



Alger Small Cap Growth Fund

3rd Quarter 2024 As of September 30, 2024

Ticker Symbols

Class A	ALSAX
Class Y	ASCYX
Class Z	ASCZX

Investment Strategy

Primarily invests in growth equity securities of U.S. small cap companies identified through our fundamental research as demonstrating promising growth potential. Seeks long-term capital appreciation.

Portfolio Management



Dan Chung, CFA
Chief Executive Officer
Chief Investment Officer
Portfolio Manager
30 Years Investment Experience



Amy Zhang, CFA
Executive Vice President
Portfolio Manager
29 Years Investment Experience

Benchmark

Russell 2000 Growth

Standardized performance is available on page 3.

HIGHLIGHTS

- During the third quarter of 2024, the largest portfolio sector weightings were Health Care and Information Technology. The largest sector overweight was Information Technology and the largest sector underweight was Industrials.
- The Consumer Discretionary and Information Technology sectors contributed to relative performance while Financials and Consumer Staples were among sectors that detracted from relative performance.

MARKET ENVIRONMENT

U.S. equities were positive during the third quarter of 2024, largely driven by a dovish monetary policy shift from the Federal Reserve (Fed), and optimism around a soft economic landing—an economic slowdown without a recession. During the July Federal Open Market Committee (FOMC) meeting, the Fed had taken a more dovish stance, with Chairman Jerome Powell suggesting that a rate cut could occur as soon as September. This outlook was reinforced by a weaker-than-expected July nonfarm payroll report, which raised concerns about the labor market. By August, in his speech at the Jackson Hole symposium, Powell indicated the time had come to adjust policy, signaling the Fed's growing focus on labor market conditions rather than simply controlling inflation. Ultimately, the September meeting delivered a 50-basis point rate cut, which was welcomed by the market and viewed as a recalibration rather than a sign of economic distress.

The S&P 500 Index rose 5.89% during the quarter, where the Utilities and Real Estate sectors outperformed relative to the index. While both sectors largely benefited from falling interest rates, stocks within the Utilities sector are being viewed as a play on artificial intelligence (AI) given the high electricity consumption needed to power data centers running AI programs. Conversely, the Energy and Information Technology sectors underperformed the S&P 500 Index. Energy stocks lagged as oil prices fell amid concerns of rising production and weakening demand. Stocks within the Information Technology sector underperformed due to heightened scrutiny around AI spend, with market participants questioning whether the significant rise in AI-related capital expenditures would yield sufficient returns.

During the quarter, we continued to observe secular themes that we believe are creating attractive investment opportunities - corporations are digitizing their operations, cloud computing is growing and supporting innovation, and AI is at an inflection point, potentially enabling significant increases in productivity, in our view. In the Health Care sector, we believe that advances in surgical technologies and innovations within genomic sequencing offer compelling opportunities ahead.

PORTFOLIO UPDATE

Class A shares of the Alger Small Cap Growth Fund outperformed the Russell 2000 Growth Index during the third quarter of 2024. Q2 Holdings, Inc., CareDx, Inc. and Guidewire Software, Inc. were among the top contributors to performance.

- Q2 provides secure, cloud-based digital solutions tailored for financial institutions, enabling seamless transactions and engagement for end users. The company serves regional and community financial institutions, alternative financial institutions, and fintech companies with a comprehensive suite of digital banking, lending, leasing, and business-as-a-service solutions. During the quarter, shares contributed to performance after the company reported better-than-expected fiscal second quarter operating results, along with management raising their fiscal full year revenue guidance. Management also noted that they expect subscription revenue to grow by 15% in 2025, aligning with their 2024 growth rate, despite their earlier annualized projections of 14% for 2024 through 2026. Management explained that the reason why growth isn't stronger is because some large tier-1 banks signed in late 2023 and early 2024, which won't go live until mid-2025, though should boost 2026 subscription growth.

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- CareDx is a specialty laboratory focused on developing and commercializing high-value diagnostic solutions for transplant patients. The company offers testing services, products, and digital healthcare solutions that support both pre- and post-transplant care. CareDx's tests are used for post-transplant surveillance in heart, kidney, and lung transplants to detect signs of acute organ rejection. During the quarter, shares contributed to performance after the company reported strong fiscal second quarter revenues beat analyst estimates, driven by higher-than-anticipated reimbursement rates. Moreover, the Centers for Medicare and Medicaid Services (CMS) announced a favorable reimbursement coverage change in August, which the company expects could boost future revenue growth.
- Guidewire is the market leader in providing SaaS and software solutions for the property and casualty (PnC) insurance segment, serving all major customers in the space. The company offers a comprehensive suite of solutions covering policy, billing, and claims, and is recognized as the most advanced in cloud technology among its competitors. We believe their adoption of cloud solutions by new customers, as well as the migration of existing customers to the cloud, is a key long-term growth driver for the company, positioning them for continued cross-selling and upselling opportunities. During the quarter, the company reported better-than-expected fiscal fourth quarter operating results, where revenues and earnings beat analyst estimates. Additionally, management raised their fiscal 2025 annual recurring revenue (ARR) and operating margin guidance higher than consensus. Given the strong operating results, shares contributed to performance during the quarter.
- Weatherford International plc, HubSpot, Inc. and 908 Devices Inc. were among the top detractors from performance.
- HubSpot is a customer relationship management software company that has been an emerging leader in the sales and marketing cloud and has over multiple years of product investment and innovation built a comprehensive suite of solutions that includes Service, CMS, and Operations. The company's focus on the small-and-medium sized enterprise (SME) market has been expanding to larger companies and has been incorporating AI into its product functionality. While the company reported solid fiscal second quarter operating results, driven by strong execution, management lowered their fiscal 2024 revenue guidance due to a challenging and volatile operating environment where customers are exhibiting slower decision making. Moreover, the company noted that a higher volume of lower-average selling price (ASP) customers due to the recent pricing changes have acted as a headwind to offset the positive impact of increasing Pro and Enterprise customers who adopt multiple product offerings. Given these developments, shares detracted from performance during the quarter.
- 908 Devices is a life sciences tools company that provides advanced instruments used for forensics and drug development applications. The company's forensics products are used by first responders and government agencies to detect illicit drugs and explosives. The company's drug development instruments monitor key parameters to help increase the manufacturing yield of drugs. During the quarter, the company reported mixed fiscal second quarter operating results, where revenues beat analyst estimates but earnings came in lower than expected. Better-than-expected revenues were driven by strong handheld placements, offsetting weaker desktop sales. However, shares detracted from performance due to continued budgetary concerns in the biopharma market.
- Weatherford International is a global leader in providing technology, solutions, and services to the oil and gas industry. The company operates through three core segments: Drilling and Evaluation, which covers services from well planning to reservoir management; Well Construction and Completions, focusing on well integrity throughout the lifecycle; and Production and Intervention, offering technologies to optimize production and manage well abandonment. Key products include managed pressure drilling, cementation services, and artificial lift systems. We find the company's fundamentals appealing due to its robust portfolio of leading technologies and management's commitment to ensuring profitability across all market segments, exiting areas that don't meet profitability targets. Weatherford also benefits from international and offshore growth, driven by steady capital investments. Additionally, its focus on margin improvement and cash flow has resulted in significant debt reduction and the recent initiation of a shareholder return program, which includes a quarterly dividend and share buybacks. During the quarter, the company reported strong second-quarter results, driven by robust operating margins, and raised its fiscal 2024 free cash flow guidance. However, shares underperformed due to sector-wide weakness from lower crude oil prices, as well as the company reducing its near-term production activity.

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Average Annual Total Returns (%) (as of 9/30/24)

	QTR	YTD	1 Year	3 Years	5 Years	10 Years	Since Inception
Class A (Incepted 12/31/96)							
Without Sales Charge	8.61	9.29	22.93	-9.56	5.47	8.70	5.68
With Sales Charge	2.95	3.56	16.50	-11.18	4.35	8.12	5.47
Russell 2000 Growth Index	8.41	13.23	27.66	-0.35	8.82	8.95	(Since 12/31/96) 7.05
Total Annual Operating Expenses by Class (Prospectus Dated 3/1/24, unless otherwise amended)	Without Waiver:	A: 1.32%					
	With Waiver:	—					

Performance shown is net of fees and expenses.

Only periods greater than 12 months are annualized.

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. Returns with sales charges reflect a maximum front-end sales charge on Class A Shares 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.

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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. 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. Sector and industry classifications are sourced from GICS. Historical classifications use GICS categories available as of the date of this presentation. consumers. The S&P 500 Index is an index of large company stocks considered to be representative of the U.S. stock market. The Russell 2000® Growth Index measures the performance of the small cap growth segment of the U.S. equity universe. It includes those Russell 2000 companies with higher growth earning potential as defined by Russell's leading style methodology. The Russell 2000 Growth Index is constructed to provide a comprehensive and unbiased barometer of the small to mid-cap growth market. Index performance does not reflect deduction for fees, expenses, or taxes. 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. **The performance data quoted represents past performance, which is not an indication or a 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. Alger pays compensation to third party marketers to sell various strategies to prospective investors. The following positions represented the noted percentages of portfolio assets as of September 30, 2024: Q2 Holdings, Inc., 3.14%; CareDx, Inc., 1.4%; Guidewire Software, Inc., 1.9%; Weatherford International plc, 0.75%; HubSpot, Inc., 0%; 908 Devices Inc., 0.6%;

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