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Spring 2025

Capital Markets: Observations and Insights

Capital Markets: Observations & Insights

With fiscal and trade policy evolving quickly and monetary policy in flux, investors feel a great deal of uncertainty. While we understand this perspective, we nonetheless feel confident in our portfolio positioning. Our experience has reinforced our belief that innovative products and services can flourish despite volatile macroeconomic environments. Trade wars are no exception, in our view.

Even in the aftermath of the Smoot-Hawley Tariff Act in 1930 when the U.S. weighted average tariff rate rose significantly to approximately 20%, cutting-edge products continued to grow domestically, and their exports flourished around the world. Radio, for example, was a terrific new source of entertainment and news, and in the 1930s, U.S. radio exports doubled. Also, during this period, demand for Hollywood hits like King Kong proved attractive to international markets, driving growth. Finally, U.S. aircraft exports surged over 40-fold in the 1930s, despite the implementation of tariffs and strategic controls, as advancements in aviation technology boosted commercial and military demand for those products.

We believe that disruptive innovations can be accelerated or hindered by government policies, but they cannot be stopped. In our view, value-added products and services guided by talented and diligent management teams will gain market share, irrespective of macroeconomic conditions. In this presentation, we discuss the power of innovation and some of the investment themes that we believe will transcend trade wars and other government policies.

There is always uncertainty, but our conviction comes from our proven philosophy and process that we have employed for over 60 years in the pursuit of growth investing excellence.



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

Sources: Radio: Federal Trade Commission, 1940, Annual Report of the Federal Trade Commission. Film: U.S. Department of Commerce, October 1942. Aircraft: Historical Statistics of the United States, 1789–1945, Bureau of the Census.

Key Observations and Themes

I

Bull vs. Bear

Will trade wars and weakening economic growth drag down equities? Or will solid earnings and wage growth combined with deregulation and tax cuts push the stock market higher?

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II

Long-Term Investing

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

The Power of Innovation

We believe innovation is accelerating, pushing productivity higher and driving long-term economic growth and wealth creation.

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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.

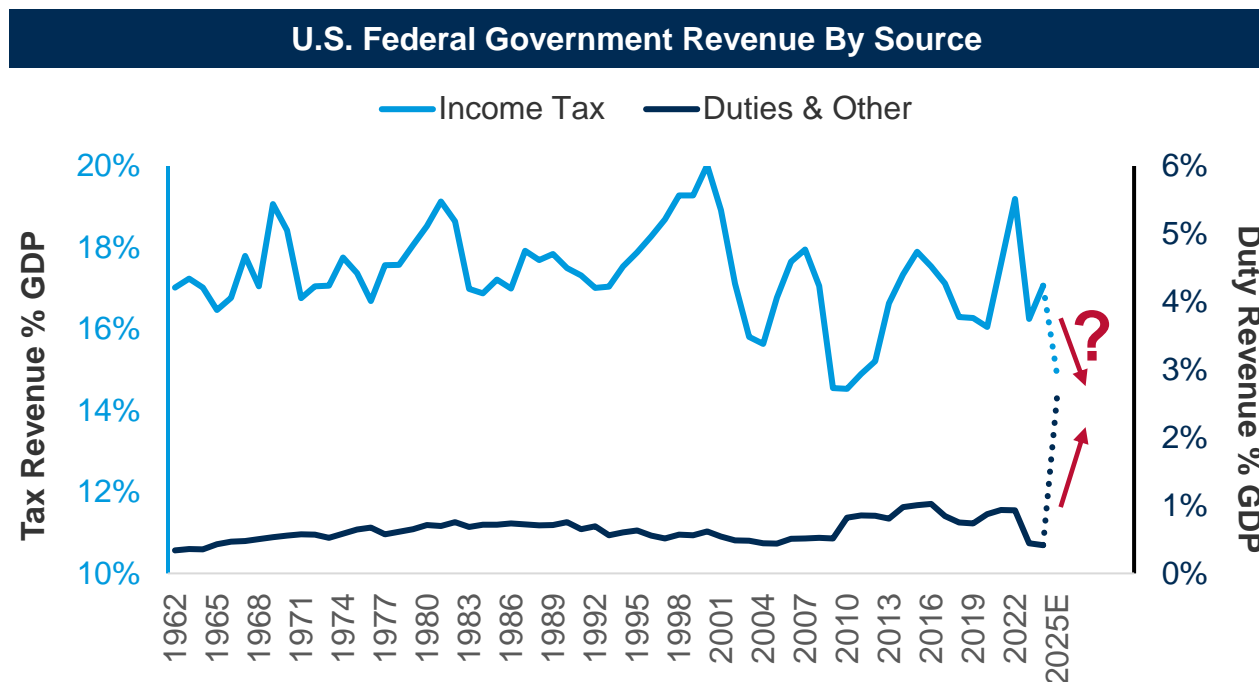
In many areas of innovation, leaders exist outside the U.S. and often trade at a discounted valuation to their U.S. peers, potentially offering attractive investment opportunities.

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Bull vs. Bear

Bull Case: Tariffs Funding Tax Cuts?

- The incremental revenue from tariffs could fund hundreds of billions of dollars of tax cuts while maintaining or even increasing government revenue relative to GDP



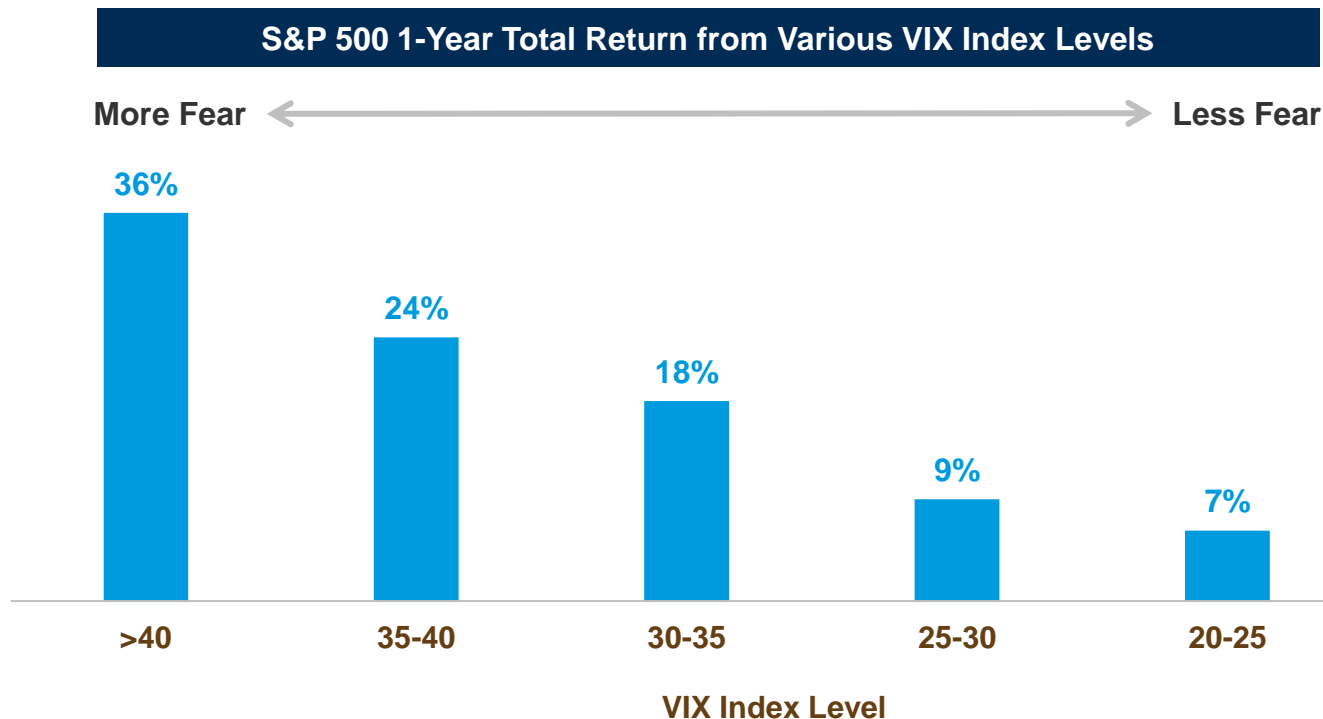
**Duties up while
corporate and
income taxes
come down?**

Source: Historical data from Congressional Budget Office with 2025 estimate based on Wolfe Research tariff quantification as of April 2, 2025. Income Tax is individual and corporate tax, including payroll, excise, and estate taxes. Duties & Other includes tariffs and other duties, as well as miscellaneous receipts.

Bull vs. Bear

Bull Case: Buy the Fear?

- High levels of fear have historically led to strong equity returns
 - VIX Index exceeded 40 in early April after the tariff announcement



Being contrarian during extreme market sentiment may be wise

Source: FactSet and Alger. February 1990-March 2025. Ensuing returns have been measured from the day the VIX hit each level. The performance data quoted represents past performance, which is not an indication or a guarantee of future results.

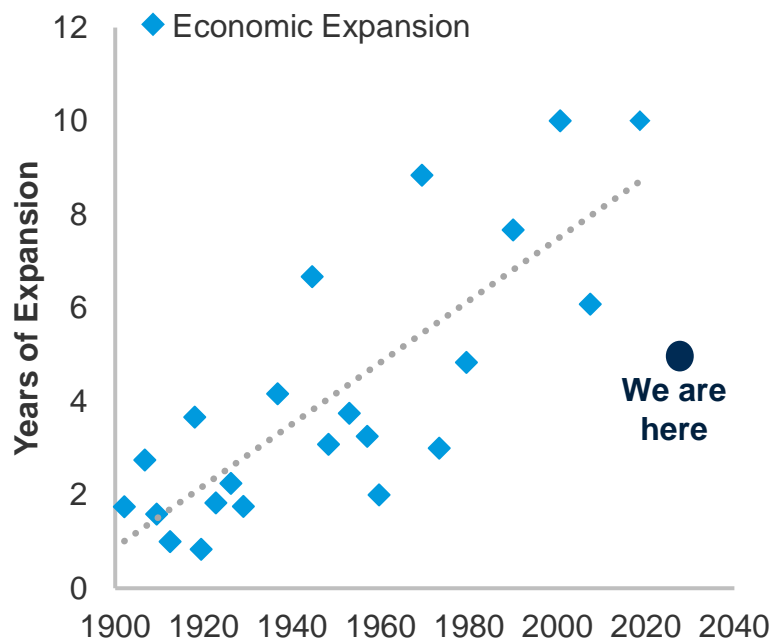
I Bull vs. Bear

Bull Case: Still Early?

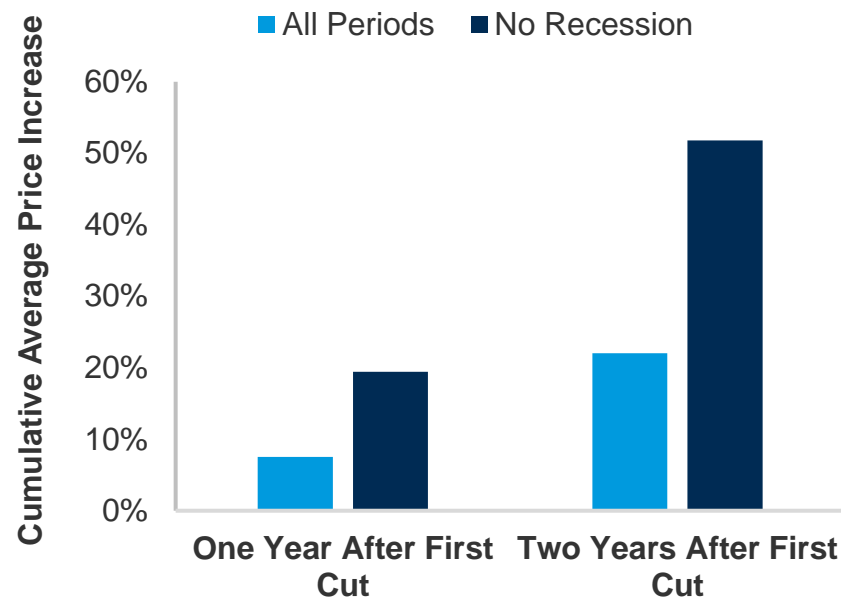
- Economic expansions have been increasing in duration, implying we may have more growth ahead

- Monetary easing has historically been supportive of a rising stock market, particularly if recession is avoided

Age of U.S. Economic Expansions



S&P 500 After First Rate Cut



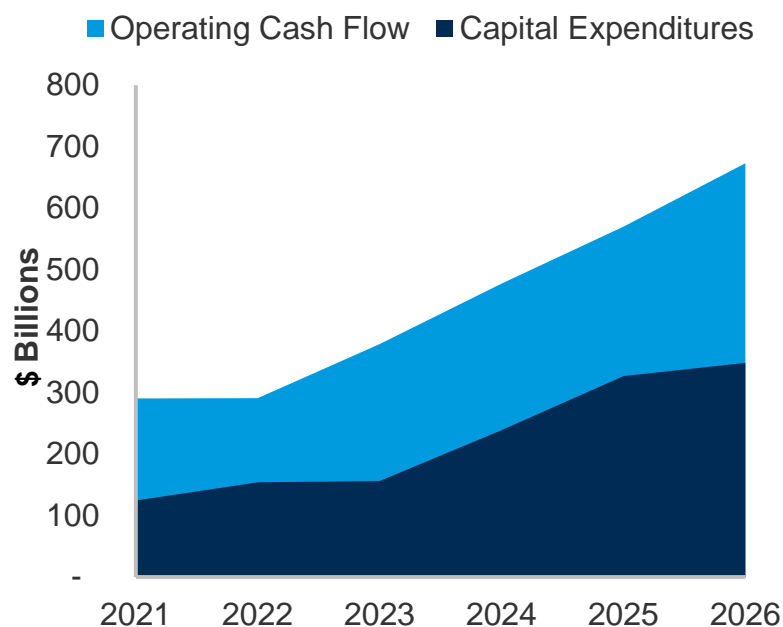
Source: FactSet and Alger. Note: double-dip recession in early 1980s accounted for as one recession. "Economic Expansions" are the periods between recessions, as defined by the National Bureau of Economic Research (left). Historical rate cut average based on rate cuts on 4/01/80, 6/15/81, 9/3/84, 06/05/89, 7/6/95, 9/29/98, 1/03/01, 9/18/07, 8/01/19 with no recession cycles being 1984, 1995 and 1998 (right). **The performance data quoted represents past performance, which is not an indication or a guarantee of future results.**

Bull vs. Bear

Bull Case: AI Progress

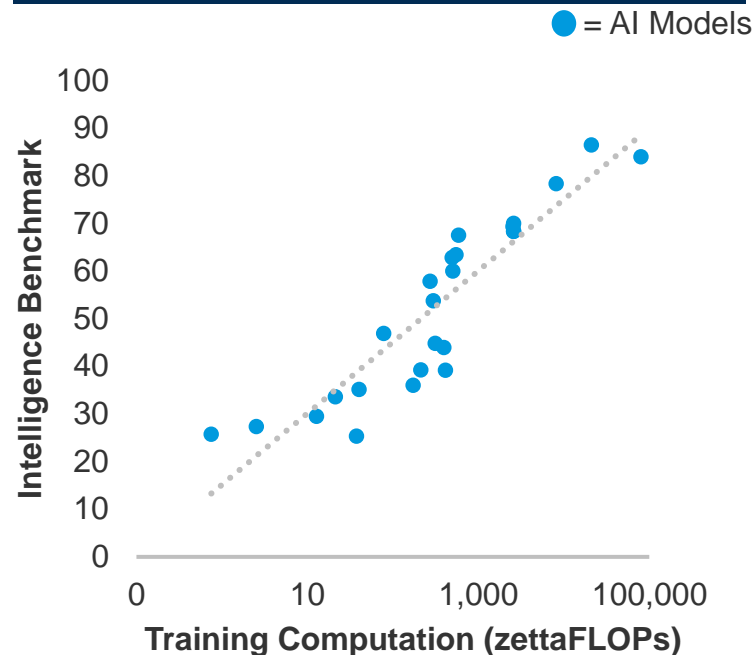
- AI investment looks to be sustainable based on cash flow, in contrast to the late 1990s/early 2000s tech bubble

AI Hyperscaler Investment Relative to Cash Flow



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

Intelligence vs. Training of AI Models

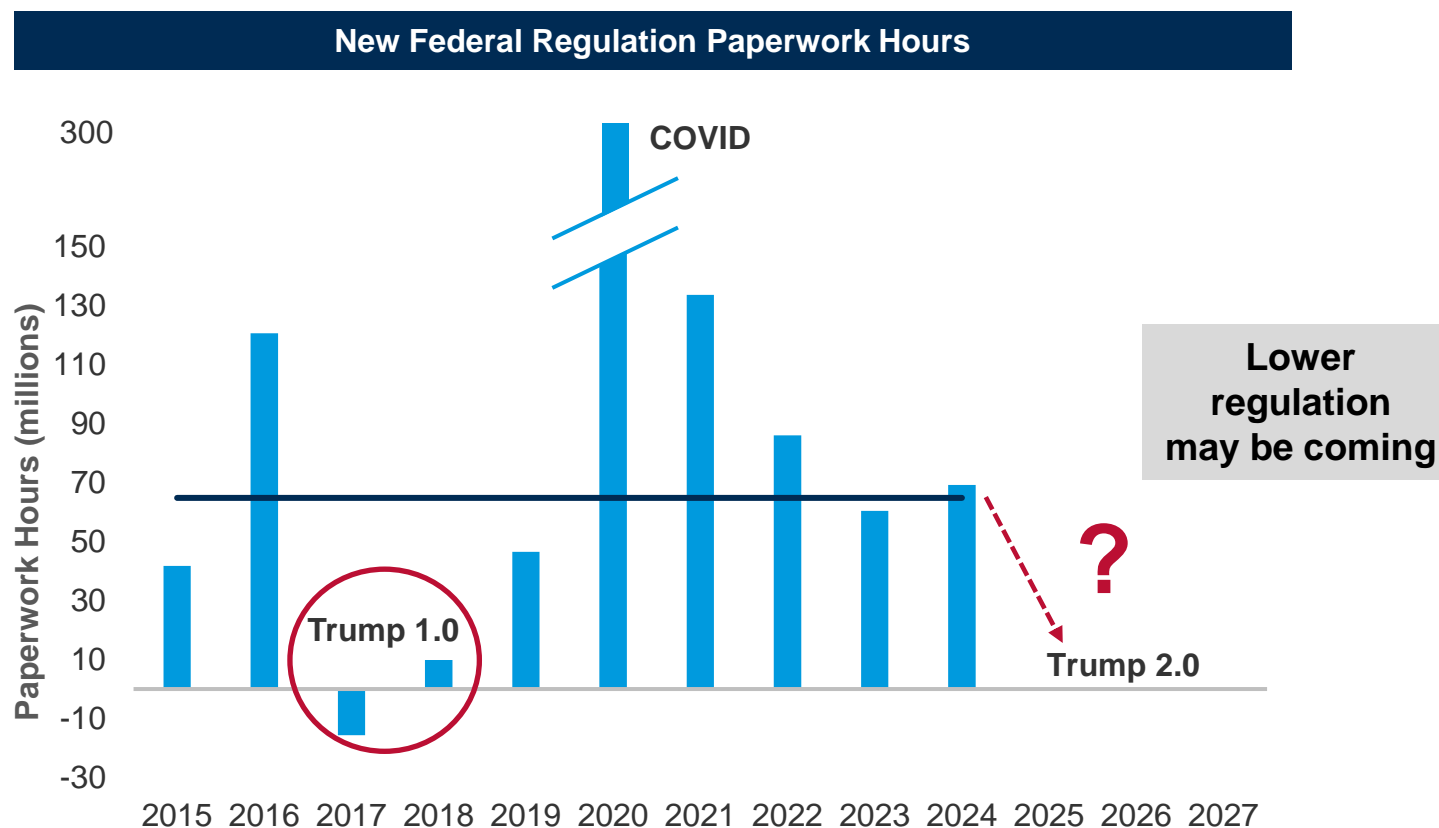


Source: FactSet; hyperscaler actual and consensus estimates (2025/2026) for Microsoft, Amazon, Meta, Alphabet and Oracle operating cash flow and capital expenditures (left). Epoch AI; intelligence is measured by The Massive Multitask Language Understanding (MMLU) benchmark which mimics a multiple-choice knowledge quiz designed to gauge how proficiently AI systems can comprehend various topics like history and science from 2021-2024; ZettaFLOPs refers to 10^{21} floating operations per second (right).

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



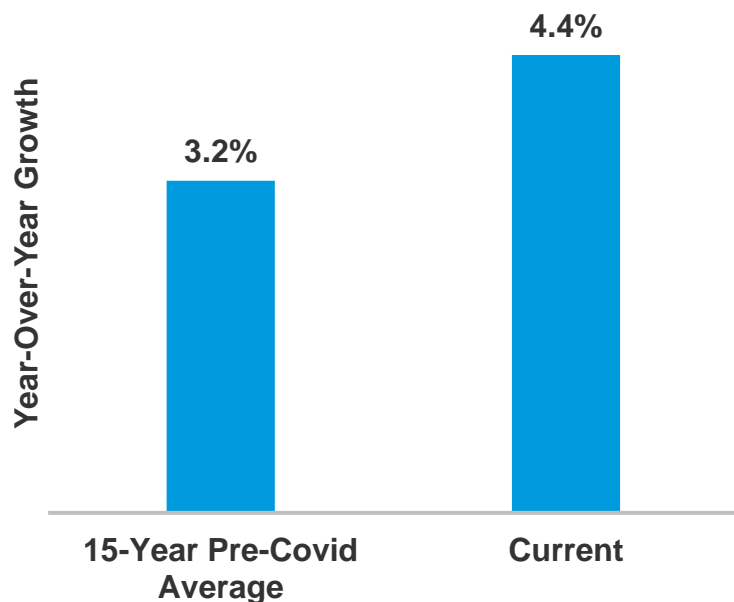
Source: American Action Forum. Black line indicates median value over data series. Trump 1.0 refers to first Trump presidency when Congress was controlled by Republicans.

Bull vs. Bear

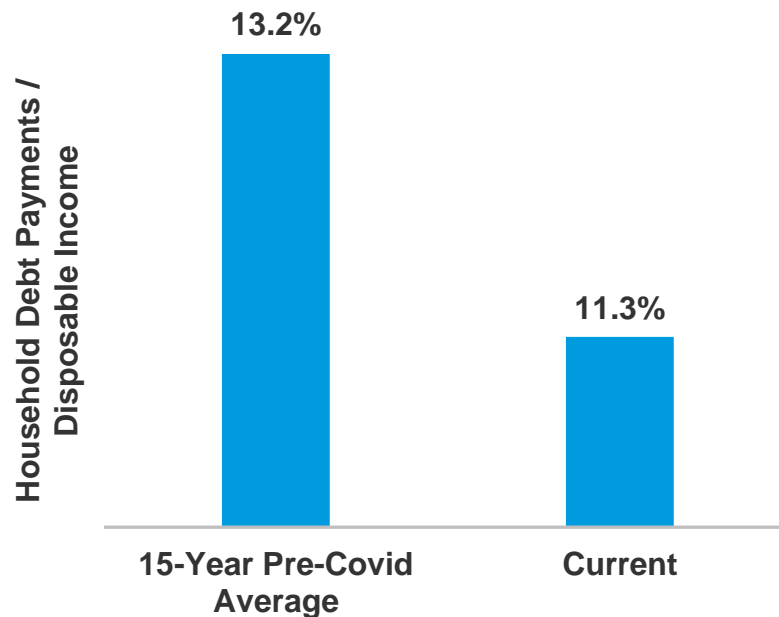
Bull Case: Strong Consumer

- Robust consumer income growth may drive resilient spending growth
- Low debt to income should underpin consumers' ability to spend

Strong Wage Growth



Solid Balance Sheets



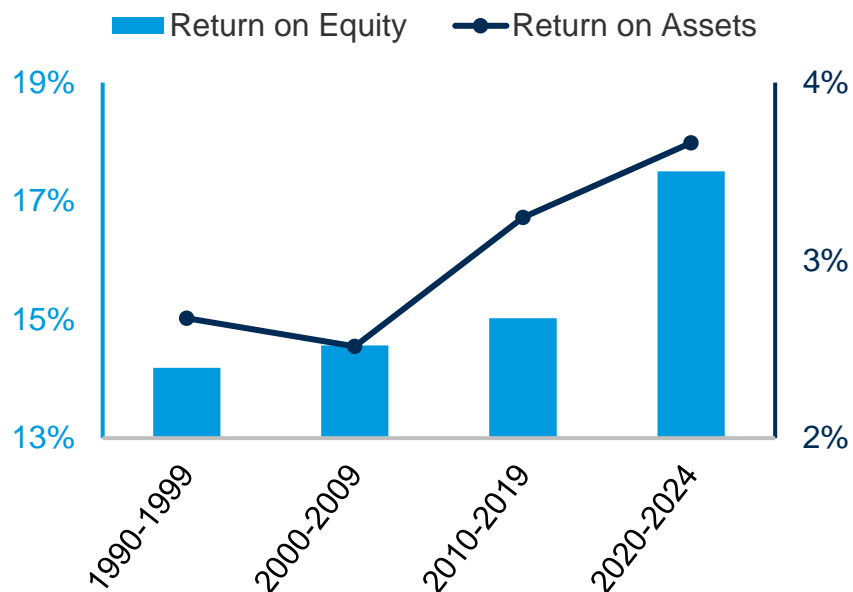
Source: Atlanta Federal Reserve Wage Growth Tracker based on overall weighted average. (left). Federal Reserve (right). Pre-Covid period 1/1/05-12/31/19 and current period is March 2025 for wages and 4Q24 for debt-to-income.

Bull vs. Bear

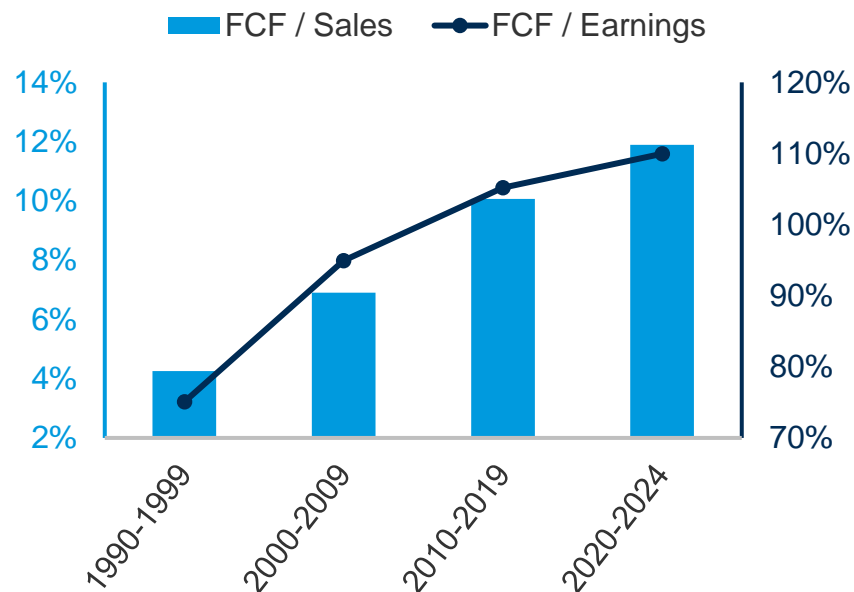
Bull Case: Better Business Models

- 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



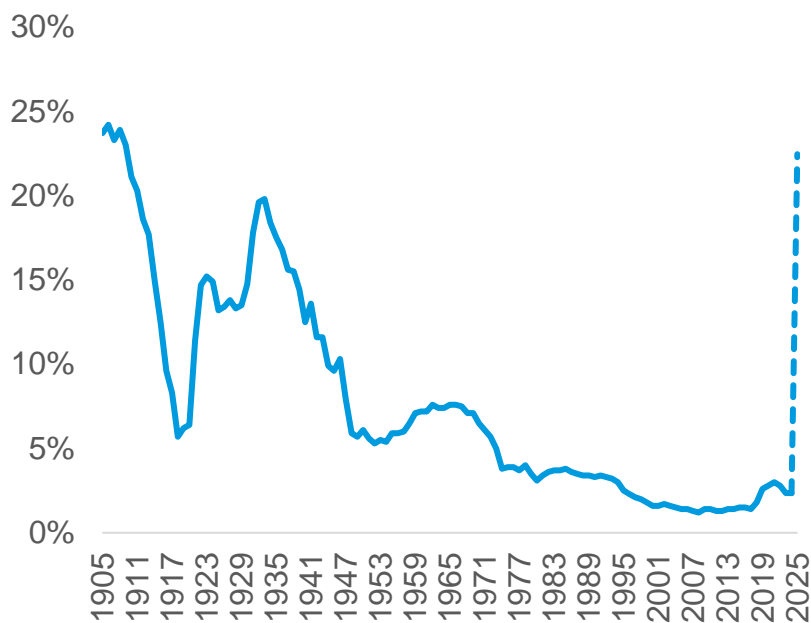
Source: FactSet. Return on Equity is calculated by dividing a company's net income by shareholder equity. Return on Assets is calculated by dividing a company's net income by its total assets. Free cash flow is the cash a company generates after taking into consideration cash outflows that support its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

Bull vs. Bear

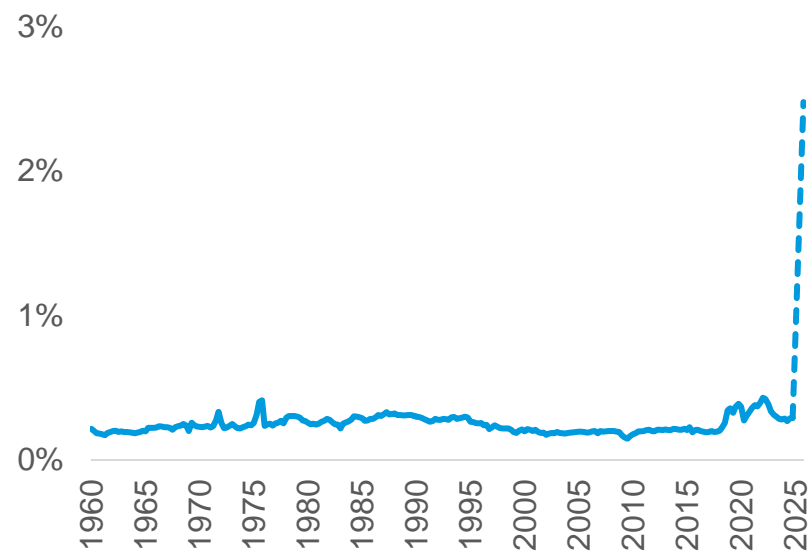
Bear Case: Trade Wars

- Higher tariffs are likely to reduce real consumption or corporate profitability, in our view

U.S. Tariff Rate



U.S. Customs Duties % of GDP



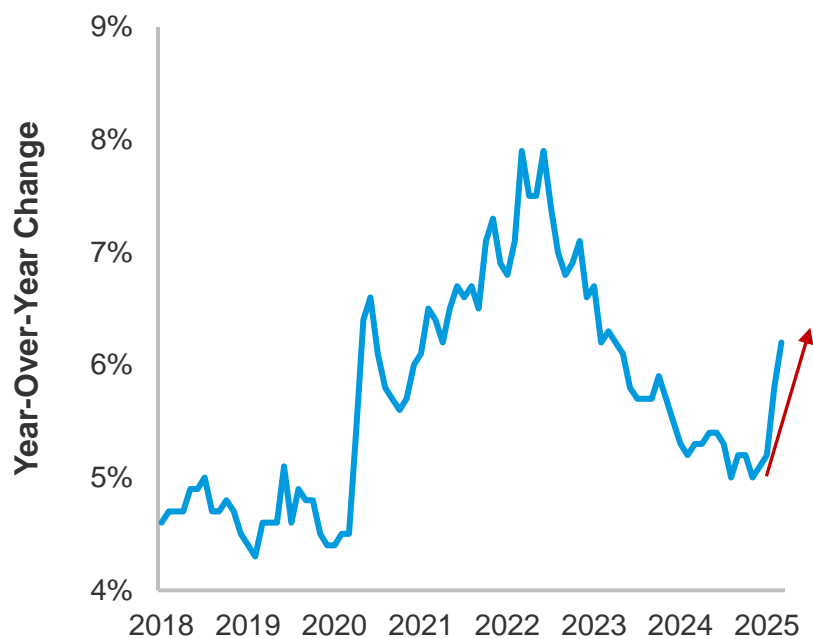
Source: Evercore ISI, St. Louis Federal Reserve, Wolfe Research. 2025 is an estimate based on April 2, 2025 announcement..

I Bull vs. Bear

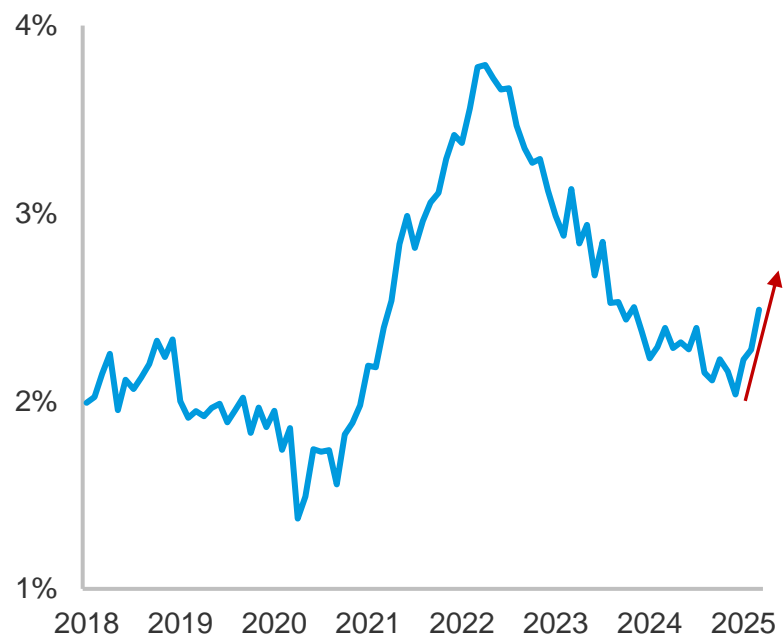
Bear Case: Higher Inflation

- A resurgence in inflation, potentially exacerbated by rising tariffs and lower immigration, may hurt real economic growth and increase interest rates

Consumer Expected Inflation Next Year



Business Expected Inflation Next Year



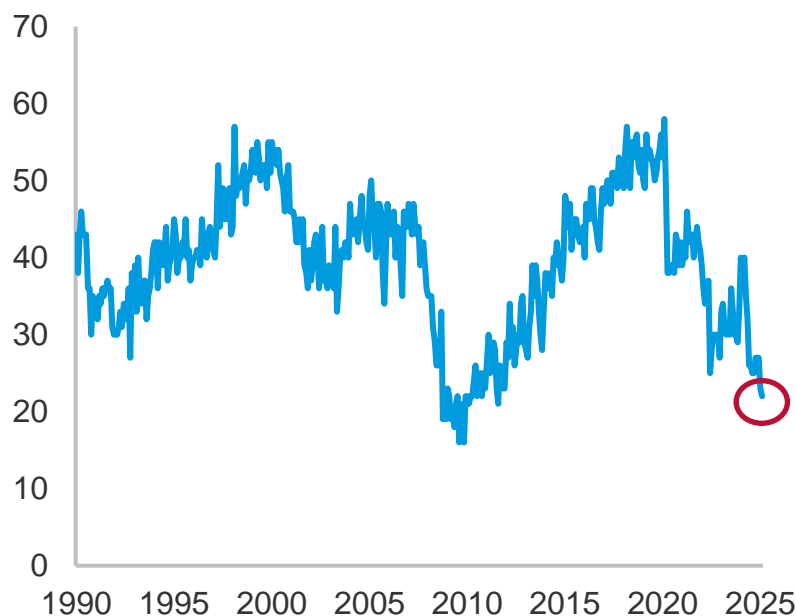
Source: Conference Board Consumer Confidence Survey, March 2025 (left). Atlanta Fed Business Inflation Expectations Survey, March 2025 (right).

Bull vs. Bear

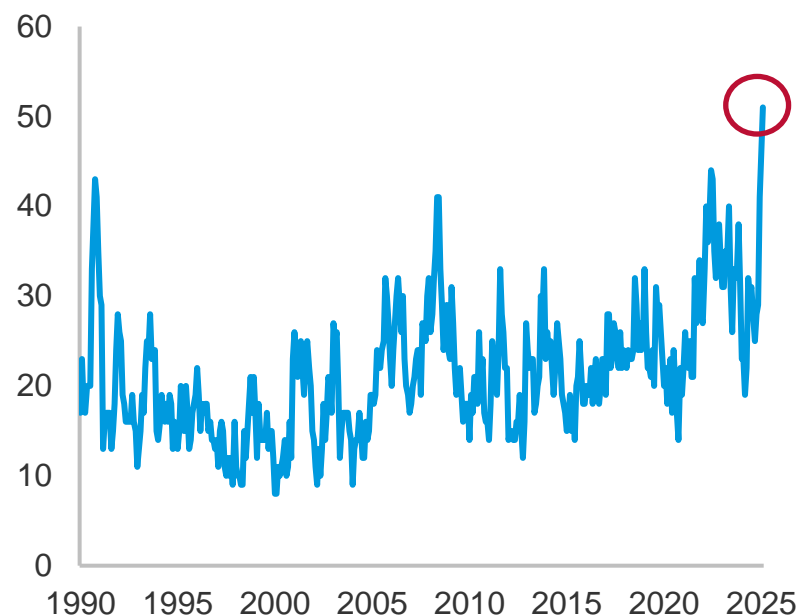
Bear Case: Confidence Shaken?

- Many consumers are struggling, with a near historically low proportion saying that their financial situation is improving
- Consumer expectations are relatively pessimistic, with many expecting weaker business conditions

% Reporting Better Financial Situation vs. Year Ago



% Expecting Worse Business Conditions in a Year



I

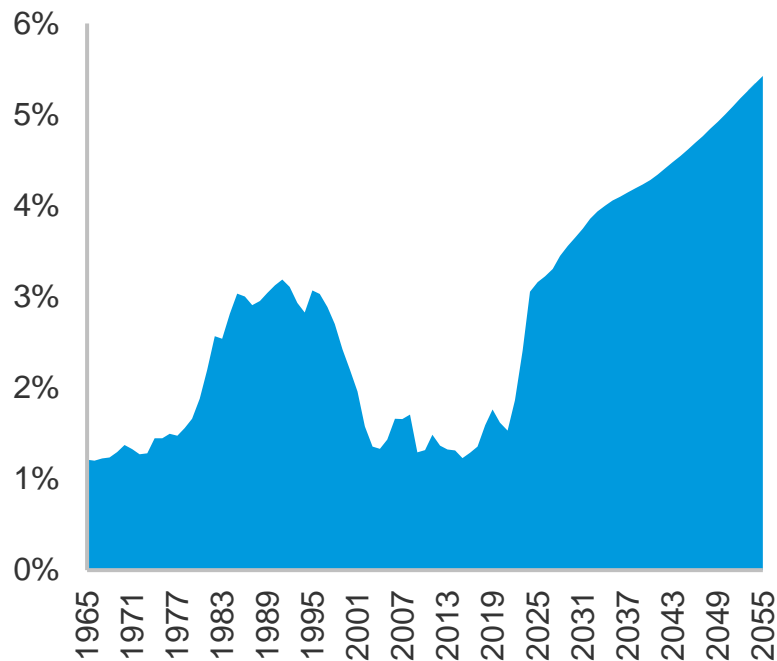
Bull vs. Bear

Bear Case: Bonds Balk?

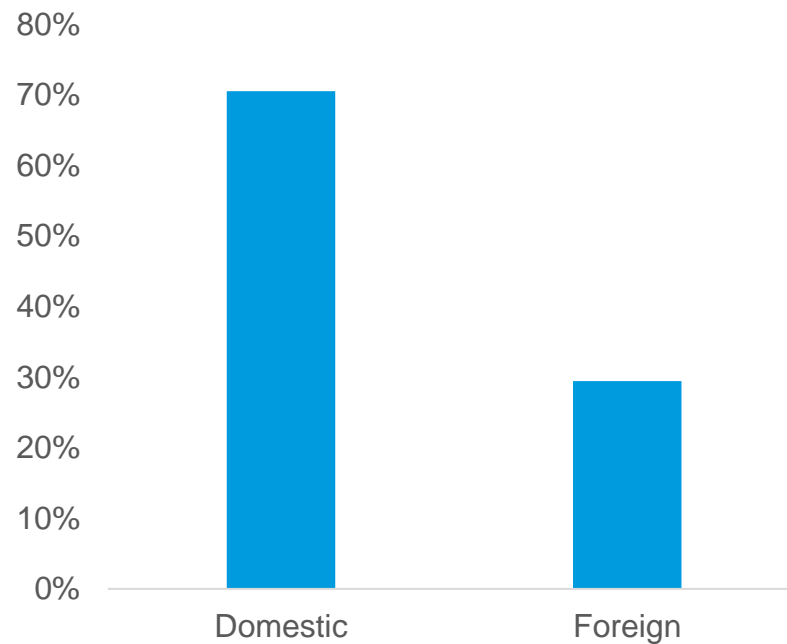
- Will Treasury bonds balk and yields rise if debt and interest expense continue to rise relative to GDP?

- Will the trade war weaken foreign demand for Treasury bonds?

U.S. Interest Expense as a % of GDP



Ownership of Treasury Securities



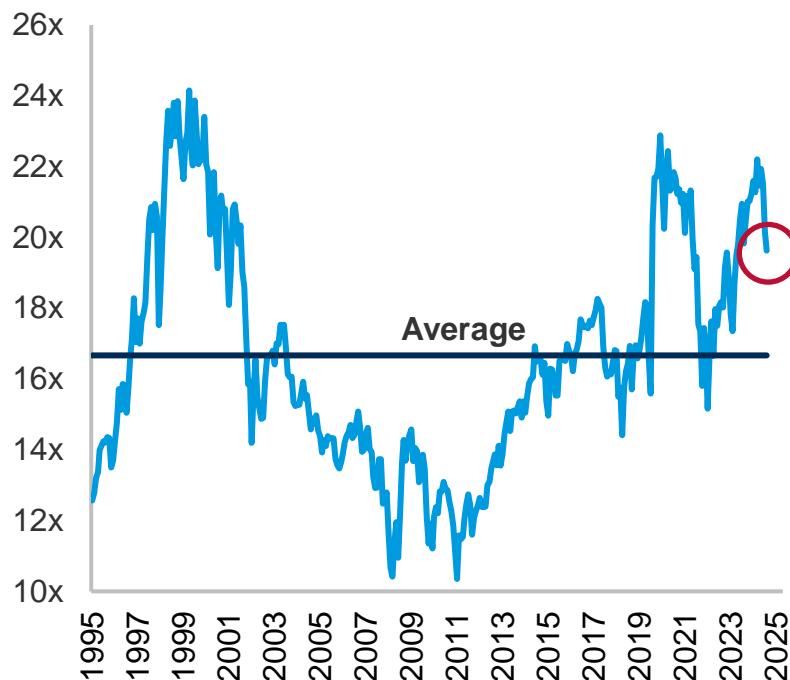
Source: Congressional Budget Office with projections 2025-2055 as of March 2025, U.S. fiscal year end is September (left). Federal Reserve System and U.S. Treasury (left).

Bull vs. Bear

Bear Case: Not Cheap Yet

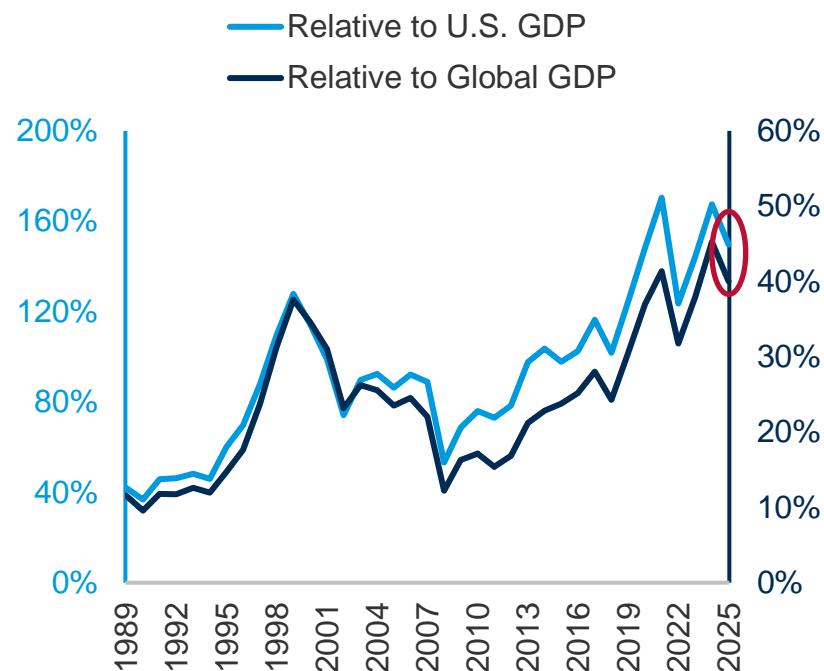
- On traditional metrics, U.S. equity valuations are still above average

S&P 500 Price-to-Earnings



- They also do not appear inexpensive using alternative metrics like this one popularized by Warren Buffett

S&P 500 Market Capitalization To GDP



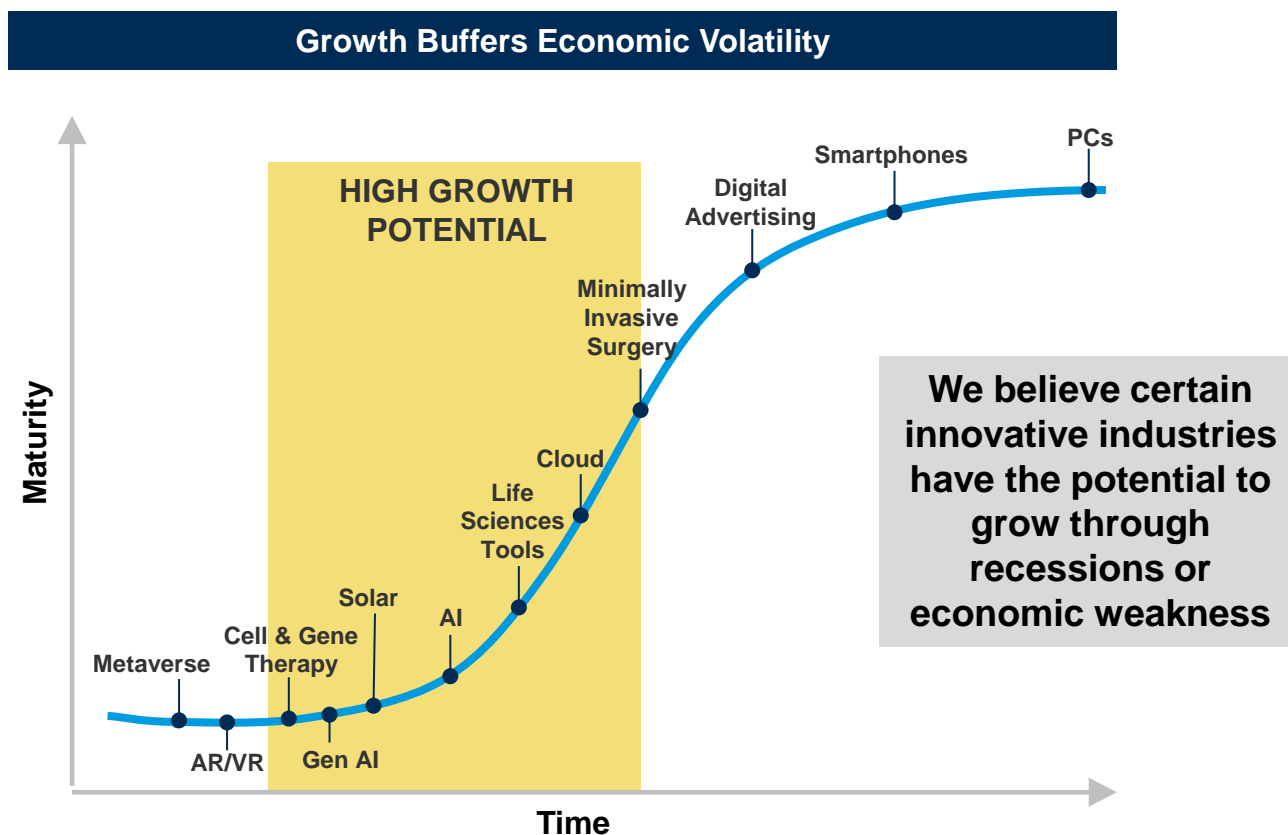
Source: FactSet as of April 9, 2025; P/E based on consensus next 12-month estimates (left). S&P 500 market capitalization from FactSet as of 04/09/25, U.S.GDP from Bureau of Economic Analysis and worldwide GDP from IMF. 2025 estimates from Alger as of March 2025.

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.

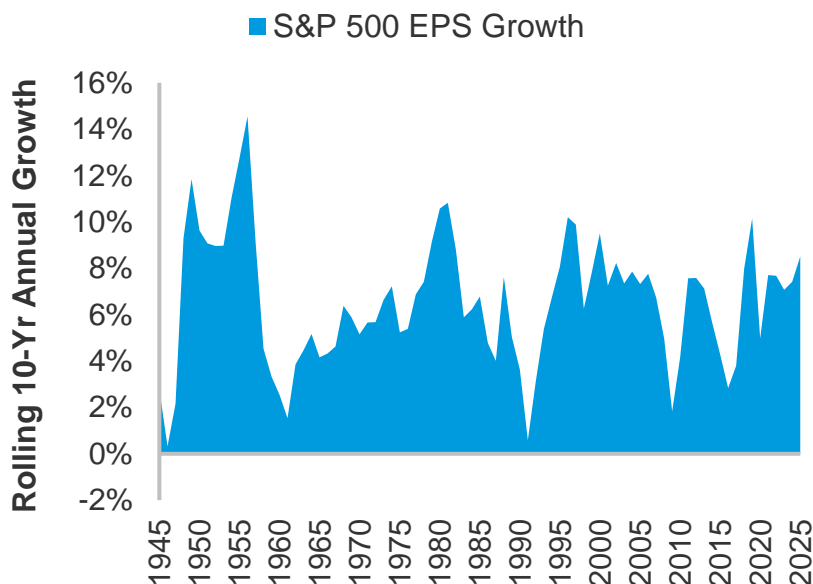


Long-Term Investing The Bottom Line

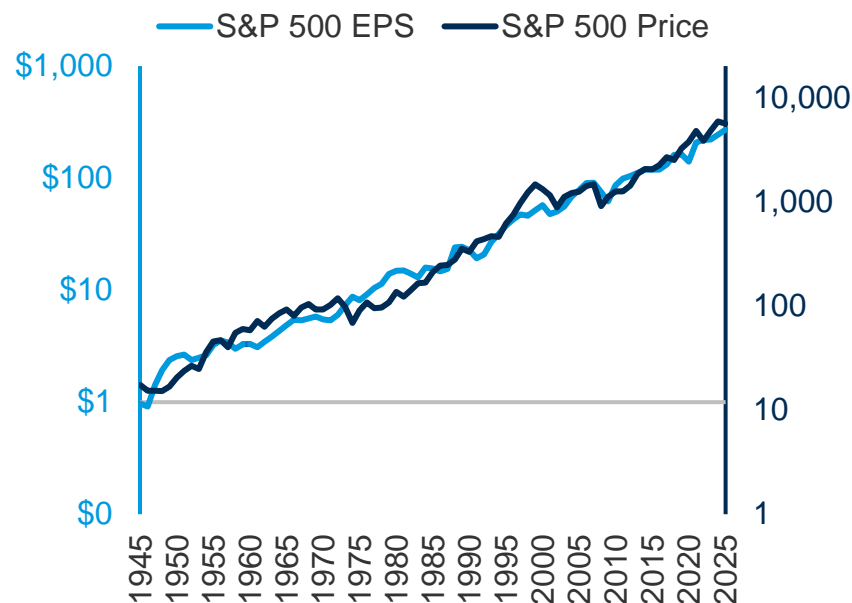
- Earnings per share have historically increased over full cycles
- Post WWII, S&P 500 EPS has always grown over 10-year periods

- The S&P 500 price has tracked the 7% annual growth in earnings
- Huge wealth creation despite 12 recessions and several wars

Earnings Have Historically Grown...



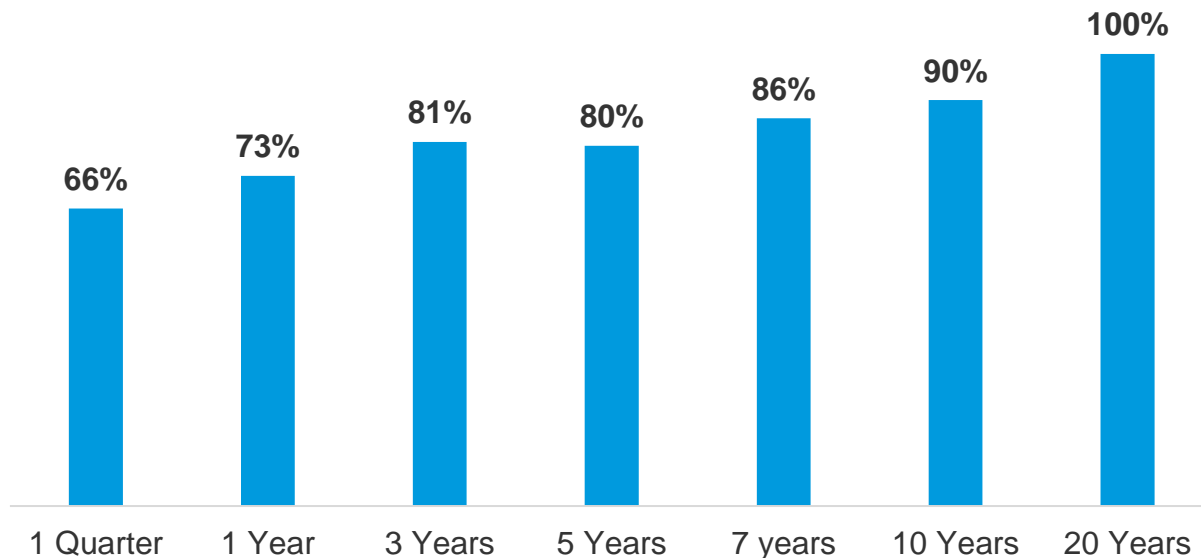
...Driving Stocks Prices Upward at a Similar Rate



Source: FactSet as of March 2025. The performance data quoted represents past performance, which is not an indication or a guarantee of future results.

- While market drawdowns can be difficult to endure, historical data supports the adage: it's time in the market, not timing the market
 - The S&P 500 has outperformed Treasury Bills two-thirds of the time on a quarterly basis but 90% of the time over 10-year rolling periods and 100% over 20-year periods

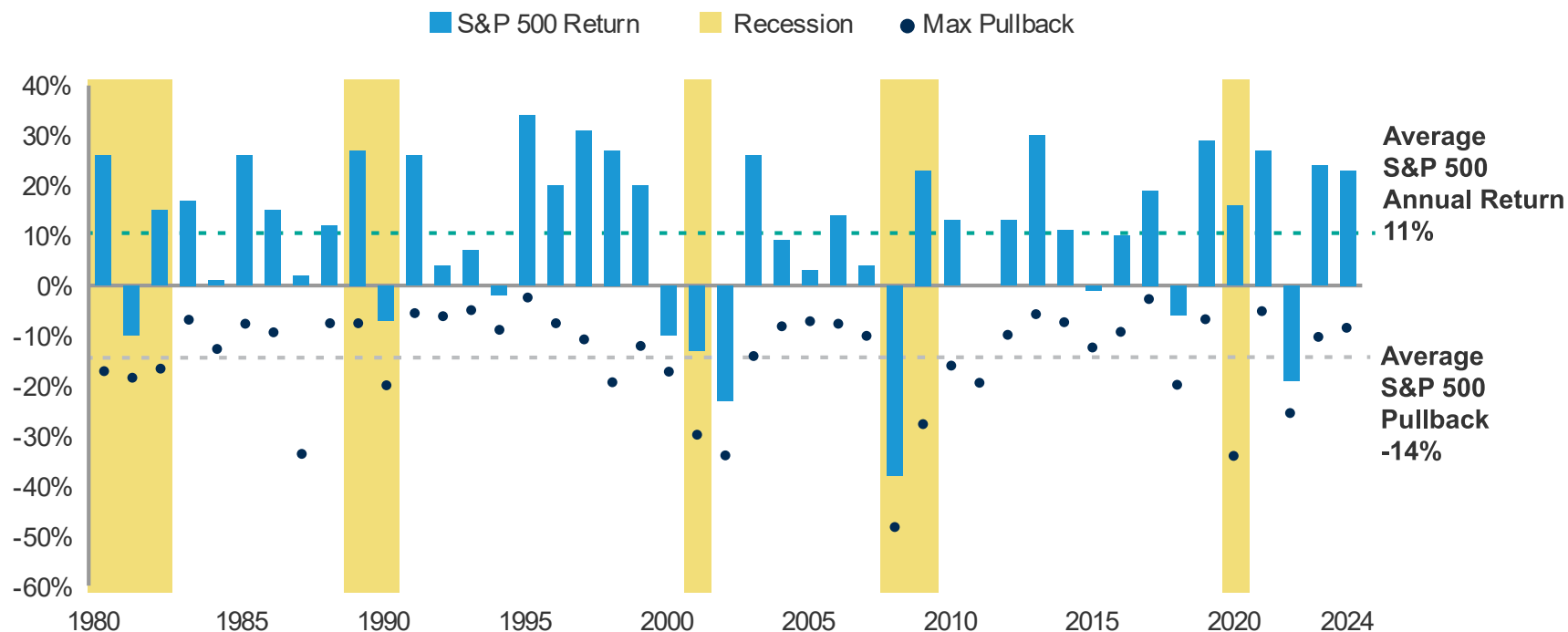
Probability of Stocks Outperforming Treasury Bills 1975-2024



Source: FactSet. Quarterly total return rolling data 12/31/1975-12/31/2024. Stocks are S&P 500 and Treasury Bills represented by the ICE BofA U.S. Treasury 1-3 Year Index. **The performance data quoted represents past performance, which is not an indication or a guarantee of future performance.**

- Historically, strong equity returns have often been accompanied by significant drawdowns
 - From 1980 through 2024, the average intra-year S&P 500 pullback has been -14%, while the average S&P 500 calendar year increase has been approximately +11%

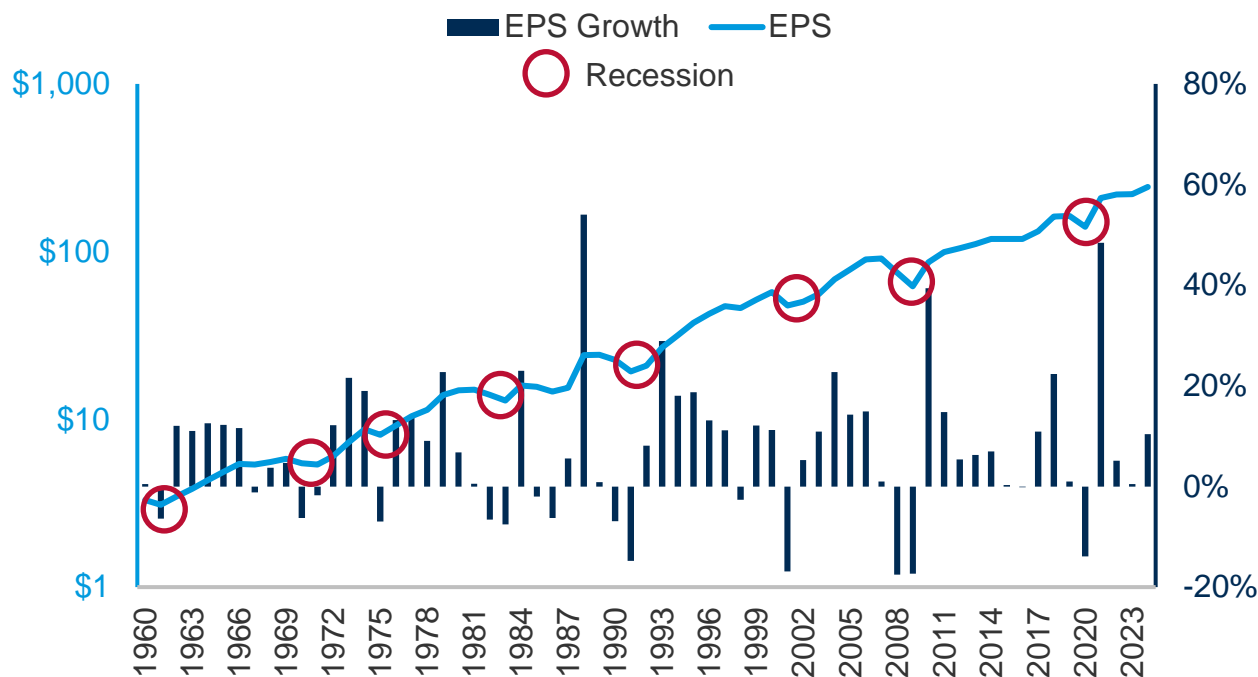
Calendar Year S&P 500 Returns and Maximum Drawdowns



Source: FactSet and Standard & Poor's. Annual S&P 500 performance calculations use daily price returns 01/01/1980-12/31/2024. The performance data quoted represents past performance, which is not an indication or a guarantee of future performance.

- 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.

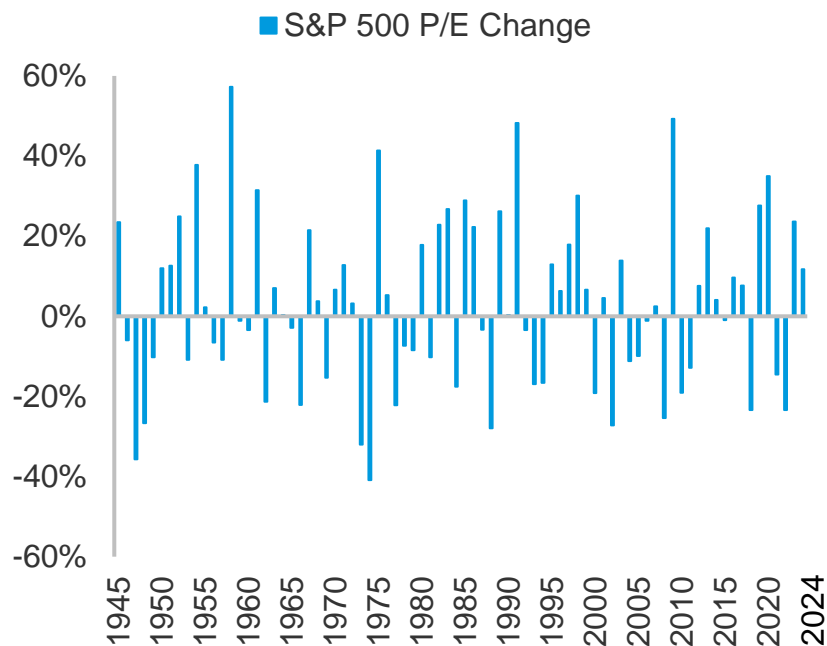


Long-Term Investing

Fundamentals > Sentiment

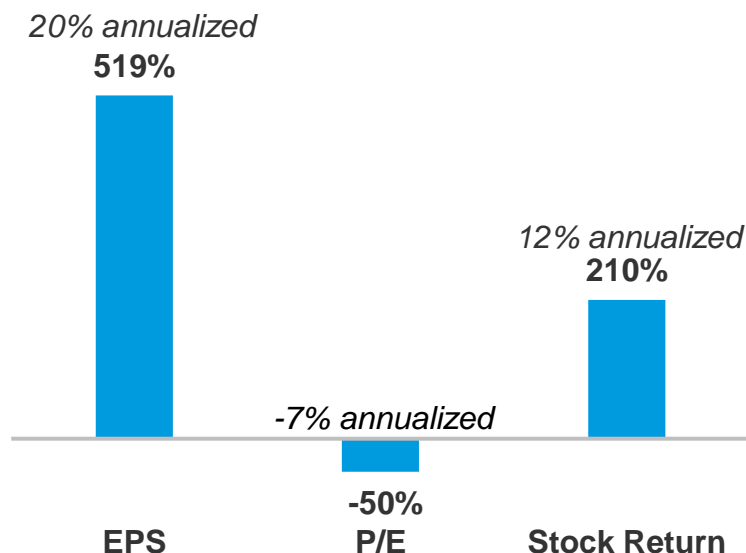
- While sentiment shifts may dominate short-term equity price fluctuations, long-term returns are driven by fundamentals such as earnings and cash flows
 - As Buffet's mentor Benjamin Graham said, "In the short run, the market is a voting machine but in the long run, it is a weighing machine"

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).

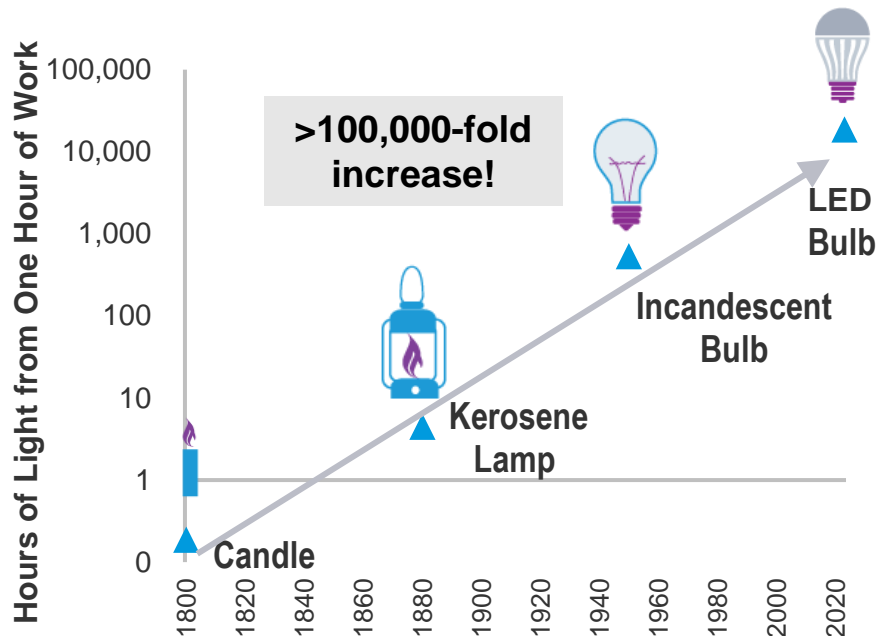


The Power of Innovation

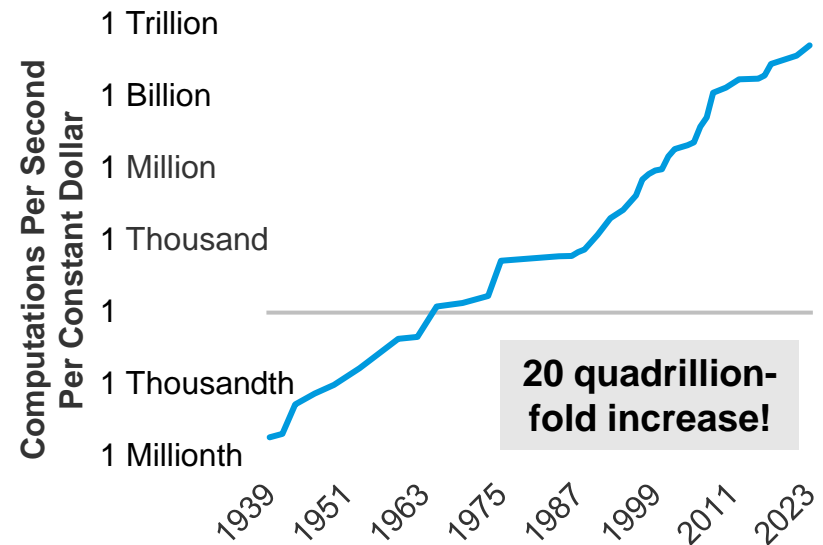
Innovation Drives Productivity

- Technological progress is a powerful engine of exponential productivity growth

Productivity in Light



Productivity in Computation



Source: Left: 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. Breshnahan and R. Gordon, Chicago University Press and Alger estimates Right: 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.**

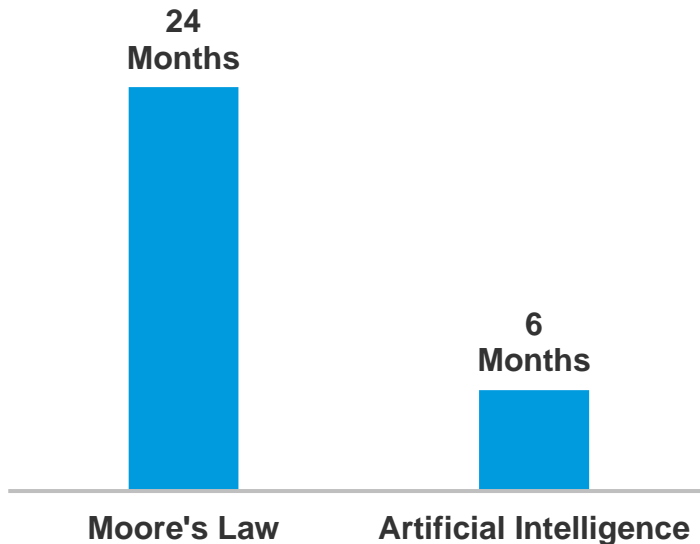


The Power of Innovation

Innovation Is Accelerating

- Artificial intelligence is progressing at a much quicker pace than computer processors

Doubling Time in Months



- At the speed of Moore's Law, a 6-inch plant would grow to 6 feet in a decade, but at the speed of AI, it would reach outer-space

Moore's Law vs. AI



Source: Intel, Our World In Data, Alger (left). Moore's Law refers to length of time that it takes for number of transistors per integrated circuit to double. Doubling time for AI refers to the length of time it takes to double the amount of compute or "training" utilized by AI programs. The calculation period used for AI was 2012-2024. Dall-E (right).

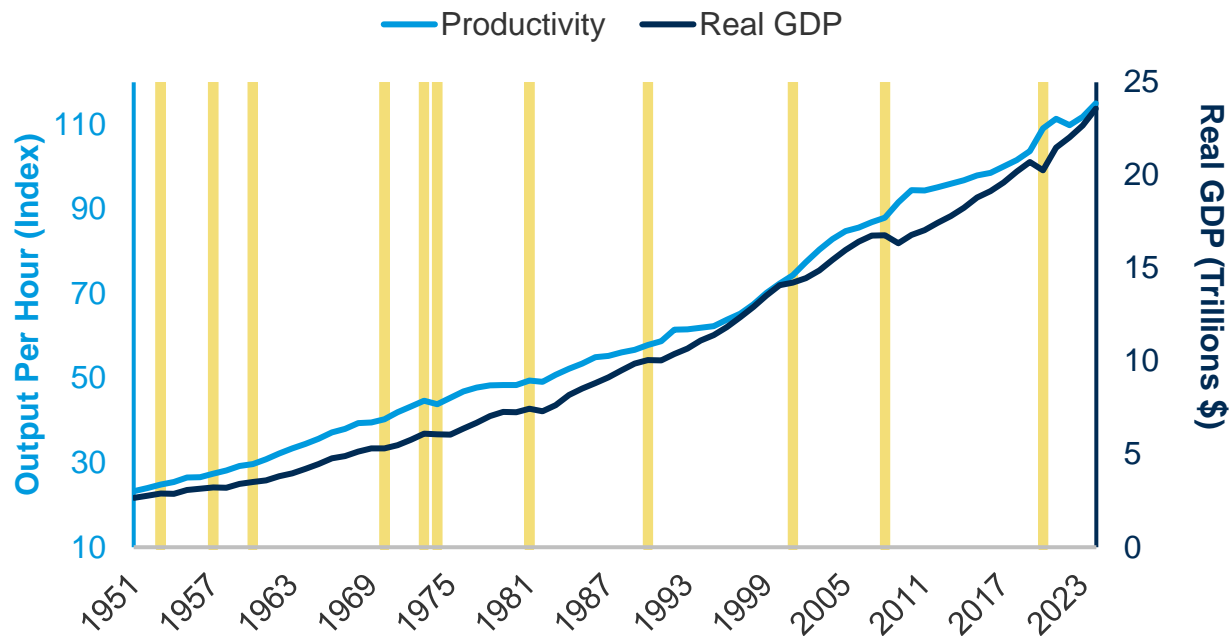


The Power of Innovation

The Engine of Growth

- Innovation boosts productivity, or output per hour, which ultimately fuels real GDP
 - If innovation is accelerating, what will happen to productivity and GDP growth?

Productivity Improvements Increase GDP



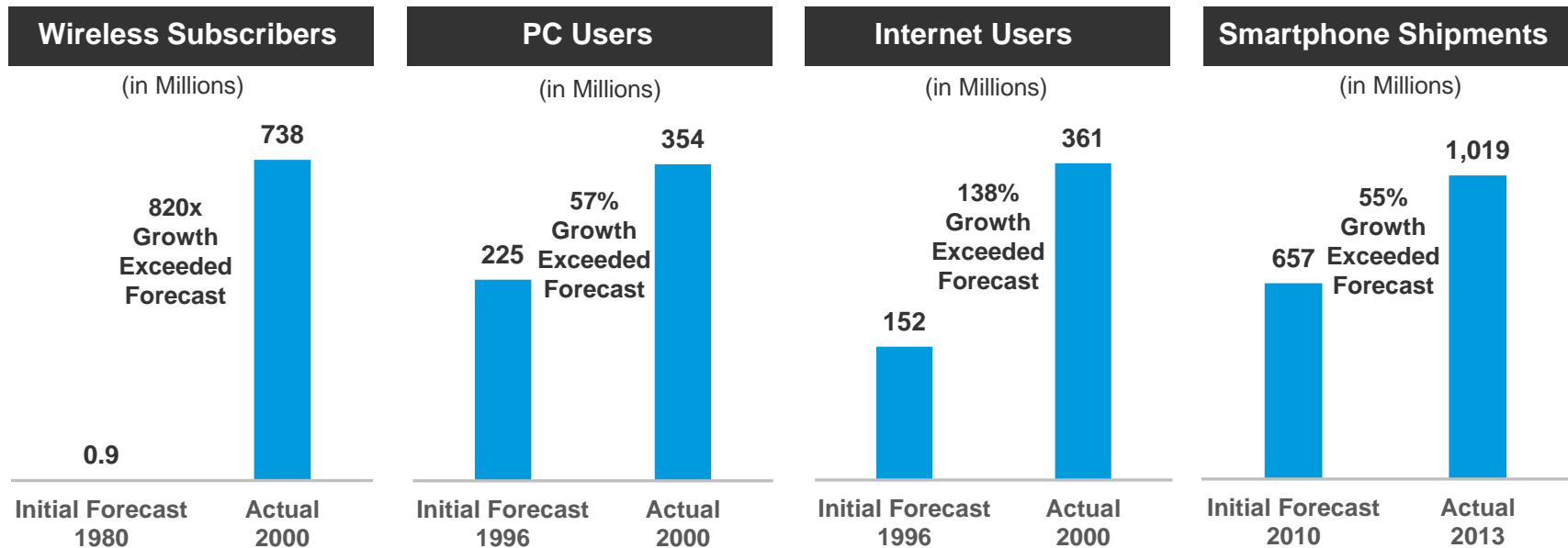
**Productivity
has increased
over time,
driving real
GDP higher**

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.



The Power of Innovation Faster Than You Think

- The long-term impact of emerging technologies is often underestimated because investors fail to account for innovative breakthroughs that drive rapid adoption



Source: The Economist 10/7/99 – “Cutting the Cord” and World Bank 2024, Morgan Stanley Research, Global Technology, North America, (2024), Morgan Stanley AI Guidebook: Fourth Edition, January 23, 2024, and Alger.



The Power of Innovation

A New Technological Revolution

- 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

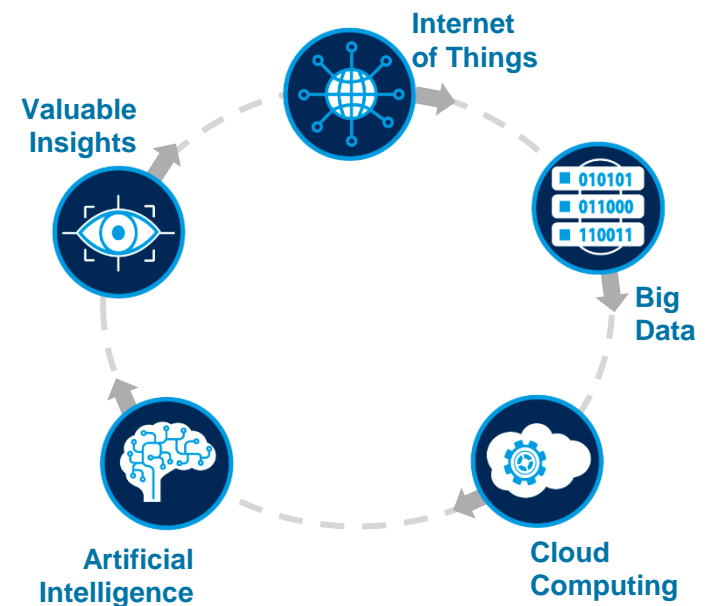


Today

Age of Connected Intelligence

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

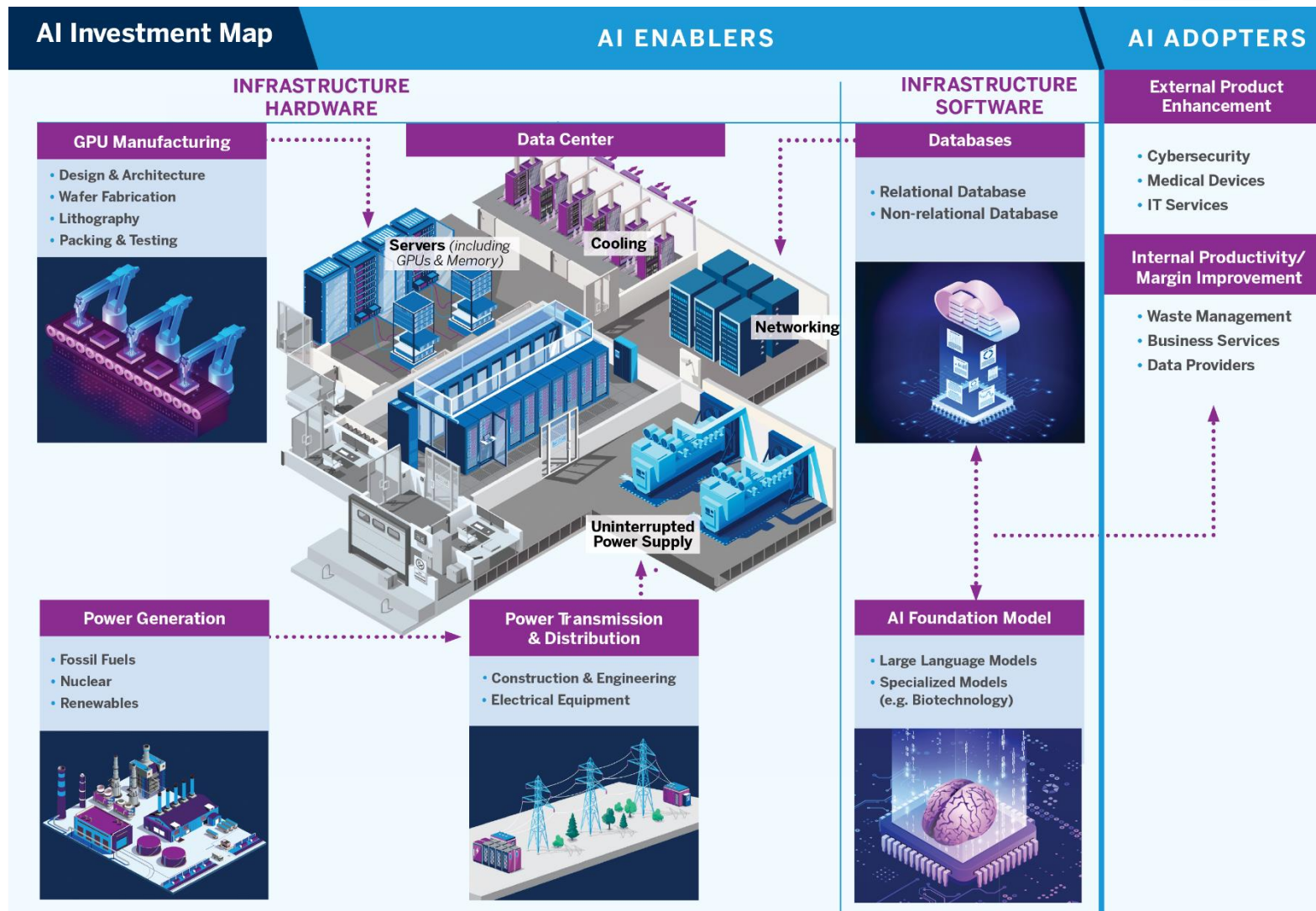
Age of Connected Intelligence



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

IV

Enduring Themes Artificial Intelligence (AI)



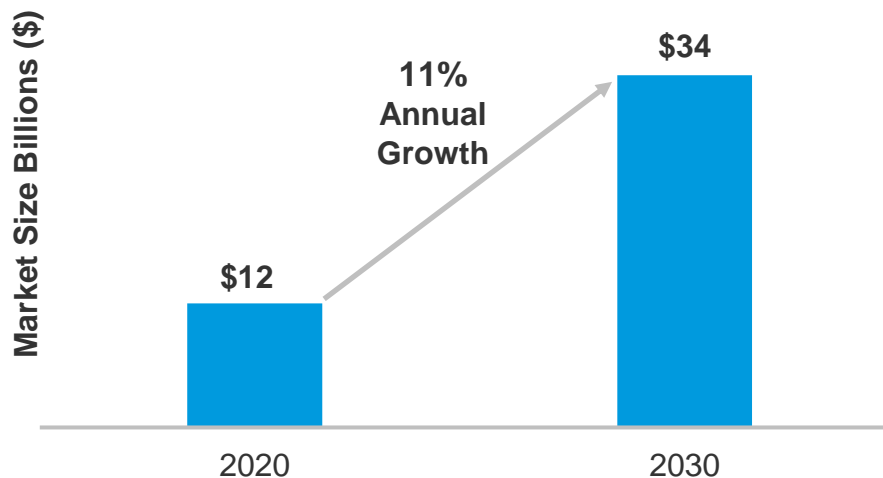
Source: Alger. Enablers are companies developing the building block components for, and investing in, AI infrastructure such as machinery, hardware, software and services. Adopters are companies that integrate AI into their businesses to enhance their products or services or make their operations more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

IV

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



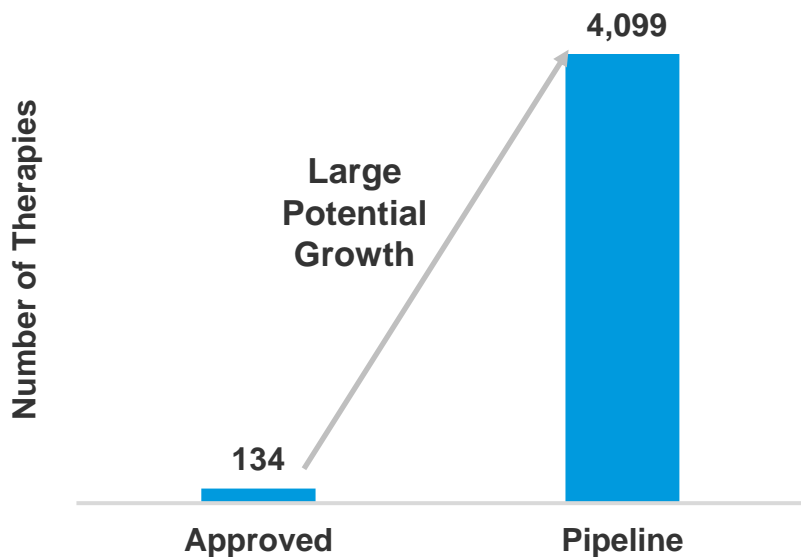
Source: Alger analysis. 2030 is an estimate. Market consists of surgical robotics, percutaneous heart valve repair, and minimally invasive technologies.

IV

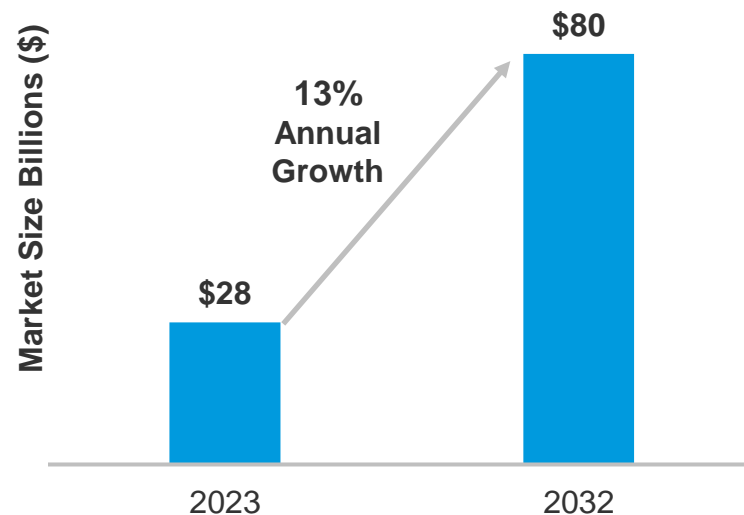
Enduring Themes Life Science Innovation

- 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

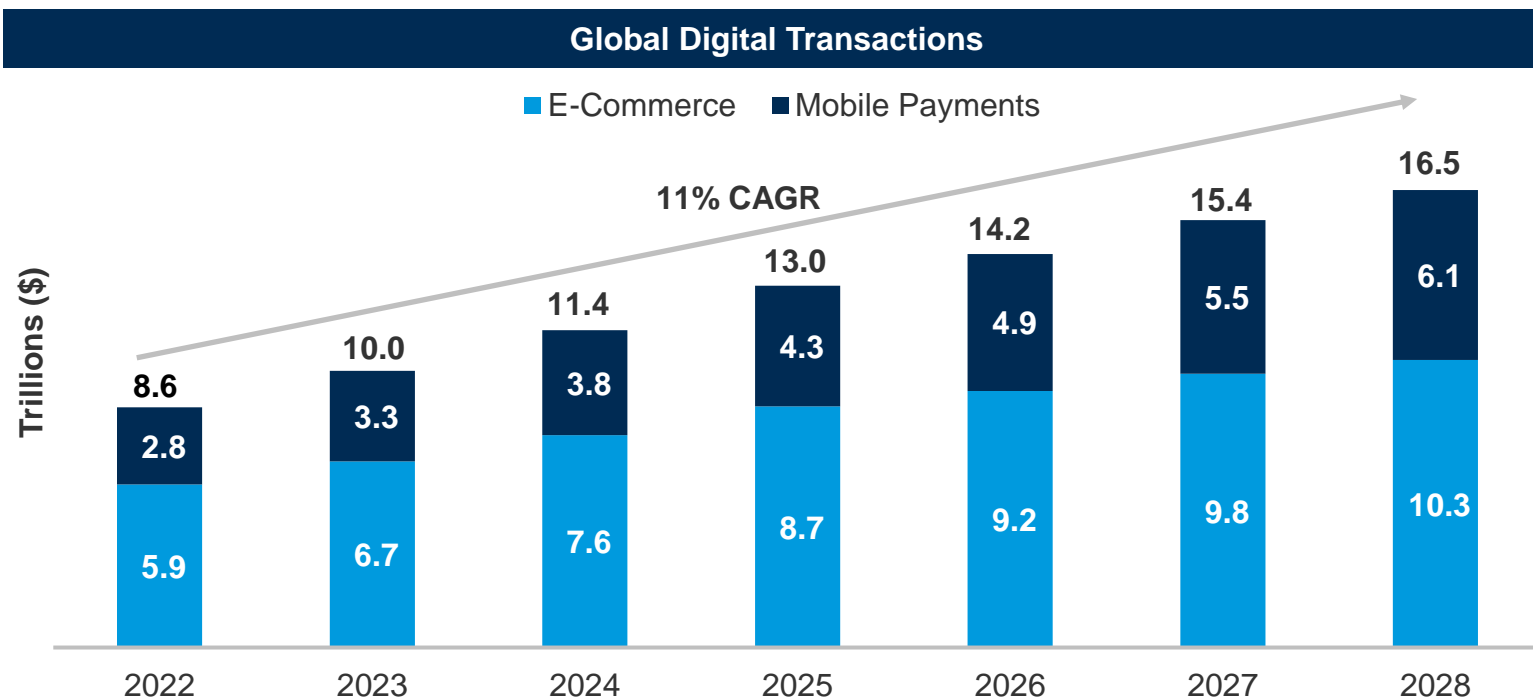


Source: American Society of Gene & Cell Therapy, Q3 2024 Quarterly Data Report including Cell, Gene, and RNA therapies (left). Precedence Research, December 2024; 2032 is an estimate (right).

IV

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 and software companies can capitalize on the trend



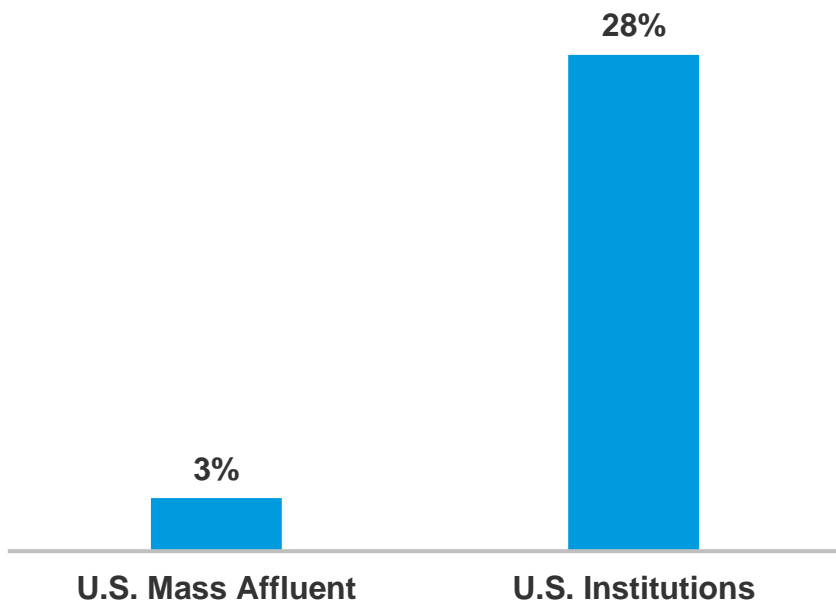
Source: Statista Market Insights, March 2024 (2024 – 2028 are forecasts). E-commerce includes digital remittances. CAGR is compound annual growth rate, the rate of return required for a quantity to grow from its beginning balance to its ending balance. Mobile payments occur when smartphones are used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

IV

Enduring Themes Private Market Growth

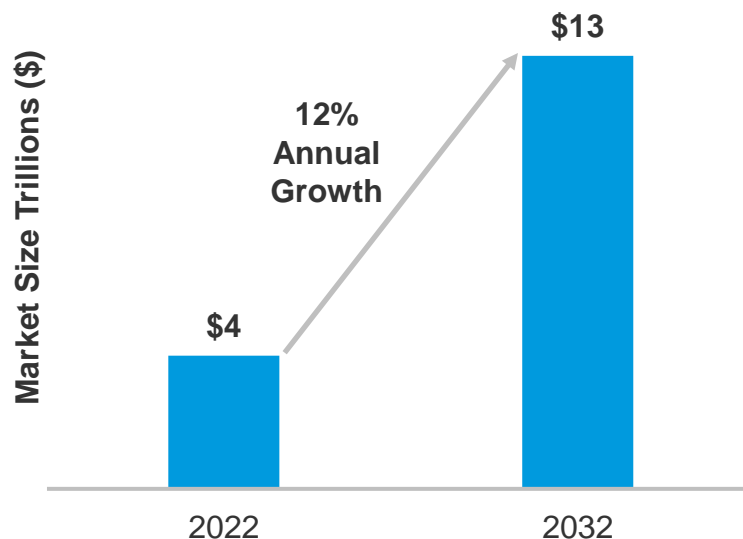
- Individual investors' small allocation to private markets could grow a lot if it approaches institutional allocation levels

Asset Allocation to Private Markets



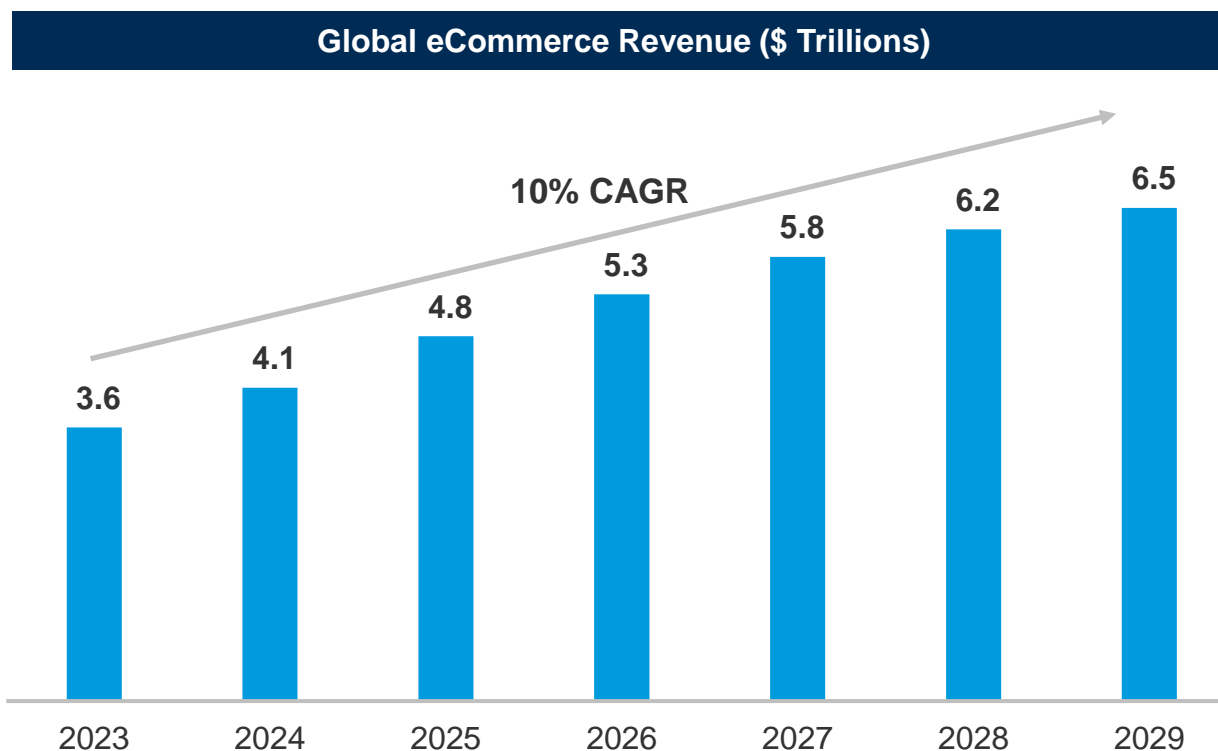
- As individuals allocate more to alternatives, AUM of the category may grow strongly in the future

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..

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



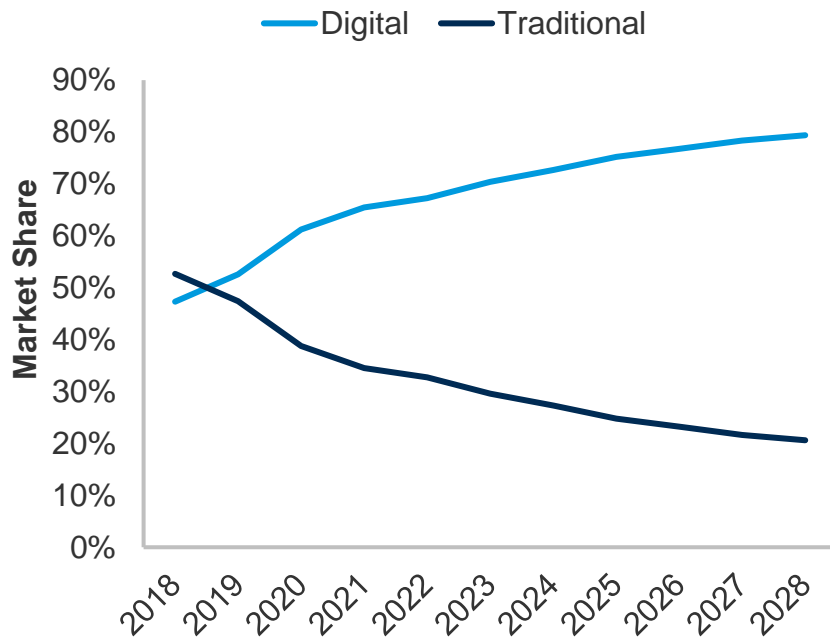
Source: Statista Digital Market Insights, October 2024. Global e-commerce share of total retail was 17% in 2024 according to Statista Market Insights. CAGR is compound annual growth rate, the rate of return required for a quantity to grow from its beginning balance to its ending balance.

IV

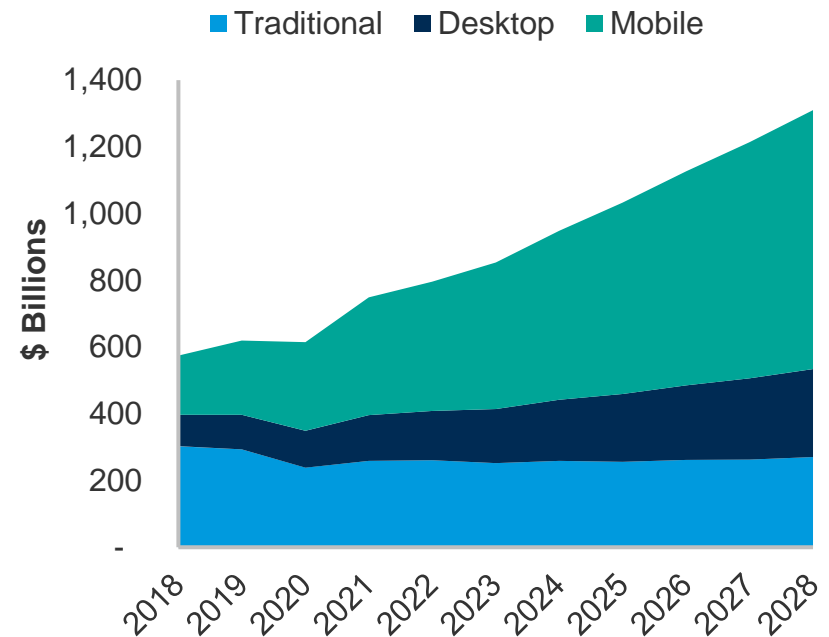
Enduring Themes Digital Advertising

- 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

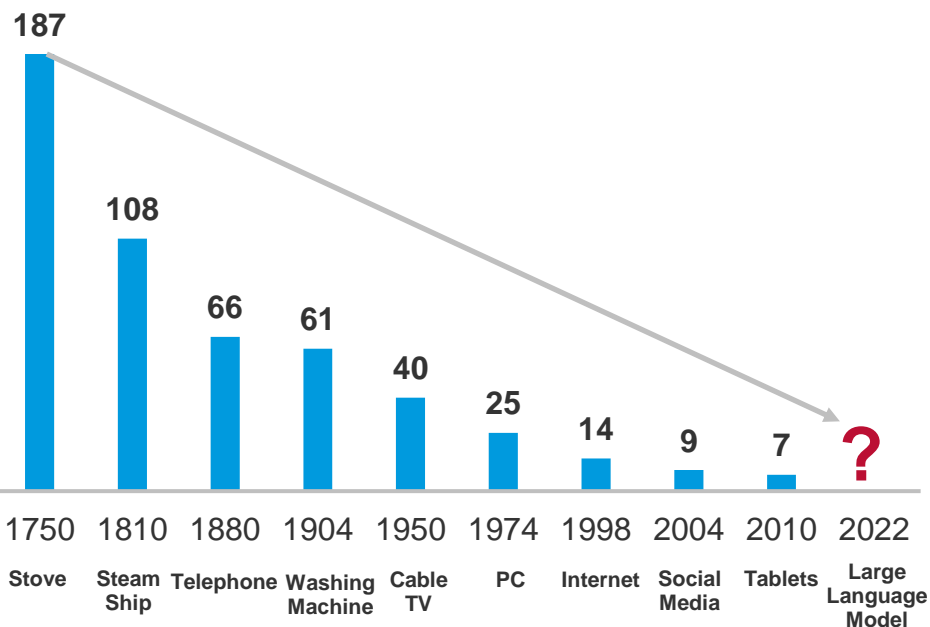


Global Advertising Revenue

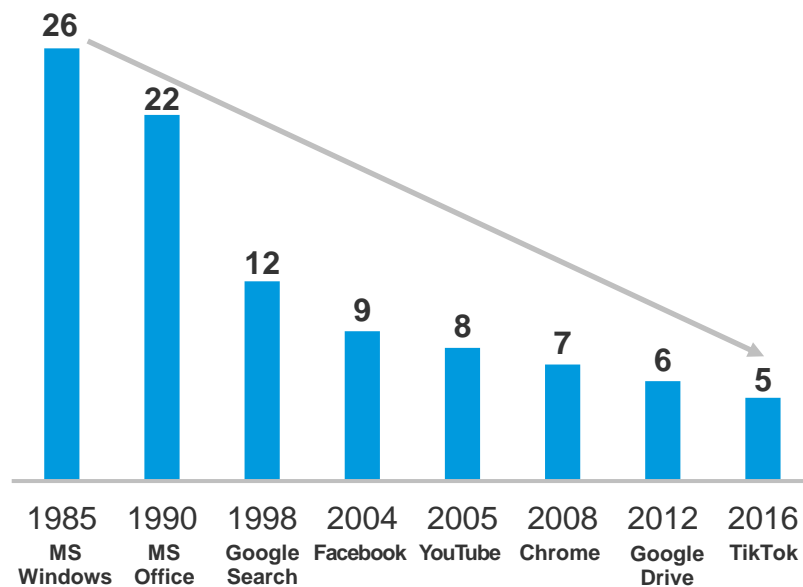


- Innovation is accelerating across many areas of the economy, causing new products and services to diffuse through society faster and disrupt businesses at a greater pace
- This may be a tailwind to growth companies, which we believe are the drivers of innovation, and a headwind to value stocks, which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

Years from Market Entry to 50% Penetration



Years to Reach 1 Billion Users



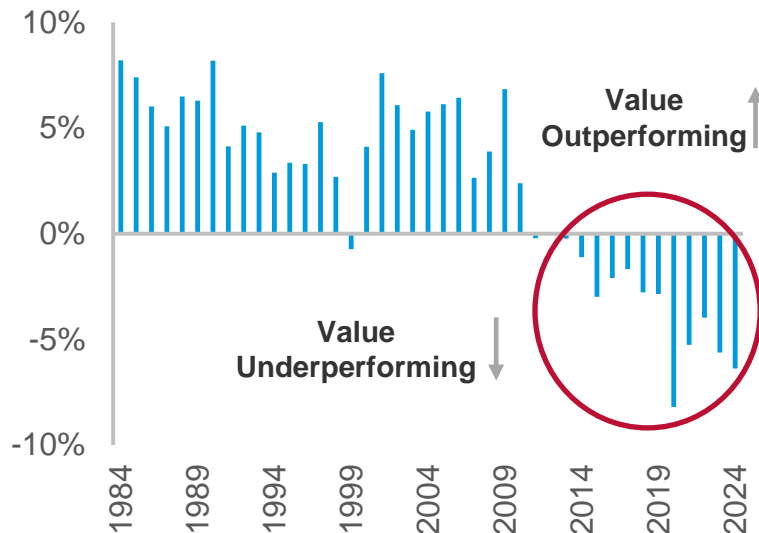
Source: Asymco, Visual Capitalist, company disclosures, Alger estimates.

V

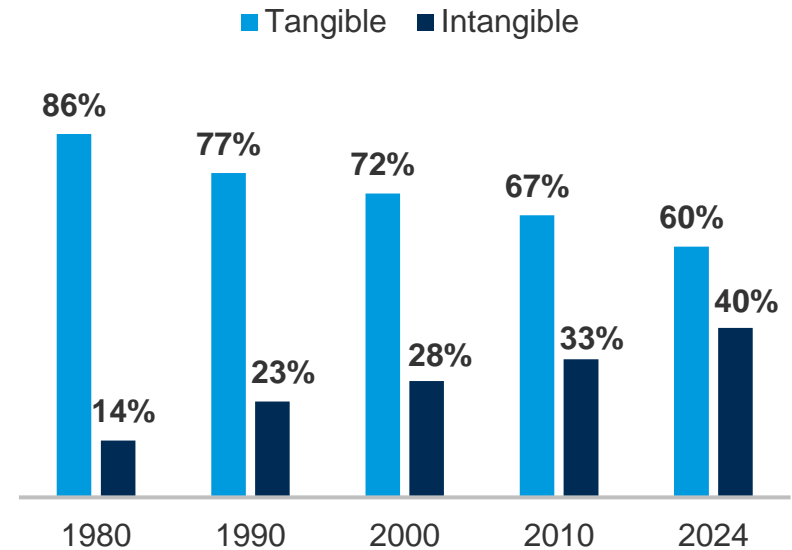
Style Wars Structural Issues Driving Growth vs. Value

- After a long period of outperformance, value stocks have consistently underperformed over the past 20 years
 - 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

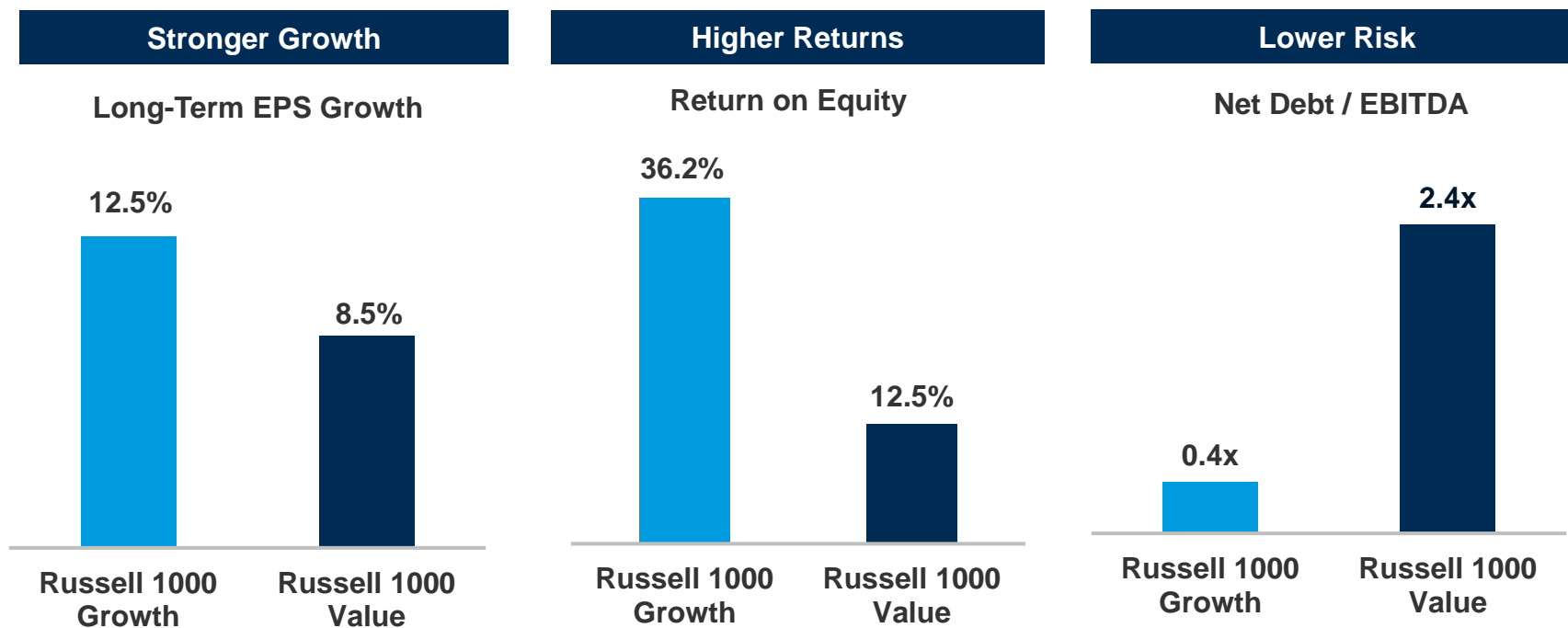


Business Investment



Source: Kenneth R. French through December 2024 (left), Bureau of Economic Analysis through 2024 (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.**

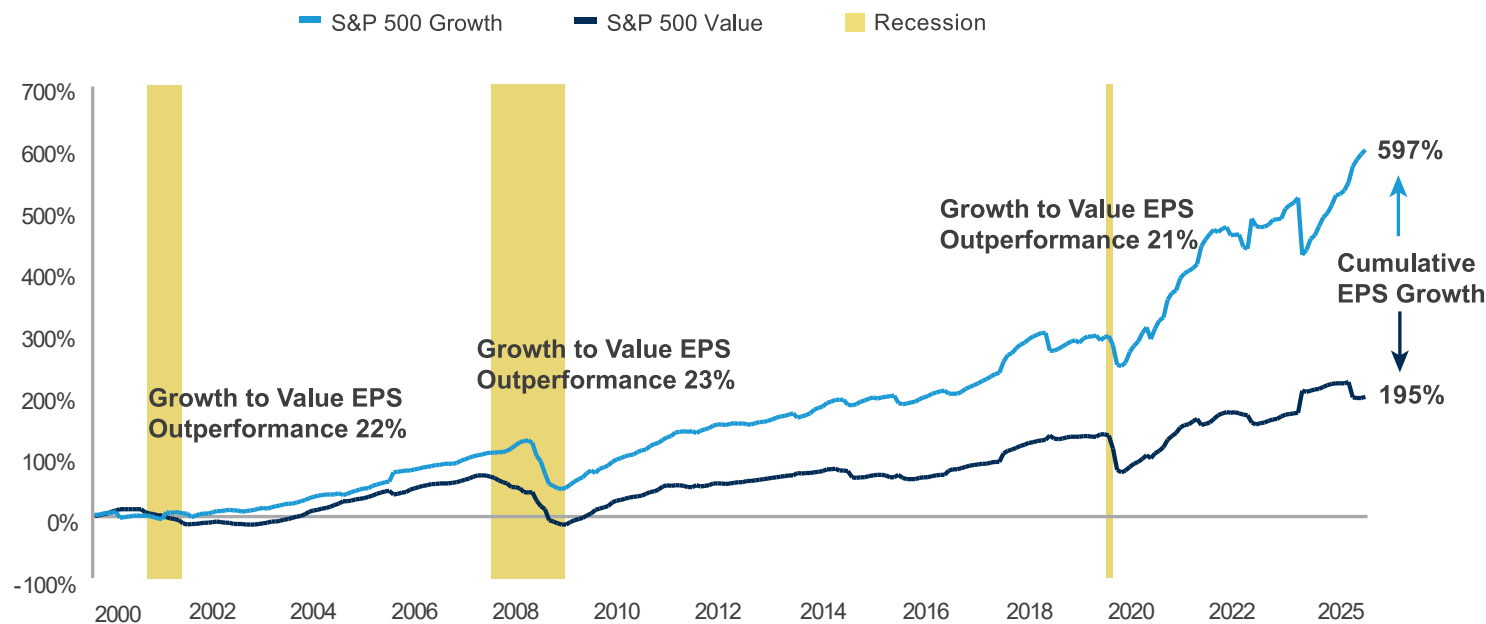
- Three variables drive P/E multiples: growth, return on capital, and risk
- The Russell 1000 Growth Index has higher expected EPS growth, higher return on equity and lower risk in the form of better balance sheets as compared to the Russell 1000 Value Index



Source: FactSet as of 03/31/25. Growth represents consensus long-term analyst estimates and actual future EPS growth rates might be materially different than the forecasts shown.

- Growth stock earnings have far outpaced value stock earnings since 2000 and have historically proven more durable in recessions
- Going forward, we expect growth stocks to post stronger earnings growth than value stocks as they have over the prior two decades

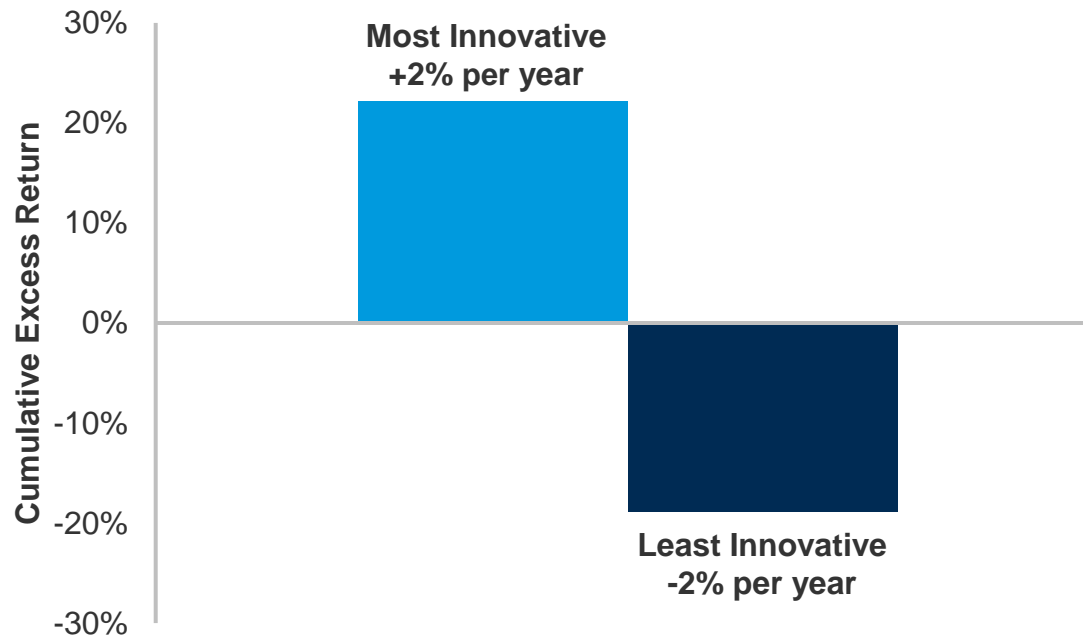
Growth Stocks Have Historically Had Better Fundamentals



Source: FactSet, Standard and Poor's. Data is through 3/31/25. EPS is a Next Twelve Month (NTM) calculation. Earnings per share (EPS) is the portion of a company's earnings or profit allocated to each share of common stock. EPS Growth to Value outperformance calculation takes the relative difference in NTM EPS level of the S&P 500 Growth and S&P 500 Value Indexes at the beginning of each recession and six months after the end of the corresponding recession.

- Innovation may be an important component of equity returns

Innovative Companies Have Outperformed Over the Past Decade



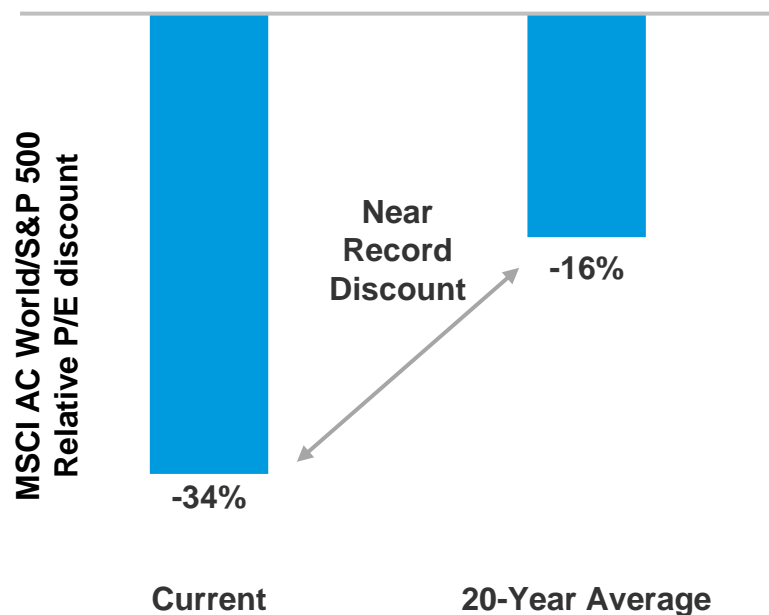
Source: FactSet. Excess performance of the quintiles of R&D as a percentage of revenue with the most innovative being top quintile and the least innovative being bottom quintile of the stocks in the S&P 1500 index. Stocks were divided into quintiles based on R&D spending-to-revenue and data was calculated monthly for the 10-year period ended February 2025. **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.**

VI

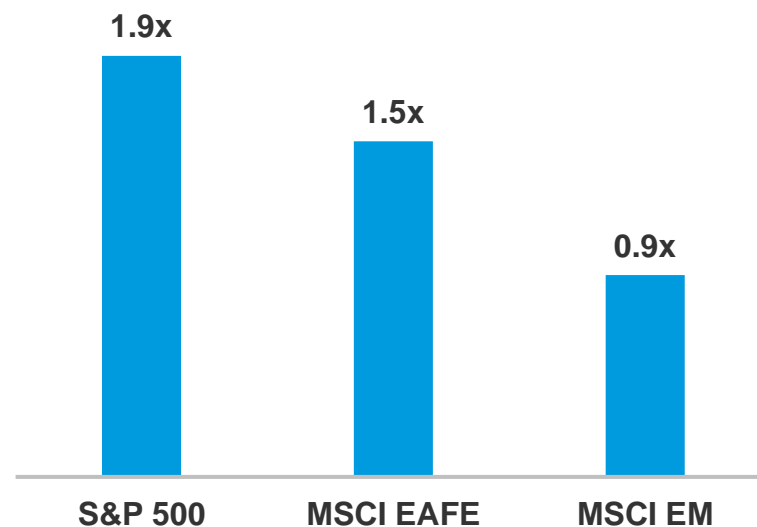
Investing Outside the U.S. Non-U.S. Stocks are Cheap

- 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.



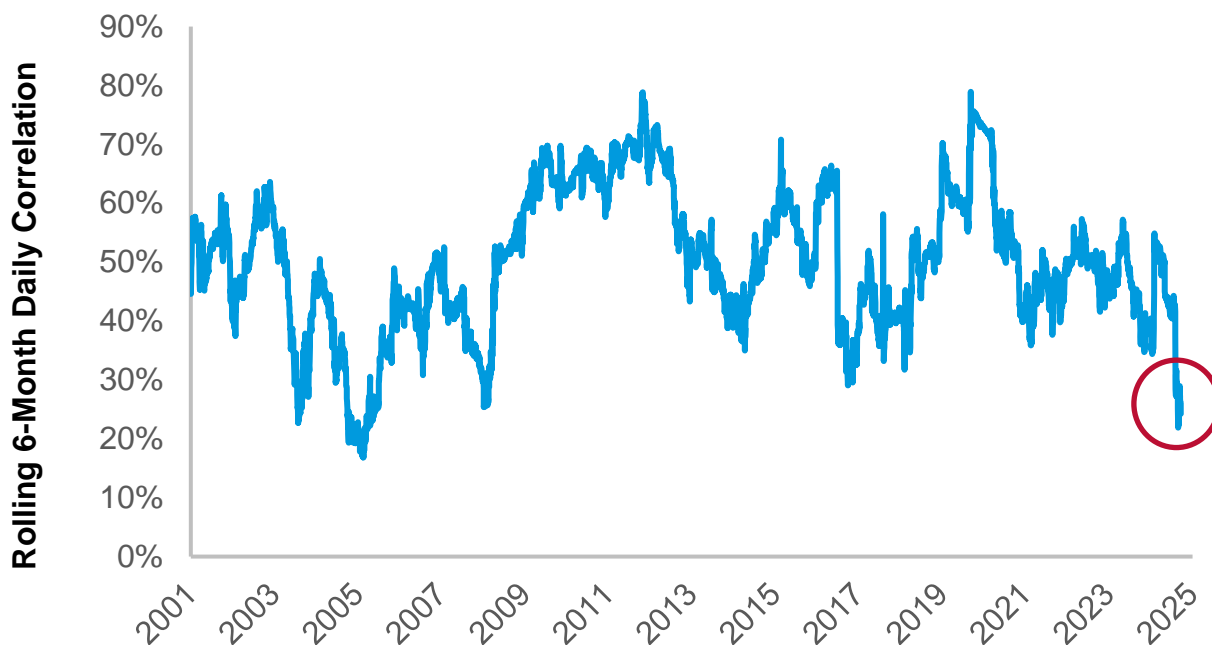
Non-U.S. Stocks Cheaper on P/E-to-Growth



Source: FactSet as of 03/31/25, 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).

- With so much change globally, including evolving geopolitics, fiscal and monetary policy adjustments, and national corporate governance reforms, international markets are providing historically strong diversification benefits, as evidenced by their low correlation to U.S. equities

Non-U.S. vs. U.S. Equity Correlation



Source: FactSet, March 2025. Non-U.S. stocks represented by MSCI All Country World Index Ex-USA in USD and U.S. stocks represented by S&P 500. 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.

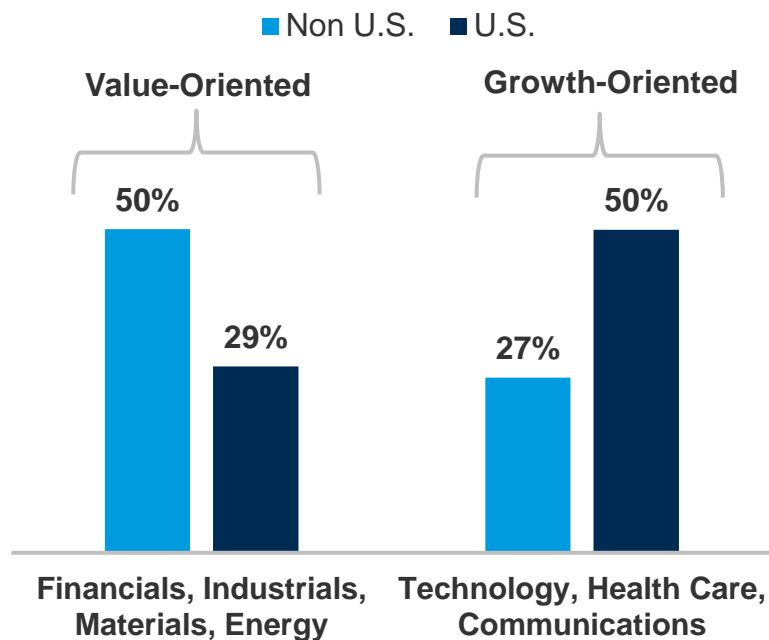
VI

Investing Outside the U.S. Bewildering Benchmarks

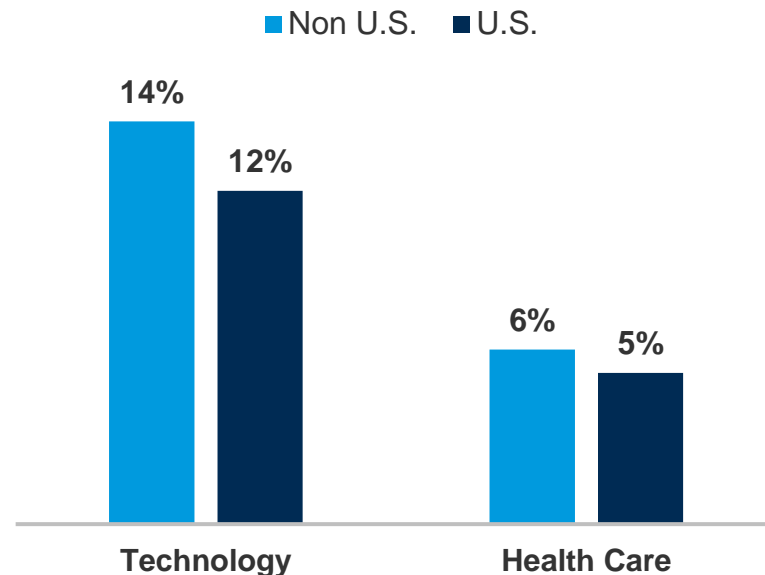
- Non-U.S. indices have far more exposure to slower growing, value-oriented sectors...

- ...But non-U.S. companies are fundamentally competitive in growth oriented-sectors

Variation in Index Weighting



Variation in Sales Growth

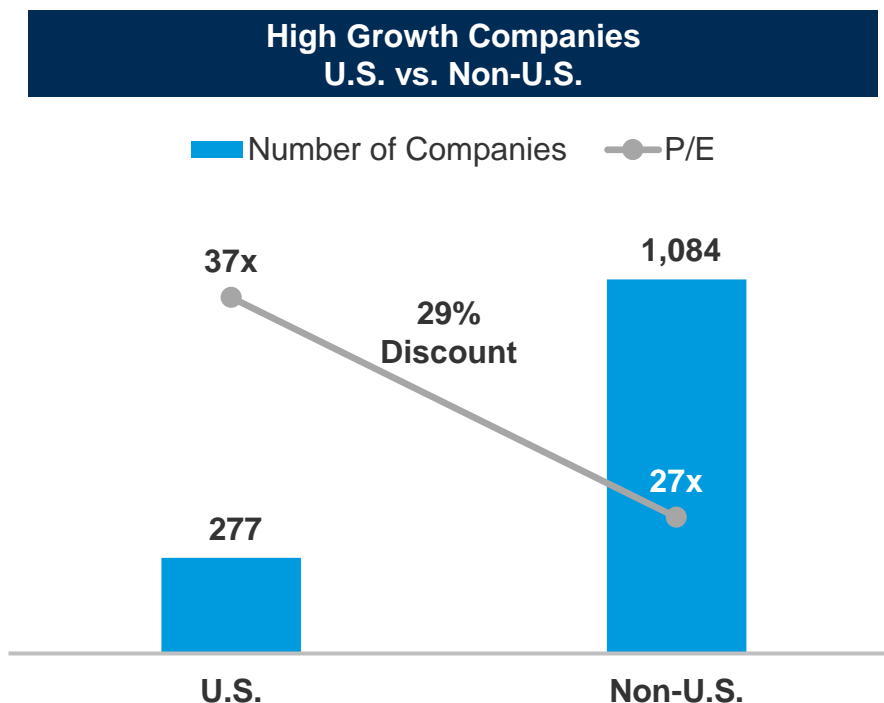


Source: FactSet. Weightings and EPS growth as of 03/31/25. U.S. is represented by S&P 500 and non-U.S. by MSCI All Country World Index ex-USA. Sales growth based on weighted median of next 12-month consensus estimated sales growth.

VI

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 30% discount to their U.S. counterparts



Source: FactSet as of 3/31/25. 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.

VI

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)

Defense
(Europe)

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)

Unlock Your Growth Potential with Alger

About Alger

Growth Equity Pioneer

- Helping clients achieve their growth equity investment objectives for over 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	169
▪ Number of Investment Professionals	60
▪ Female/Minority Portfolio Managers	47%
▪ Assets Under Management	\$23.3 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.

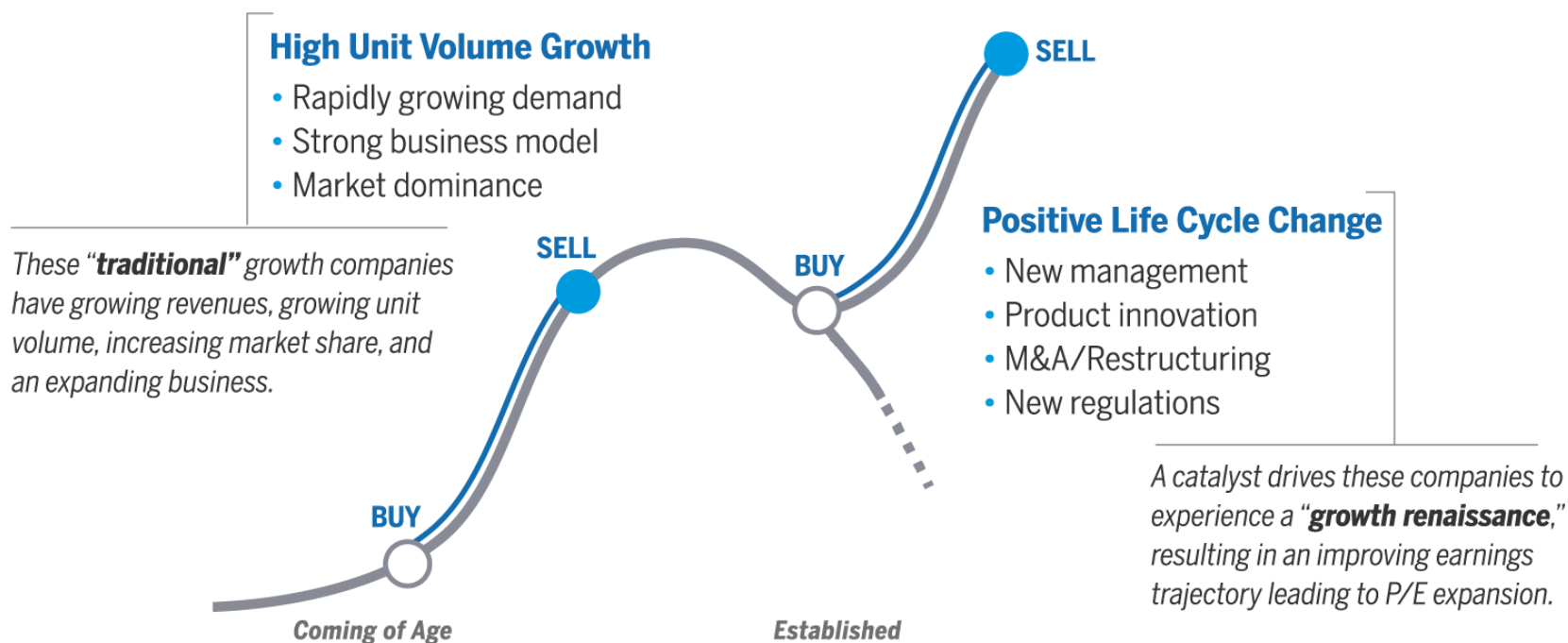
– **Daniel C. Chung, CFA**
Chief Executive Officer
Chief Investment Officer

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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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. Foreign securities and Emerging Markets involve special risks including currency fluctuations, inefficient trading, political and economic instability, and increased volatility. 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. **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.

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 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. 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. MSCI All Country World Index is designed to measure equity market performance of developed and emerging markets. . MSCI All Country World-ex US Index is designed to measure equity market performance of developed and emerging markets, excluding the U.S. 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 ICE BofA US Treasury 1-3 Year Index tracks the performance of short-term U.S. Treasury securities with maturities ranging from one to three years.

Disclosure

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