

AI, What Have You Done For Me Today?

Retail: Inventory Management

While many are familiar with Artificial Intelligence (“AI”) through chatbots and virtual assistants, the impact of AI extends far beyond these familiar applications. In fact, AI has become an intrinsic part of our daily lives, often in ways not immediately visible to the public. Today, in industries as diverse as agriculture, transportation, energy, and healthcare, AI is often behind the scenes, quietly revolutionizing business processes, and enhancing efficiencies and accuracy.



AI & Inventory Management

Artificial Intelligence is quietly revolutionizing the retail industry, especially in the area of inventory management, where its impact often goes unnoticed by the average consumer. Traditionally, managing inventory relied on manual tracking and estimates, which were time-consuming and error-prone, often leading to over- or understocking. Today, AI leverages machine learning and data analytics to monitor stock levels in real-time, analyze purchasing trends, and predict future demand with much greater accuracy. By considering factors like sales patterns, weather, and even social media trends, AI can ensure that shelves are stocked with the right products at the right time.

Imagine, for instance, that you're starting your new artisanal stationery business, Greenleaf Paperworks, sourcing recycled materials and crafting intricate designs. But the idea of managing everything—like tracking materials, fulfilling orders, and shipping globally—feels overwhelming. You're picturing stacks of boxes, endless paperwork, and managing stock levels, all from your home and with no initial budget for additional human resources.

Fortunately, today, small businesses like yours can quickly scale due to comprehensive online support from AI-enhanced retail platforms that include inventory management. Such systems can act as your personal assistant, handling all the complicated logistics, so that you can focus on the creative side of your business.

Your AI-enhanced inventory management system will automatically know how much stock you have, what's selling fast, and when you need to reorder materials. For example, if you notice custom wedding invitations with floral designs are popular in the spring, your AI system can forecast when to order more materials. It can also optimize fulfillment center locations to reduce shipping times and costs, ensuring smoother business operations as your brand grows.

Here's how AI inventory management systems help:

- **Faster Delivery Times:** AI systems can predict product demand and strategically distribute inventory to areas with high demand. This means when your customers order an item, you can ensure it's in stock at a nearby location, resulting in faster shipping times.
- **Better Product Availability:** AI can maintain optimal stock levels by predicting when certain products will be in high demand. This can reduce the likelihood of items being out of stock, ensuring that consumers can consistently find what they're looking for without the frustration of unavailable products.
- **Lower Costs and Competitive Pricing:** AI inventory systems can reduce storage and operational costs by avoiding

overstocking and minimizing waste. These savings can often get passed on to consumers in the form of lower prices or competitive pricing strategies, making products more affordable.

Sample Holdings

Amazon.com, Inc. (AMZN): Amazon's AI-enhanced inventory management system is designed to revolutionize how new business owners handle their supply chains. By utilizing machine learning and predictive algorithms, their systems help automate the complex logistics of tracking stock, reordering supplies, and ensuring products are always available when needed. This is particularly beneficial for new business owners who may not have the resources to manage supply chains manually.

Through **Fulfillment by Amazon ("FBA")**, Amazon's AI tools optimize stock levels, predict demand, and streamline shipping from its network of fulfillment centers, allowing small businesses to scale efficiently without worrying about inventory management.

Manhattan Associates (MANH): Manhattan Associates uses AI and machine learning to enhance inventory management by improving delivery precision and optimizing stock availability. Their AI-driven solutions, like the Manhattan Active® Omni suite, help retailers dynamically calculate delivery dates, reducing late deliveries and improving customer satisfaction. This technology also powers more accurate demand forecasting and replenishment processes, ensuring that inventory levels align with real-time demand and reducing stockouts. By leveraging AI, Manhattan Associates supports businesses in balancing inventory levels, cutting costs, and enhancing overall supply chain efficiency.

► For more information on how AI is impacting you on a daily basis, please visit www.alger.com.

The views expressed are the views of Fred Alger Management, LLC ("FAM") and its affiliates as of October 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 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. 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. **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.** 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. Companies exploring new technologies may face regulatory, political or legal challenges that may adversely impact their competitive positioning and financial prospects.

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.

Important Information for UK and EU Investors: This material is directed at investment professionals and qualified investors (as defined by MiFID/FCA regulations). It is for information purposes only and has been prepared and is made available for the benefit of investors. This material does not constitute an offer or solicitation to any person in any jurisdiction in which it is not authorised or permitted, or to anyone who would be an unlawful recipient, and is only intended for use by original recipients and addressees. The original recipient is solely responsible for any actions in further distributing this material and should be satisfied in doing so that there is no breach of local legislation or regulation. Certain products may be subject to restrictions with regard to certain persons or in certain countries under national regulations applicable to such persons or countries.

Alger Management, Ltd. (company house number 8634056, domiciled at 78 Brook Street, London W1K 5EF, UK) is authorised and regulated by the Financial Conduct Authority, for the distribution of regulated financial products and services. FAM, Weatherbie Capital, LLC, and/or Redwood Investments, LLC, U.S. registered investment advisors, serve as sub-portfolio manager to financial products distributed by Alger Management, Ltd.

Alger Group Holdings, LLC (parent company of FAM and Alger Management, Ltd.), FAM, and Fred Alger & Company, LLC are not an authorized persons for the purposes of the Financial Services and Markets Act 2000 of the United Kingdom ("FSMA") and this material has not been approved by an authorized person for the purposes of Section 21(2)(b) of the FSMA.

Important information for Investors in Israel: Fred Alger Management, LLC is neither licensed nor insured under the Israeli Regulation of Investment Advice, of Investment Marketing, and of Portfolio Management Law, 1995 (the "Investment Advice Law"). This document is for information purposes only and should not be construed as an offering of Investment Advisory, Investment Marketing or Portfolio Management services (As defined in the Investment Advice Law). Services regulated under the Investment Advice Law are only available to investors that fall within the First Schedule of Investment Advice Law ("Qualified Clients"). It is hereby noted that with respect to Qualified Clients, Fred Alger Management, LLC is not obliged to comply with the following requirements of the Investment Advice Law: (1) ensuring the compatibility of service to the needs of client; (2) engaging in a written agreement with the client, the content of which is as described in section 13 of the Investment Advice Law; (3) providing the client with appropriate disclosure regarding all matters that are material to a proposed transaction or to the advice given; (4) a prohibition on preferring certain Securities or other Financial Assets; (5) providing disclosure about "extraordinary risks" entailed in a transaction (and obtaining the client's approval of such transactions, if applicable); (6) a prohibition on making Portfolio Management fees conditional upon profits or number of transactions; (7) maintaining records of advisory/discretionary actions. This document is directed at and intended for Qualified Clients only.

The following represents the noted percentages of firmwide assets under management as of July 31, 2024: Amazon.com, Inc., 6.07%, Manhattan Associates, Inc. 0.14%.