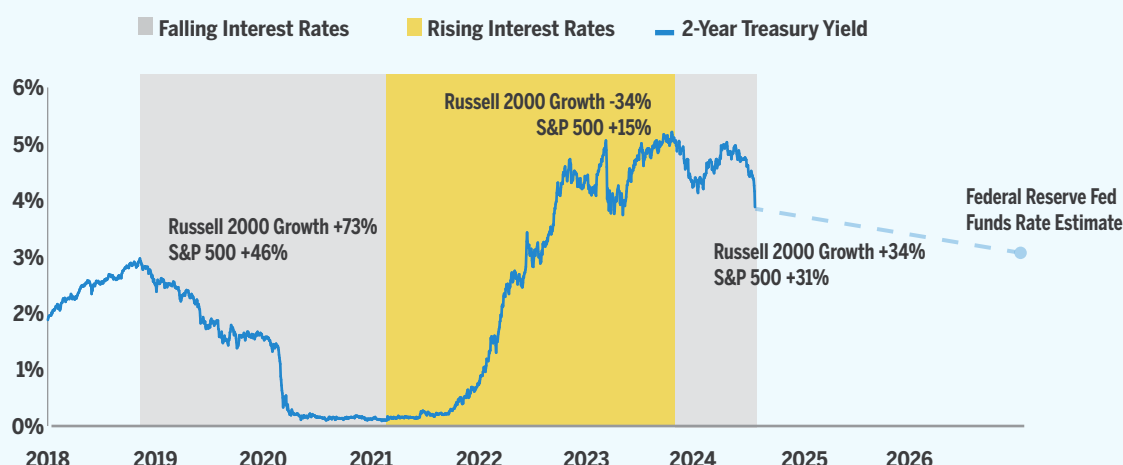


Small Cap Sensitivity

While much of the market's attention has been fixated on the strength of large cap stock performance, small cap stocks have remained neglected, unable to break their prior all-time highs since November 2021. Why have small caps trailed large caps over the past few years, and what could potentially boost small cap returns going forward?

Changes in the 2-Year Treasury Yield Have Historically Impacted Stock Performance



Source: FactSet, Russell and Standard & Poor's. Index price performance measured from peak in 2-year Treasury note on 11/08/18 to bottom on 2/5/2021 to peak on 10/18/23 to bottom on 7/31/24. Fed Funds rate estimate from Federal Reserve Summary Projections 6/12/24. **The performance data quoted represents past performance, which is not an indication or a guarantee of future results.**

- Long-duration securities are those whose cash flows are expected to be received further out in the future, such as long maturity bonds. Growth equities—particularly small cap growth equities—can also be thought of as long-duration securities, focusing on expanding their business and market share, and less on near-term profitability.
- In the chart above, the yield on the U.S. 2-year treasury note has swung considerably over the past couple of years, in large part in response to changes in inflation expectations and resulting policy rates. These abrupt changes in interest rates have had a considerable impact on longer duration small cap growth stocks, which often underperform large caps when interest rates rise. In fact, since the beginning of 2021, small cap growth stocks (as represented by the Russell 2000 Growth) have had a -74% correlation to the yield of the U.S. 2-year treasury note, while large cap stocks (as represented by the S&P 500) actually had a positive correlation.
- As of July 31, 2024, the S&P SmallCap 600 Growth Index was trading at a 20% discount to the S&P 500 Index on a P/E basis, despite historically trading at an 11% premium.¹ Should interest rates continue to fall and small growth stocks improve their fundamentals more rapidly than the broader market, we believe there's a chance for small cap growth stocks to outperform large caps.² That said, while interest rates may be an important short-term consideration, we believe that productivity and innovation are the key drivers of corporate earnings growth, which determine stock performance over the long-term.

¹The historical average was calculated from September 1998 through July 2024 on a monthly basis.

²As of 12/31/23, consensus cumulative EPS growth for the Russell 2000 Growth Index is estimated to grow 71% through 2026, while the S&P 500 is estimated to grow 45%.

Correlation is a statistical measure that shows how two variables are related to each other. If two variables are correlated, it means that they tend to move together in some way. The strength of the correlation is measured by a number called the correlation coefficient, which ranges from -1 to 1. A value of 0 indicates no correlation, a value of 1 indicates a perfect positive correlation (i.e., as one variable increases, the other increases as well), and a value of -1 indicates a perfect negative correlation (i.e., as one variable increases, the other decreases).

The views expressed are the views of Fred Alger Management, LLC ("FAM") and its affiliates as of August 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 capitalizations involves the risk that such issuers may have limited product lines or financial resources, lack management depth, or have limited liquidity. Assets may be focused in a small number of holdings, making them susceptible to risks associated with a single economic, political or regulatory event than a more diversified portfolio. **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. 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. 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.

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 investors. This material does not constitute an offer or solicitation to any person in any jurisdiction in which it is not authorized 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. (85 Gresham Street, Suite 308, London EC2V 7NQ, UK) is authorized 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 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 presentation 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 presentation is directed at and intended for Qualified Clients only.

The S&P 500 Index is an index of large company stocks considered to be representative of the U.S. stock market. S&P SmallCap 600 Growth Index is an unmanaged index considered representative of small-cap growth stocks. 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 Russell 2000® Index measures the performance of the small-cap segment of the U.S. equity universe. The Russell 2000 Index is constructed to provide a comprehensive and unbiased barometer for the small-cap segment. Investors cannot invest directly in any index. Index performance does not reflect deductions for taxes. **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.

FactSet is an independent source, which Alger believes to be a reliable source. FAM, however, makes no representation that it is complete or accurate.

Price-to-earnings is the ratio for valuing a company that measures its current share price relative to its earnings per share.

Earnings per share (EPS) is the portion of a company's earnings or profit allocated to each share of common stock.

Alger pays compensation to third party marketers to sell various strategies to prospective investors.