

ALGER

60
YEARS
1964-2024

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Winter 2025

Capital Markets: Observations and Insights

Capital Markets: Observations & Insights

Our research efforts are generally spent looking forward, striving to understand how companies and industries are evolving, but we believe there is merit in reflecting on the incredible performance of growth investing over the past decade. While past performance is no guarantee of future results, we believe there are some important learnings in the Russell 3000 Growth's incredible 16% annual performance over the past decade, which nearly doubled that of the Russell 3000 Value.* We have identified two trends that we believe explain this significant performance gap.

The first trend is that we believe innovation is accelerating. New products and services, such as artificial intelligence, novel drugs, and surgical procedures, are being introduced faster and being adopted quicker. Accelerating innovation is a tailwind for growth companies and a headwind for value companies, in our view. We believe growth stocks are the beneficiaries of change, as these companies are often behind the innovations that reshape how we work and live. Therefore, it stands to reason that faster change may drive stronger fundamentals for growth stocks, in our view.

The second trend is that the digitalization of the economy is requiring businesses to increase investments in intangible assets; however, traditional accounting does not do an adequate job of capturing intangible investment spending such as research & development. This accounting failure depresses earnings and distorts balance sheets. As a result, equities may be cheaper than they appear in a historical context. Also, because of their reliance on book value, style indices may be flawed and may be comprised of value companies that are less innovative and have more tangible asset-based business models as compared to growth companies that are more innovative and have more intangible assets.

These powerful structural trends help give us confidence in growth investing and our ability to continue to execute on our investing philosophy and process that has served us well for more than 60 years.



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

*FactSet for the 10-year period ended 12/31/24. 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

Will monetary stimulus along with tax cuts and deregulation drive stocks higher, or will lofty investor sentiment combined with trade wars and elevated inflation drag equities down?

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II

The Long Run

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

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III

Enduring Themes

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

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Style Wars

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

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Investing Outside the U.S.

In many areas of innovation, leaders exist outside the U.S. and often trade at a discounted valuation to their U.S. peers, potentially offering attractive investment opportunities.

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David vs. Goliath

Large cap stocks have significantly outperformed their smaller cap cousins over the past few years, but are the tides turning?

37

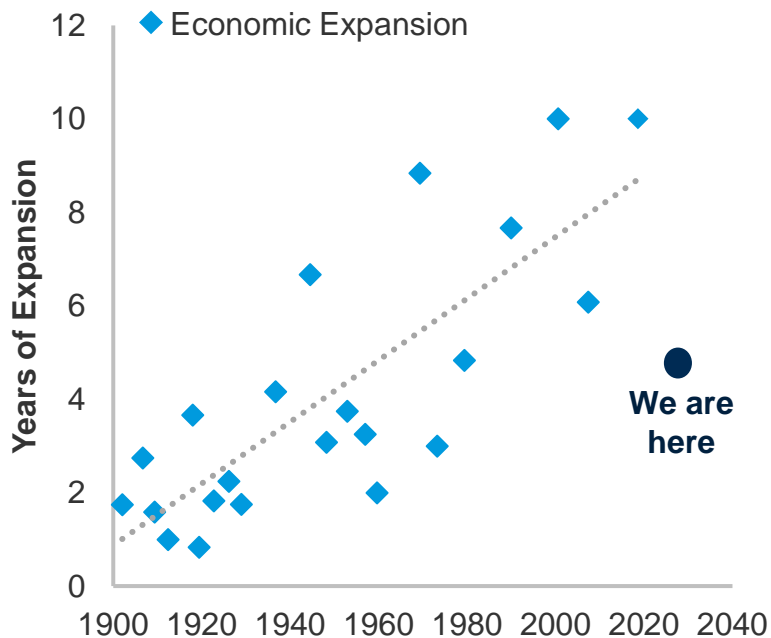
Bull vs. Bear

Bull Case: Only The Beginning?

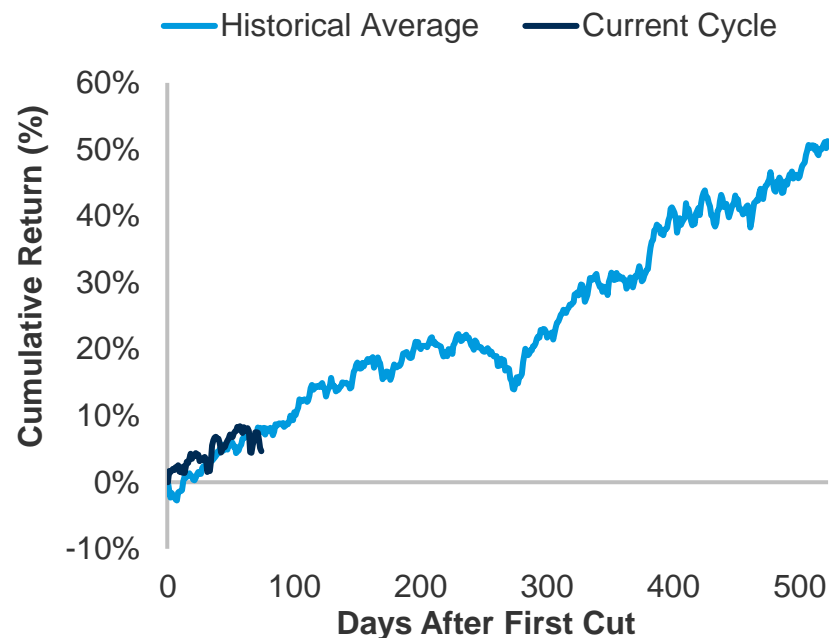
- Economic expansions have been increasing in duration, implying we may have much more growth ahead

- Monetary easing with no recession has historically been supportive of a rising stock market

Age of U.S. Economic Expansions



S&P 500 Two Years After Rate Cut With No Recession

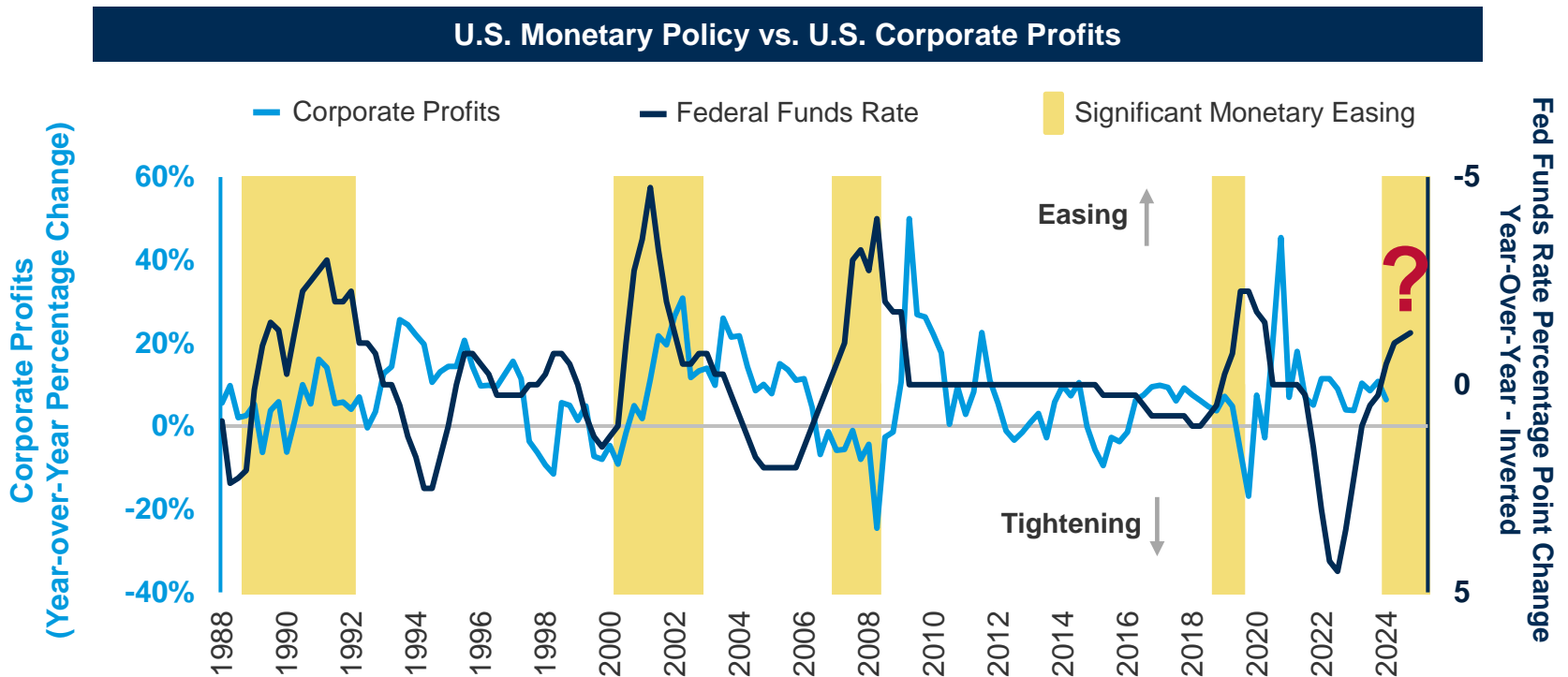


Source: FactSet and Alger. Note: double-dip recession in early 1980s accounted for as one recession. "Economic Expansions" are the periods between recessions, as defined by the National Bureau of Economic Research (left). Historical rate cut average based on rate cuts on 9/3/84, 7/6/95, and 9/29/98 with current cycle 9/18/24 through 12/31/24 (right). **The performance data quoted represents past performance, which is not an indication or a guarantee of future results.**

Bull vs. Bear

Bull Case: Follow the Leader

- Historically, when the U.S. Federal Reserve cuts interest rates, corporate profit growth has accelerated to strong levels in the following quarters



Source: U.S. Bureau of Economic Analysis and Federal Reserve. Shaded regions indicate periods with more than 100 basis points of easing. Federal Funds rate after 4Q24 based on December 2024 Federal Reserve Summary of Economic Projections.

Bull vs. Bear

Bull Case: Lower Taxes

- Lower corporate tax rates → increase in earnings/cash flow → higher business spending
- Corporate tax rates may decline over the next couple of years with several potential changes including 1) corporate income tax reduction for domestic production 2) R&D expensing and 3) bonus depreciation

Corporate Tax Rates vs. Earnings Growth



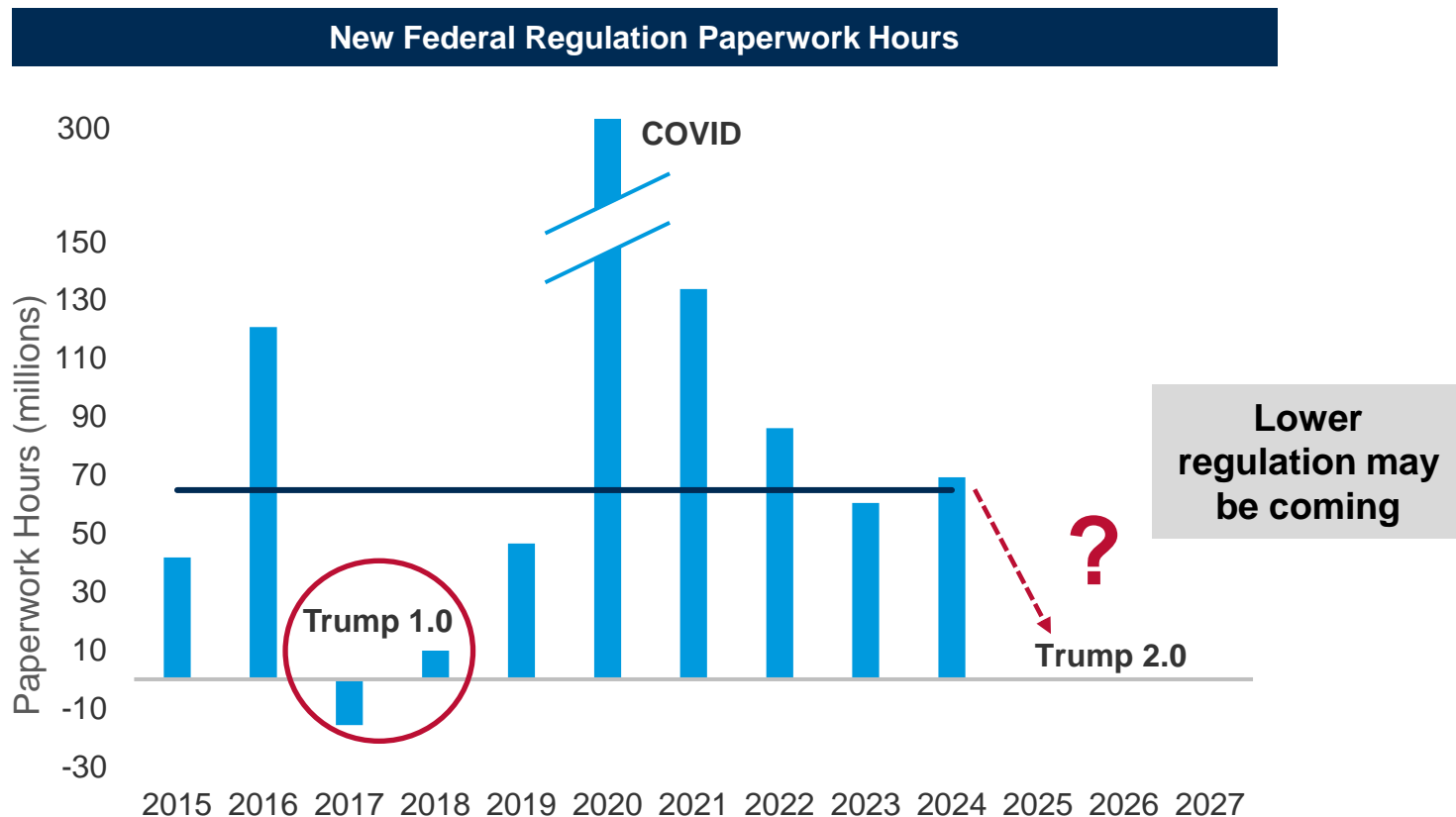
Tax cuts may boost earnings growth, albeit to lesser extent than 2017/2018

Source: FactSet and Tax Foundation.

Bull vs. Bear

Bull Case: Deregulation

- Lower regulation requirements may spur business investment and M&A
 - New regulation over the past two decades cost ~\$3 trillion according to the American Action Forum, making it routinely a top 5 concern for businesses according to the NFIB



Source: American Action Forum. Black line indicates median value over data series. Trump 1.0 refers to first Trump presidency when Congress was controlled by Republicans.

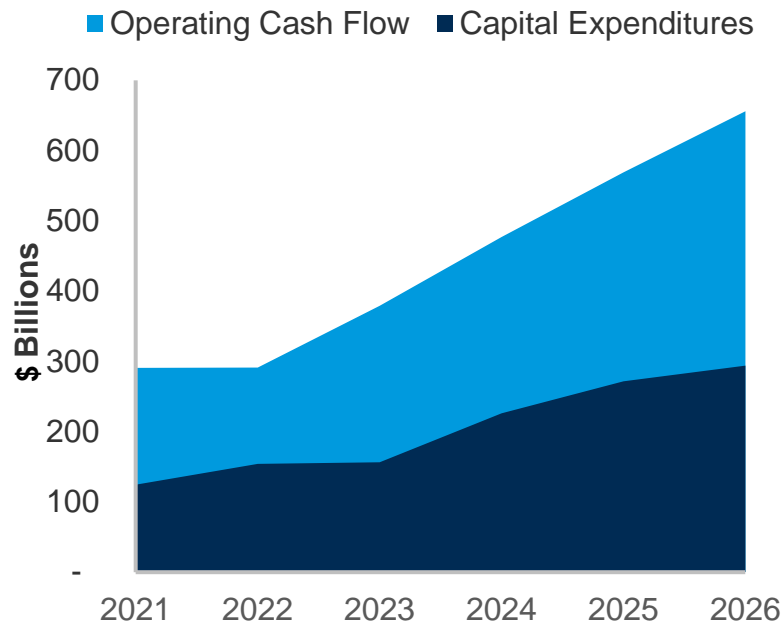
Bull vs. Bear

Bull Case: AI Progress

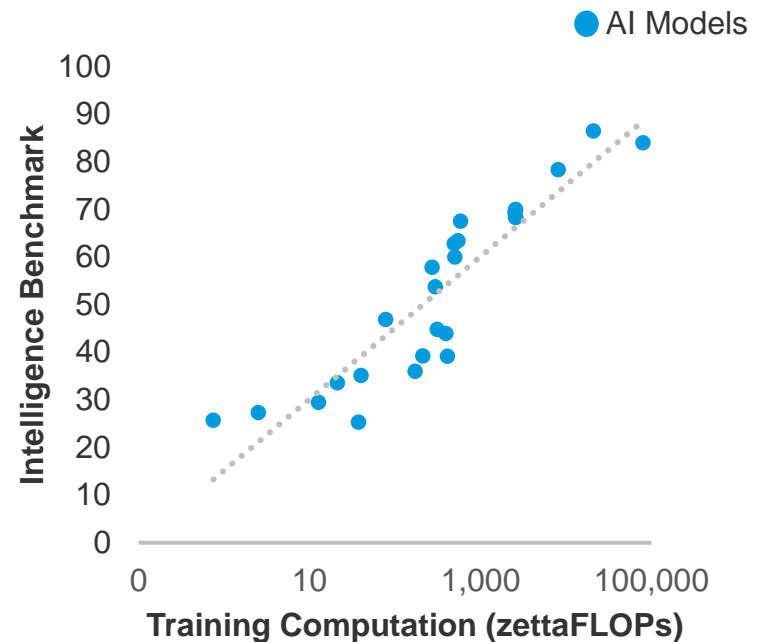
- AI investment looks to be sustainable based on cash flow, in contrast to the late 1990s/early 2000s tech bubble

- Investment in data centers for training and inference is critical to improving intelligence and utility in AI models

AI Hyperscaler Investment Relative to Cash Flow



Intelligence vs. Training of AI Models



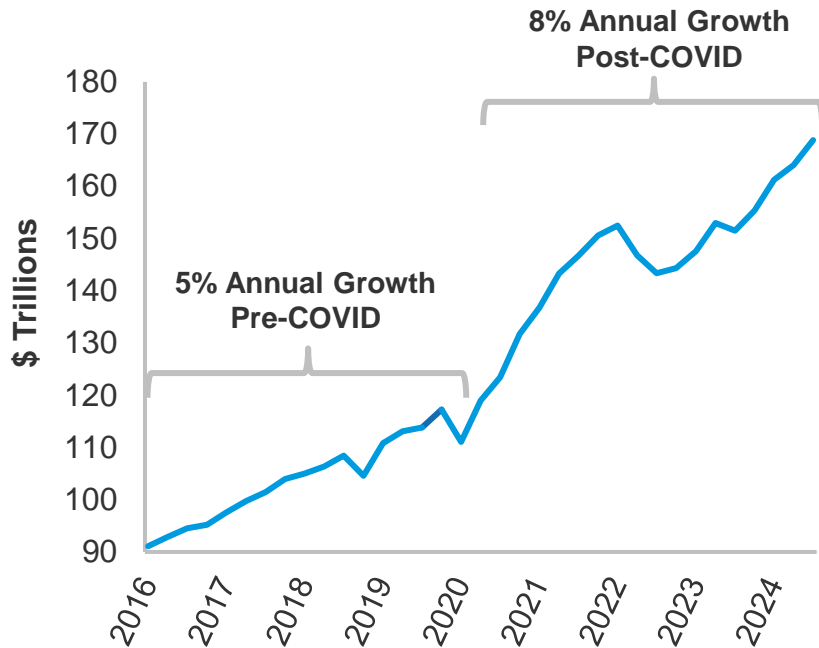
Source: FactSet; hyperscaler data based on actual and consensus estimate of Microsoft, Amazon, Meta, Alphabet and Oracle operating cash flow and capital expenditures (left). Epoch AI; intelligence is measured by The Massive Multitask Language Understanding (MMLU) benchmark which mimics a multiple-choice knowledge quiz designed to gauge how proficiently AI systems can comprehend various topics like history, science, or psychology, from 2021-2024; ZettaFLOPs refers to 10^{21} floating operations per second (right).

Bull vs. Bear

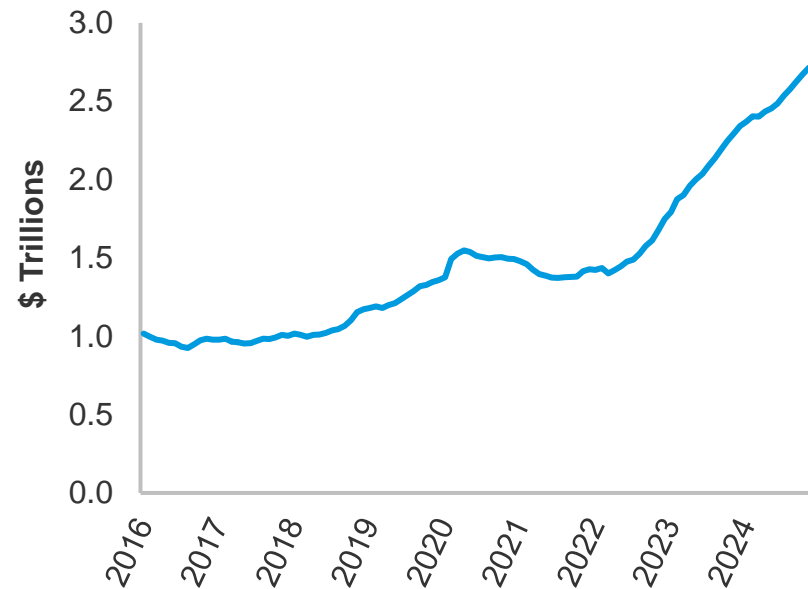
Bull Case: Wealth Effect

- Household wealth has grown rapidly to reach over \$165 trillion, supporting consumer spending
- Money market assets have swelled and may potentially find their way to risk assets as interest rates decline

U.S. Household Net Worth



Retail Money Market Assets



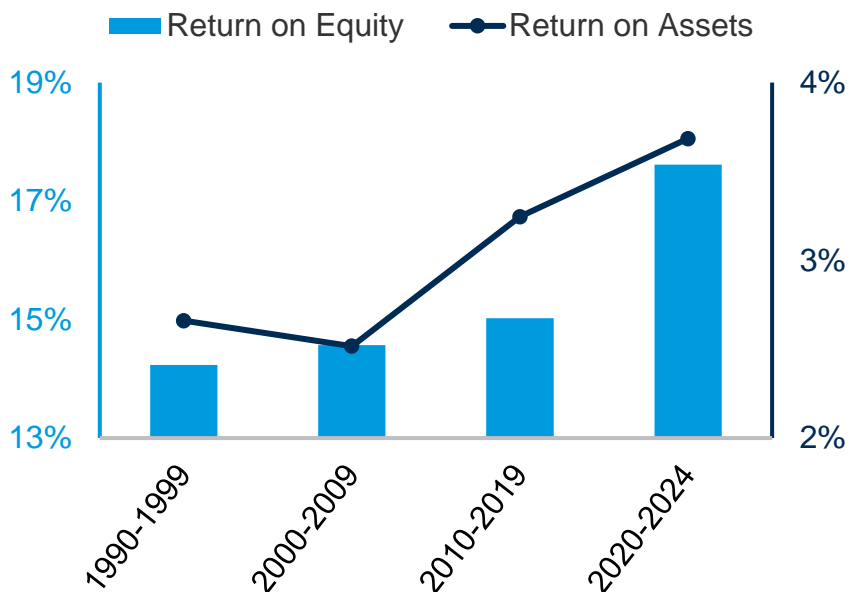
Source: Federal Reserve, household net worth through 3Q24, pre-COVID is 1Q 2016 – 1Q 2020; and post-COVID is 3Q 2020 – 3Q 2024 (left). ICI, money market assets, which includes securities such as Treasury bills, certificates of deposit, and commercial paper, through December 2024 (right).

Bull vs. Bear

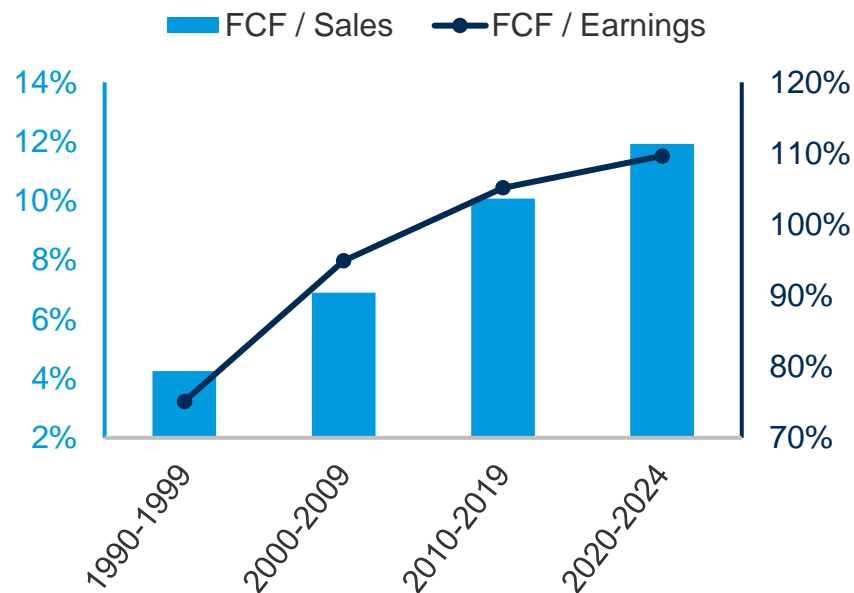
Bull Case: Better Business Models

- Return on capital and free cash flow generation have significantly improved over time
 - This should warrant higher equity valuation multiples, all else equal

S&P 500 Return on Capital



S&P 500 Free Cash Flow (FCF) Generation



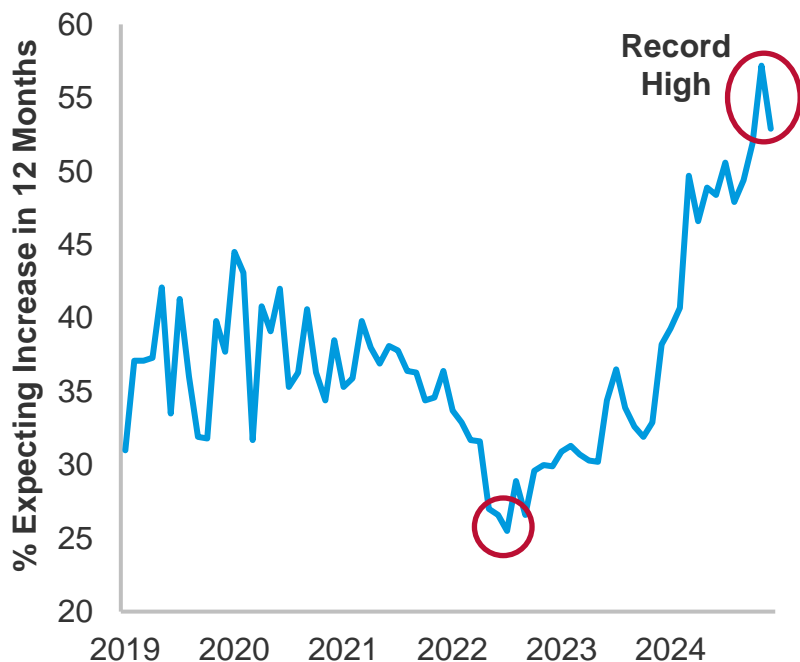
Source: FactSet. Return on Equity is calculated by dividing a company's net income by shareholder equity. Return on Assets is calculated by dividing a company's net income by its total assets. Free cash flow is the cash a company generates after taking into consideration cash outflows that support its operations and maintain its capital assets.

Bull vs. Bear

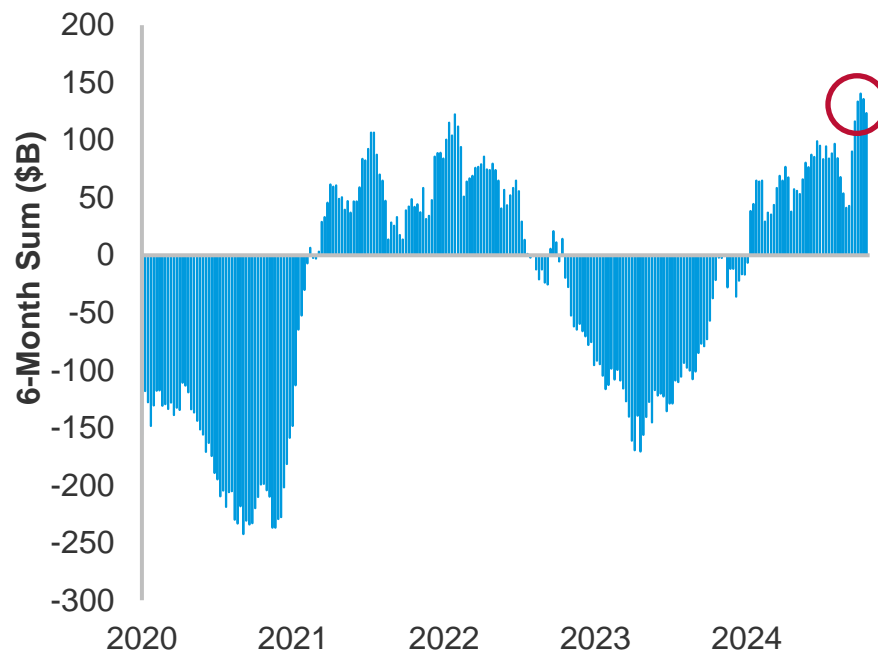
Bear Case: Lofty Sentiment

- Investor sentiment, which has often been a contrarian indicator, is very strong

Consumer Sentiment on Stocks % Expecting Increase in 12 Months



Mutual Fund and ETF Flows U.S. Domestic Equity



Source: Conference Board, December 2024 (left). Investment Company Institute, December 2024 (right). Includes all active and passive U.S. domestic equity mutual fund and ETF flows.

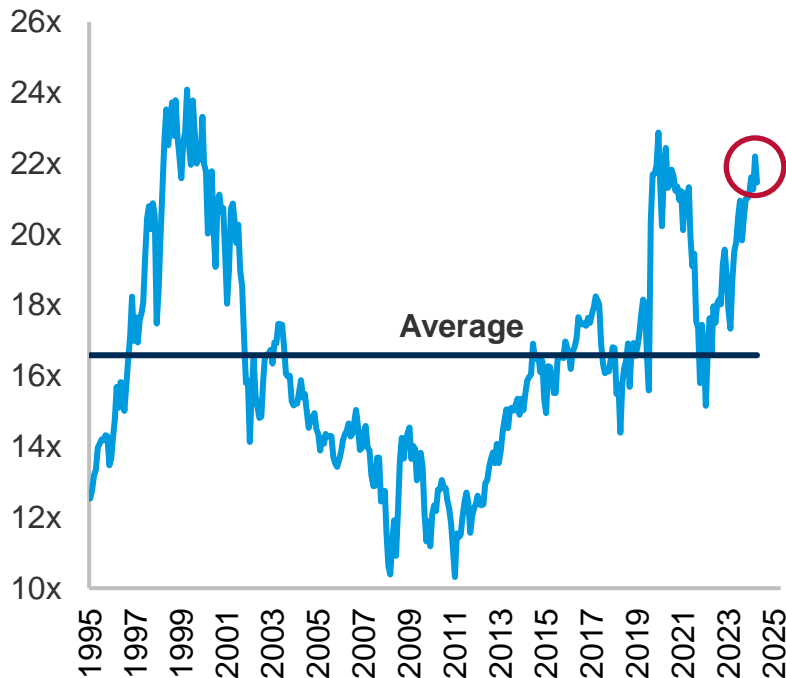
Bull vs. Bear

Bear Case: Valuations Stretched

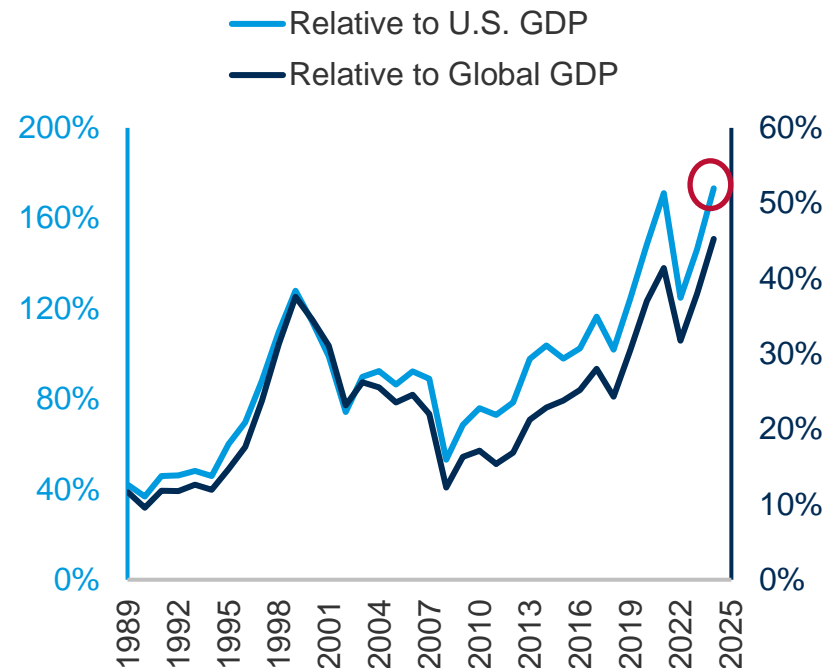
- On traditional metrics, U.S. equities look expensive

- They also appear rich using alternative metrics like this one popularized by Warren Buffett

S&P 500 Price-to-Earnings



S&P 500 Market Capitalization To GDP

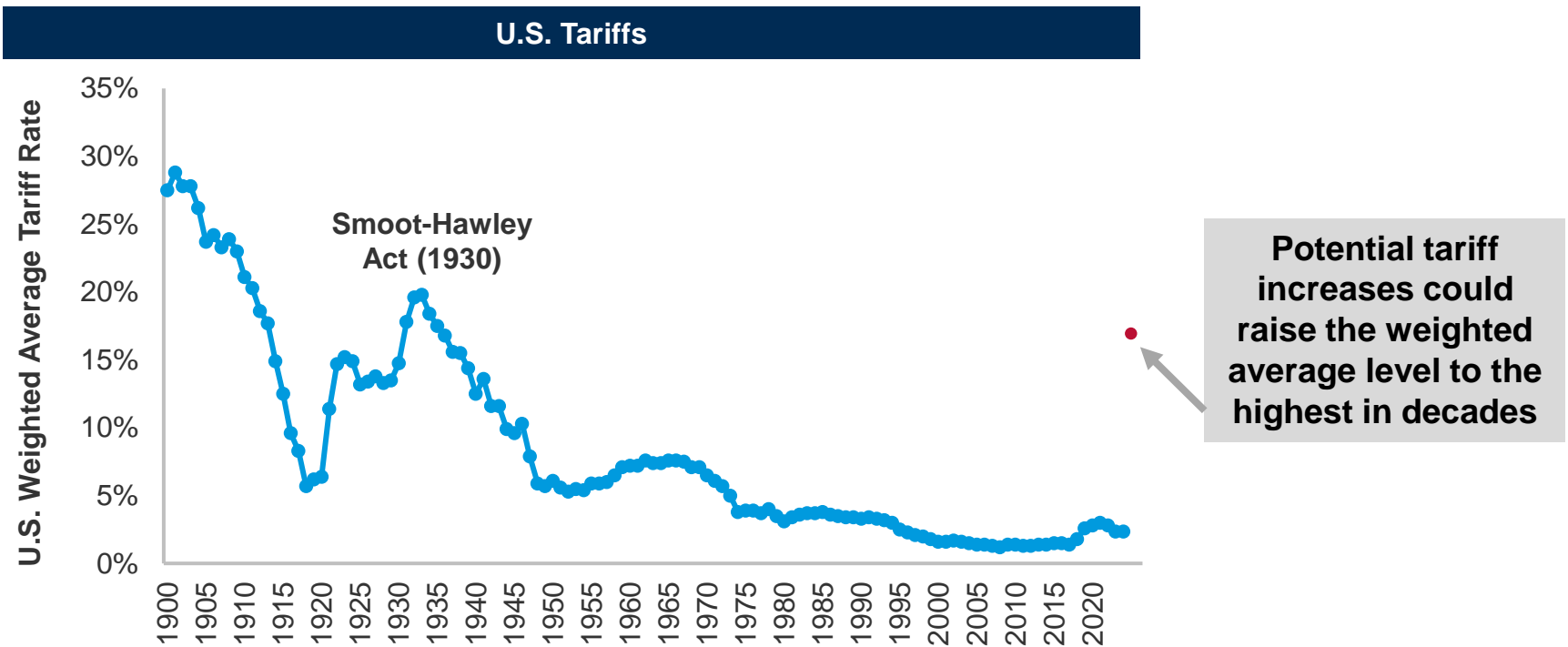


Source: FactSet as of December 2024; P/E based on consensus next 12-month estimates (left). S&P 500 market capitalization from FactSet as of 12/31/24, U.S.GDP from FactSet consensus December 2024 estimate, and global GDP from IMF October 2024 estimate (right).

Bull vs. Bear

Bear Case: Trade Wars

- Higher tariffs could reduce corporate profitability for domestic businesses while overseas retaliation may hurt exports
 - Increased tariffs may also spur inflation



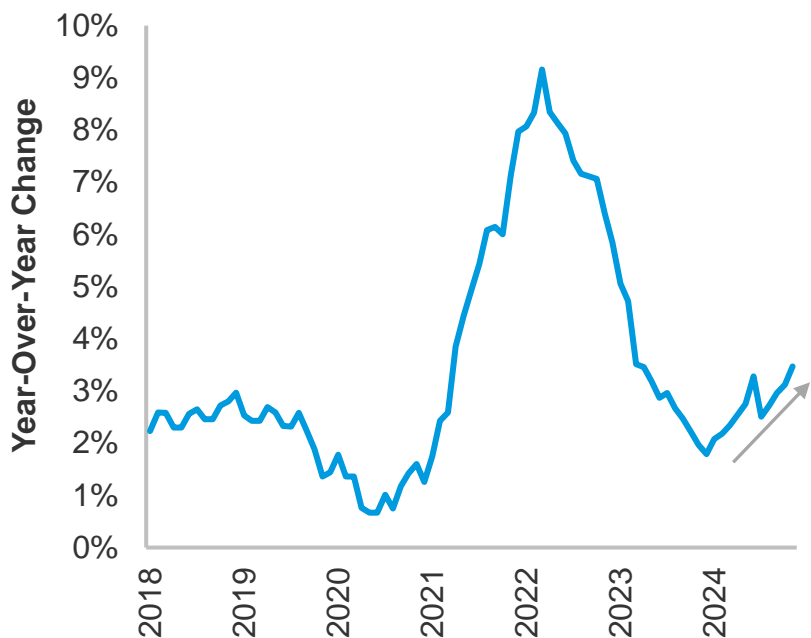
Source: Evercore ISI. Note that the red dot incorporates 10% across the board tariffs and 60% China tariff.

Bull vs. Bear

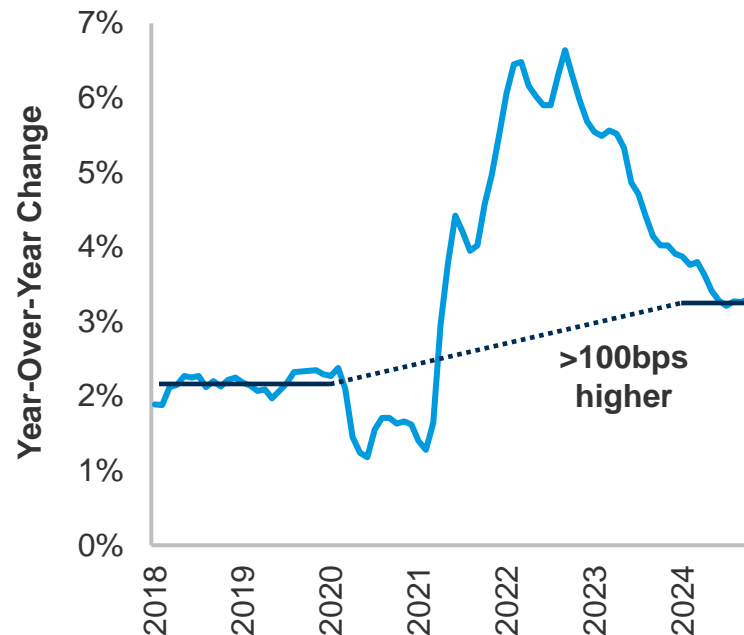
Bear Case: Higher inflation

- A resurgence in inflation, potentially exacerbated by rising tariffs and lower immigration, would reduce expectations for monetary easing and serve to increase interest rates

PPI Excluding Food & Energy



CPI Excluding Food & Energy



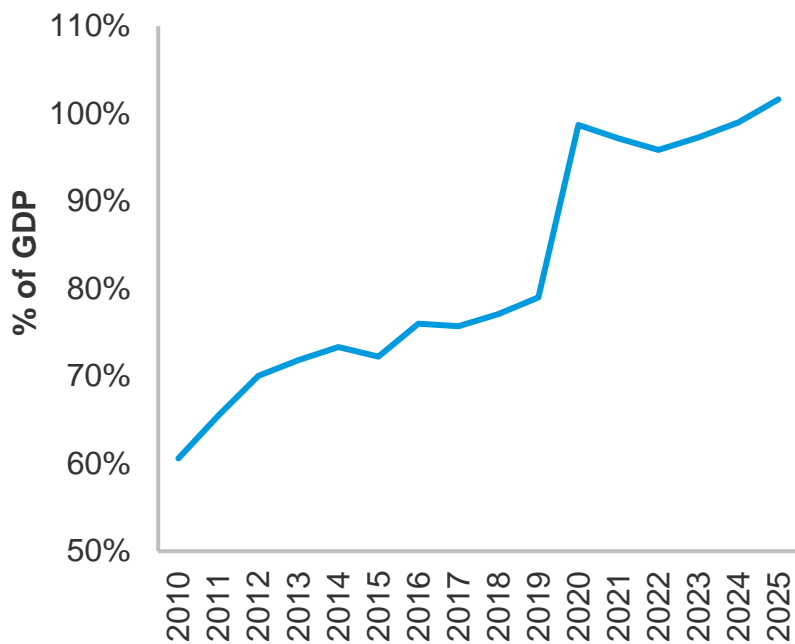
Source: U.S. Bureau of Labor Statistics through 11/24. Producer Price Index (PPI) measures the average change over time in selling prices received by domestic producers of goods and services, excluding food and energy. Consumer Price Index (CPI) measures the monthly change in prices paid by U.S. consumers, excluding food and energy.

Bull vs. Bear

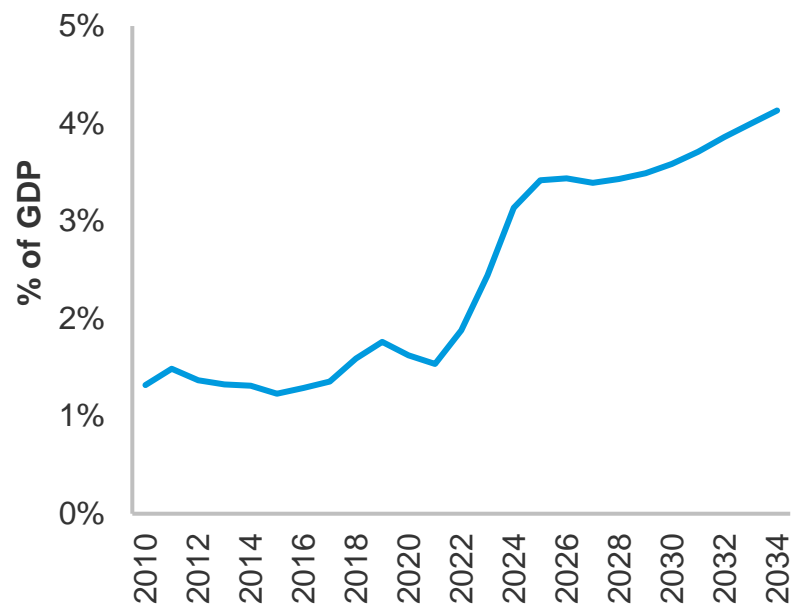
Bear Case: Bonds Balk?

- The fiscal position of the U.S. government is very different than it was in 2016
 - U.S. debt relative to GDP is up 30%
 - U.S. deficit relative to GDP is >2x
- Large deficits are forecasted to continue to increase interest expense
- Will Treasury bonds balk and yields rise if more deficit spending is proposed?

U.S. Debt Held By the Public % of GDP



U.S. Interest Expense % of GDP

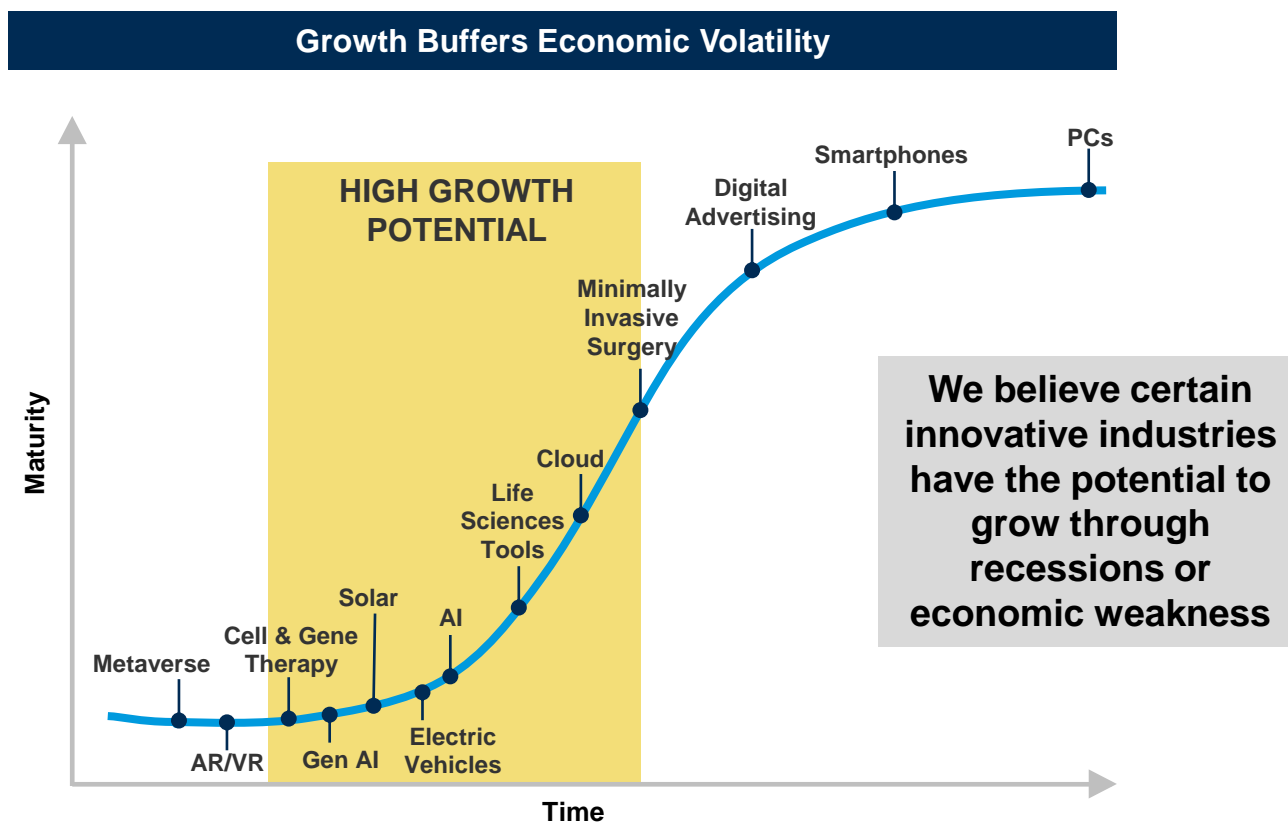


Source: Congressional Budget Office with projections as of June 2024. Note that projections are for U.S. fiscal year end September.

I 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.

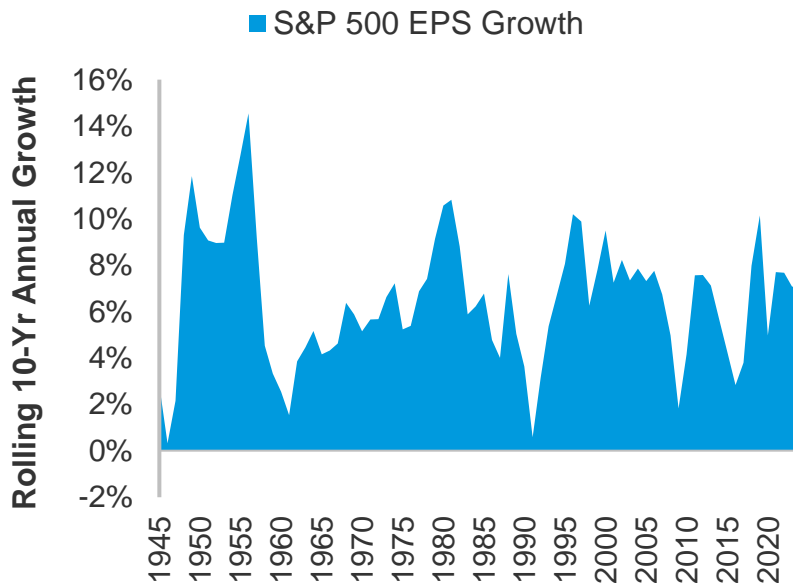


The Long Run

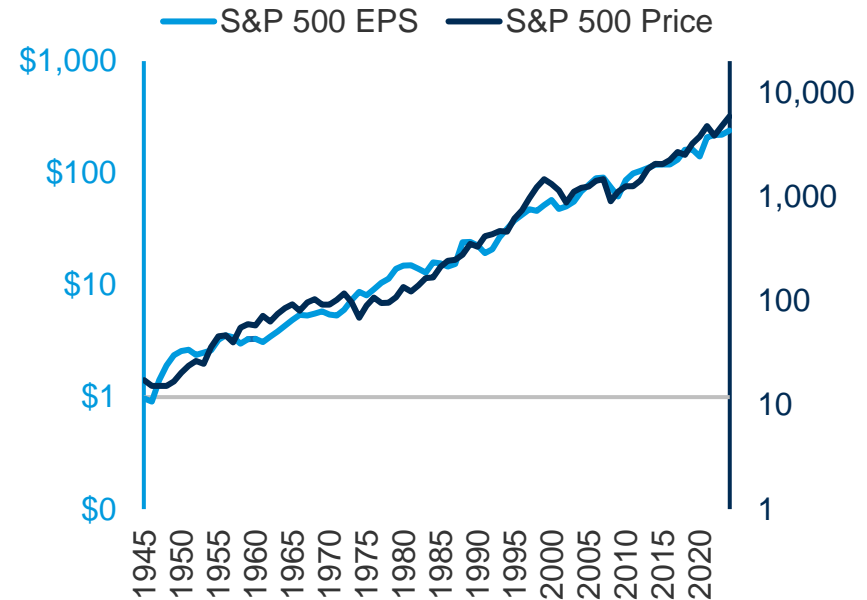
Powerful Long-Term Trends

- 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 December 2024. The performance data quoted represents past performance, which is not an indication or a guarantee of future results.

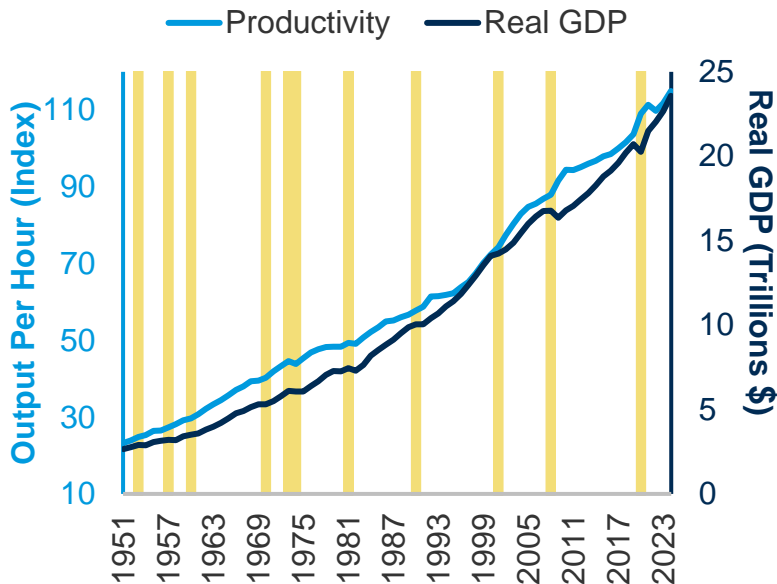


The Long Run The Engine of Growth

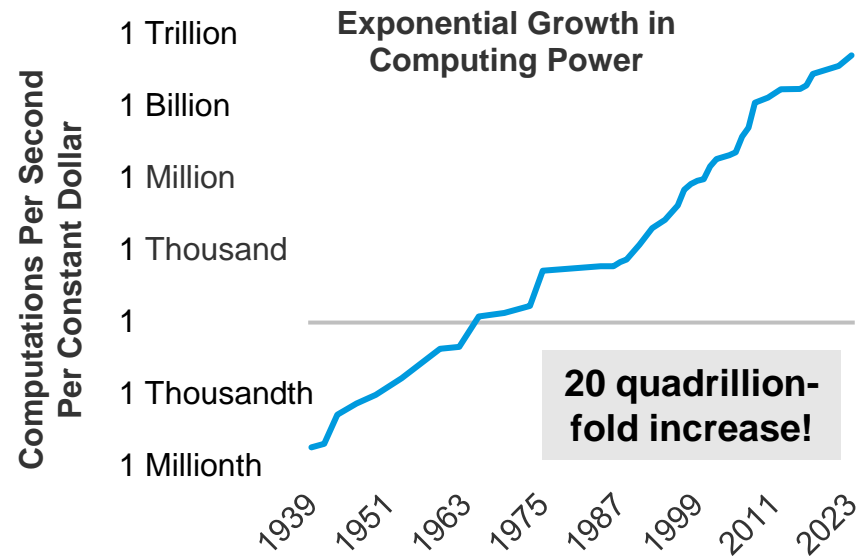
- If earnings drive stock prices and GDP drives corporate earnings, what propels GDP?
 - *Answer:* productivity (output per hour)

- 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



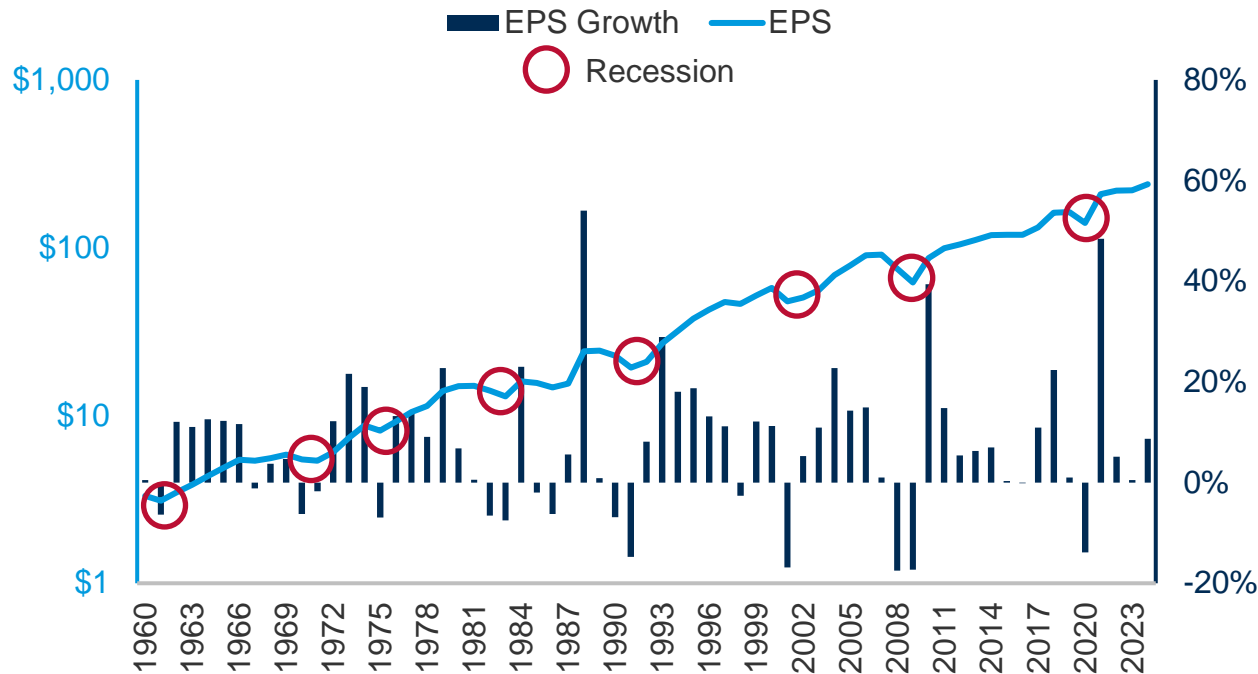
Innovation Drives Productivity



Source: U.S. Bureau of Labor Statistics and U.S. Bureau of Economic Analysis through 2023 with Alger estimates for 2024 (left). Shaded regions denote U.S. recessions as determined by the National Bureau of Economic Research. Ray Kurzweil, "The Singularity is Nearer," Penguin Random House, 2024 (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.**

- 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.

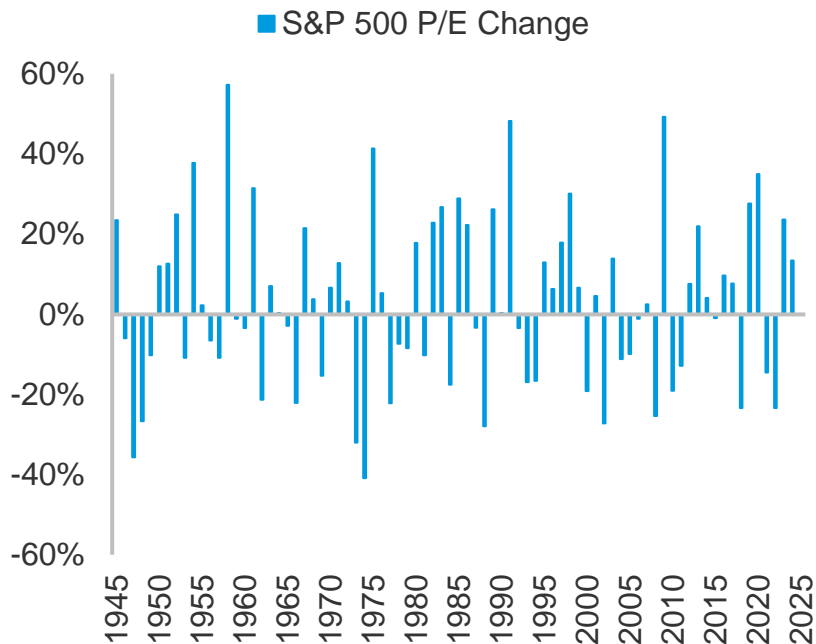


The Long Run

Fundamentals > Sentiment

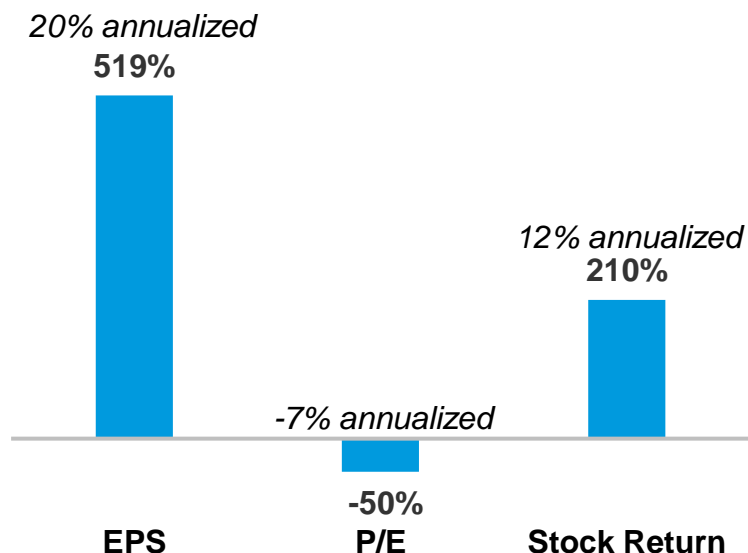
- While sentiment shifts may dominate short-term equity price fluctuations, long-term returns are driven by fundamentals such as earnings and cash flows
 - As Buffet’s mentor Benjamin Graham said, “In the short run, the market is a voting machine but in the long run, it is a weighing machine”

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 through December 2024 (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

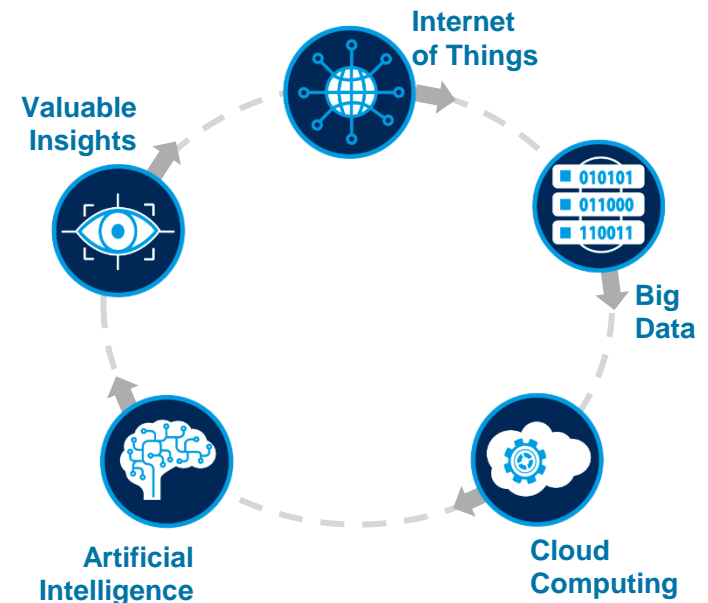


Today

Age of Connected Intelligence

- **Innovations:** artificial intelligence; internet of things

Age of Connected Intelligence

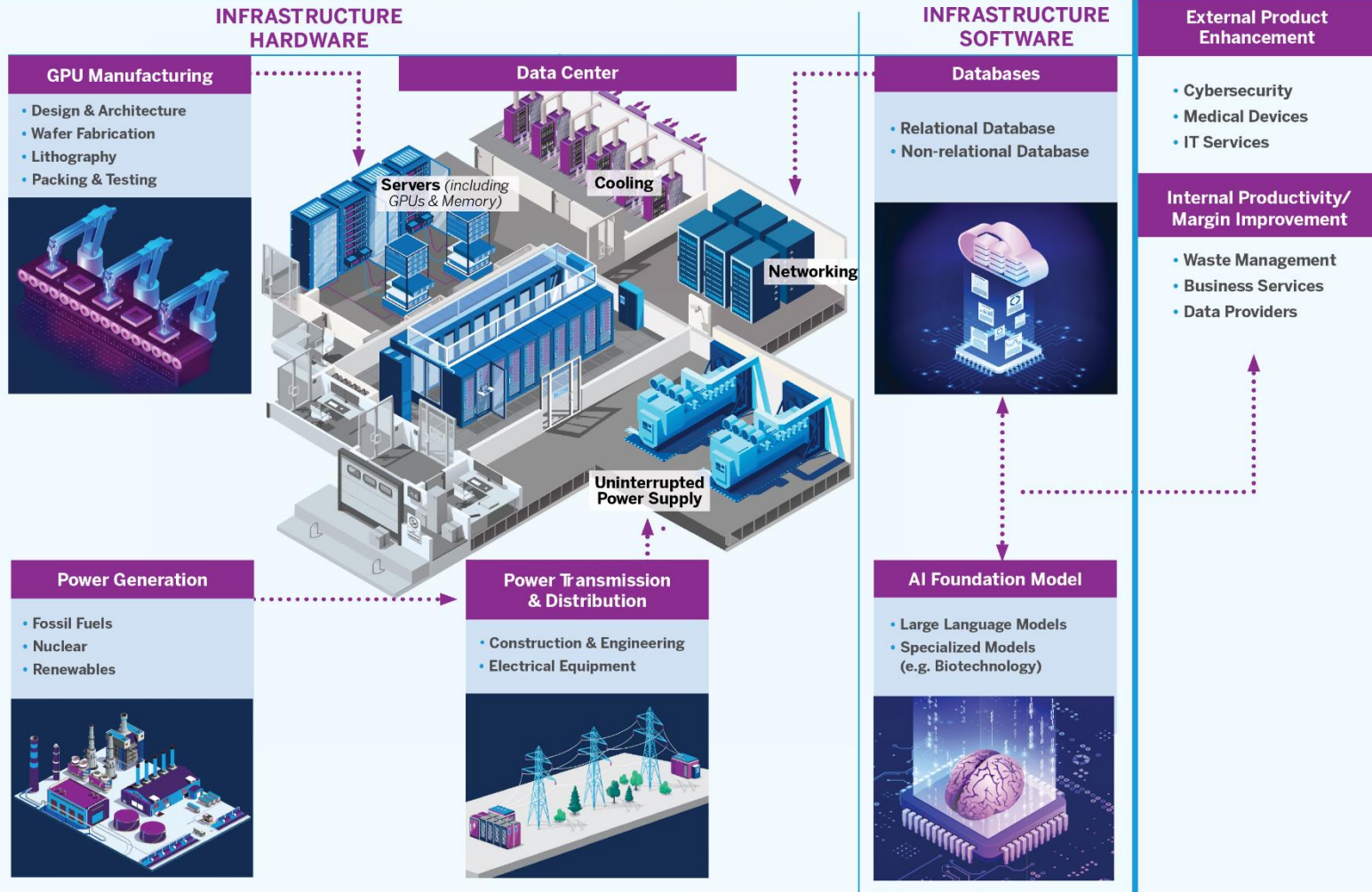


Artificial Intelligence (AI)

AI Investment Map

AI ENABLERS

AI ADOPTERS



Source: Alger. Enablers are companies developing the building block components for, and investing in, AI infrastructure such as machinery, hardware, software and services. Adopters are companies that integrate AI into their businesses to enhance their products or services or make their operations more productive.

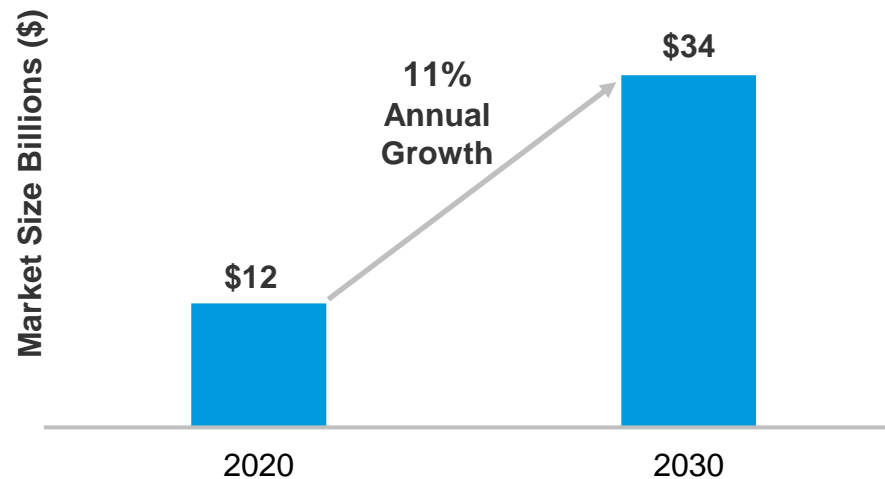


Enduring Themes

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.

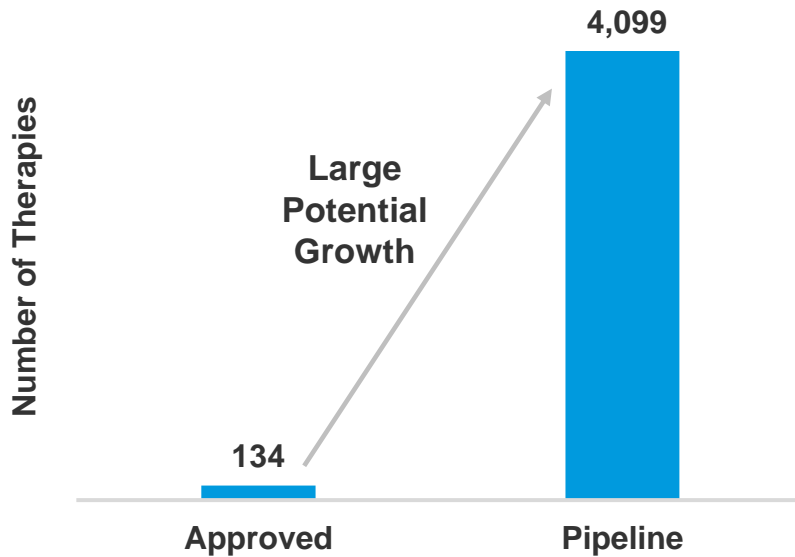


Enduring Themes

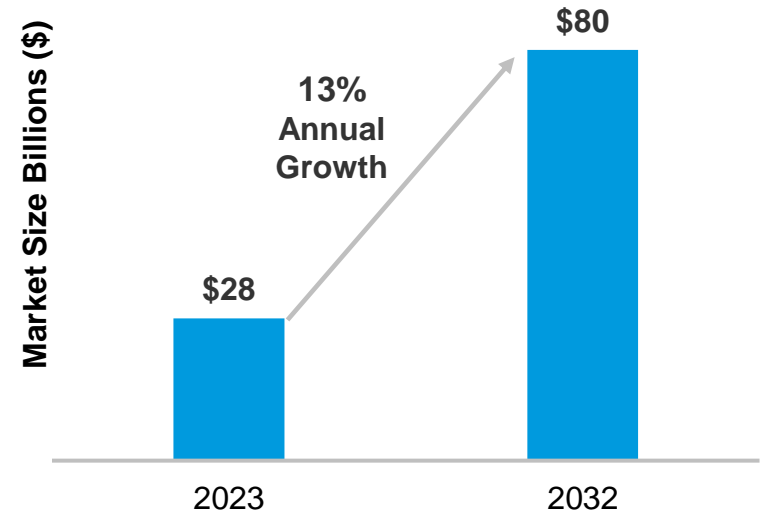
Life Science Innovation

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

Cell & Gene Therapy Pipeline



Global Genomics Market

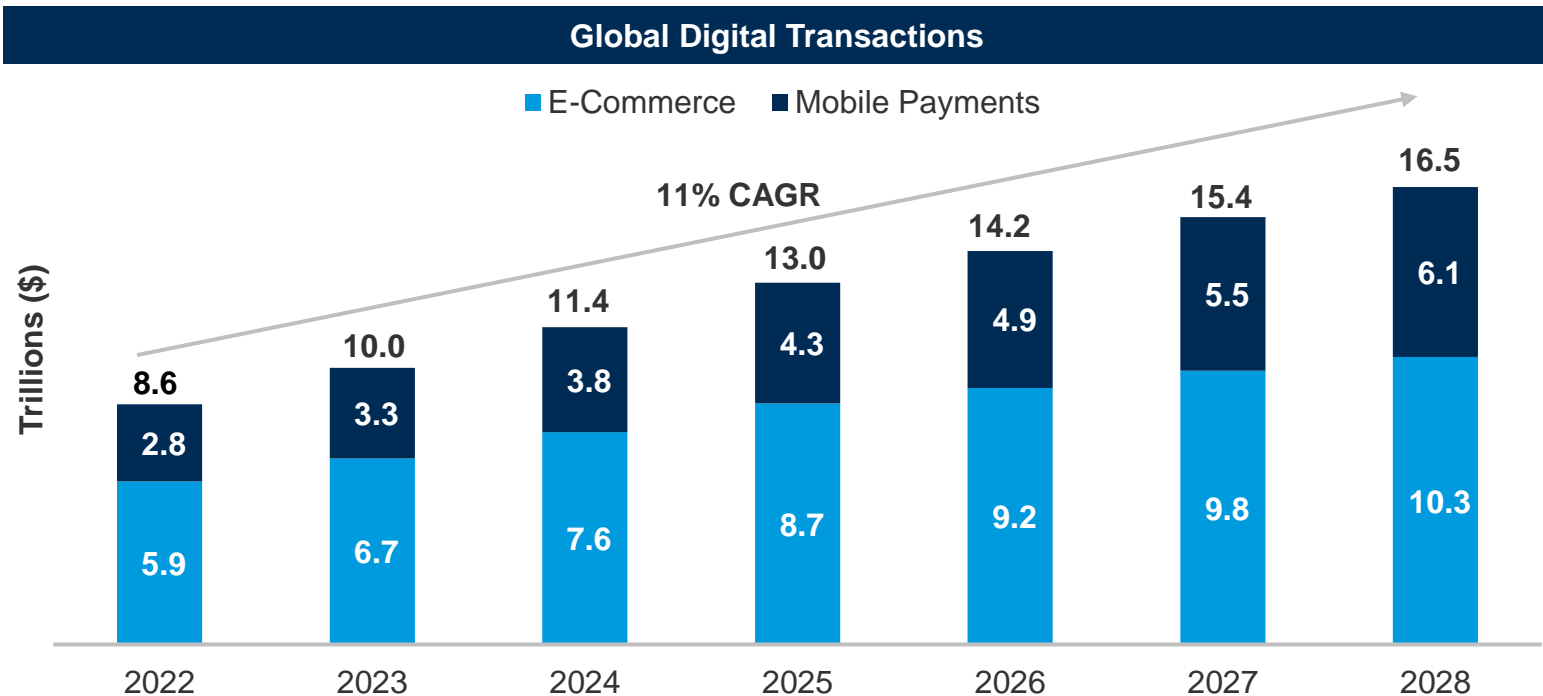


Source: American Society of Gene & Cell Therapy, Q3 2024 Quarterly Data Report including Cell, Gene, and RNA therapies (left). Precedence Research, December 2024; 2032 is an estimate (right).



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
- Payment networks, processors and software companies can capitalize on the trend



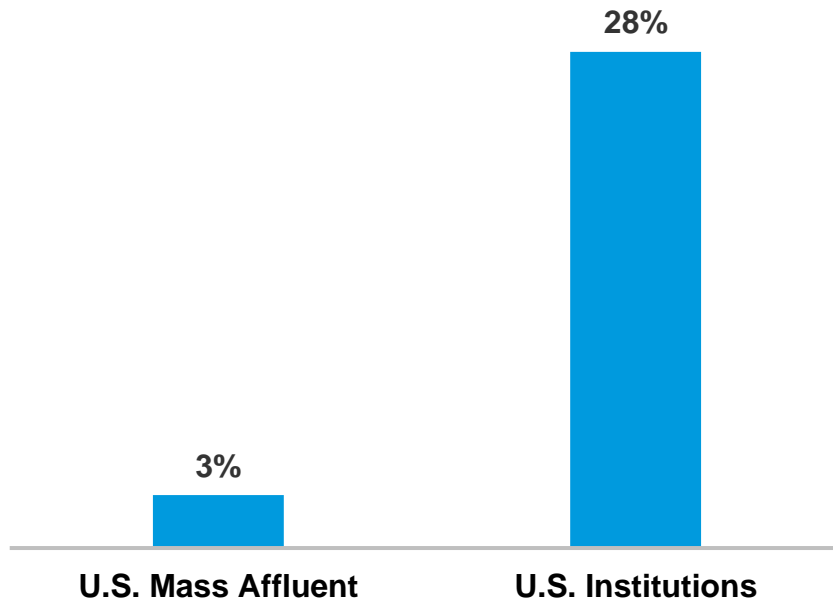
Source: Statista Market Insights, March 2024 (2024 – 2028 are forecasts). E-commerce includes digital remittances. CAGR is compound annual growth rate, the rate of return required for a quantity to grow from its beginning balance to its ending balance. Mobile payments occur when smartphones are used to process transactions using wireless communication or scan QR barcodes.



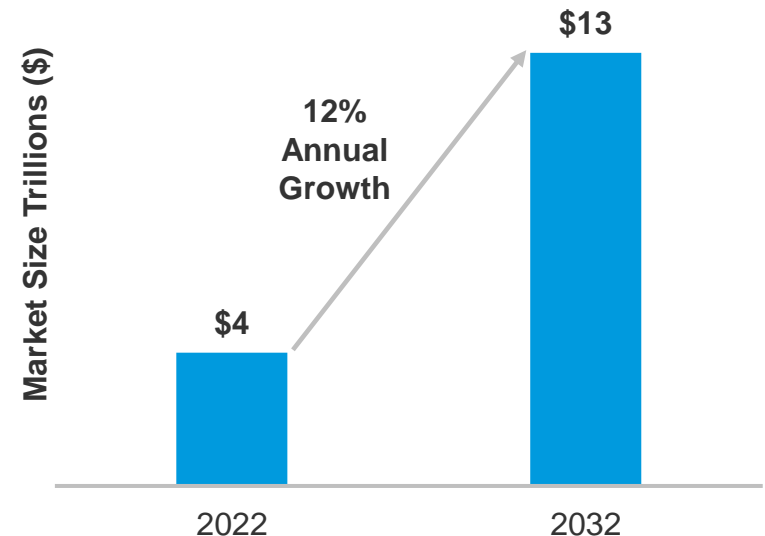
Enduring Themes Private Market Growth

- Individual investors' small allocation to private markets could grow a lot if it approaches 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

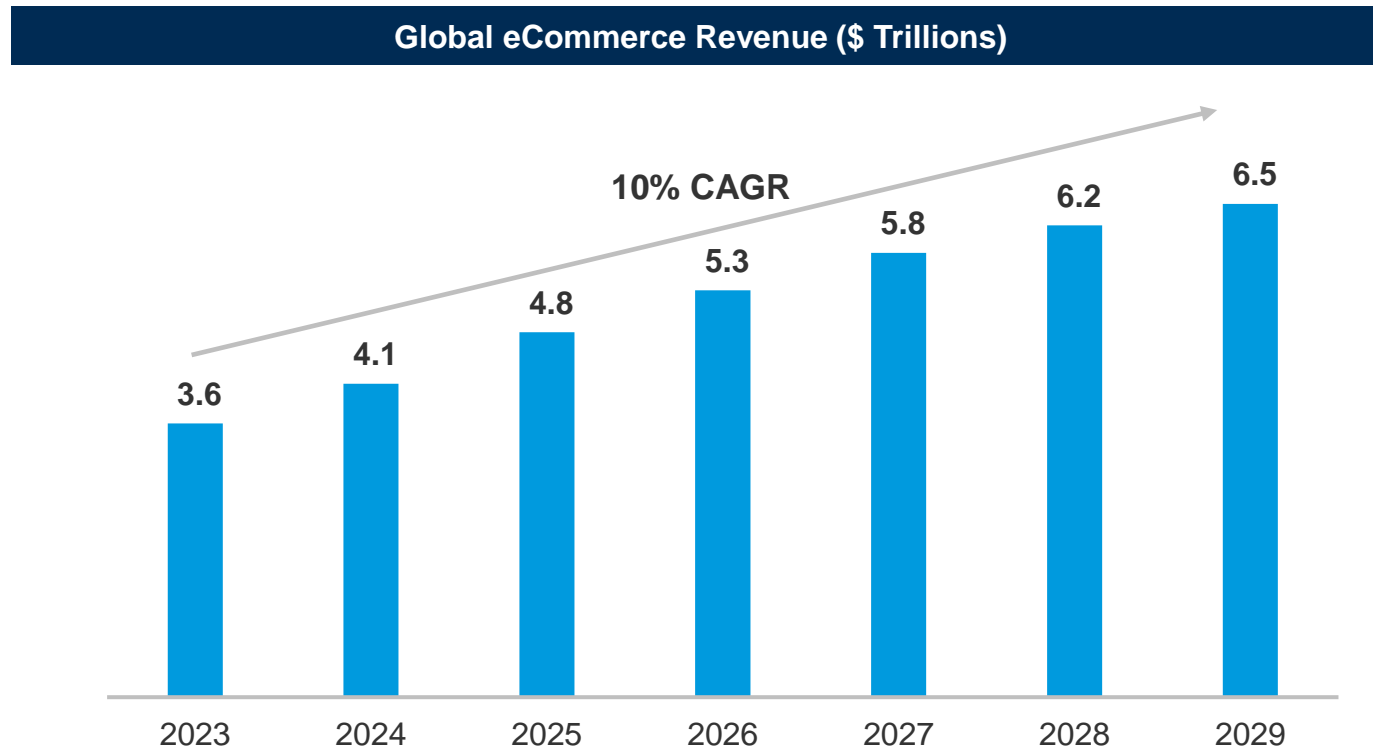


Source: Alger estimate for U.S. mass affluent and institutional data (includes Canada) from BlackRock 2023 Global Private Markets Survey (left). Bain & Company, "Why Private Equity Is Targeting Individual Investors," February 2023. 2032 data is forecasted..



Enduring Themes E-commerce

- Global e-commerce is only about one-fifth of total retail sales leaving significant room for growth, in our view



Source: Statista Digital Market Insights, October 2024. Global e-commerce share of total retail was 17% in 2024 according to Statista Market Insights. CAGR is compound annual growth rate, the rate of return required for a quantity to grow from its beginning balance to its ending balance.

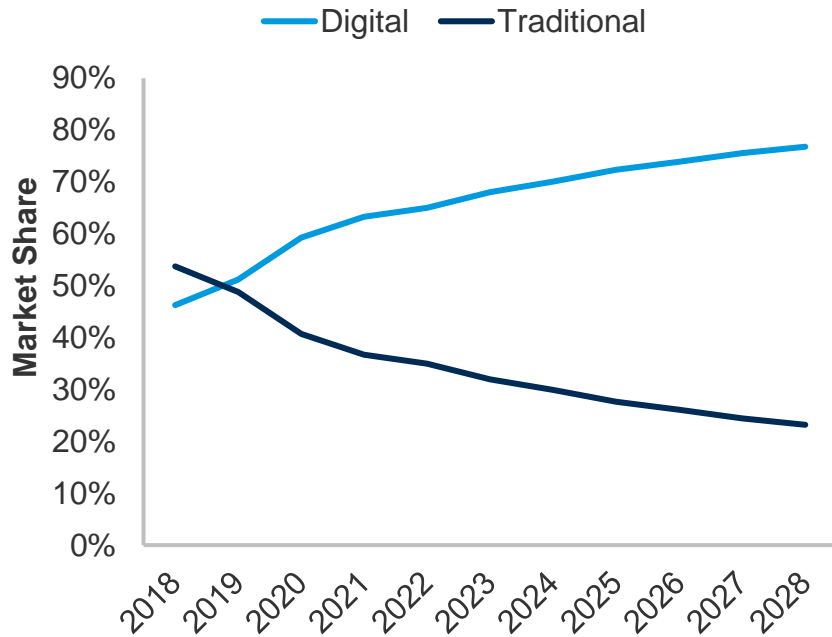


Enduring Themes

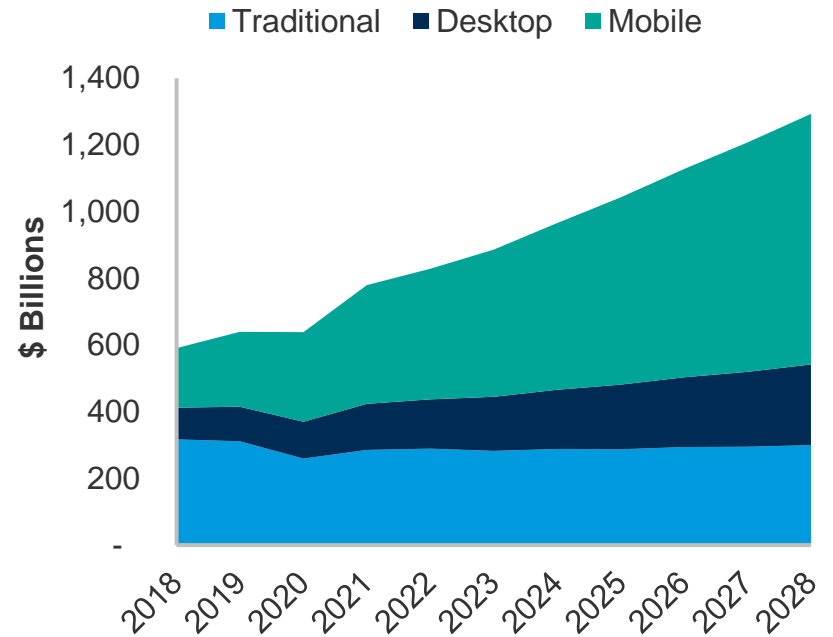
Digital Advertising

- Digital advertising continues to take share from traditional advertising, spurred recently by AI
- Mobile advertising, driven by in-app ads, is driving the growth

Global Advertising Market Share



Global Advertising Revenue



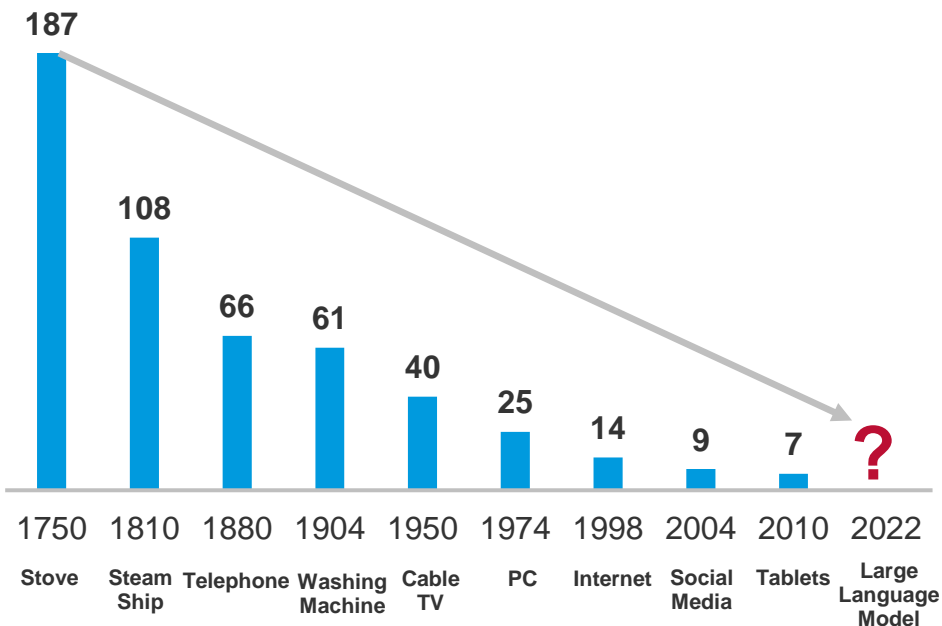
Source: Insider Intelligence, March 2024.

IV

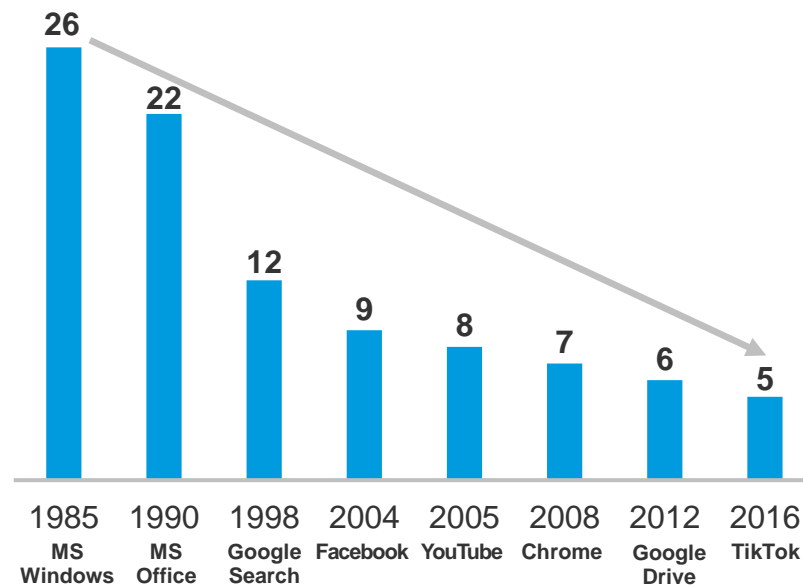
Style Wars Accelerating Change

- 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



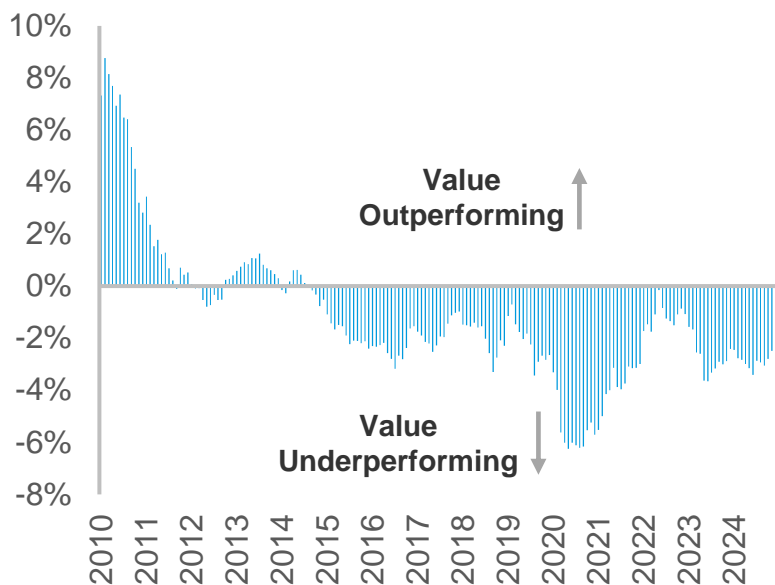
Source: Asymco, Visual Capitalist, company disclosures, Alger estimates.

IV

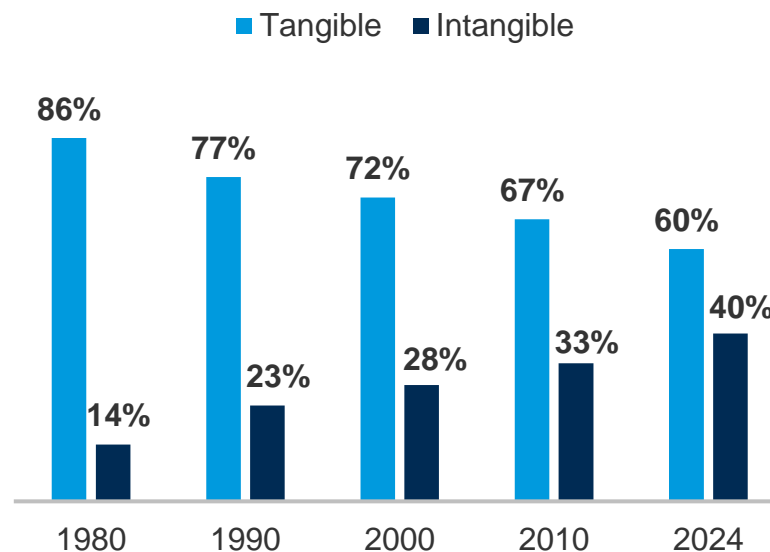
Style Wars Structural Issues Driving Growth vs. Value

- 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

Low Price-to-Book Value 10-Year Rolling Return



Business Investment

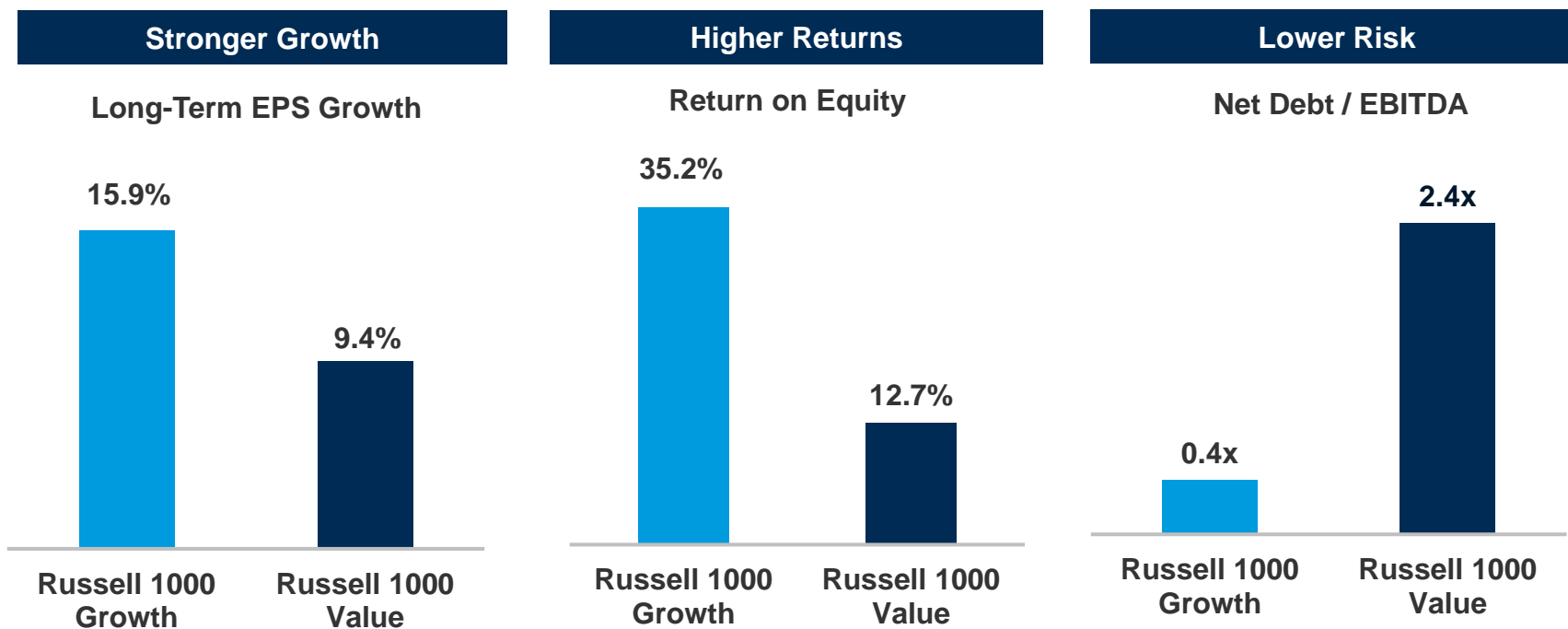


Source: Kenneth R. French through November 2024 (left), Bureau of Economic Analysis through 3Q24 (right). Low price-to-book returns are based on the B/P Fama/French factor for the CRSP universe which includes US firms listed on the NYSE, AMEX, or NASDAQ. **The performance data quoted represents past performance, which is not an indication or a guarantee of future results.**

IV

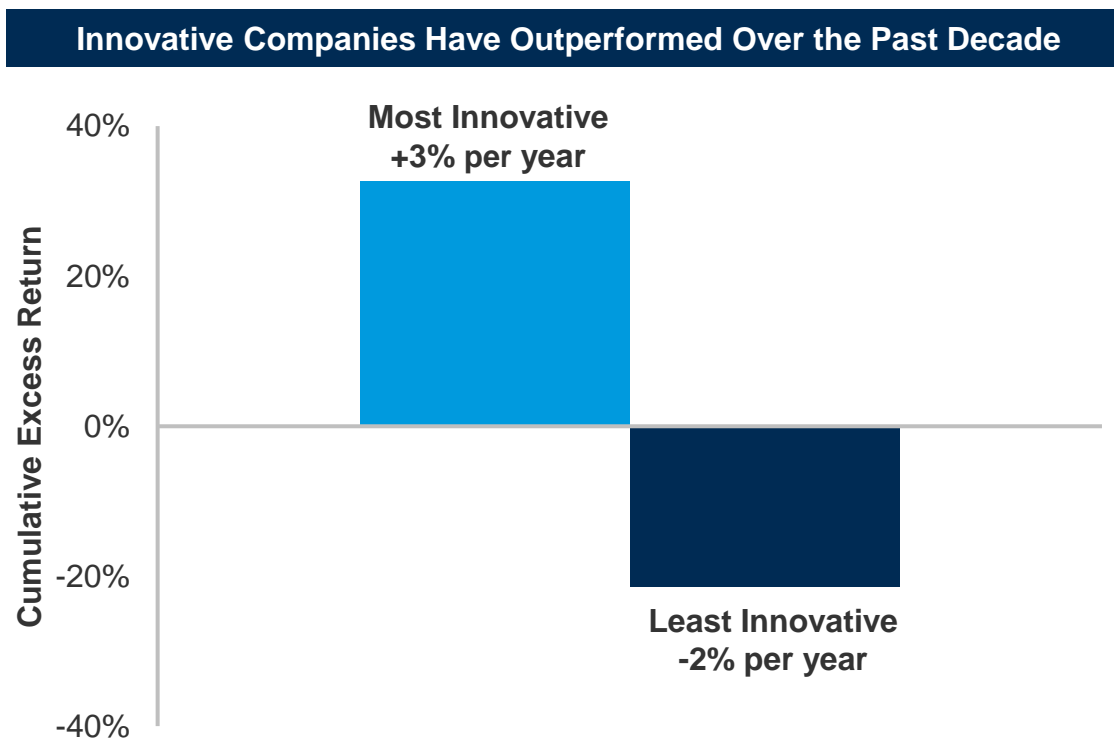
Style Wars The Growth Advantage

- 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 12/31/24. Growth represents consensus long-term analyst estimates and actual future EPS growth rates might be materially different than the forecasts shown.

- Innovation may be an important component of equity returns



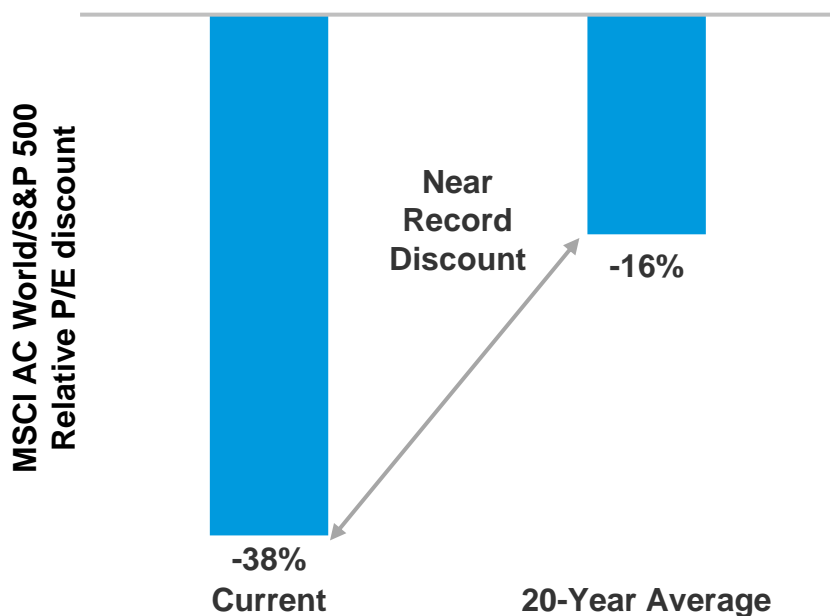
Source: FactSet. Excess performance of the quintiles of R&D as a percentage of revenue with the most innovative being top quintile and the least innovative being bottom quintile of the stocks in the S&P 1500 index. Stocks were divided into quintiles based on R&D spending-to-revenue and data was calculated monthly for the 10-year period ended November 2024. **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

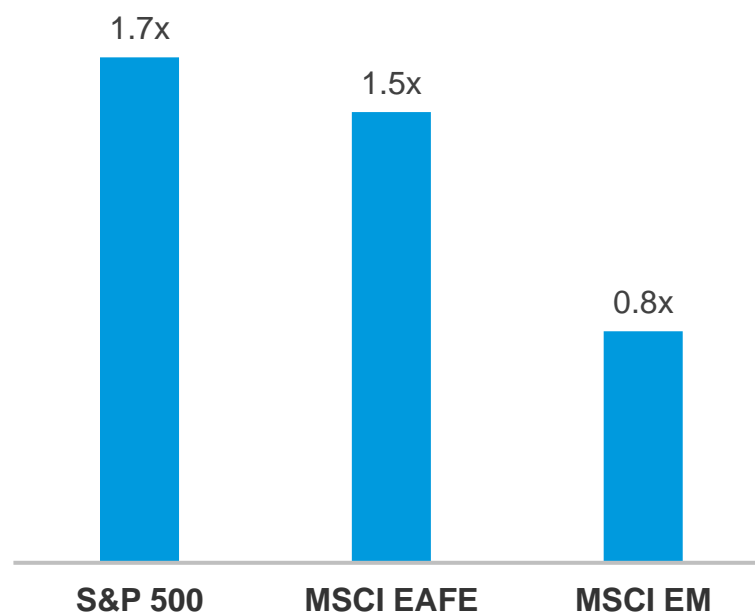
Investing Outside the U.S. Non-U.S. Stocks are Cheap

- The thesis of U.S. exceptionalism is embraced broadly in markets and has contributed to non-U.S. equities trading at a record discount to U.S. stocks
- Even on a growth-adjusted basis, non-U.S. stocks are attractively valued

Non-U.S. Stocks P/E Discount to the U.S.



Non-U.S. Stocks Cheaper on P/E-to-Growth

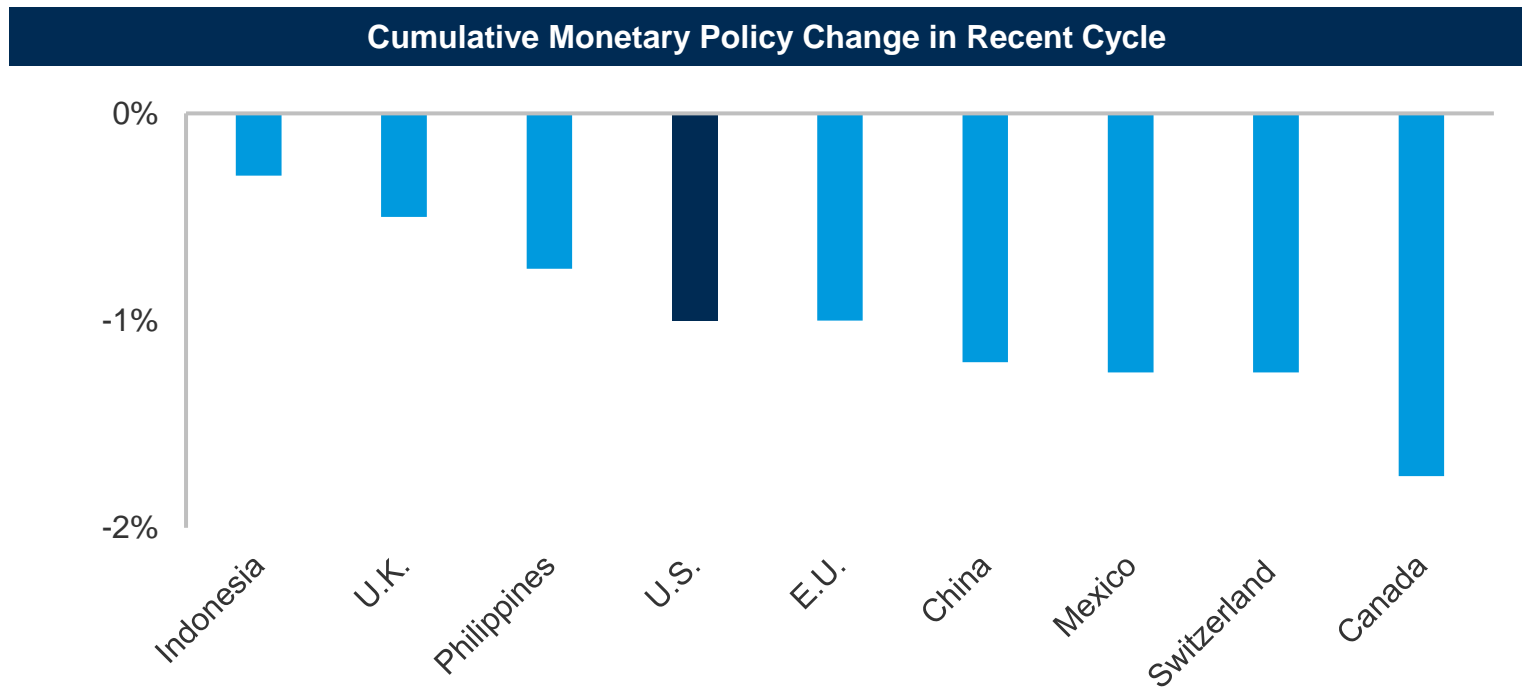


Source: FactSet as of 12/31/24, Non-U.S. stocks represented by MSCI All Country World Index and U.S. stocks represented by S&P 500 (left). MSCI EAFE includes Europe, Australasia and the Far East; MSCI EM includes 24 Emerging Markets (EM) countries (right).

V

Investing Outside the U.S. Many Countries are Easing

- Monetary policy easing is widespread worldwide, with many countries cutting rates more aggressively than the U.S.



Source: Council On Foreign Relations Global Monetary Policy Tracker, December 2024. Country data refers to cumulative monetary policy changes in most recent hiking/cutting cycle and China is adjusted so beginning of its cycle is in 2019. Global Monetary Policy Tracker compiles data from 54 countries to highlight significant global trends in monetary policy.

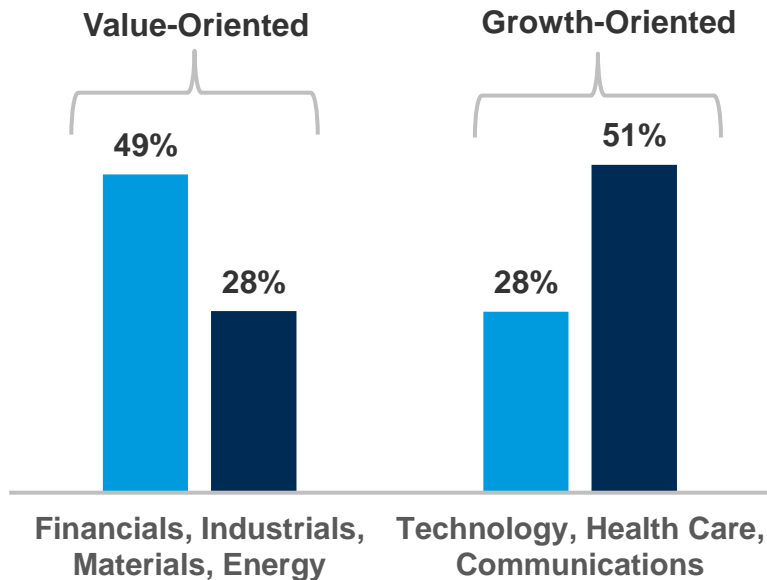
V

Investing Outside the U.S. Structural Problems of International Indices

- Non-U.S. indices have far more exposure to slower growing, value-oriented sectors
- Non-U.S. companies are fundamentally competitive in growth oriented-sectors

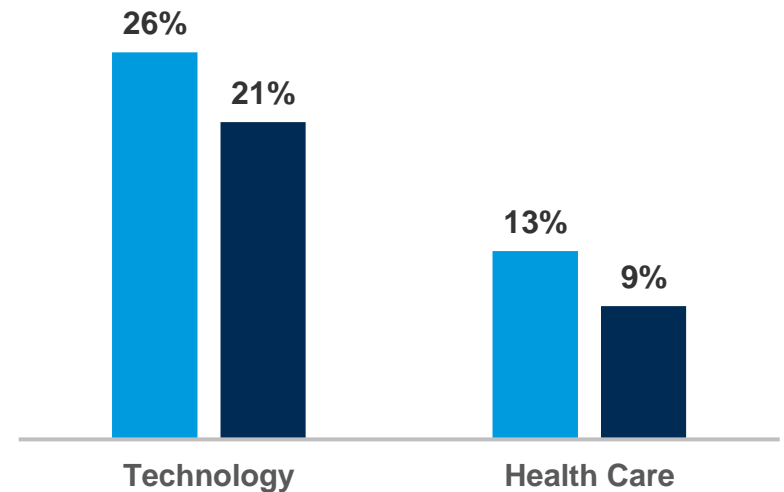
Variation in Index Weighting

■ Non U.S. ■ U.S.



Variation in EPS Growth

■ Non U.S. ■ U.S.

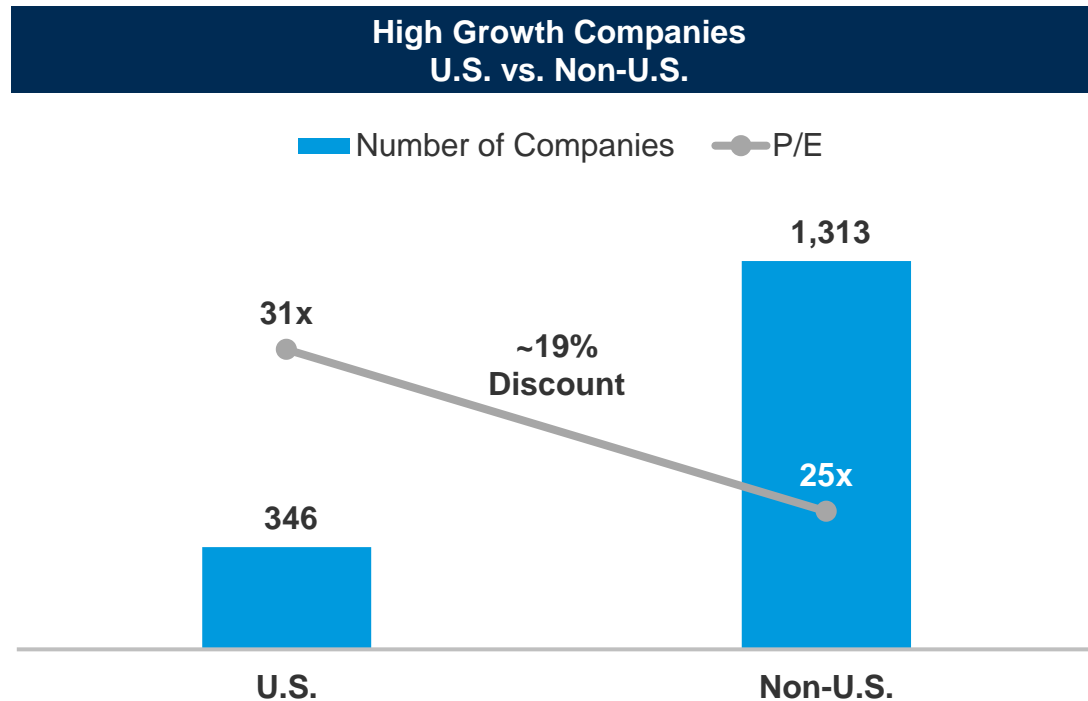


Source: FactSet. Weightings and EPS growth as of November 2024. U.S. is represented by S&P 500 and non-U.S. by MSCI All Country World Index ex-USA. EPS growth based on current fiscal year vs. last completed year.

V

Investing Outside the U.S. Wide World of Growth

- Alger believes that the best non-U.S. opportunities are international *growth* stocks
 - There are more than three times as many high-growth companies outside the U.S. as there are within our borders
 - Non-U.S. high growth stocks trade at nearly a 20% discount to their U.S. counterparts



Source: FactSet as of 12/31/24. High growth companies are defined as those with a two-year consensus compound annual sales growth rate exceeding 15% and market value of more than \$1 billion. U.S. companies are traded on U.S. exchanges, while non-U.S. companies are traded outside the U.S.

V

Investing Outside the U.S. Unique Non-U.S. Investment Opportunities

Industries that are growing quickly internationally but not in the U.S.

Unique Non-U.S. Growth Industries

Banks
(Brazil, Indonesia, South Africa)

Hospitals
(India, Turkey, Thailand)

Electronic Shelf Labels
(Taiwan, France)

Innovative industries where leaders are located outside the U.S.

Market Leaders Outside the U.S.

Semiconductor Manufacturing
(Taiwan)

High Bandwidth Memory
(Korea)

Biopharma Manufacturing
(Switzerland, Korea)

Luxury
(Italy, France, Switzerland)

Industrial Gasses
(France, Japan)

Antibody Drug Conjugates
(Japan, U.K.)

Successful U.S. business models replicated internationally but trade at lower valuation multiples

Successful U.S. Business Models at a Discount

Wholesale Clubs
(South America)

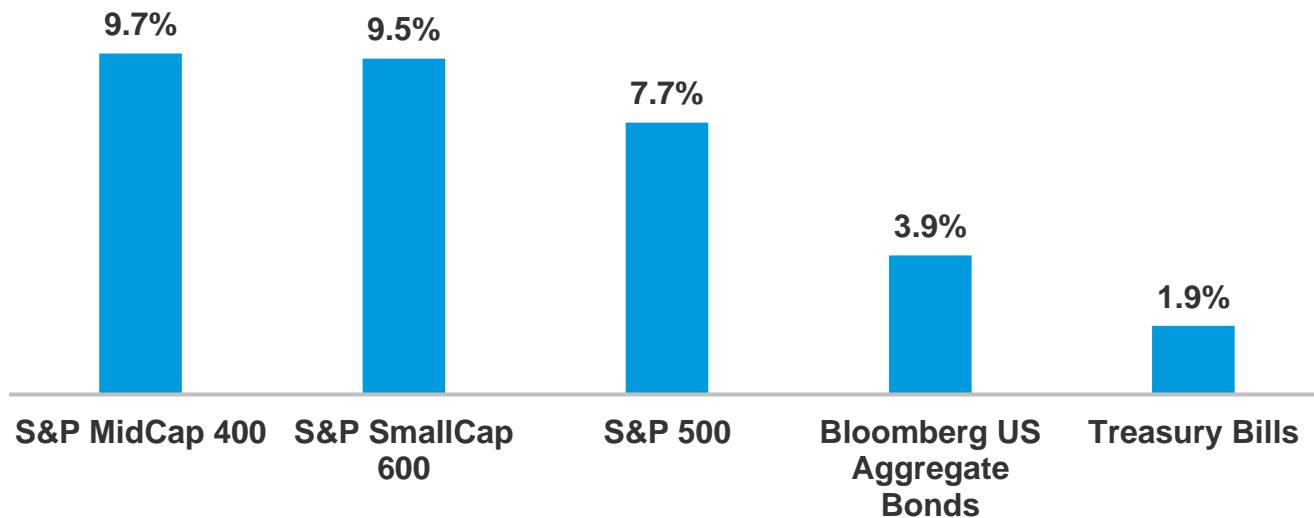
Online Travel Agency
(China)

VI

David vs. Goliath Long-Term SMID Cap Outperformance

- Over the long-term small and mid cap stocks have outperformed large caps
 - Smaller stocks generally have faster revenue growth as they have a smaller share of their addressable markets
 - Smaller stocks generally have more margin expansion given they are still growing into their cost structure

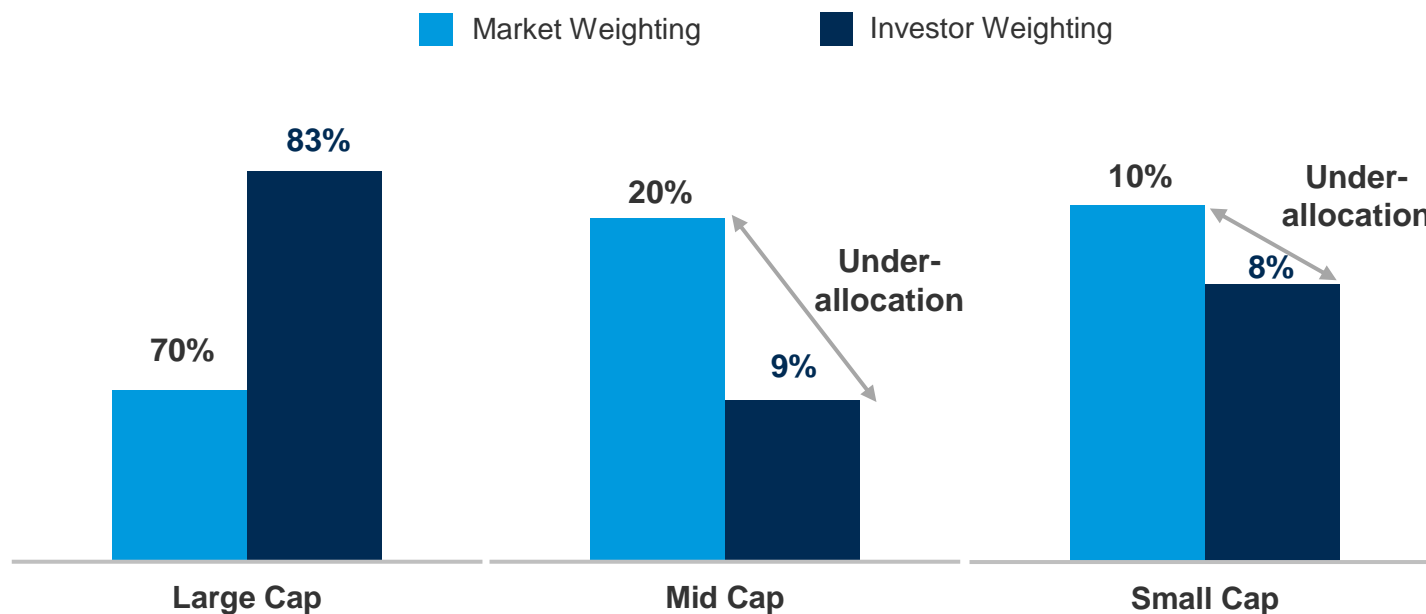
Annual Returns for 25 Years



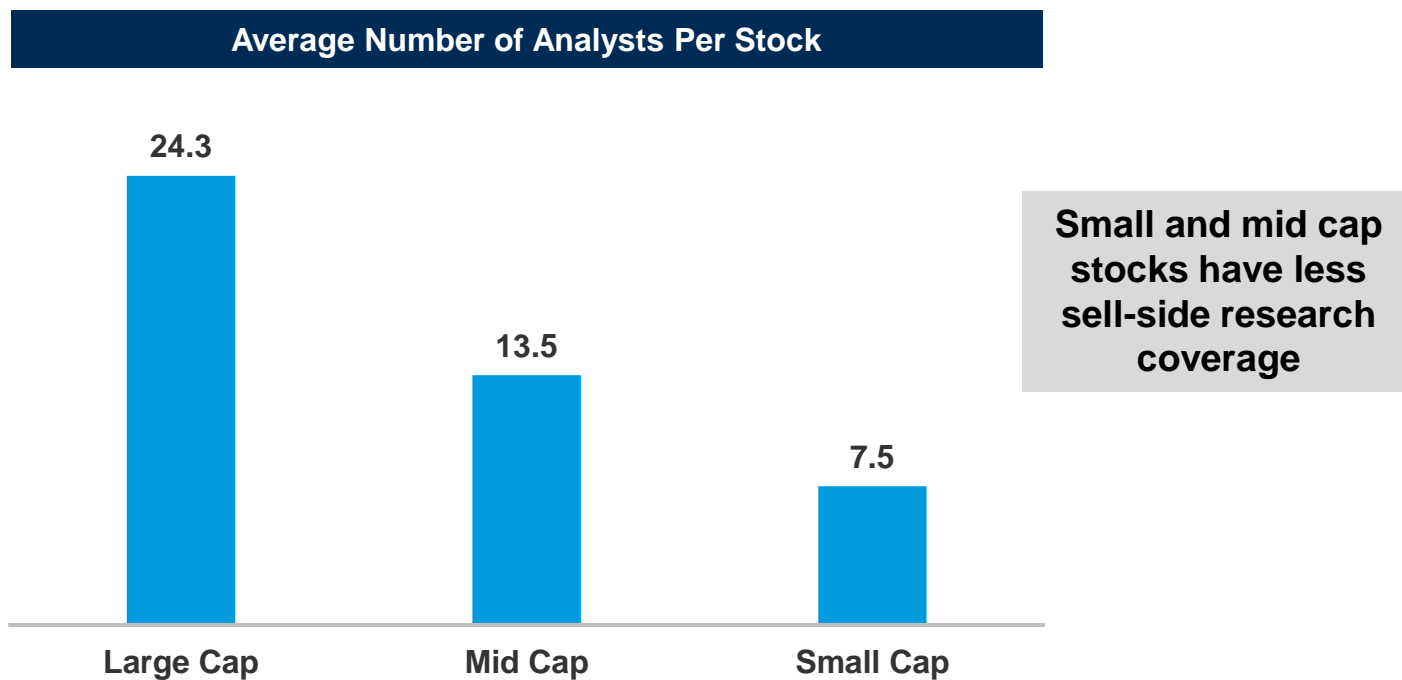
Source: FactSet for the 25-year period ended 12/31/24. The performance data quoted represents past performance, which is not an indication or a guarantee of future results.

- Mid and small cap strategies appear to be underutilized by investors, particularly considering their strong historical returns

Market and Investor Weightings Tell Opposite Stories

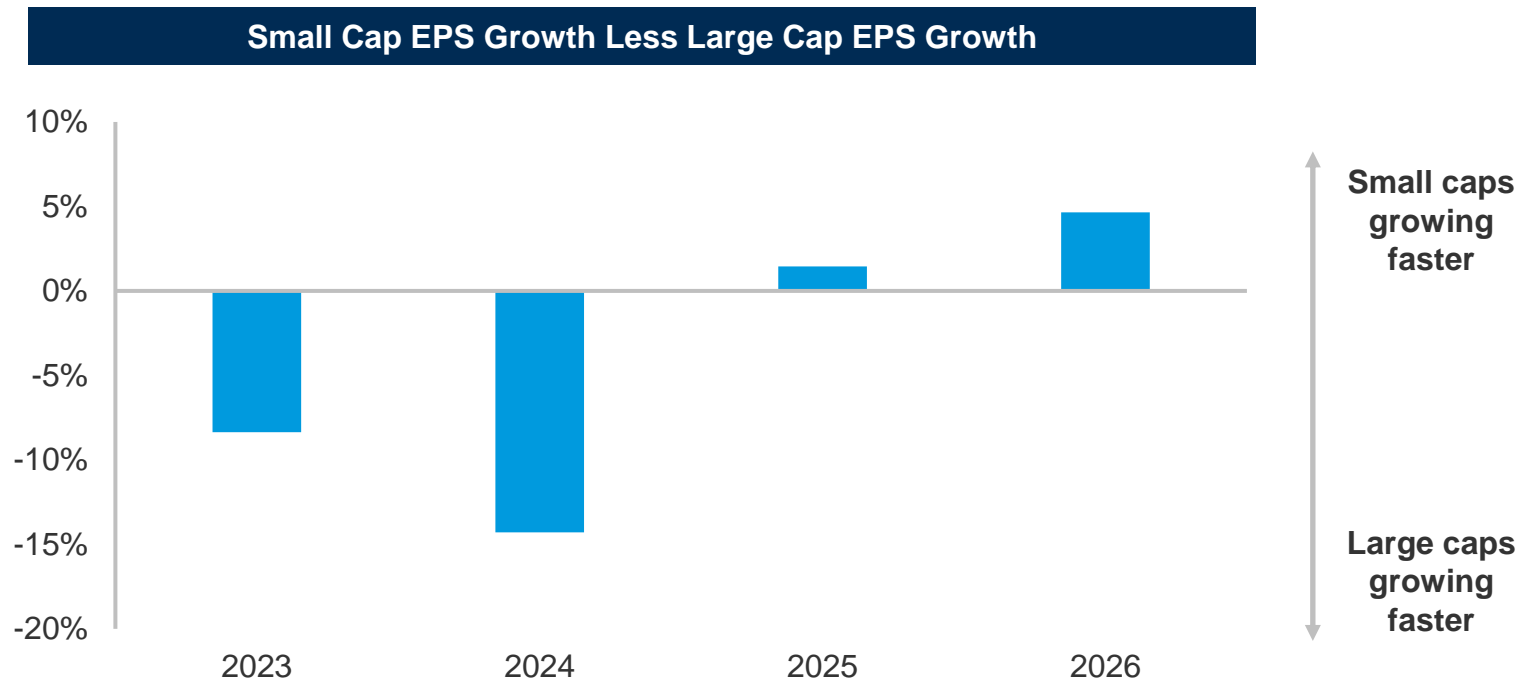


- It may be easier for fund managers to have differentiated views on company fundamentals and stock prices given far fewer research analysts per small and mid cap stock



Source: FactSet as of January 2025. Large Cap, Mid Cap, and Small Cap represented by S&P 500, S&P MidCap 400, and S&P SmallCap 600, respectively.

- After trailing large caps for a couple of years, small cap earnings growth is set to take the lead, according to consensus



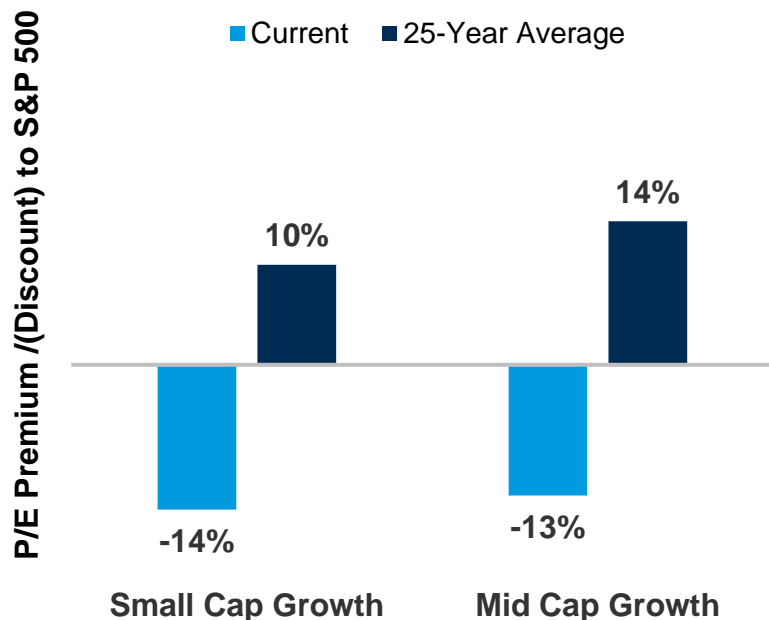
Source: FactSet and Standard & Poor's. The chart depicts the projected calendar year consensus earnings per share (EPS) growth of the S&P SmallCap 600 index minus the S&P 500 index from 2023 through 2026.

VI

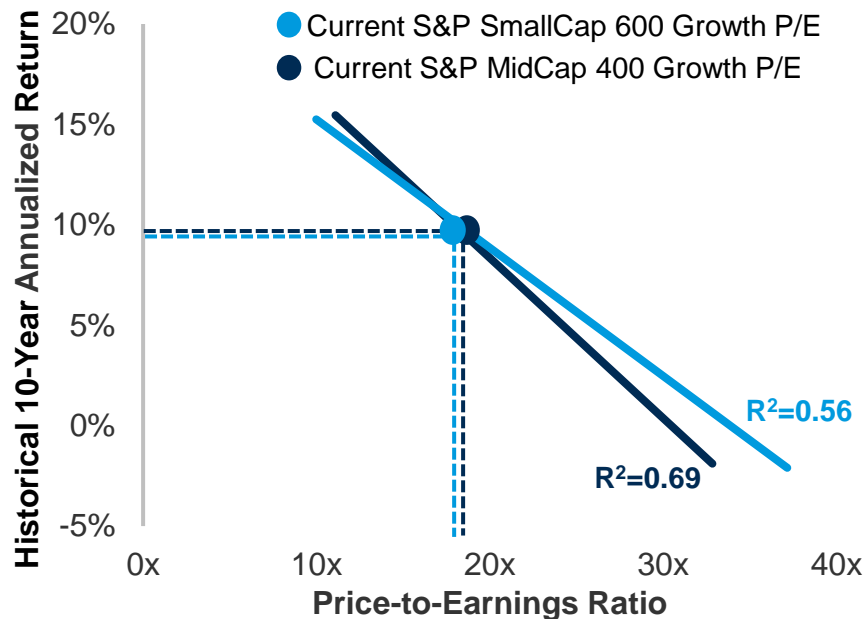
David vs. Goliath A Not-So-Small Discount?

- Small and mid cap growth stocks appear attractively valued, in our view

Small & Mid Growth Valuation Relative to History



Valuations & Historical Returns



Source: FactSet. Small cap growth and mid cap growth represented by the S&P SmallCap 600 Growth and S&P MidCap 400 Growth, respectively; “Current” is 12/31/24 and “25-Year Average” is for the 25-year period ended 12/31/24 (left). On the right, each line is the result of regressing historical index P/E vs. historical 10-year annualized returns from 9/98 through 12/24. 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 context of the chart, it measures the proportion of the variability of the dependent variable (subsequent 10-year annualized return) that can be explained by the independent variable (price-to-earnings). An R-squared value of 1.00 means that the independent variable perfectly explains the variability in the dependent variable, while a value of 0.00 means that the independent variable cannot explain any of the variability. **The performance data quoted represents past performance, which is not an indication or a guarantee of future results.**

Unlock Your Growth Potential with Alger

About Alger

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	172
▪ Number of Investment Professionals	61
▪ Female/Minority Portfolio Managers	47%
▪ Assets Under Management	\$26.9 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.

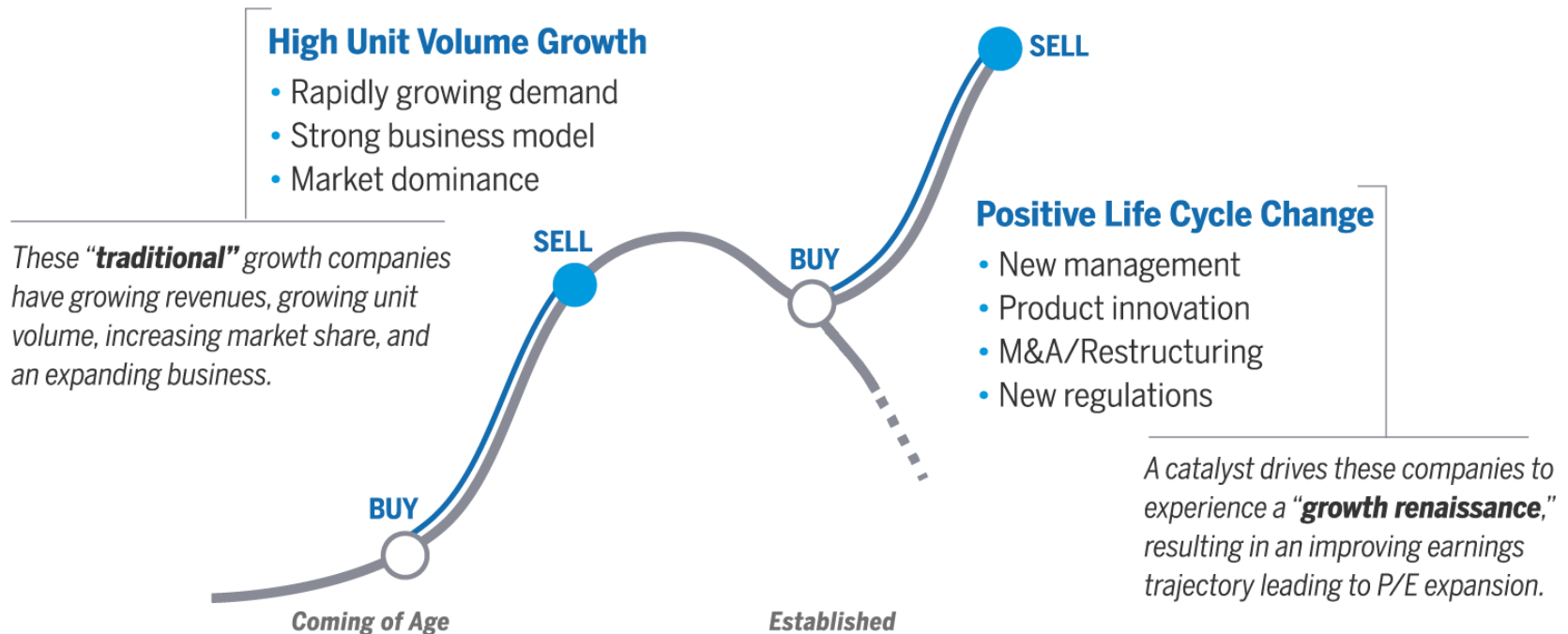
– **Daniel C. Chung, CFA**
Chief Executive Officer
Chief Investment Officer

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**”

Investing in Positive Dynamic Change



Unlock Your Growth Potential with Alger

Identifying Positive Dynamic Change

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



Disclosure

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Companies involved in, or exposed to, AI-related businesses may have limited product lines, markets, financial resources or personnel as they face intense competition and potentially rapid product obsolescence, and many depend significantly on retaining and growing their consumer base. These companies may be substantially exposed to the market and business risks of other industries or sectors, and may be adversely affected by negative developments impacting those companies, industries or sectors, as well as by loss or impairment of intellectual property rights or misappropriation of their technology. Companies that utilize AI could face reputational harm, competitive harm, and legal liability, and/or an adverse effect on business operations as content, analyses, or recommendations that AI applications produce may be deficient, inaccurate, biased, misleading or incomplete, may lead to errors, and may be used in negligent or criminal ways. AI companies, especially smaller companies, tend to be more volatile than companies that do not rely heavily on technology.

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. Developing technologies to displace older technologies or create new markets may not in fact do so, and there may be sector-specific risks. There will be winners and losers that emerge, and investors need to conduct a significant amount of due diligence on individual companies to assess these risks and opportunities.

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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 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. S&P SmallCap 600 Index is an unmanaged index considered representative of small cap stocks. S&P MidCap 400 Index is an unmanaged index considered representative of mid cap stocks. S&P SmallCap 600 Growth Index is an unmanaged index considered representative of small cap growth stocks. S&P MidCap 400 Growth Index is an unmanaged index considered representative of mid cap growth stocks. MSCI All Country World Index is designed to measure equity market performance of developed and emerging markets. MSCI EAFE Index measures the equity market performance in emerging market countries in Europe, the Middle East, and Africa. The MSCI Emerging Markets Index captures large and mid cap representation across 24 Emerging Markets (EM) countries. The Bloomberg US Aggregate Bond Index is a broad-based flagship benchmark that measures the investment grade, US dollar-denominated, fixed-rate taxable bond market.

Disclosure

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