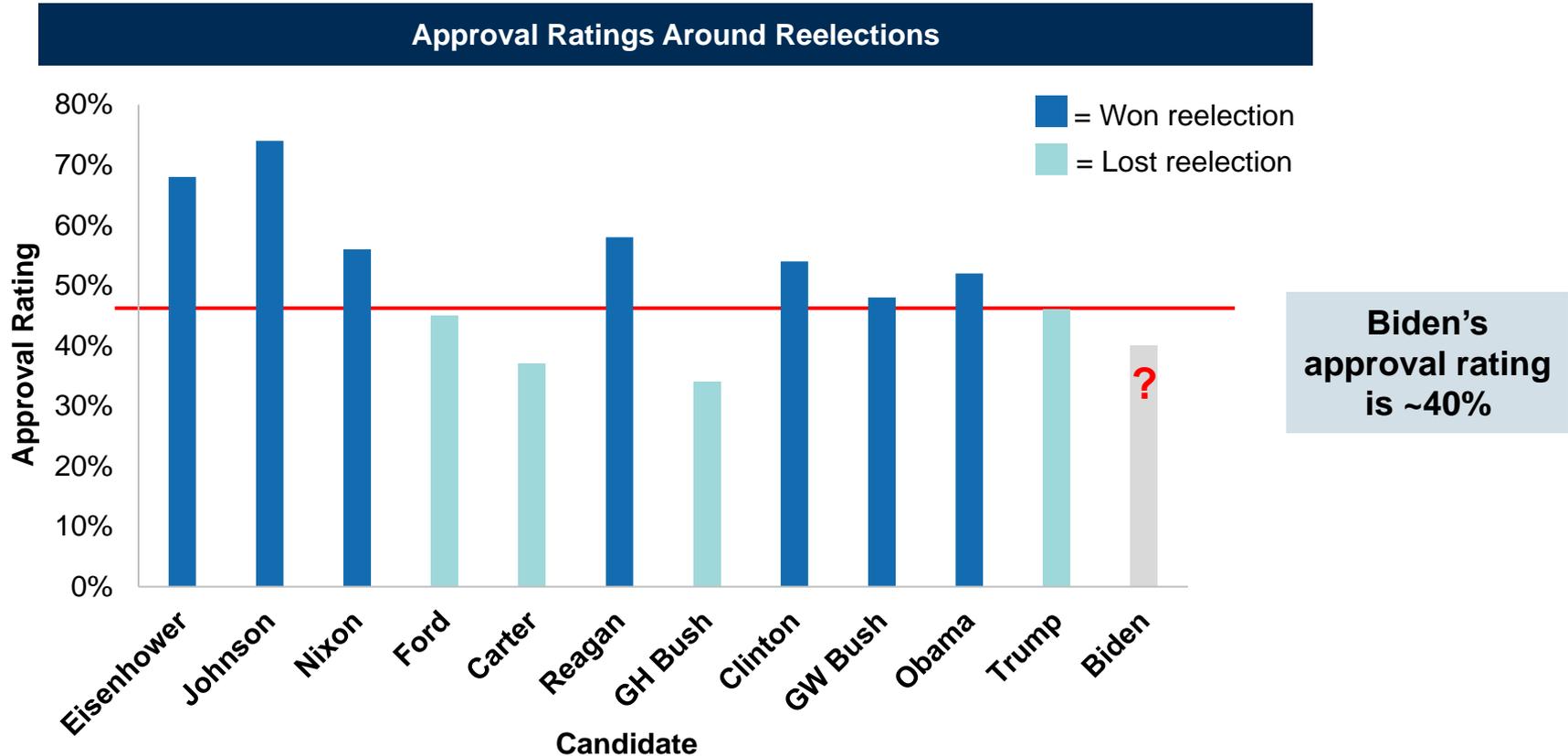


Source: Bruce Mehlman: The Roaring 2020s and Alger (left). FactSet and Statista (right). Re-election campaigns since 1950 (i.e. 1956, 1964, 1972, 1980, 1984, 1992, 1996, 2004, 2012, 2020). Red dot is based on consensus 2024 real GDP growth estimate of 2.0% and historical regression or slope of line in chart.

V

The Election Does the U.S. Approve?

- Approval ratings of near 50% or better have historically led to reelection, while below 40% has not



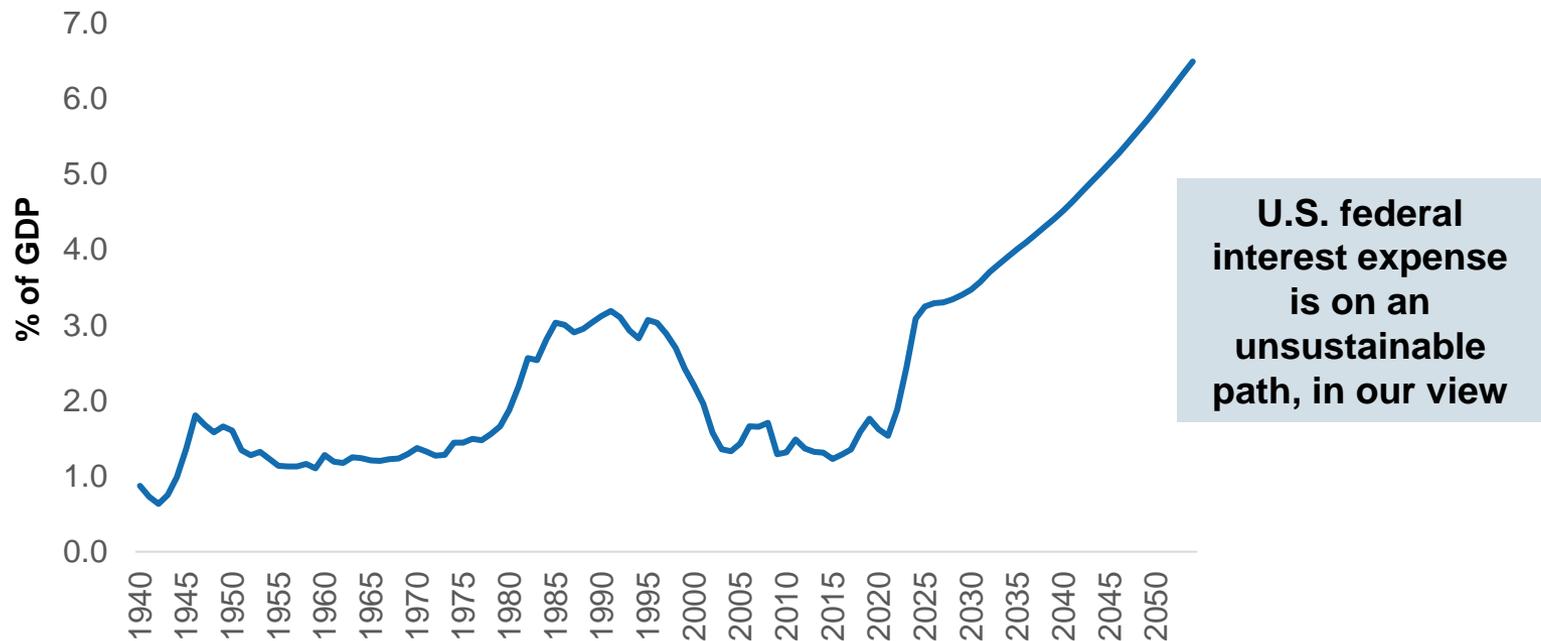
Source: Gallup as of March 2024.

V

The Election A Big Long-Term Issue?

- The path of U.S. government finances may be cause for concern as federal interest expense is projected to hit record levels as deficit spending continues
- Whether through higher taxes, lower spending, or both, we believe deficits will have to come down and the fiscal environment will become less favorable

U.S. Federal Interest Expense



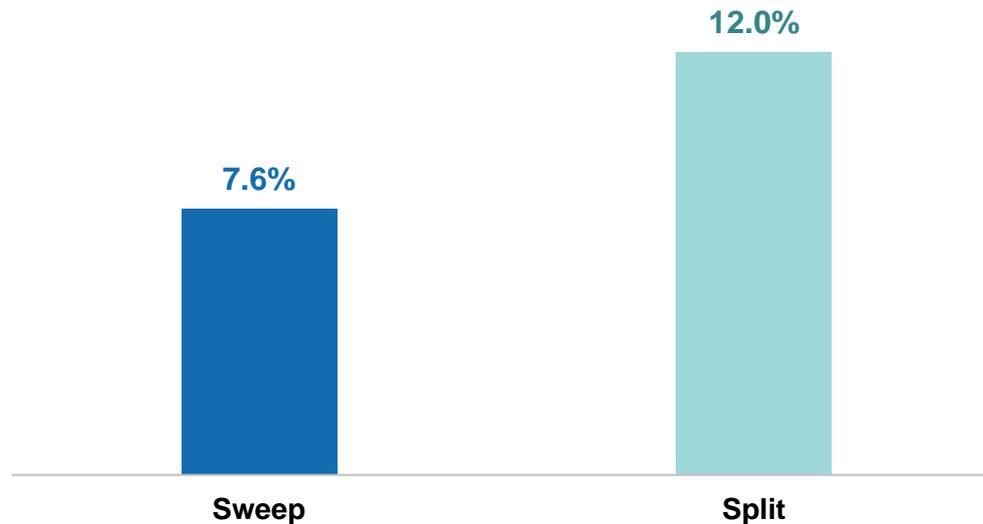
Source: Congressional Budget Office (CBO). 2024 and onward are CBO forecasts as of March 2024.

V

The Election Gridlock is Good

- Market returns have historically been higher in periods when no one party controlled both the White House and Congress

U.S. Equity Returns by Degree of Party Control



Periods of split control of government has historically driven strong returns for equities

Source: FactSet and Alger. S&P 500 median price performance from November through October 1980-2023. A "Sweep" is when the House, Senate and Presidency are all controlled by the same party, and a "Split" is any other time. **The performance data quoted represents past performance, which is not an indication or a guarantee of future results.**

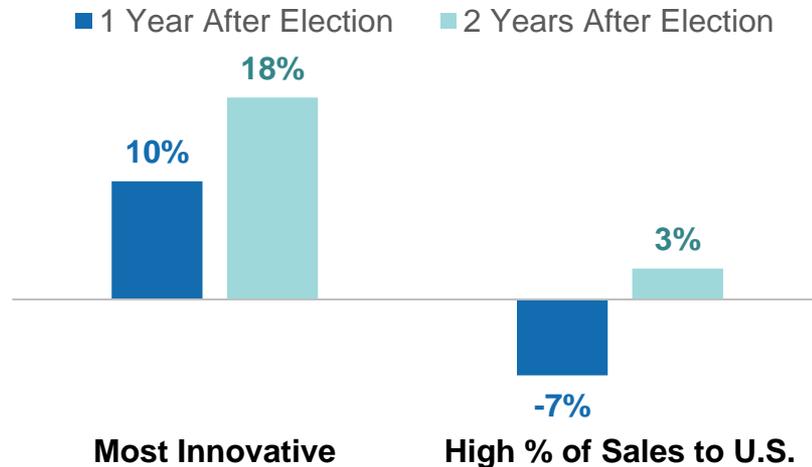
V

The Election Does Investing in Politics Work?

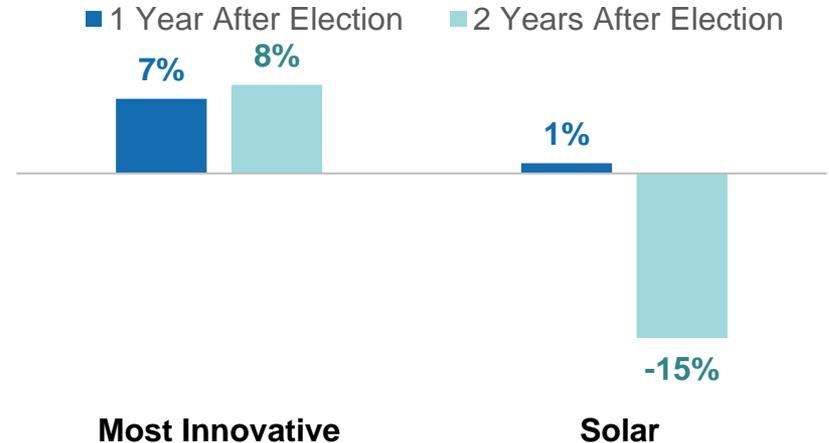
- Investing in domestically-oriented companies based on America First policies (e.g. corporate tax cuts) did not work after the 2016 election
- Investing in renewable energy companies based on environmentally friendly policies did not work after the 2020 election

Innovative Stocks Historically Beat Politically Focused Strategies

Return Relative to S&P 500
after 2016 Election



Return Relative to S&P 500
after 2020 Election



Source: FactSet, Piper Sander. Performance measured monthly from end of October of 2016 and 2020, respectively. "Politically Focused" strategies are represented by High % of Sales to U.S. and Solar. "Most Innovative" performance based on top quintile of S&P 500 measured by R&D spending-to-revenue and calculated monthly relative to S&P 500. High % Sales to U.S. is highest % of sales quintile of S&P 500 less the lowest % sales quintile of S&P 500. Solar stock performance is that of Invesco Solar ETF (TAN) relative to S&P 500. The performance data quoted represents past performance, which is not an indication or a guarantee of future results.

Growth Equity Pioneer

- Helping clients achieve their growth equity investment objectives for 60 years

Inclusive and Independent

- Private, 100% women-owned investment boutique with employee participation
- Over 40% of portfolio managers are women and/or minorities

Time-Tested Investment Philosophy

- Singular focus on researching and investing in companies associated with change, disruption and innovation
- Dedicated to generating superior investment returns for our clients through active management

Key Facts

▪ Founded	1964
▪ Percentage of Female Ownership	100%
▪ Number of Employees	178
▪ Number of Investment Professionals	62
▪ Female/Minority Portfolio Managers	44%
▪ Assets Under Management	\$25.7 Billion

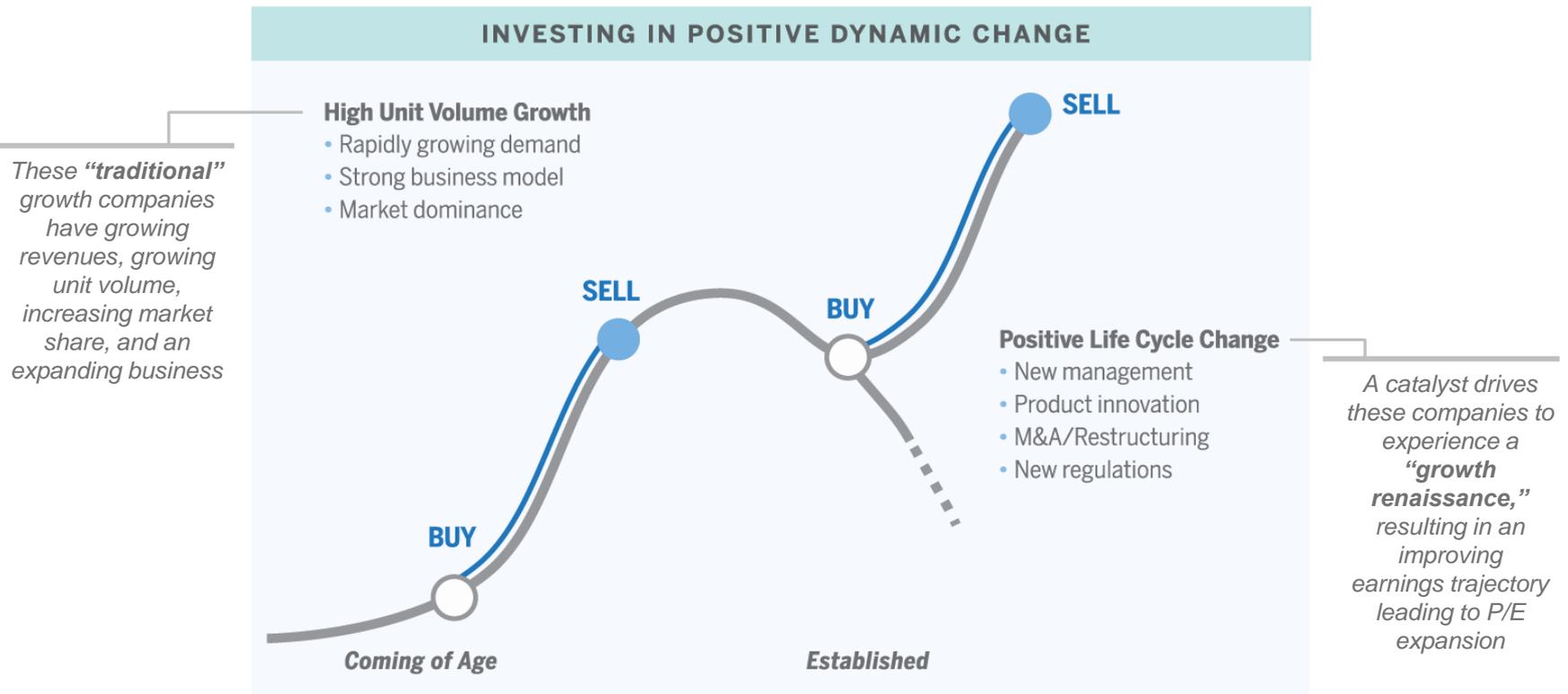
The investment organizations that will be successful in the future will be focused boutiques with a clear culture, a strong tradition of excellence, and the capability to compete, like David versus Goliath, on their own terms, in chosen battlefields.

–Daniel C. Chung, CFA
Chief Executive Officer
Chief Investment Officer

VI

Unlock Your Growth Potential with Alger Alger's Investment Philosophy

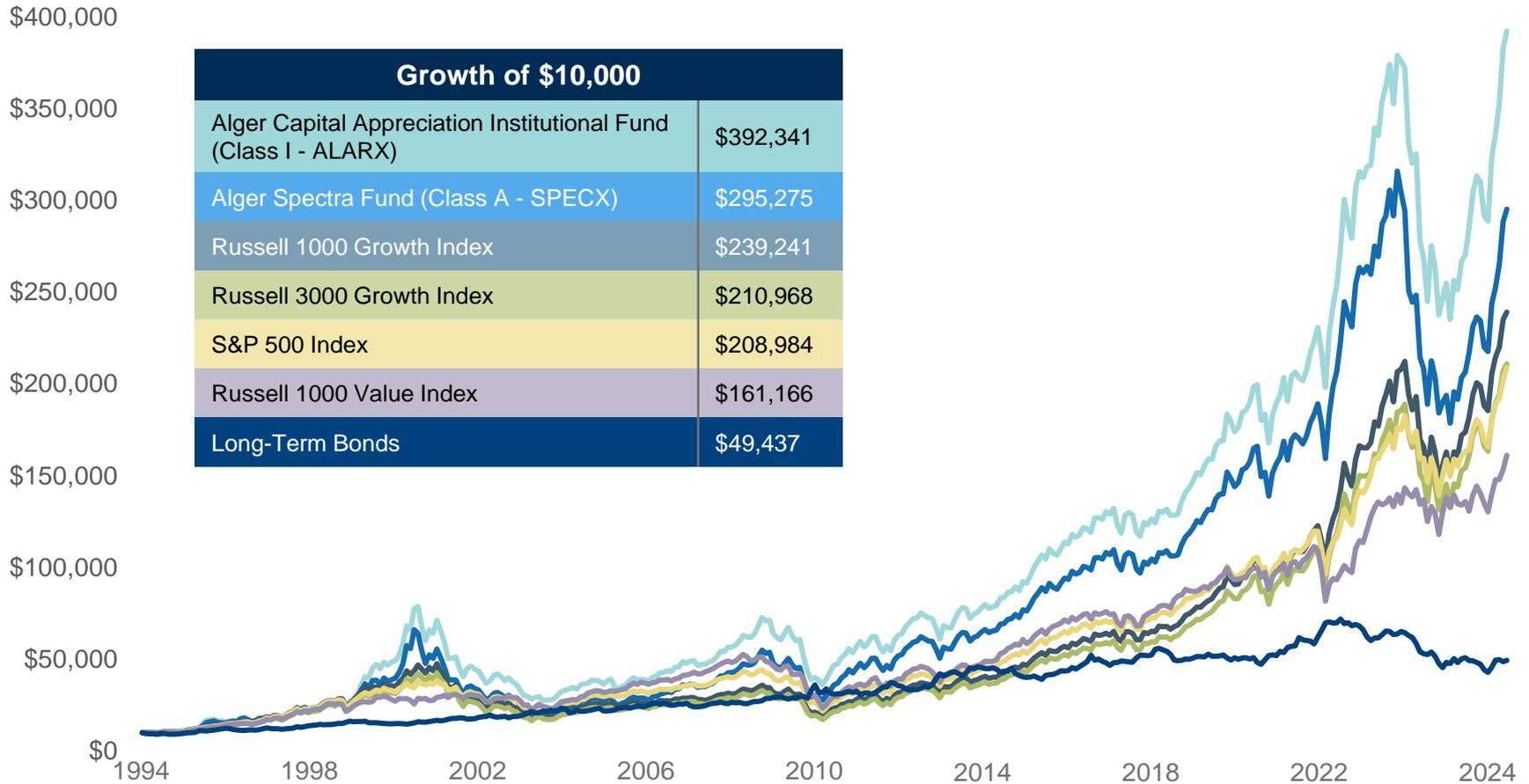
- We believe companies undergoing **Positive Dynamic Change** offer the best investment opportunities for our clients
- Our competitive edge is identifying these companies and **capitalizing** on the change before it is recognized by the market
- We embrace change found in **"traditional"** growth companies and in companies experiencing a **"growth renaissance"**



Alger analysts are sector experts, performing original, fundamental, bottom-up research to develop a 360° understanding of a company and its industry.



Strong Long-Term Performance Over 30 Years



Source: FactSet. The chart above illustrates the change in value of a hypothetical \$10,000 investment made in SPECX and ALARX and stated indices (IA SBBI Long-Term Government Index representing Long-Term bonds) for the 30-year period ended 3/31/24. Figures include reinvestment of dividends. Figures for SPECX and ALARX also include reinvestment of capital gains. **The performance data quoted represents past performance, which is not an indication or a guarantee of future results. Investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than the performance quoted. Class A shares are subject to a maximum sales charge of 5.25%. Class A Shares may be subject to a maximum deferred sales charge of 1.00%. For performance current to the most recent month end, visit www.alger.com or call 800.992.3863.**

Strong Long-Term Performance Over 30 Years

Average Annualized Returns (%)	1 Year	3 Years	5 Years	10 Years	20 Years	30 Years
Alger Capital Appreciation Fund						
Class A - ACAAX (Incepted 12/31/1996)						
Without Sales Charge	47.05	7.09	15.15	13.77	12.31	--
With Sales Charge	39.35	5.19	13.92	13.16	12.01	--
Alger Capital Appreciation Institutional Fund						
Class I - ALARX (Incepted 11/8/93)	46.91	7.13	15.14	13.79	12.36	12.98
Alger Spectra Fund						
Class A - SPECX (Incepted 7/28/69)						
Without Sales Charge	45.06	4.36	13.03	12.71	12.40	12.11
With Sales Charge	37.49	2.51	11.82	12.10	12.10	11.91
Russell 1000 Growth Index	39.00	12.50	18.52	15.98	11.85	11.16
Russell 3000 Growth Index	37.95	11.54	17.82	15.43	11.63	10.89
S&P 500 Index	29.88	11.49	15.05	12.96	10.15	10.66
Russell 1000 Value Index	20.27	8.11	10.32	9.01	8.29	9.72
IA SBBI Long-Term Government Index	-1.73	-6.38	-1.88	1.68	3.83	5.61

Total Annual Operating Expenses by Class

(Prospectus Dated March 1, 2024, unless otherwise amended)

Alger Spectra Fund - Class A: 1.50%

Alger Capital Appreciation Fund – Class A: 1.25%; Class I: 1.23%

Performance shown is net of fees and expenses. Only periods greater than 12 months are annualized.

The Alger Spectra Fund operated as a closed end fund from August 23, 1978 to February 12, 1996. The calculation of total return during that time assumes dividends were reinvested at market value. Had dividends not been reinvested, performance would have been lower. On September 24, 2008, the Fund's name was changed from Spectra Fund to Alger Spectra Fund, and the Fund's Class N shares were redesignated as Class A shares. Performance from February 13, 1996 through September 23, 2008 is that of the Fund's Class N Shares, adjusted to reflect applicable sales charges and operating expenses.

The performance data quoted represents past performance, which is not an indication or a guarantee of future results. Investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than the performance quoted. Performance figures assume all distributions are reinvested. Class A shares are subject to a maximum sales charge of 5.25%. Class A Shares may be subject to a maximum deferred sales charge of 1.00%. For performance current to the most recent month end, visit www.alger.com or call 800.992.3863.

Before investing, carefully consider the Fund's investment objective, risks, charges, and expenses. For a prospectus and summary prospectus containing this and other information or for the Fund's most recent month-end performance data, visit www.alger.com, call (800) 992-3863 or consult your financial advisor. Read the prospectus and summary prospectus carefully before investing. Distributor: Fred Alger & Company, LLC. NOT FDIC INSURED. NOT BANK GUARANTEED. MAY LOSE VALUE.

Disclosure

The views expressed are the views of Fred Alger Management, LLC (“FAM”) and its affiliates as of April 2024. These views are subject to change at any time and may not represent the views of all portfolio management teams. These views should not be interpreted as a guarantee of the future performance of the markets, any security or any funds managed by FAM. These views are not meant to provide investment advice and should not be considered a recommendation to purchase or sell securities.

Risk Disclosures: Investing in the stock market involves risks, including the potential loss of principal. Growth stocks may be more volatile than other stocks as their prices tend to be higher in relation to their companies’ earnings and may be more sensitive to market, political, and economic developments. Local, regional or global events such as environmental or natural disasters, war, terrorism, pandemics, outbreaks of infectious diseases and similar public health threats, recessions, or other events could have a significant impact on investments. Investing in companies of small and medium capitalizations involves the risk that such issuers may have limited product lines or financial resources, lack management depth, or have limited liquidity. A significant portion of assets may be invested in securities of companies in related sectors, and may be similarly affected by economic, political, or market events and conditions and may be more vulnerable to unfavorable sector developments. Foreign securities involve special risks including currency fluctuations, inefficient trading, political and economic instability, and increased volatility. Short sales could increase market exposure, magnifying losses and increasing volatility. Leverage increases volatility in both up and down markets and its costs may exceed the returns of borrowed securities. Active trading may increase transaction costs, brokerage commissions, and taxes, which can lower the return on investment. At times, cash may be a larger position in the portfolio and may underperform relative to equity securities. **Past performance is not indicative of future performance.** Investors whose reference currency differs from that in which the underlying assets are invested may be subject to exchange rate movements that alter the value of their investments. **Investing in innovation is not without risk and there is no guarantee that investments in research and development will result in a company gaining market share or achieving enhanced revenue.** Companies exploring new technologies may face regulatory, political or legal challenges that may adversely impact their competitive positioning and financial prospects. Also, developing technologies to displace older technologies or create new markets may not in fact do so, and there may be sector-specific risks as well. As is the case with any industry, there will be winners and losers that emerge and investors therefore need to conduct a significant amount of due diligence on individual companies to assess these risks and opportunities. Diversification does not ensure a profit or guarantee against a loss. Alger Spectra Fund may engage in short sales. In order to engage in a short sale, the Fund arranges with a broker to borrow the security being sold short. In order to close out its short position, the Fund will replace the security by purchasing the security at the price prevailing at the time of replacement. The Fund will incur a loss if the price of the security sold short has increased since the time of the short sale and may experience a gain if the price has decreased since the short sale. The use of short sales could increase the Fund’s exposure to the market, magnifying losses and increasing volatility.

Important Information for US Investors: This material must be accompanied by the most recent fund fact sheet(s) if used in connection with the sale of mutual fund and ETF shares. Fred Alger & Company, LLC serves as distributor of the Alger mutual funds.

Disclosure

The S&P 500 Index is an unmanaged index generally representative of the U.S. stock market. The S&P Composite 1500 is an unmanaged index that covers approximately 90% of the U.S. market capitalization. The Russell 1000® Growth Index is an unmanaged index designed to measure the performance of the largest 1000 companies in the Russell 3000 Index with higher price-to-book ratios and higher forecasted growth values. The Russell 3000 Index is an unmanaged index considered representative of the U.S. stock market. The Russell 1000 Value Index measures the performance of those Russell 1000 companies with lower price-to-book ratios and lower forecasted growth values. Russell 1000 is an unmanaged index considered representative of large cap stocks. Russell 3000 Growth index is an unmanaged index considered representative of U.S. growth stocks. Russell 3000 Value index is an unmanaged index considered representative of U.S. value stocks. Russell 2000 is an unmanaged index considered representative of small cap stocks. The S&P 500 Growth Index is an unmanaged index considered representative of large-cap growth stocks. The S&P 500 Value Index is an unmanaged index considered representative of large-cap value stocks. S&P SmallCap 600 Growth Index is an unmanaged index considered representative of small cap growth stocks. IA SBBI Long-Term Government Index measures the performance of a single issue of outstanding U.S. Treasury bond with a maturity term of around 21.5 years.

The indices presented are provided for illustrative purposes, reflect the reinvestment of dividends and do not assess fees and expenses that would have the effect of reducing returns. Investors cannot invest directly in any index. The index performance does not represent the returns of any portfolio advised by Fred Alger Management, LLC and actual client results might differ materially than the indices shown. **Past performance is no guarantee of future results.**

Frank Russell Company (“Russell”) is the source and owner of the trademarks, service marks and copyrights related to the Russell Indexes. Russell® is a trademark of Frank Russell Company. Neither Russell nor its licensors accept any liability for any errors or omissions in the Russell Indexes and / or Russell ratings or underlying data and no party may rely on any Russell Indexes and / or Russell ratings and / or underlying data contained in this communication. No further distribution of Russell Data is permitted without Russell’s express written consent. Russell does not promote, sponsor or endorse the content of this communication.

The S&P indexes are a product of S&P Dow Jones Indices LLC and/or its affiliates and has been licensed for use by Fred Alger Management, LLC and its affiliates. Copyright 2024 S&P Dow Jones Indices LLC, a subsidiary of S&P Global Inc. and/or its affiliates. All rights reserved. Redistribution or reproduction in whole or in part are prohibited without written permission of S&P Dow Jones Indices LLC. S&P® is a registered trademark of Standard & Poor’s Financial Services LLC and Dow Jones® is a registered trademark of Dow Jones Trademark Holdings LLC. Neither S&P Dow Jones Indices LLC, Dow Jones Trademark Holdings LLC, their affiliates nor their third party licensors make any representation or warranty, express or implied, as to the ability of any index to accurately represent the asset class or market sector that it purports to represent and neither S&P Dow Jones Indices LLC, Dow Jones Trademark Holdings LLC, their affiliates nor their third party licensors shall have any liability for any errors, omissions, or interruptions of any index or the data included therein.

Fred Alger Management, LLC uses the Global Industry Classification Standard (GICS®) for categorizing companies into sectors and industries. GICS® is used for all portfolio characteristics involving sector and industry data such as benchmark, active and relative weights and attribution. The Global Industry Classification Standard (GICS®) is the exclusive intellectual property of MSCI Inc. (MSCI) and Standard & Poor’s Financial Services, LLC (S&P). Neither MSCI, S&P, their affiliates, nor any of their third party providers (“GICS Parties”) makes any representations or warranties, express or implied, with respect to GICS or the results to be obtained by the use thereof, and expressly disclaim all warranties, including warranties of accuracy, completeness, merchantability and fitness for a particular purpose. The GICS Parties shall not have any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if notified of such damages.

FactSet is an independent source, which Alger believes to be a reliable source. FAM, however, makes no representation that it is complete or accurate. Alger pays compensation to third party marketers to sell various strategies to prospective investors.

ALCAPMKPUB-0424