



Unlock Your Growth Potential.<sup>SM</sup>

Summer 2024

# Capital Markets: Observations and Insights

# Capital Markets: Observations & Insights

***“Innovation is the child of freedom and the parent of prosperity.”***

**- Matt Ridley**

As we continue to celebrate 60 years of our pursuit of growth investing excellence, we reflect on six decades of innovation.

We have been investing in companies on the leading edge of innovation since 1964. Our strategies owned some of the pioneers of integrated circuits in the 1970s, leading personal computer manufacturers and wireless networks in the 1980s, incipient internet hosting companies and web browsers in the 1990s, preeminent ecommerce and search engines in the 2000s, as well as dominant social media and mobile internet application companies in the 2010s.

Outside of technology, we have found many innovative stocks over the years in healthcare, such as companies creating novel drug therapies or medical devices. Occasionally, innovations emerged in less likely areas. For example, in the 1960s and '70s, we invested in the emergence of casinos in the Caribbean and the eastern seaboard of the U.S. as well as the introduction of big box retail stores, and recently we invested in power-related companies and service providers that help run data centers more efficiently.

Today, we are witnessing yet another massive innovation cycle built around artificial intelligence. We believe artificial intelligence is a general-purpose technology, not unlike electricity or the internal combustion engine, in that it will impact many different aspects of society. Having invested in decades of prior innovation, we believe we are well positioned to understand the impacts of this technology and identify its winners and losers.



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

# Key Observations and Themes

I

## **Bull vs. Bear**

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With monetary policy set to ease and earnings growth accelerating, will the stock market continue to register new highs? Or will elevated valuation and sentiment combined with economic concerns derail the rally?

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## **The Long Run**

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

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

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

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## **The 2024 U.S. Elections**

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Historically, investing in innovation and fundamentals has outperformed strategies that attempted to profit from policy changes.

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## **Unlock Your Growth Potential with Alger**

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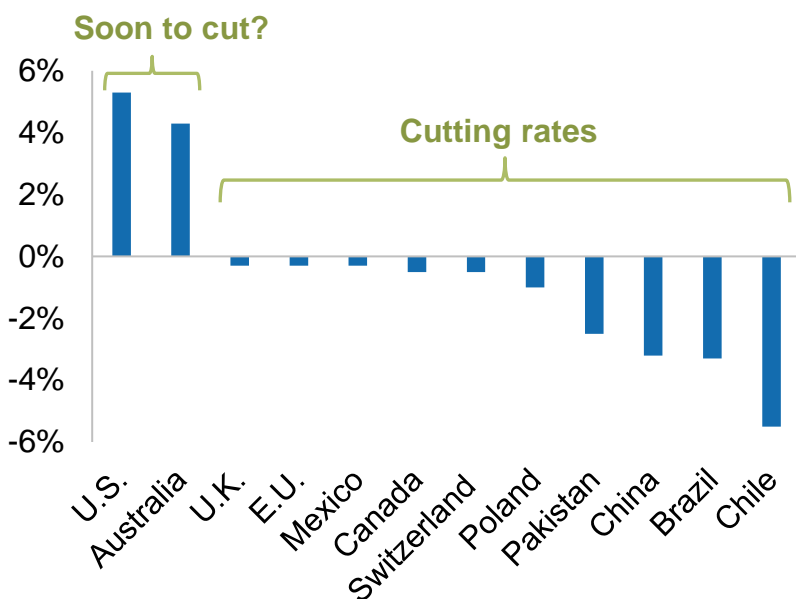
Alger is a pioneer of actively managed growth equity investing. Our journey over the past six decades has been a testament to navigating change, disruption, and innovation.

# Bull vs. Bear

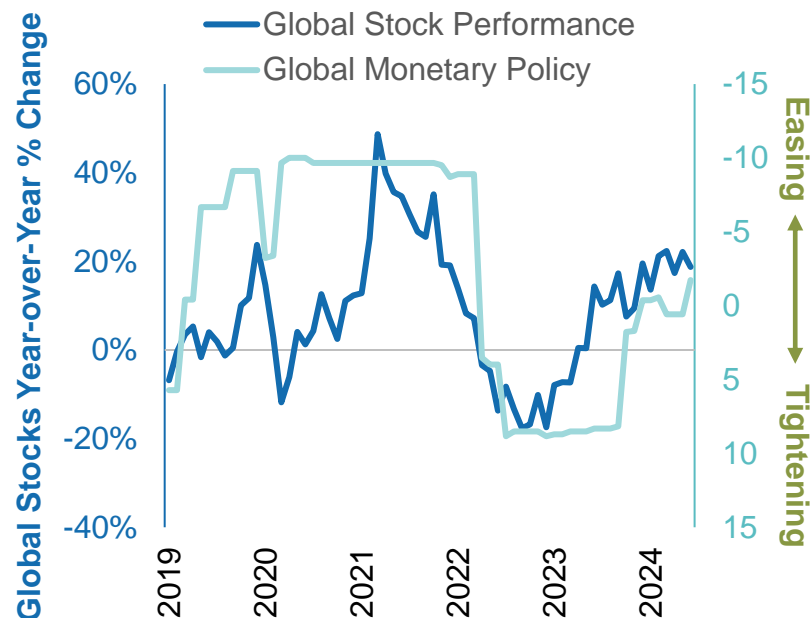
## Bull Case: Global Monetary Easing Cycle

- Many central banks around the world have begun to cut interest rates
- Global monetary easing has historically supported equities

### Cumulative Monetary Policy Change in Recent Cycle



### Equities vs. Monetary Policy Index



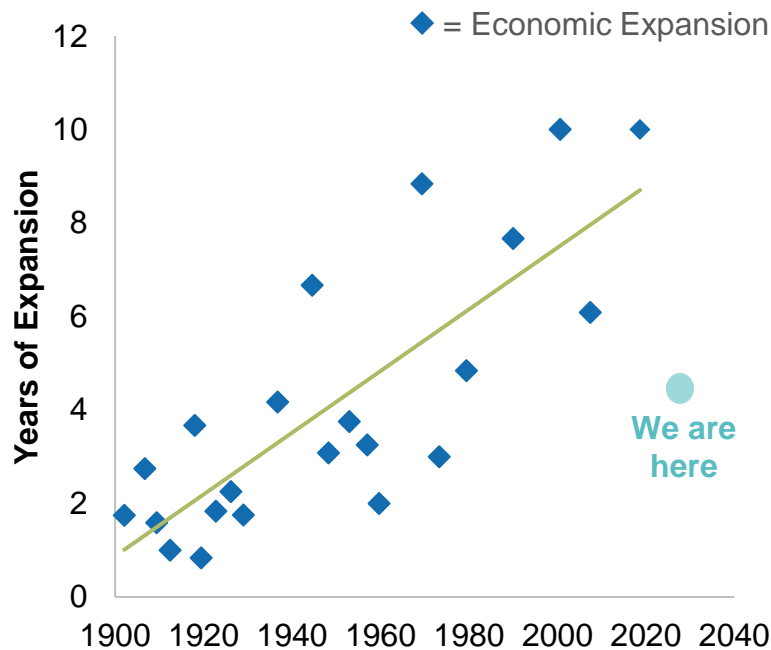
Source: Council On Foreign Relations Global Monetary Policy Tracker, June 2024. Country data refers to cumulative monetary policy changes in most recent hiking/cutting cycle (left). Global stocks represented by MSCI All Country World Index. Global Monetary Policy Tracker compiles data from 54 countries to highlight significant global trends in monetary policy. The index ranges from -10, which indicates that all countries are easing, to 10, which indicates that all are tightening. Index weighted by share of global foreign exchange reserves (right). **The performance data quoted represents past performance, which is not an indication or a guarantee of future results.**

# Bull vs. Bear

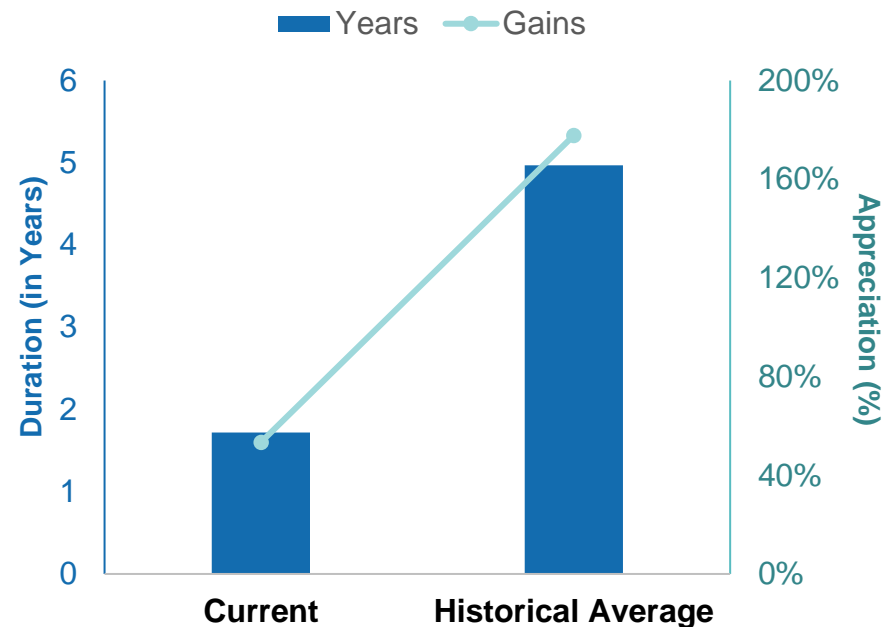
## Bull Case: Only The Beginning?

- Economic expansions have been increasing in duration, implying we may have much more growth ahead
- Equity bull markets have historically lasted much longer and seen much more appreciation than the current cycle

Age of U.S. Economic Expansions



Current Bull Market vs. Historical Bull Markets



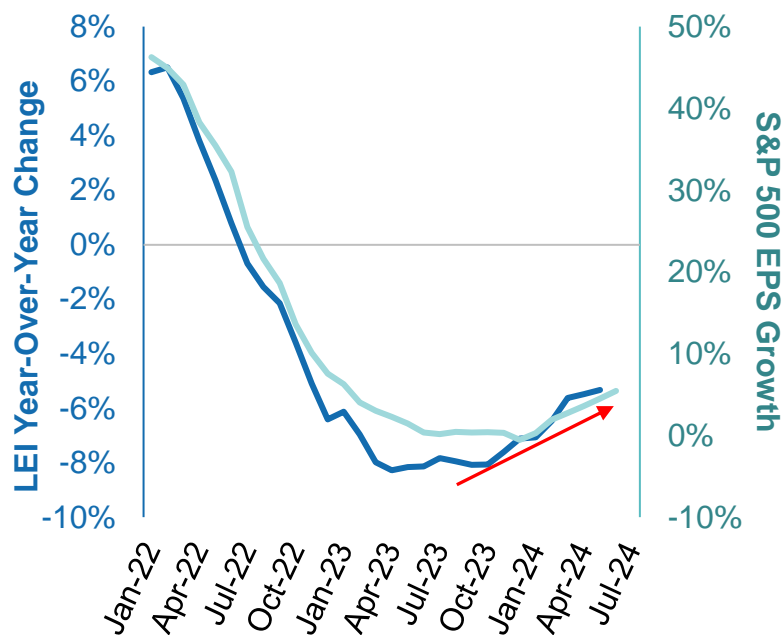
Source: FactSet and Alger. Note: double-dip recession in early 1980s accounted for as one recession. "Economic Expansions" are the periods between recessions (as defined by the National Bureau of Economic Research). Historical bull markets calculated using S&P 500 since 1932. Current period is 10/12/22 through 6/30/24. Bull markets are periods between bear markets or 20% drawdowns.

# Bull vs. Bear

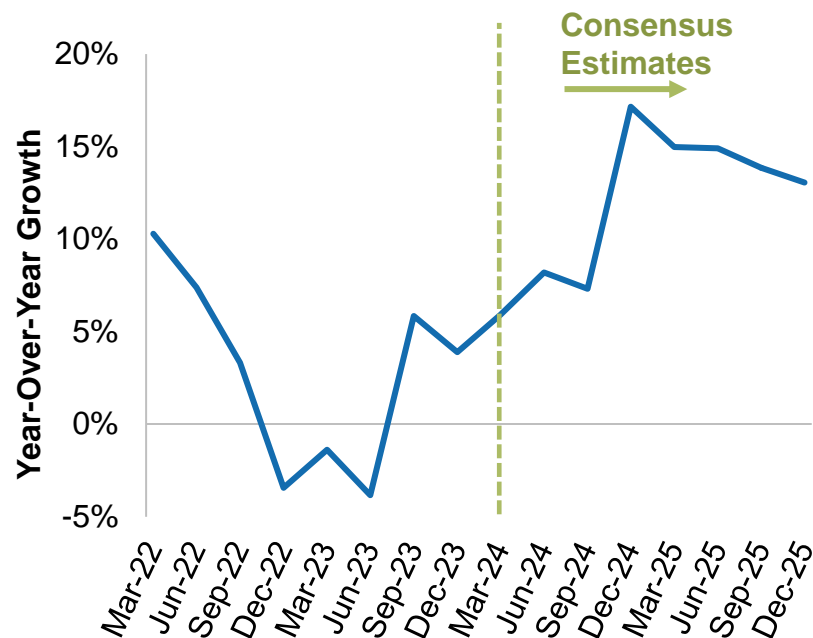
## Bull Case: Accelerating Fundamentals

- Improvement in the Leading Economic Index (LEI) may support earnings growth
- S&P 500 earnings growth is projected to significantly accelerate

### Leading Economic Index Improving



### S&P 500 Earnings Growth Projected Improvement



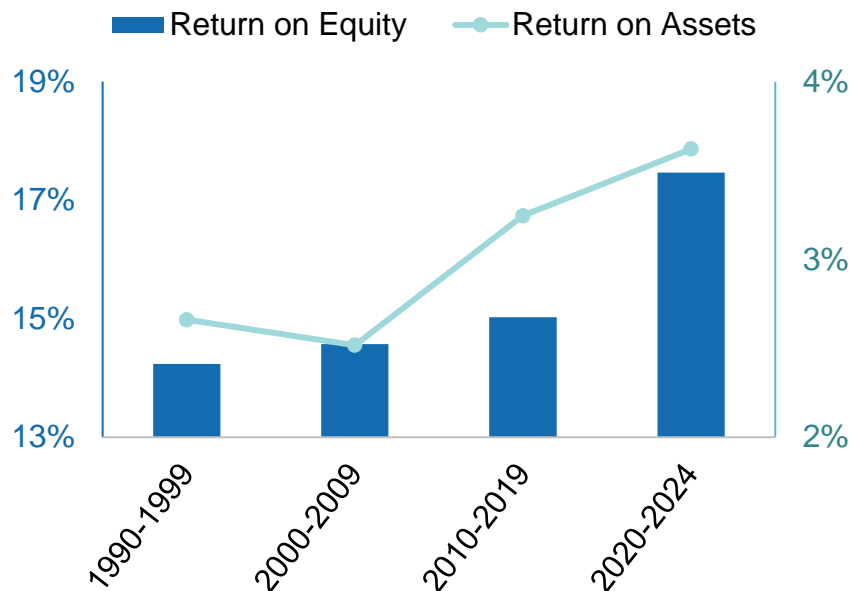
Source: The Conference Board and FactSet (left); The Leading Economic Index (LEI) is a monthly index of 10 economic components used to predict the direction of global economic movements in future months. FactSet (right) as of June 2024; 1Q24 through 2Q25 are consensus estimates.

# Bull vs. Bear

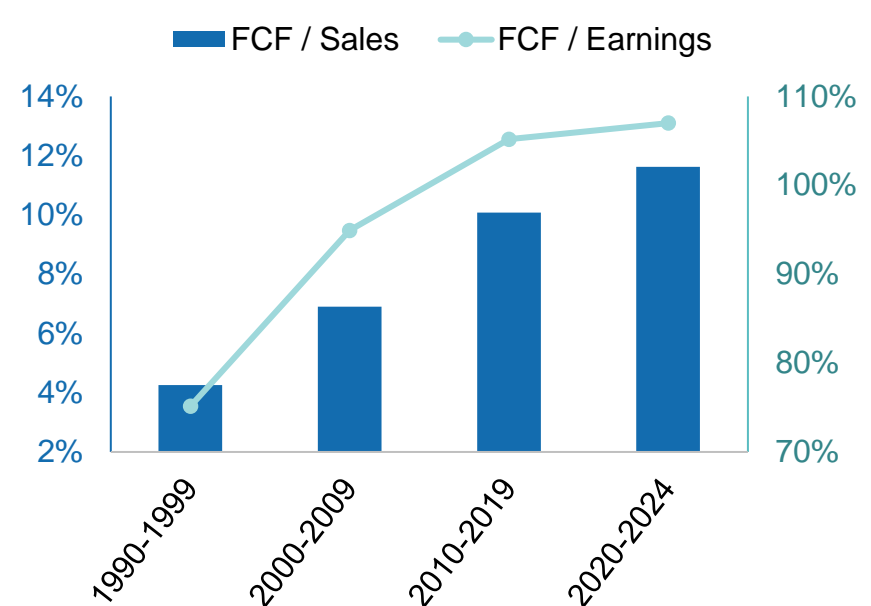
## Bull Case: Structural Change in Business Model Economics

- 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



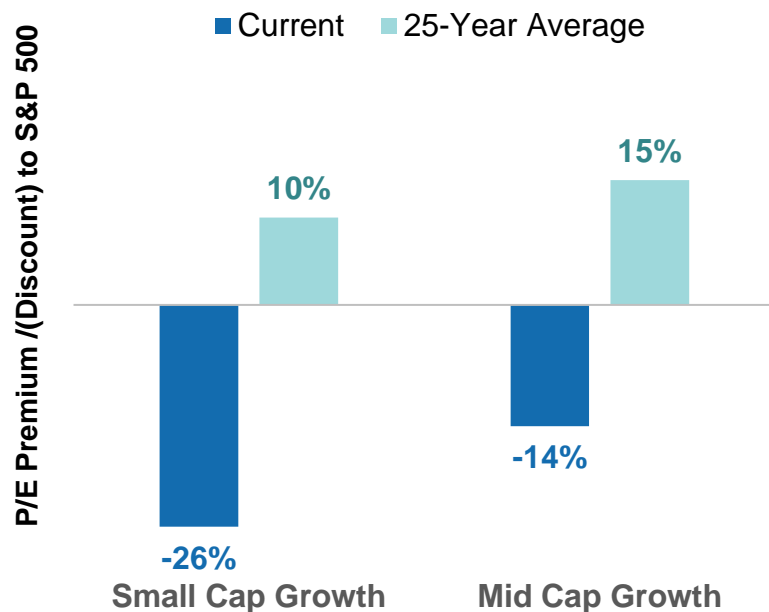
Source: FactSet. Return on Equity is calculated by dividing a company's net income by shareholder equity. Return on Assets is calculated by dividing a company's net income by its total assets. Free cash flow is the cash a company generates after taking into consideration cash outflows that support its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

# Bull vs. Bear

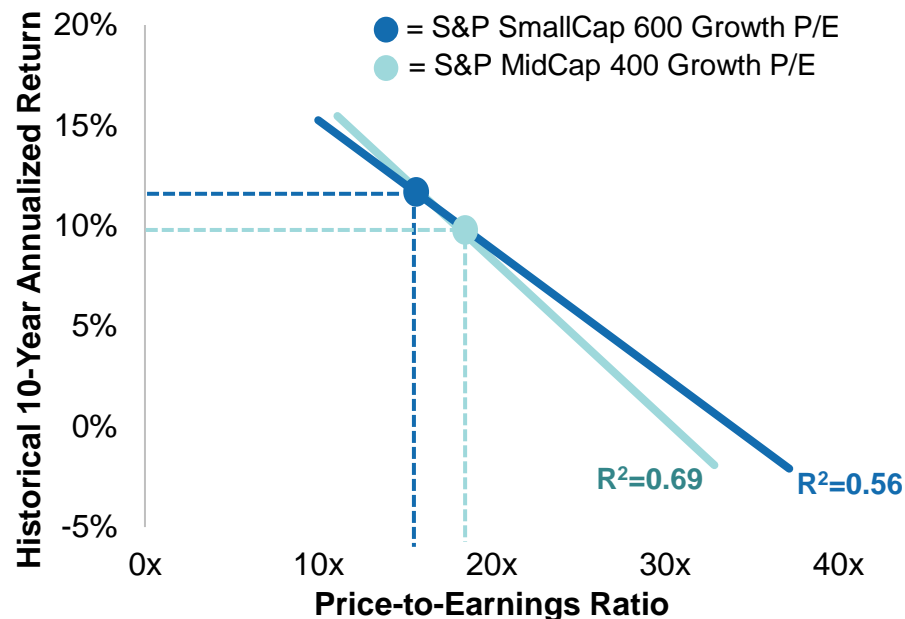
## Bull Case: Areas of Attractive Valuations

- Some areas of the stock market, such as small and mid cap growth stocks, appear attractive, 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 6/30/24 and "25-Year Average" is for the 25-year period ended 6/30/24 (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 6/24. 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.**

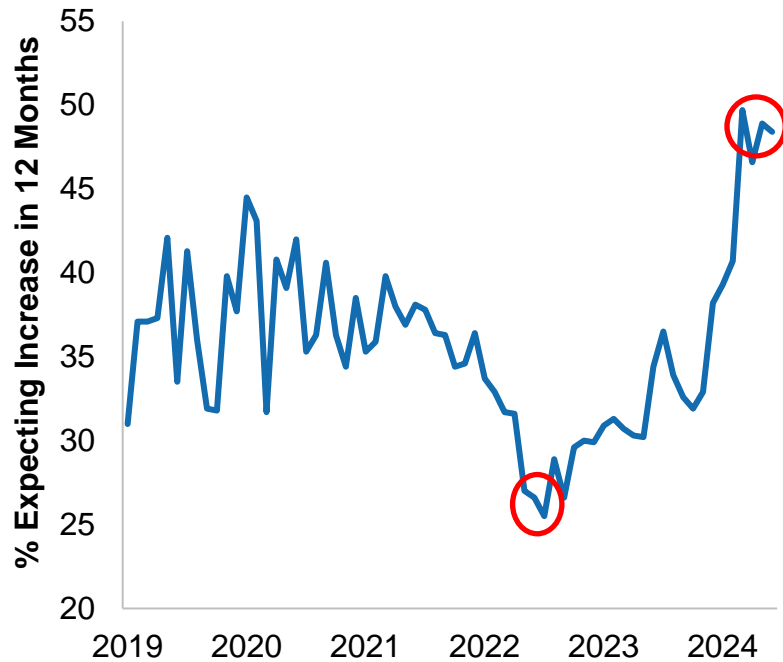


# Bull vs. Bear

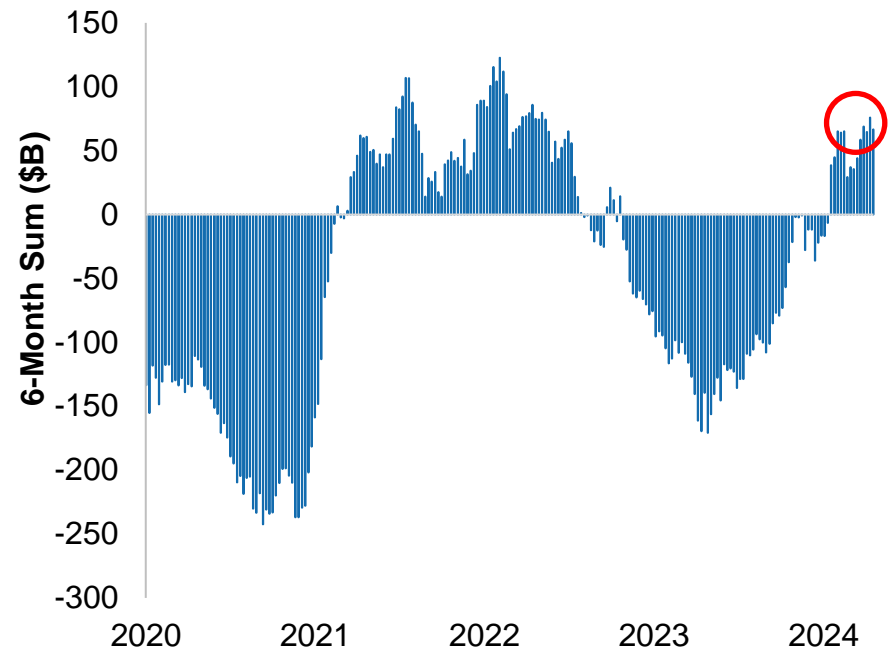
## Bear Case: Lofty Sentiment

- Investor sentiment, which has often been a contrarian indicator, has been strong in 2024

**Consumer Sentiment on Stocks  
% Expecting Increase in 12 Months**



**Mutual Fund and ETF Flows  
U.S. Domestic Equity**



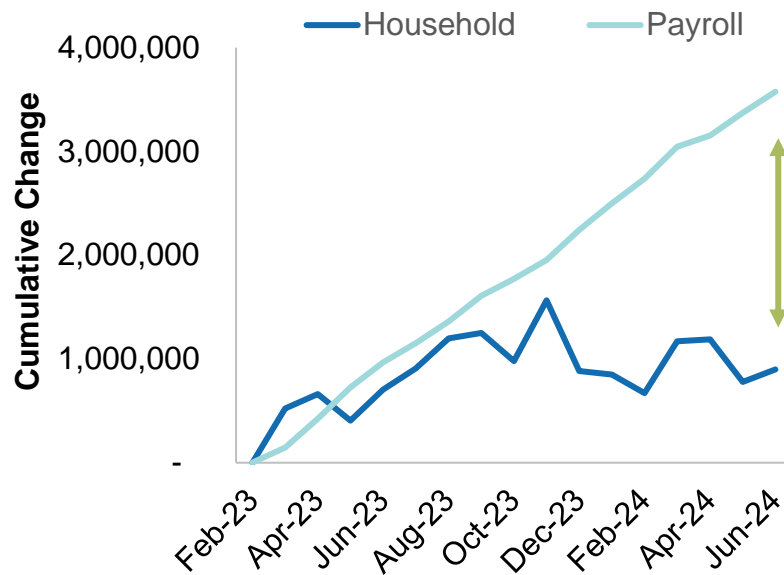
Source: Conference Board, June 2024 (left). Investment Company Institute, June 2024 (right). Includes all active and passive U.S. domestic equity mutual fund and ETF flows.

# Bull vs. Bear

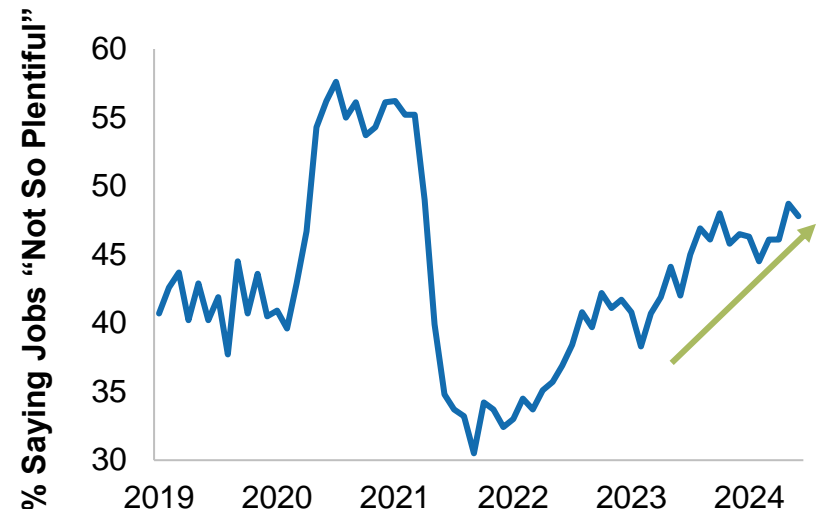
## Bear Case: Weakening Employment

- Big divergence between the two job surveys: payroll survey of business vs. household survey of people
  - The soft household survey may indicate weakness in the labor market
- With jobs less plentiful, the labor market is loosening
  - This is helping drive wage growth deceleration which may pressure consumer spending

Change in U.S. Employment



Consumer Confidence: “Jobs Not So Plentiful”



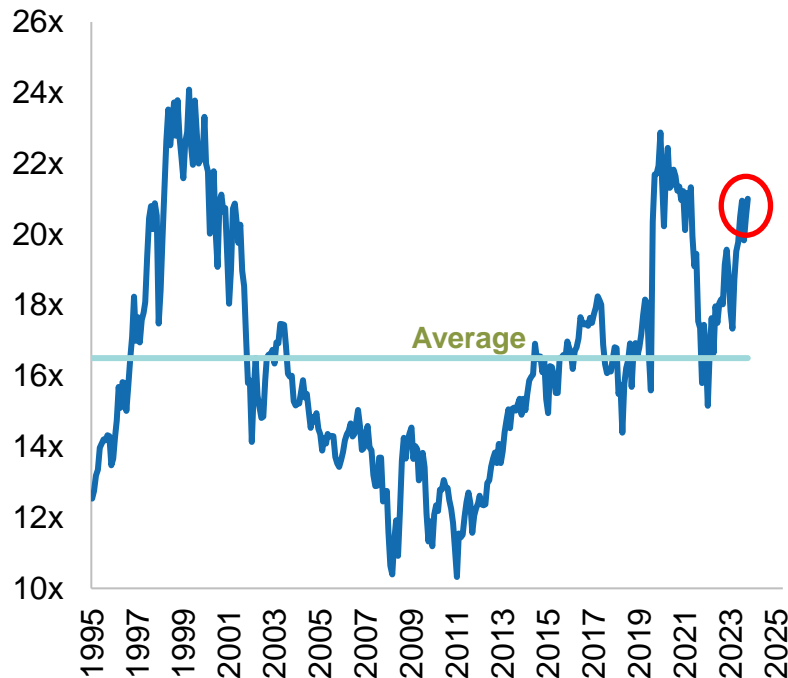
Source: U.S. Bureau of Labor Statistics; household survey is a monthly sample survey of households, and payroll survey is a monthly sample survey of businesses and government agencies (left), and Conference Board (right)

# Bull vs. Bear

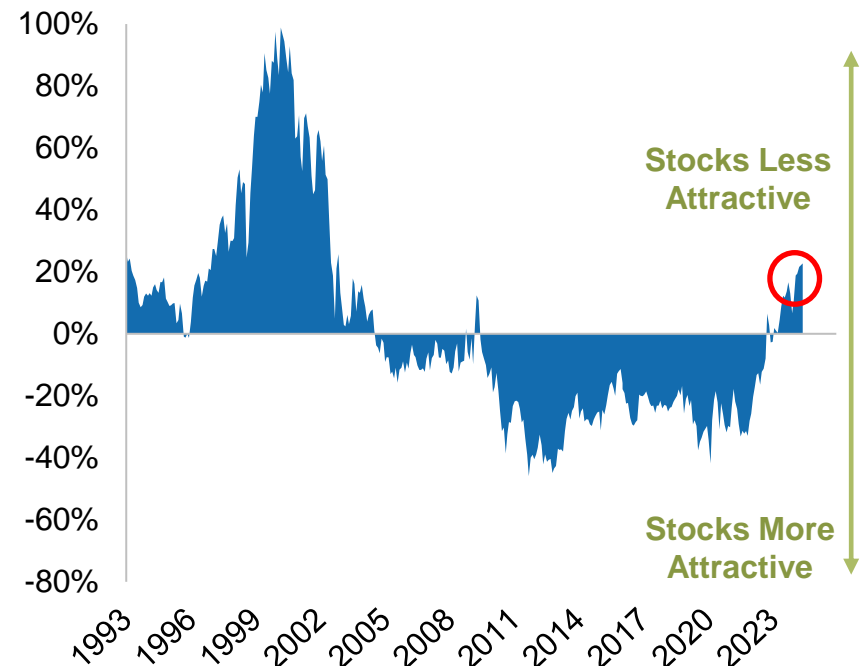
## Bear Case: Valuations Stretched in Aggregate

- Equities look rich in absolute terms
- After a long period of undervaluation, stocks look expensive relative to bonds

### S&P 500 Price-to-Earnings



### U.S. Stock P/E Premium/(Discount) to Corp Bonds



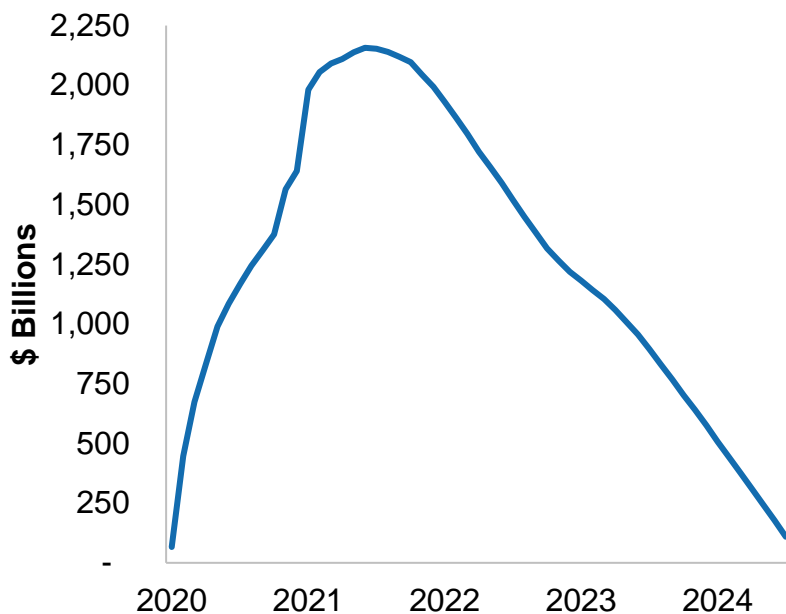
Source: FactSet as of end of June 2024. Consensus next 12-month estimates (left). Stock premium/(discount).to bonds is the percent of the S&P 500 P/E is (below)/above the corporate bond P/E. Corporate bond "P/E" is inverse of Moody's Baa corporate bond yield (right).

# Bull vs. Bear

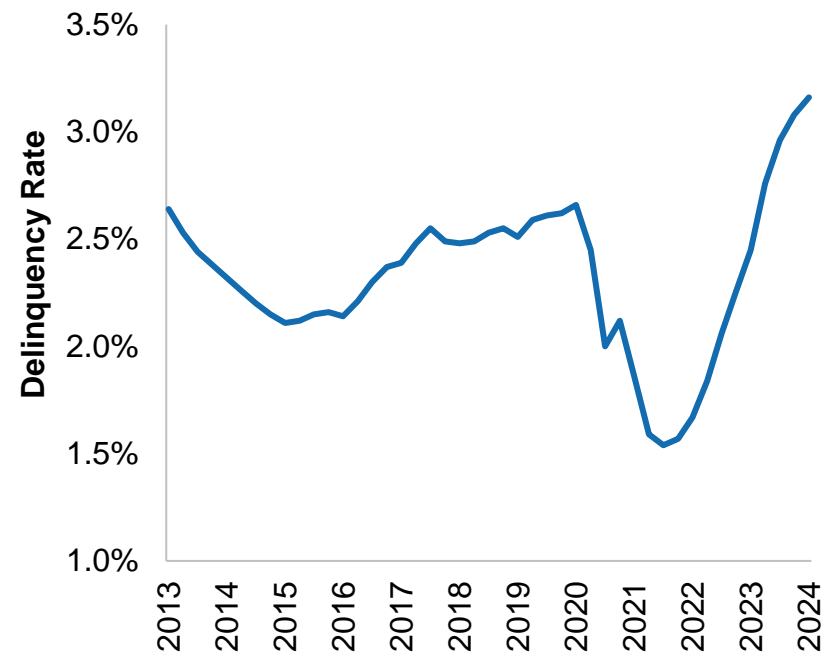
## Bear Case: Consumer Weakness?

- U.S. personal savings surged during the pandemic, driven by fiscal stimulus
  - If excess savings is exhausted, it may potentially weigh on consumer spending
- High interest rates are weighing on consumer finances
  - The credit card delinquency rate is the highest in over a decade

### Cumulative “Excess” Savings Depleted?



### Credit Card Delinquencies Climb

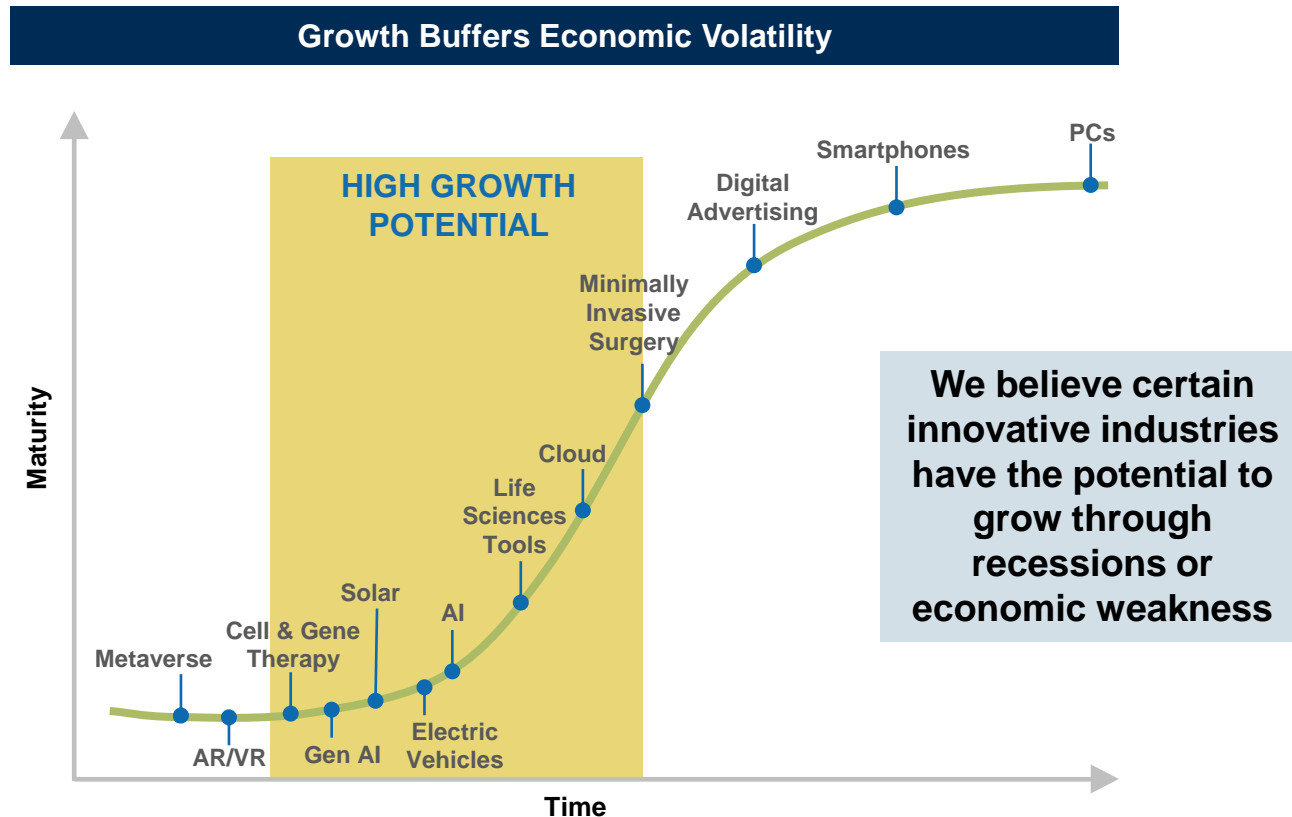


Source: Alger estimates based on data from the U.S. Bureau of Economic Analysis through September 2024 (left). Federal Reserve as of 3/31/24 (right).

# 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



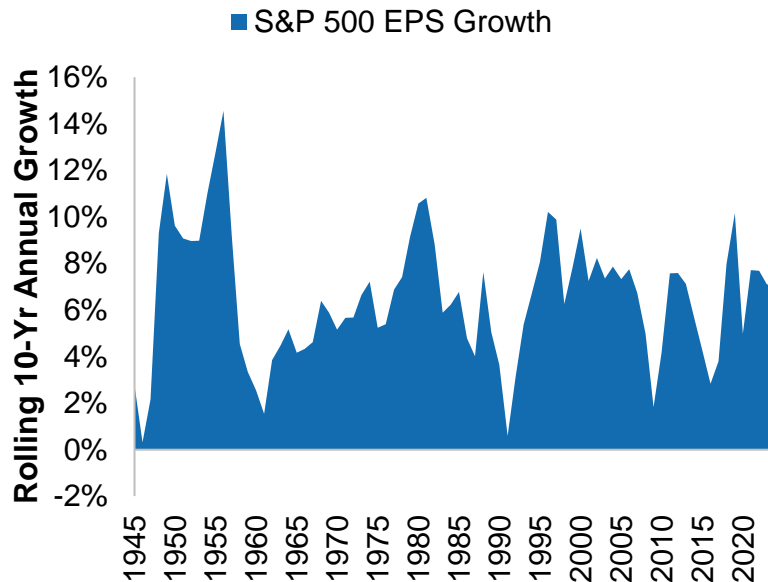
Source: Alger. Investing in innovation is not without risk and there is no guarantee that investments in research and development will result in a company gaining market share or achieving enhanced revenue.

## The Long Run

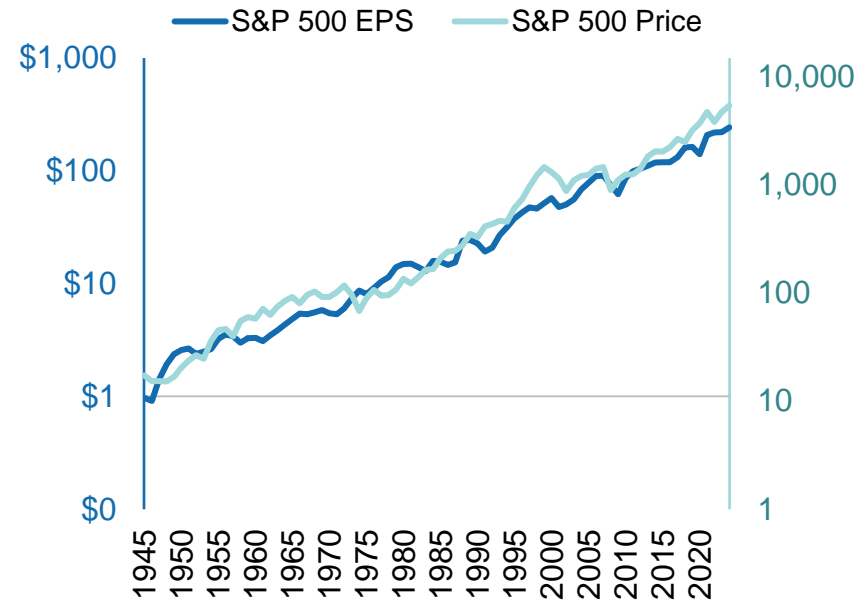
### Powerful Long-Term Trends

- 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

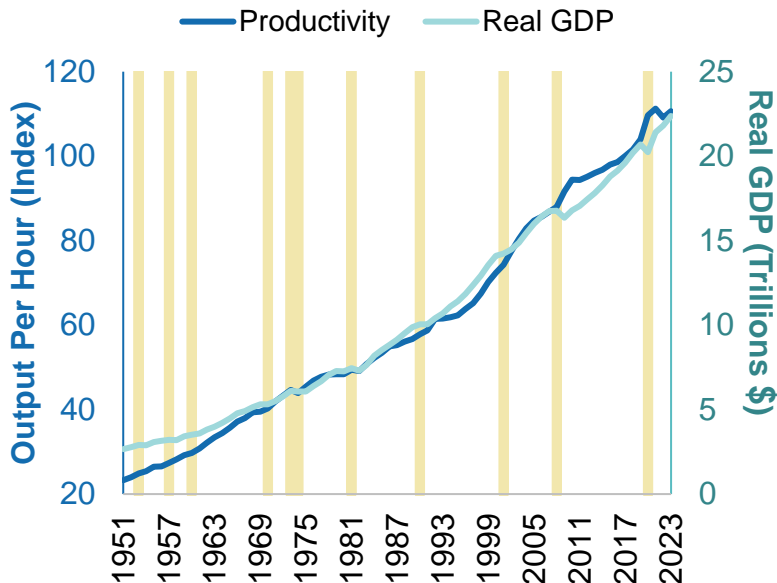


Source: FactSet as of 6/30/24. The performance data quoted represents past performance, which is not an indication or a guarantee of future results.

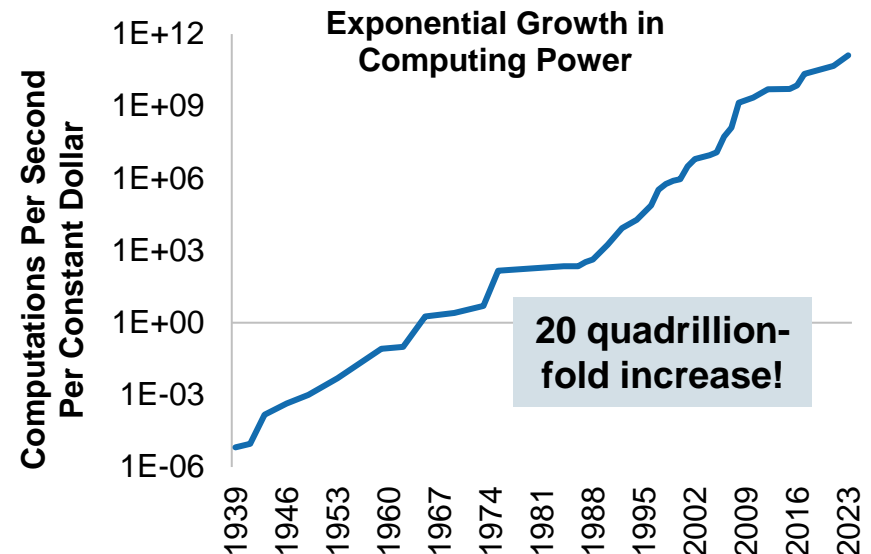
## The Long Run The Engine of Growth

- 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



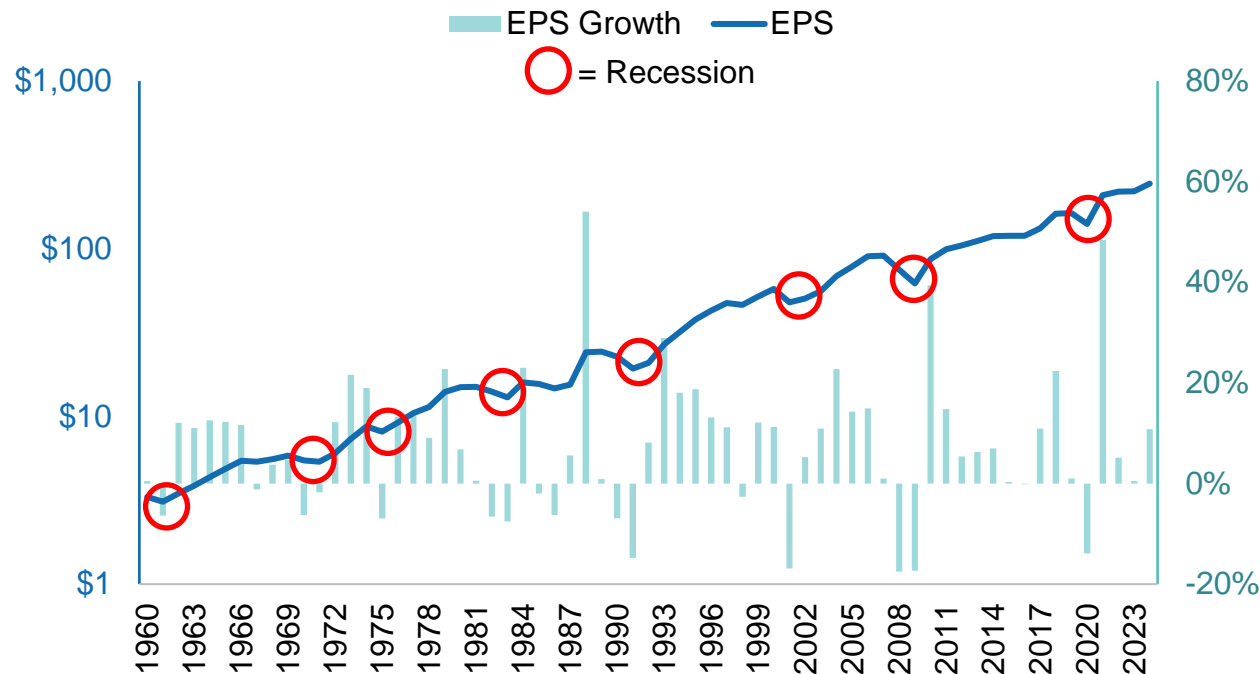
Source: U.S. Bureau of Labor Statistics and U.S. Bureau of Economic Analysis through 2023 (left). Shaded regions denote U.S. recessions as determined by the National Bureau of Economic Research. Ray Kurzweil "The Singularity is Nearer" (right). Investing in innovation is not without risk and there is no guarantee that investments in research and development will result in a company gaining market share or achieving enhanced revenue.

## The Long Run

### Recessions and Recoveries

- 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



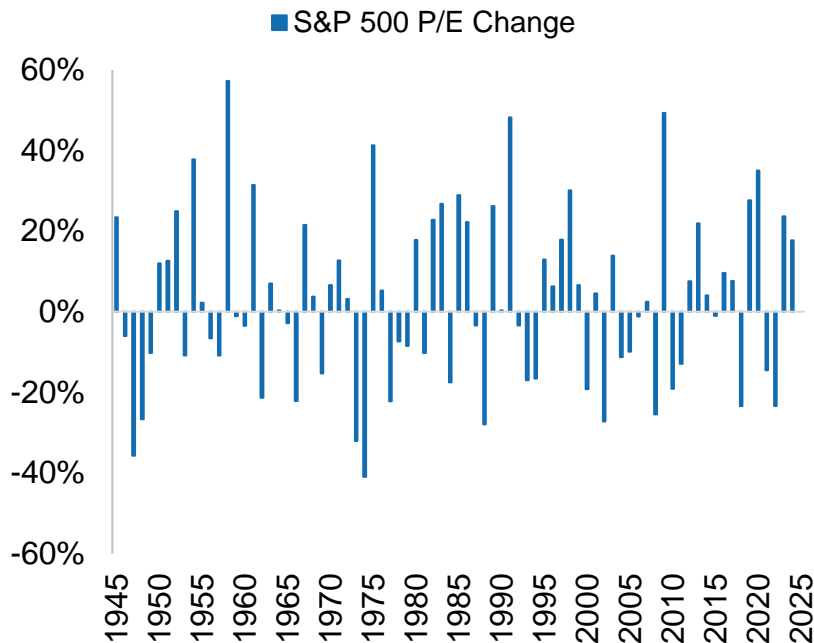
Source: S&P reported EPS 1960-1987. S&P operating EPS 1988-1995, FactSet S&P 500 Operating EPS 1996 to present.



## The Long Run Fundamentals > Sentiment

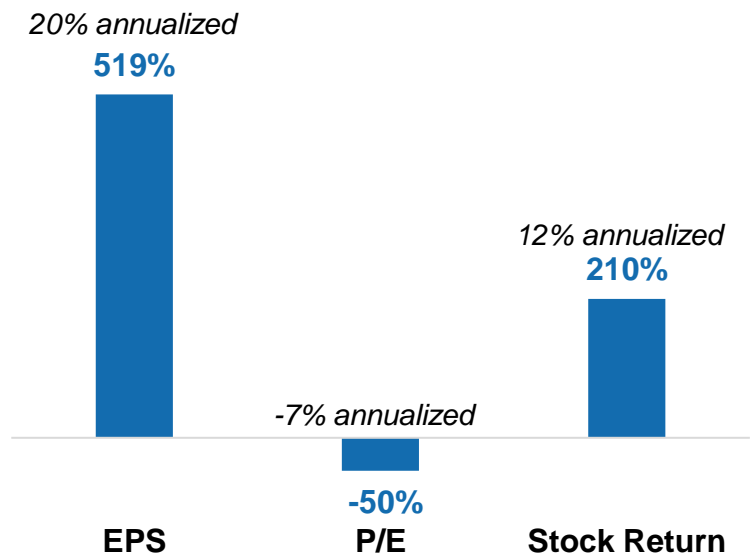
- While sentiment shifts may dominate short-term equity price fluctuations, long-term returns are driven by fundamentals such as earnings and cash flows
  - As Buffet's mentor Benjamin Graham said, "In the short run, the market is a voting machine but in the long run, it is a weighing machine"

### 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 June 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

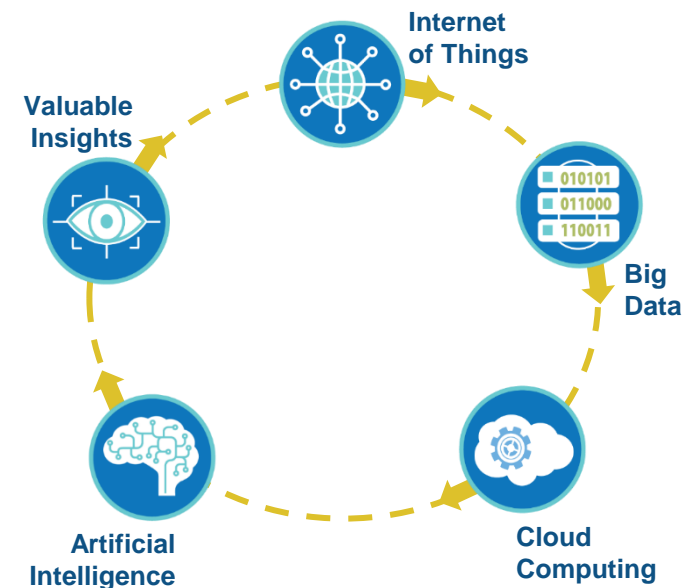


**Today**

#### Age of Connected Intelligence

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

### Age of Connected Intelligence



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



## Enduring Themes

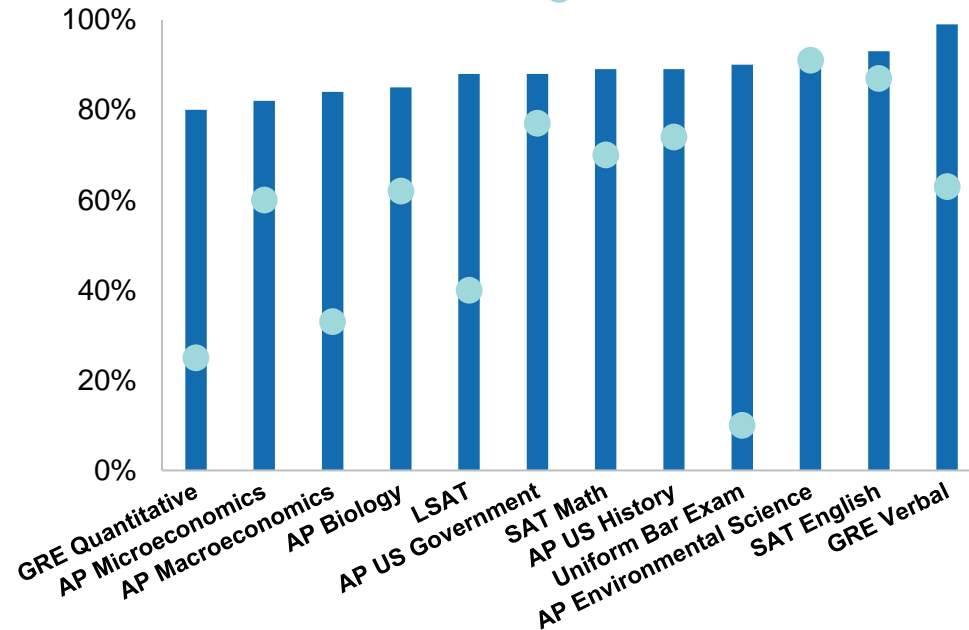
### Artificial Intelligence Growth

- With AI growing much faster than Moore's Law, its utility is expanding rapidly
- Companies providing AI-based software or hardware have a large opportunity, in our view

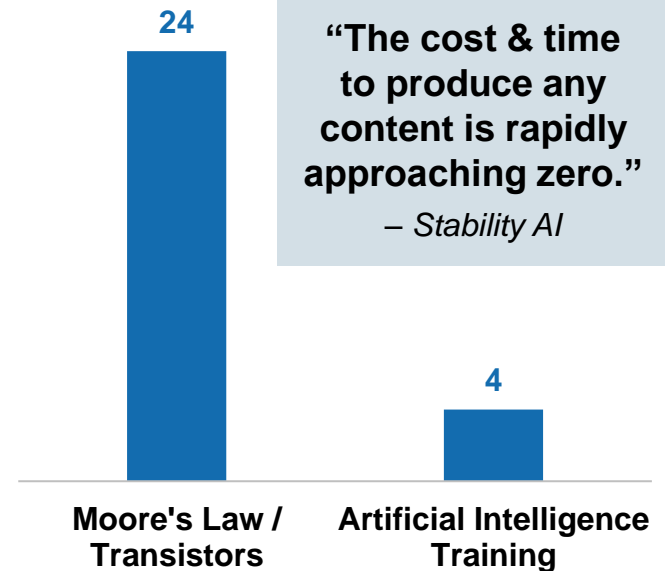
#### AI is Smart and Getting Smarter

Estimated percentile  
among test takers

■ GPT-4  
● GPT-3.5



#### Doubling Time in Months



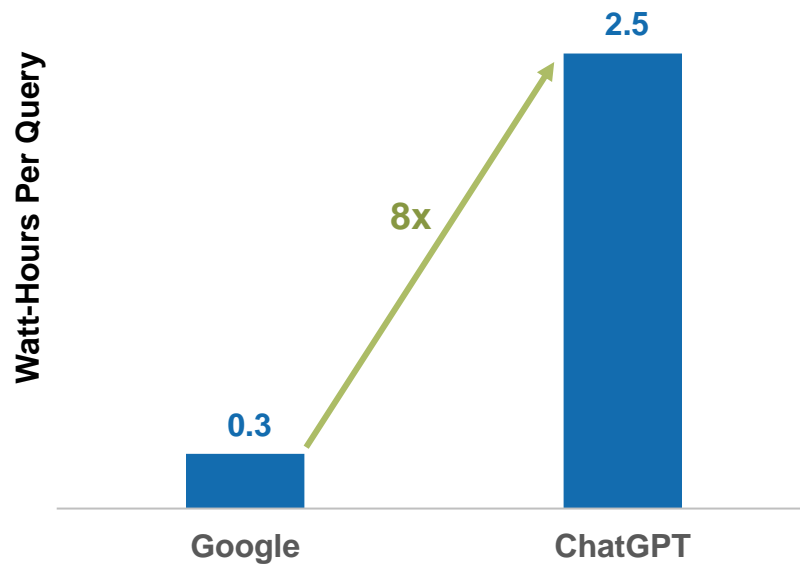
Source: OpenAI (2023). Chat GPT-4, which launched March 13, 2023, is a more advanced language model than Chat GPT-3.5. Doubling time from Intel, Our World in Data, Alger. Doubling time refers to the amount of compute or “training” utilized by AI programs, while Moore’s Law refers to length of time that it takes for the number of transistors per integrated circuit to double. Evaluation periods vary.



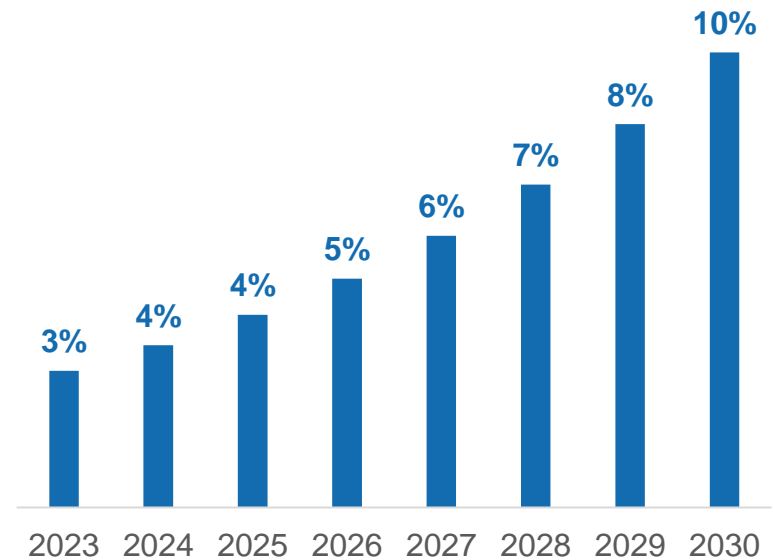
## Enduring Themes Power Boost

- The strong demand for Artificial Intelligence (AI) is boosting power consumption
  - Energy hungry data centers may present several related investment opportunities

Power Consumption Per Query



Data Center Share of U.S. Electricity Consumption



Source: Google and New Yorker (left); Edison Electric Institute and Alger estimates from 2023 through 2030 (right).

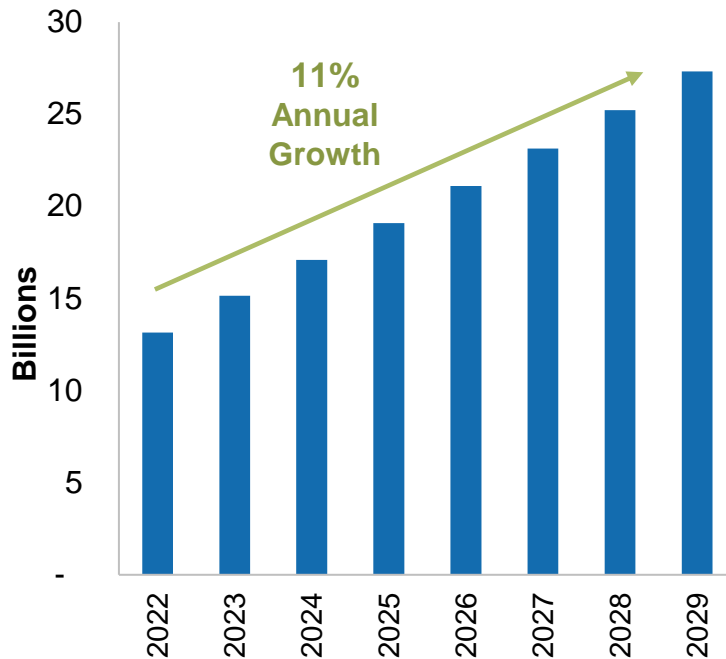


## Enduring Themes

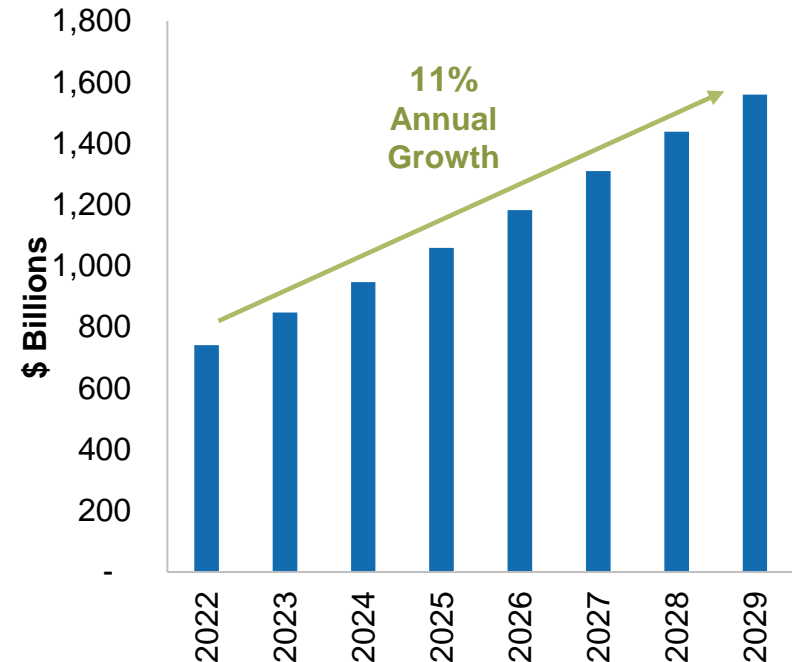
### The Internet of Things

- The explosion in connected devices is creating the “Internet of Things” or IoT, transmitting valuable and actionable information
  - Drivers of IoT spending include security, data analytics, efficiencies, reliability, customer service, improved ROI and compliance

Global IoT Connected Devices



Global IoT Revenue



Source: Transforma Insights, July 2023 (2023 – 2029 are estimates) and Statista Market Insights June 2024 (2024 – 2029 are estimates).

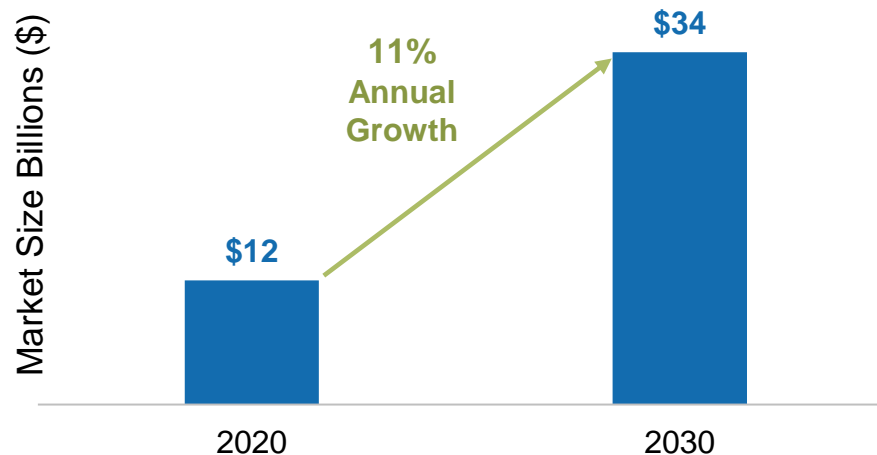


## Enduring Themes

### 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.

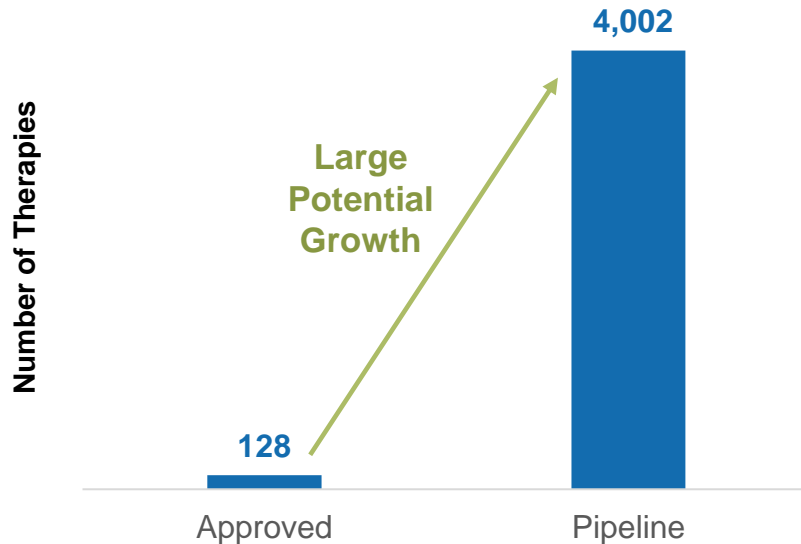


## Enduring Themes

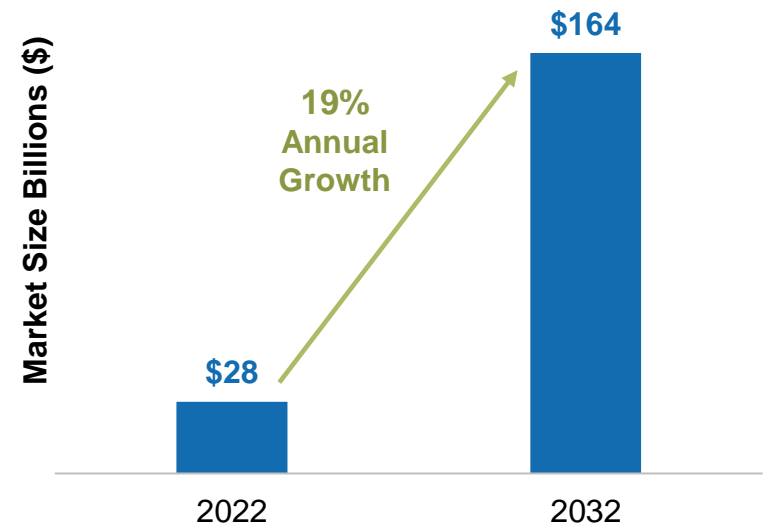
### Life Science Innovation

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

#### Cell & Gene Therapy Pipeline



#### Global Genomics Market



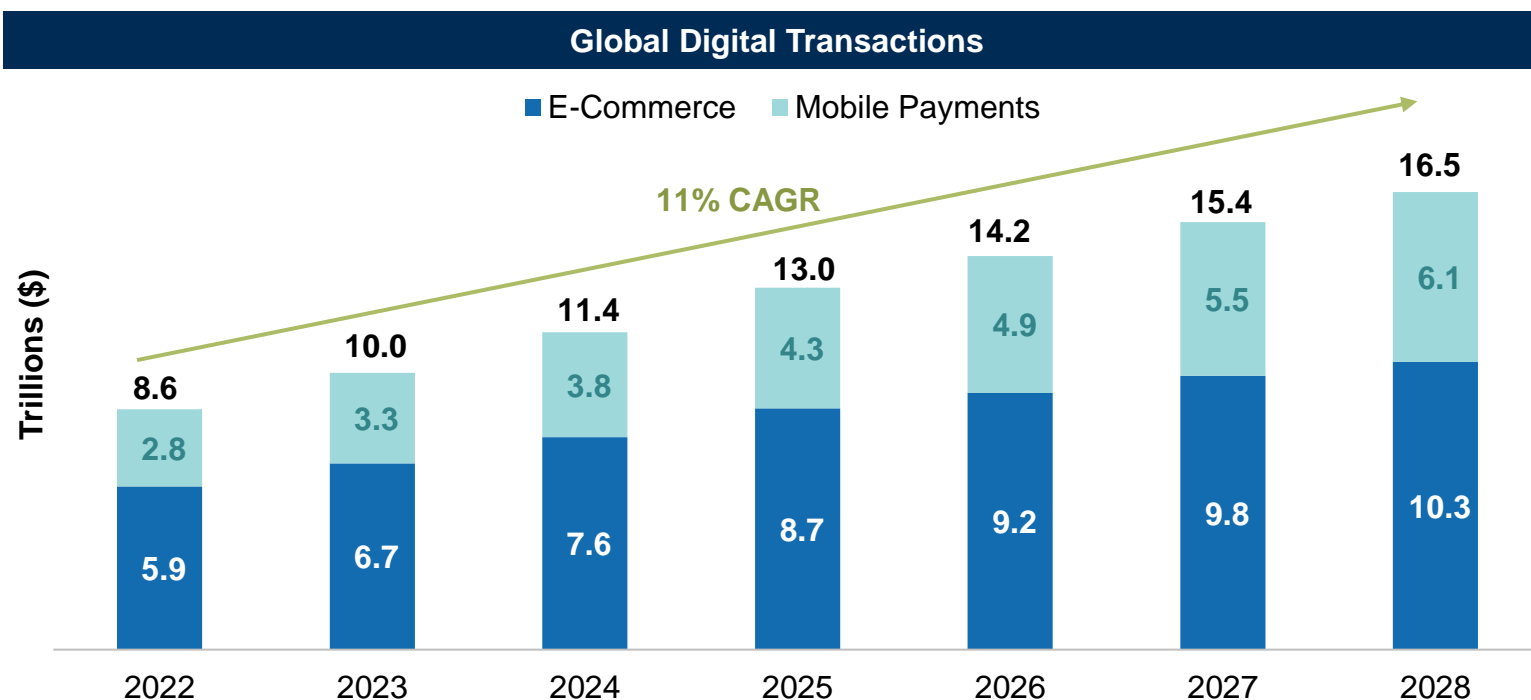
Source: American Society of Gene & Cell Therapy, Q1 2024 Quarterly Data Report including Cell, Gene, and RNA therapies (left). Precedence Research, November 2023; 2032 is an estimate (right).



## 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.



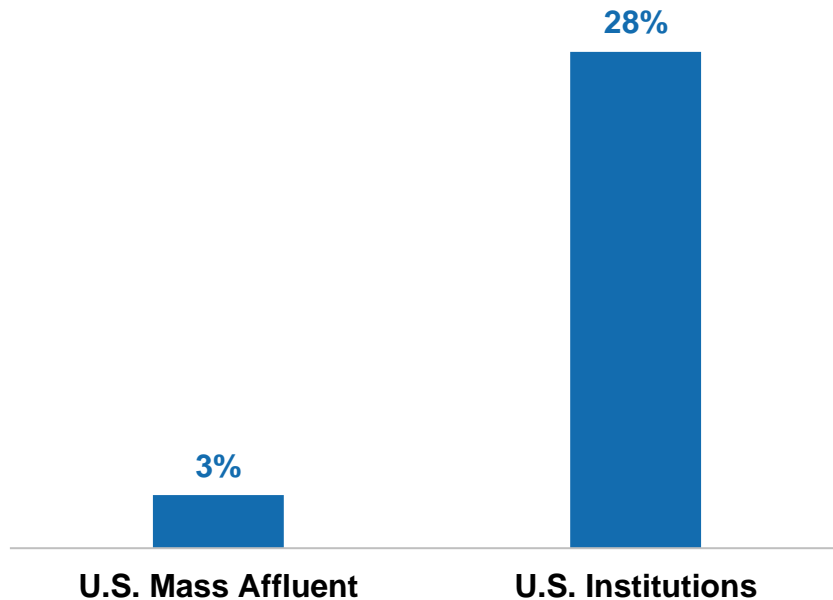


## Enduring Themes

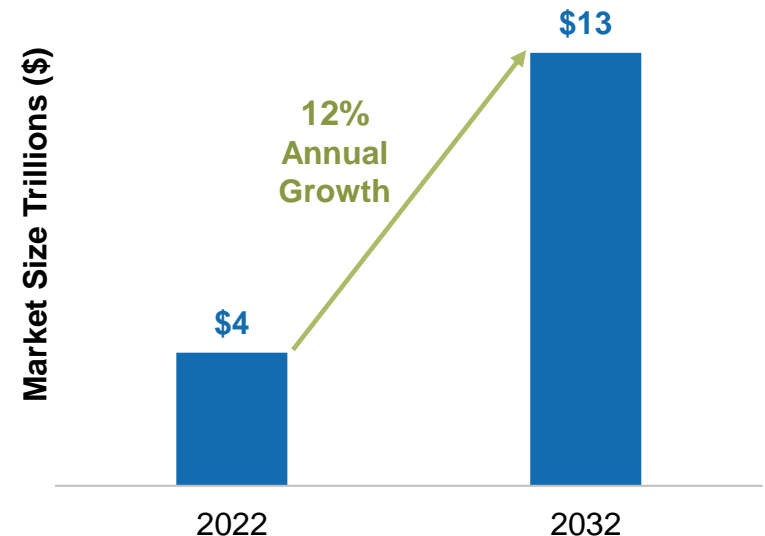
### Private Market Growth

- 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..

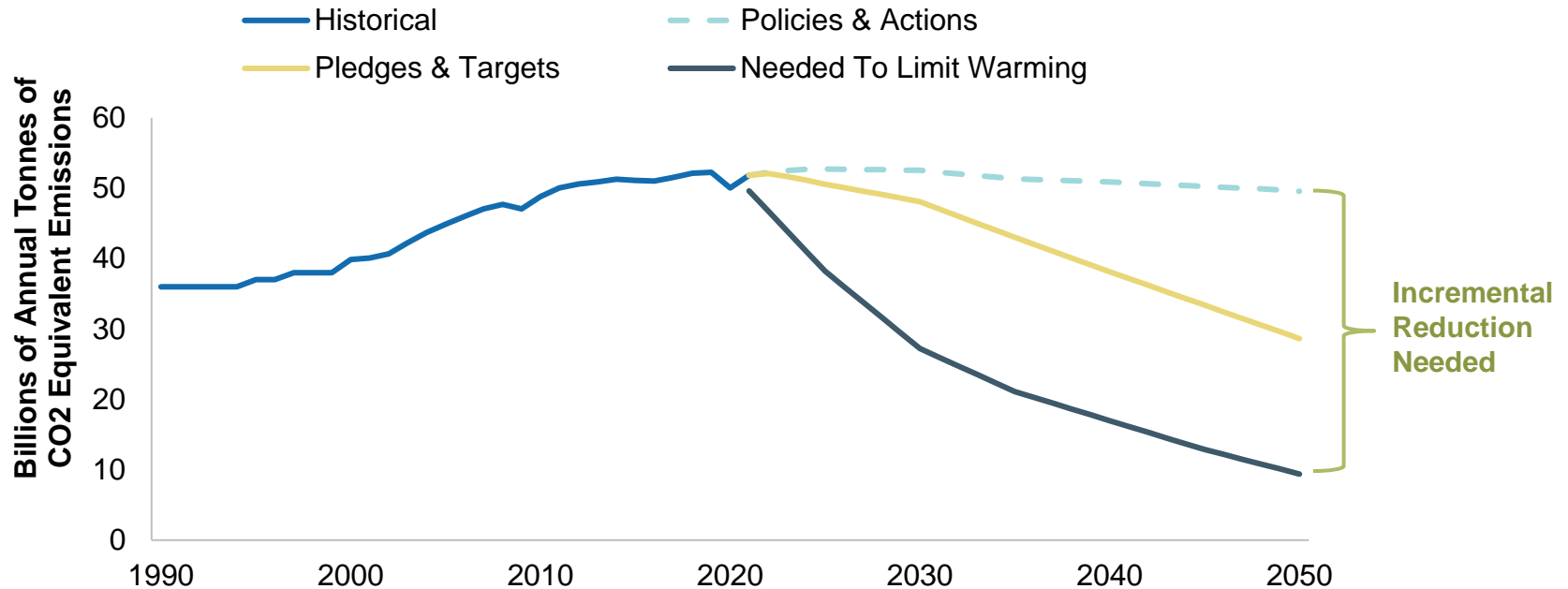


## Enduring Themes

### Emission Reductions

- The rate of CO<sub>2</sub> emissions is not sustainable in our view and current emission targets need to be reduced further
- Emission reduction goals may generate opportunities in alternative energy sources and in electric vehicles and related products and services

#### CO<sub>2</sub> Emissions Compatible With 1.5°C Warming



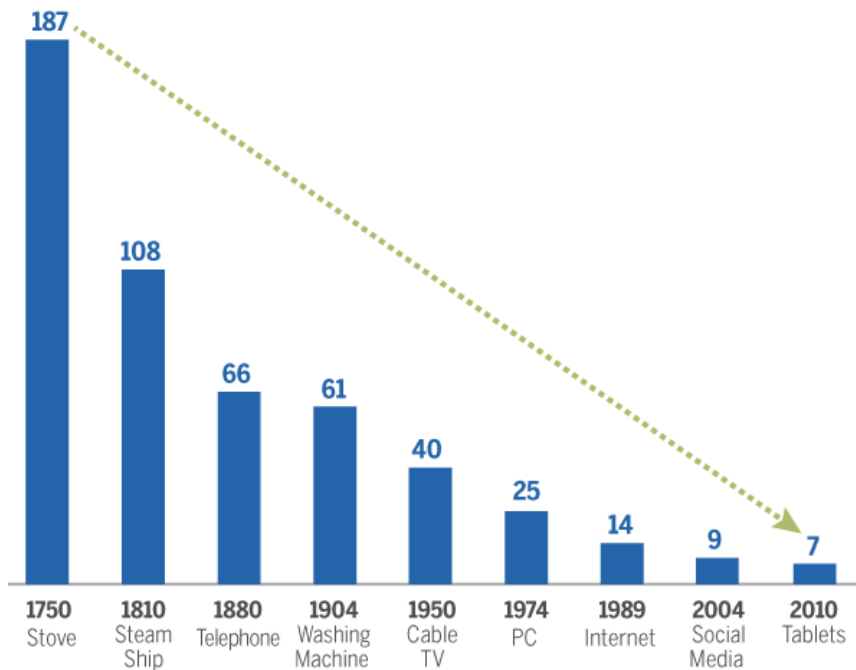
Source: Climate Action Tracker (an independent scientific analysis that measures government climate action), December 2023. "Policies & Actions" and "Pledges & Targets" represent average of "high" and "low" estimates. "Needed to Limit Warming" based on median scenario to achieve 1.5 degrees Celsius global warming.

# IV

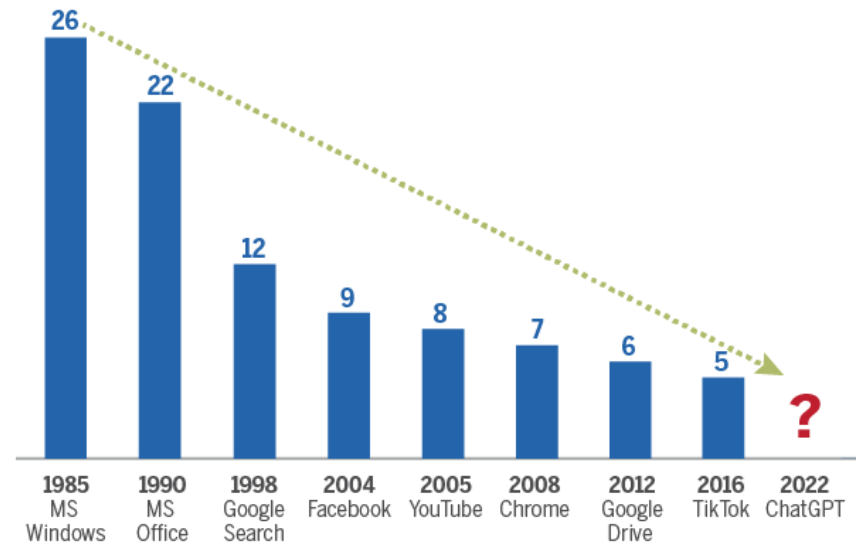
## Style Wars Accelerating Change

- 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



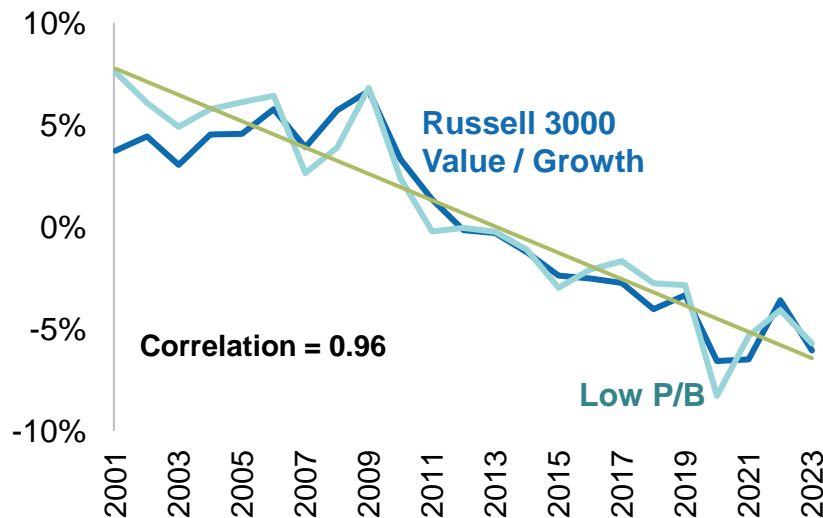
Source: Asymco, Visual Capitalist, company disclosures, Alger estimates.

# IV

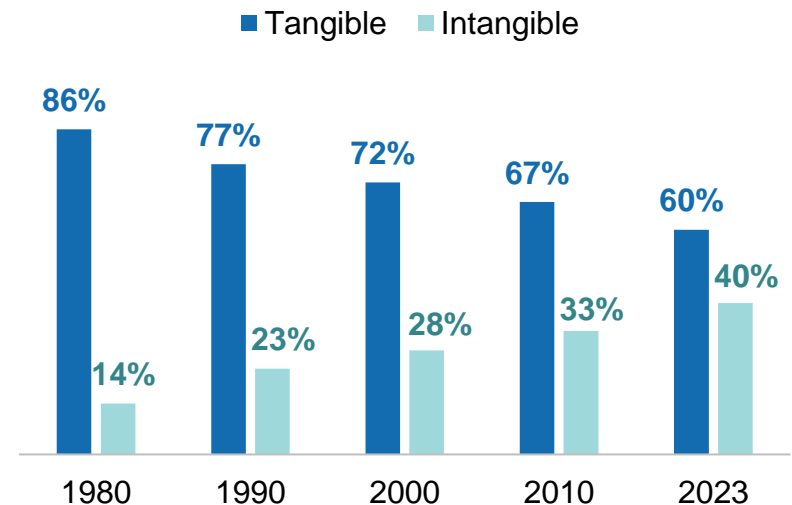
## Style Wars Structural Issues Driving Growth vs. Value

- 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

**Value/Growth vs. P/B Cumulative Return  
10-Year Rolling Return**



**Business Investment  
Intangible vs. Tangible**

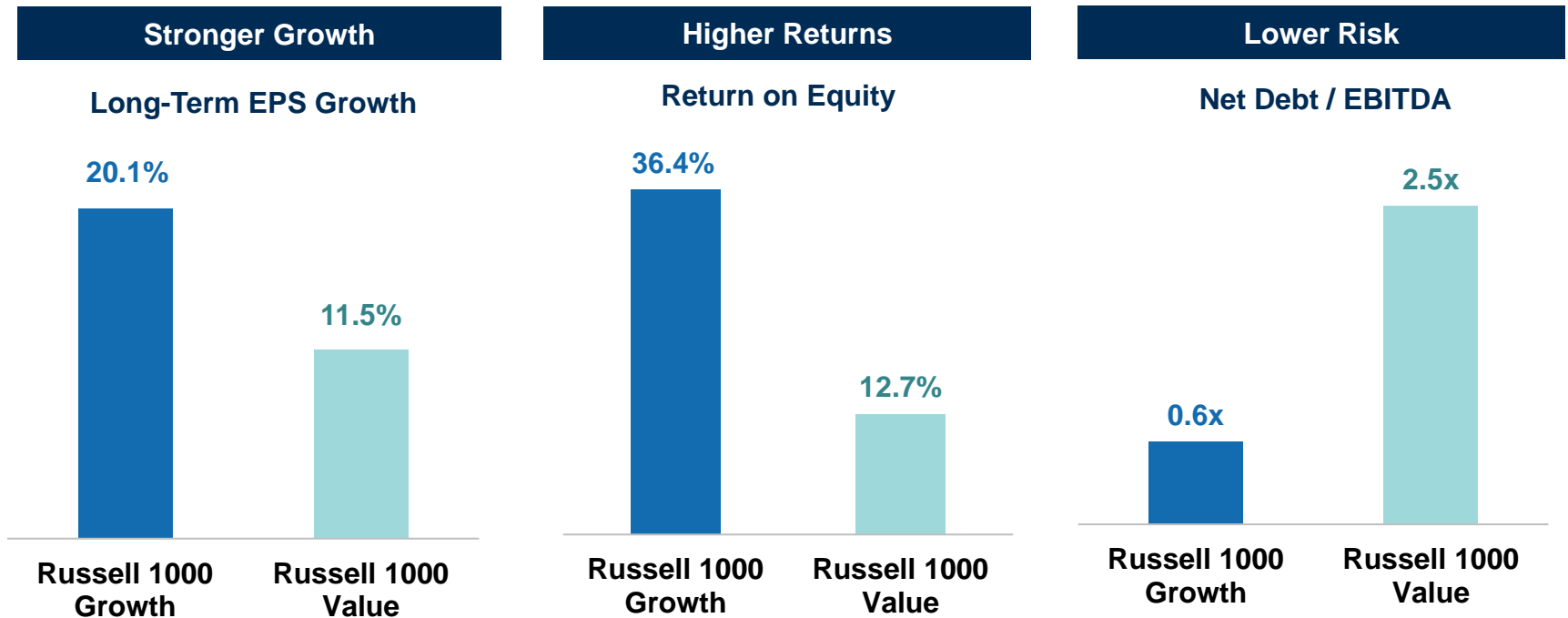


Source: FactSet, Kenneth R. French, FactSet, Bureau of Economic Analysis. Low price-to-book returns are based on the B/P Fama/French factor for the CRSP universe which includes US firms listed on the NYSE, AMEX, or NASDAQ. Data through 2023. Correlation measures a relationship estimate between two variables. **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



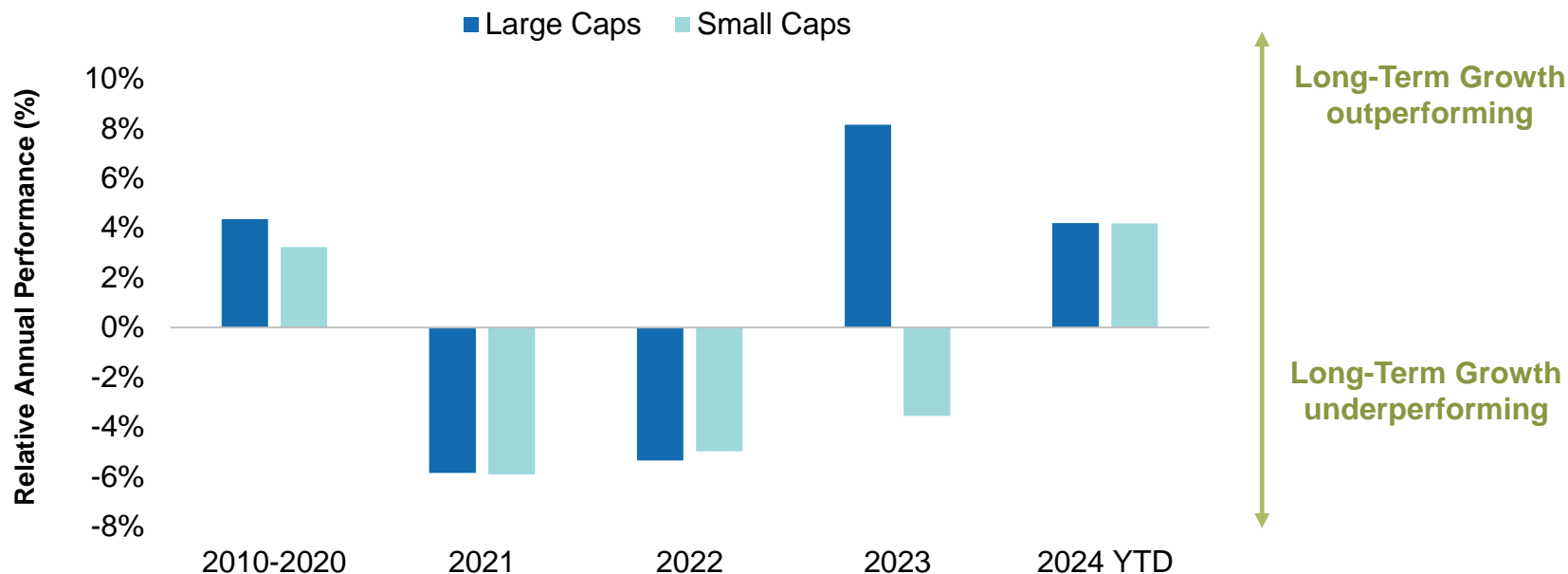
Source: FactSet as of 6/30/24. Growth represents consensus long-term analyst estimates and actual future EPS growth rates might be materially different than the forecasts shown.

# IV

## Style Wars Don't Call It A Comeback

- After outperforming for over a decade, the long-term growth factor underperformed in 2021 & 2022 as interest rates rose but rebounded in 2023 in large caps while still languishing in small caps
  - Year-to-date in 2024, long-term growth is outperforming across market capitalizations as we move closer to anticipated interest rate cuts

### Long-Term Growth Factor Performance

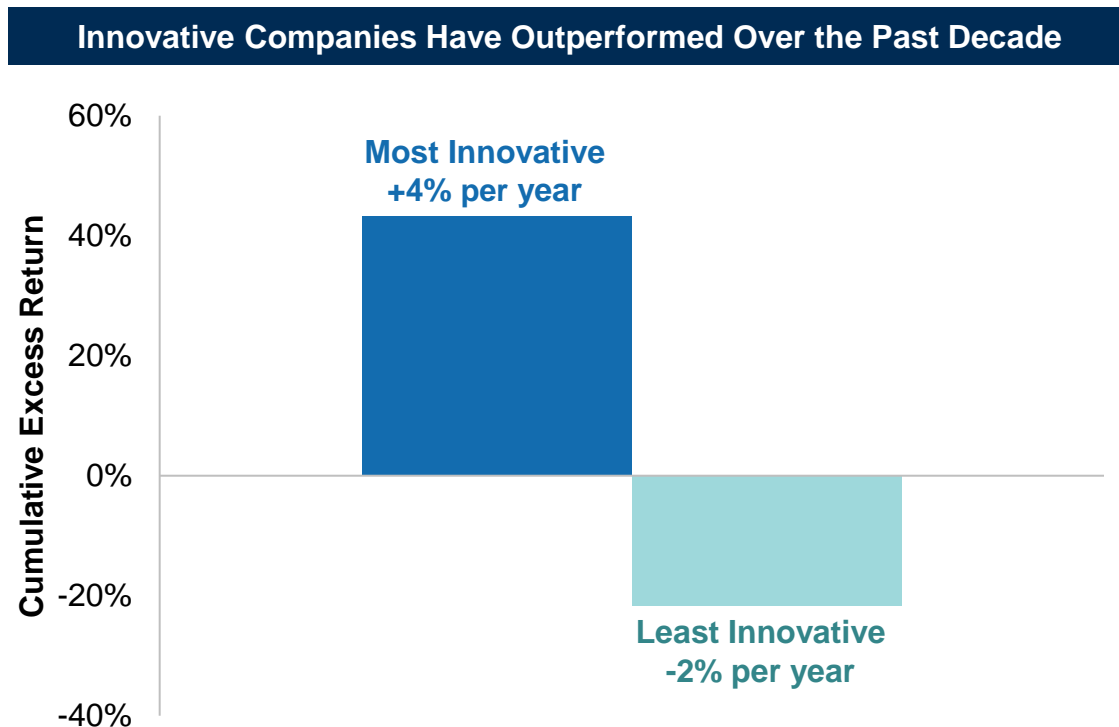


Source: Piper Sandler and FactSet as of 6/30/24. 2010-2020 is annualized performance. Large caps represented by Russell 1000 and small caps by Russell 2000. Factor performance, which is the performance of a group of securities with a common set of attributes, is sector neutral and is calculated by taking the relative performance of the top quintile of stocks against the bottom quintile of stocks for each factor. The constituents in the quintiles are rebalanced monthly. "Long-term Growth" is mean estimated 5-year EPS growth.

# IV

## Style Wars A Powerful New Investing Factor?

- Studies have shown and our research demonstrates that the most innovative companies have grown their sales, earnings and stock prices faster\*

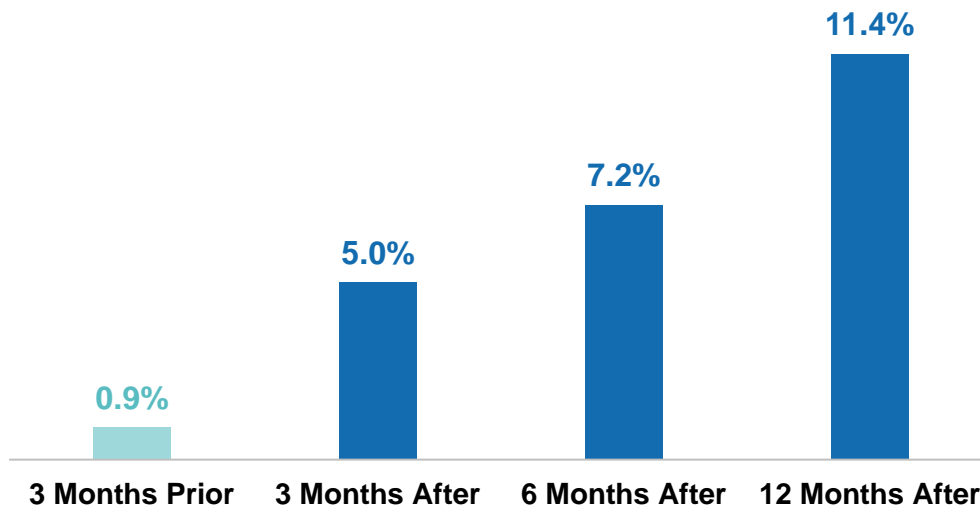


Source: FactSet. Excess performance of the quintiles of R&D as a percentage of revenue with the most innovative being top quintile and the least innovative being bottom quintile of the stocks in the S&P 1500 index. Stocks were divided into quintiles based on R&D spending-to-revenue and data was calculated monthly for the 10-year period ended May 2024. \*Baruch Lev and Suresh Radhakrishnan, "The Stock Market Valuation of R&D Leaders." **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.**

## The Election Post-Election Bump?

- Equity markets have historically done better in the certainty of a post-election environment with strong average returns in the 3-12 months after the election

### Average Returns Pre vs. Post Election



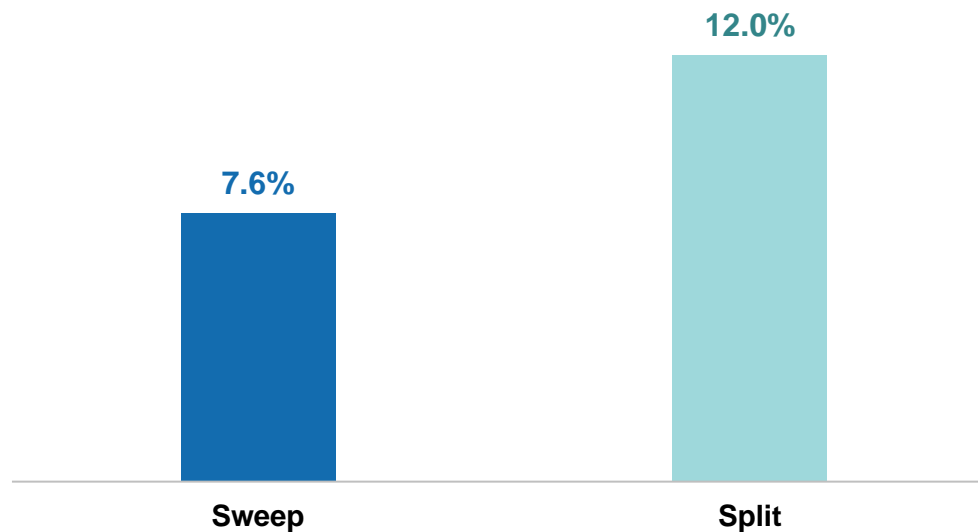
**The stock market has historically embraced the certainty of elections**

Source: Morningstar and Alger, S&P 500 Index returns, since 1948. The performance data quoted represents past performance, which is not an indication or a guarantee of future results.



- Market returns have historically been higher in periods when no one party controlled both the White House and Congress

#### U.S. Equity Returns by Degree of Party Control



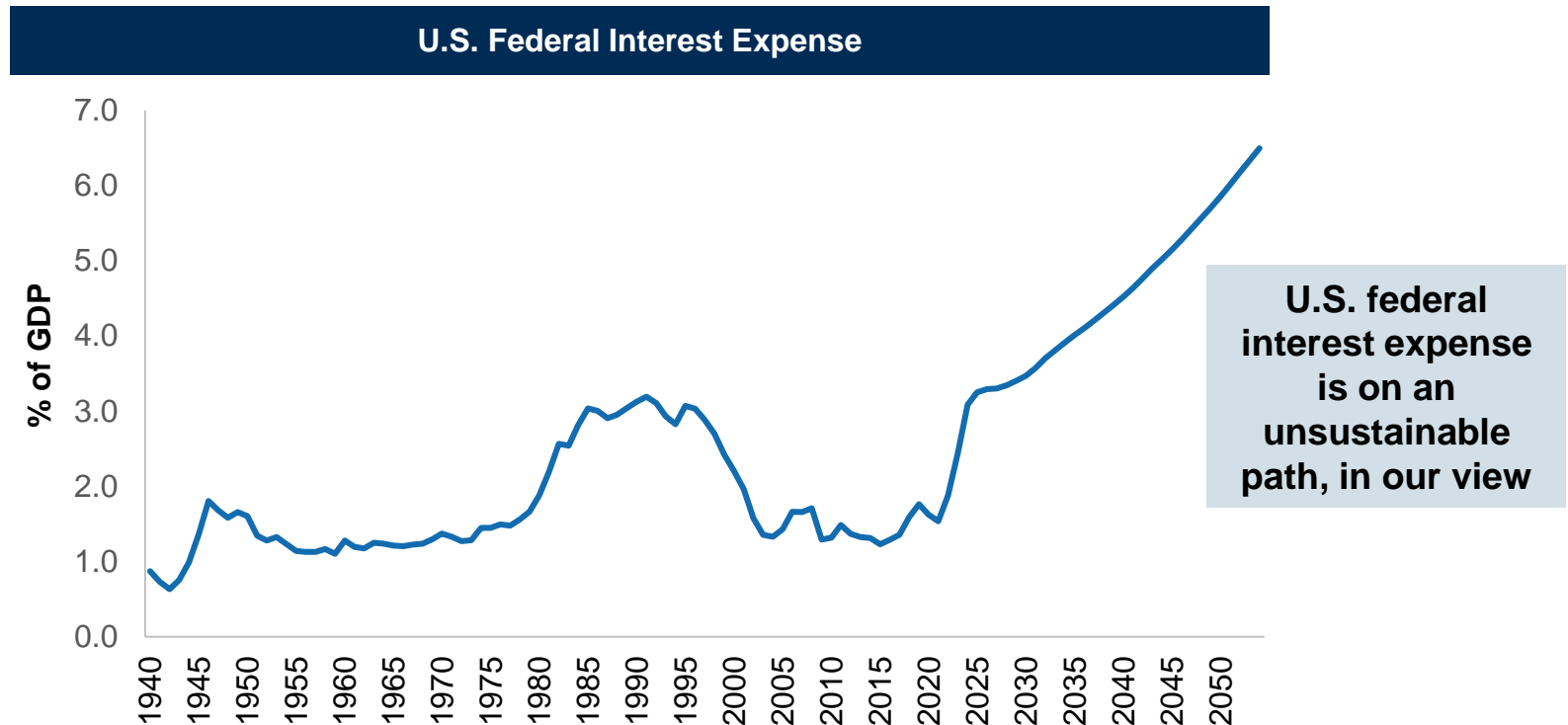
**Periods of split control of government have historically driven strong returns for equities**

Source: FactSet and Alger. S&P 500 median price performance from November through October 1980-2023. A "Sweep" is when the House, Senate and Presidency are all controlled by the same party, and a "Split" is any other time. **The performance data quoted represents past performance, which is not an indication or a guarantee of future results.**

## The Election

### A Big Long-Term Issue?

- The path of U.S. government finances may be cause for concern as federal interest expense is projected to hit record levels as deficit spending continues
- Whether through higher taxes, lower spending, or both, we believe deficits will have to come down and the fiscal environment will become less favorable at some point



Source: Congressional Budget Office (CBO). 2024 and onward are CBO forecasts as of March 2024.

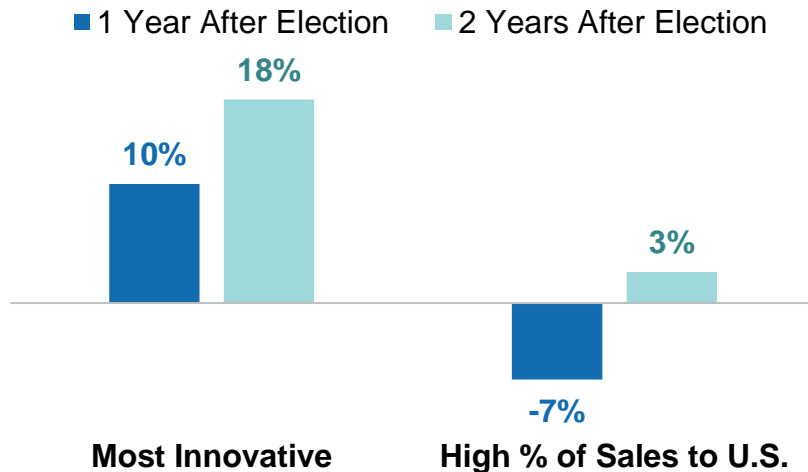
## The Election

### Does Investing in Politics Work?

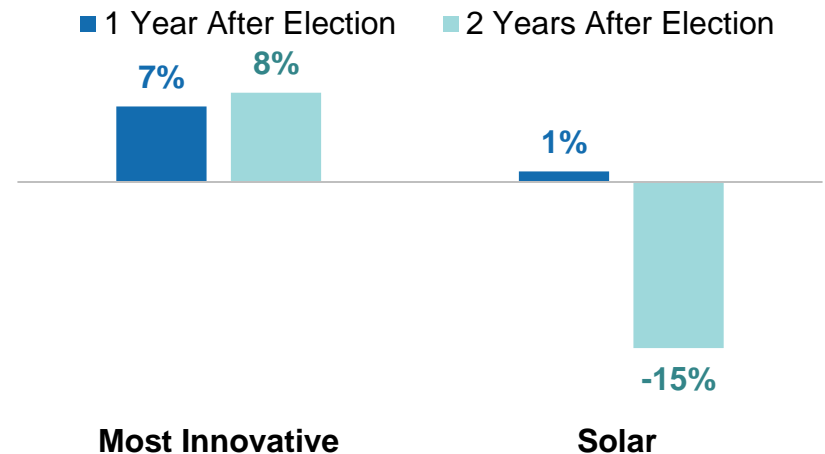
- Investing in domestically-oriented companies based on America First policies (e.g. corporate tax cuts) did not work after the 2016 election
- Investing in renewable energy companies based on environmentally friendly policies did not work after the 2020 election

#### Innovative Stocks Historically Beat Politically Focused Strategies

Return Relative to S&P 500  
after 2016 Election



Return Relative to S&P 500  
after 2020 Election



Source: FactSet, Piper Sander. Performance measured monthly from end of October of 2016 and 2020, respectively. "Politically Focused" strategies are represented by High % of Sales to U.S. and Solar. "Most Innovative" performance based on top quintile of S&P 500 measured by R&D spending-to-revenue and calculated monthly relative to S&P 500. High % Sales to U.S. is highest % of sales quintile of S&P 500 less the lowest % sales quintile of S&P 500. Solar stock performance is that of Invesco Solar ETF (TAN) relative to S&P 500. The performance data quoted represents past performance, which is not an indication or a guarantee of future results.

### 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	175
▪ Number of Investment Professionals	60
▪ Female/Minority Portfolio Managers	44%
▪ Assets Under Management	\$25.8 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.*

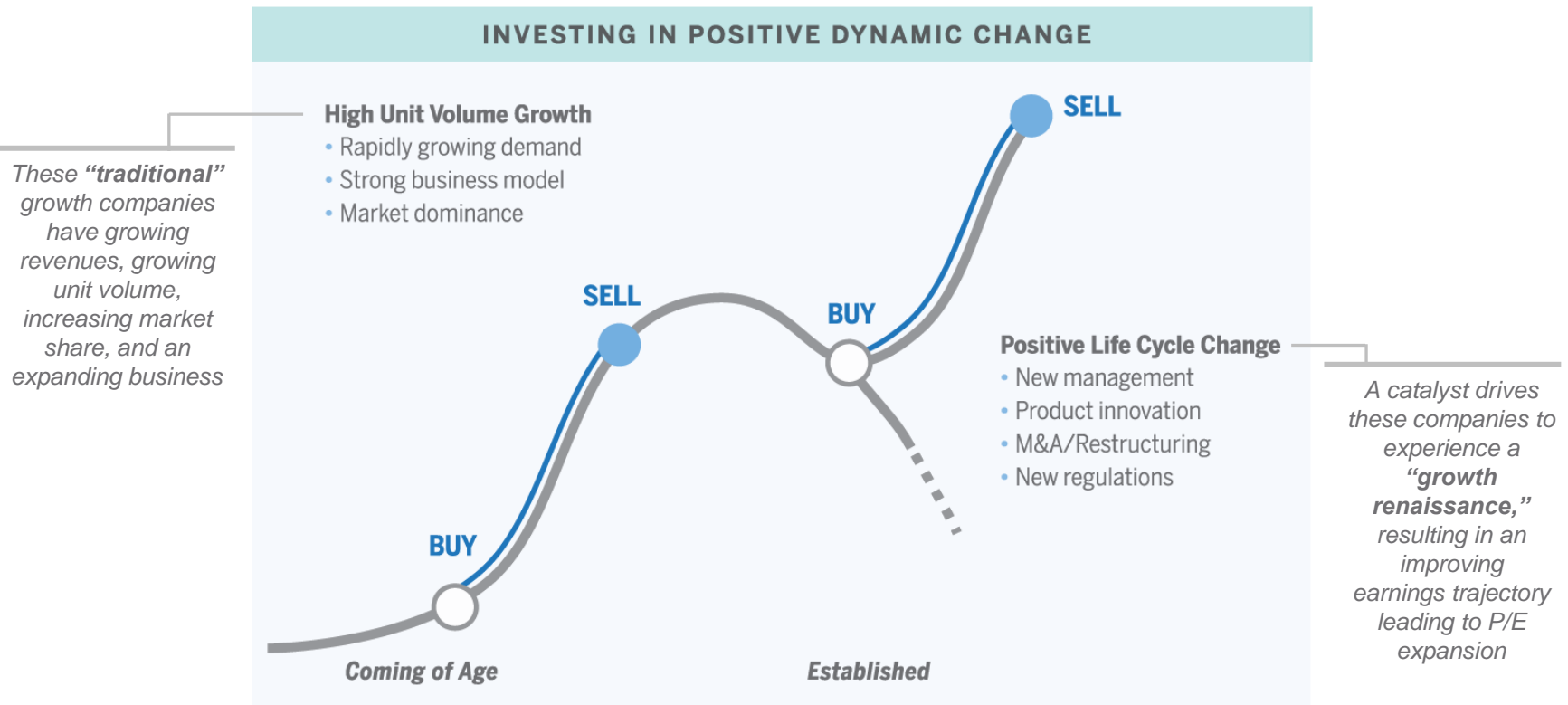
—Daniel C. Chung, CFA

Chief Executive Officer  
Chief Investment Officer

# VI

## Unlock Your Growth Potential with Alger Alger's Investment Philosophy

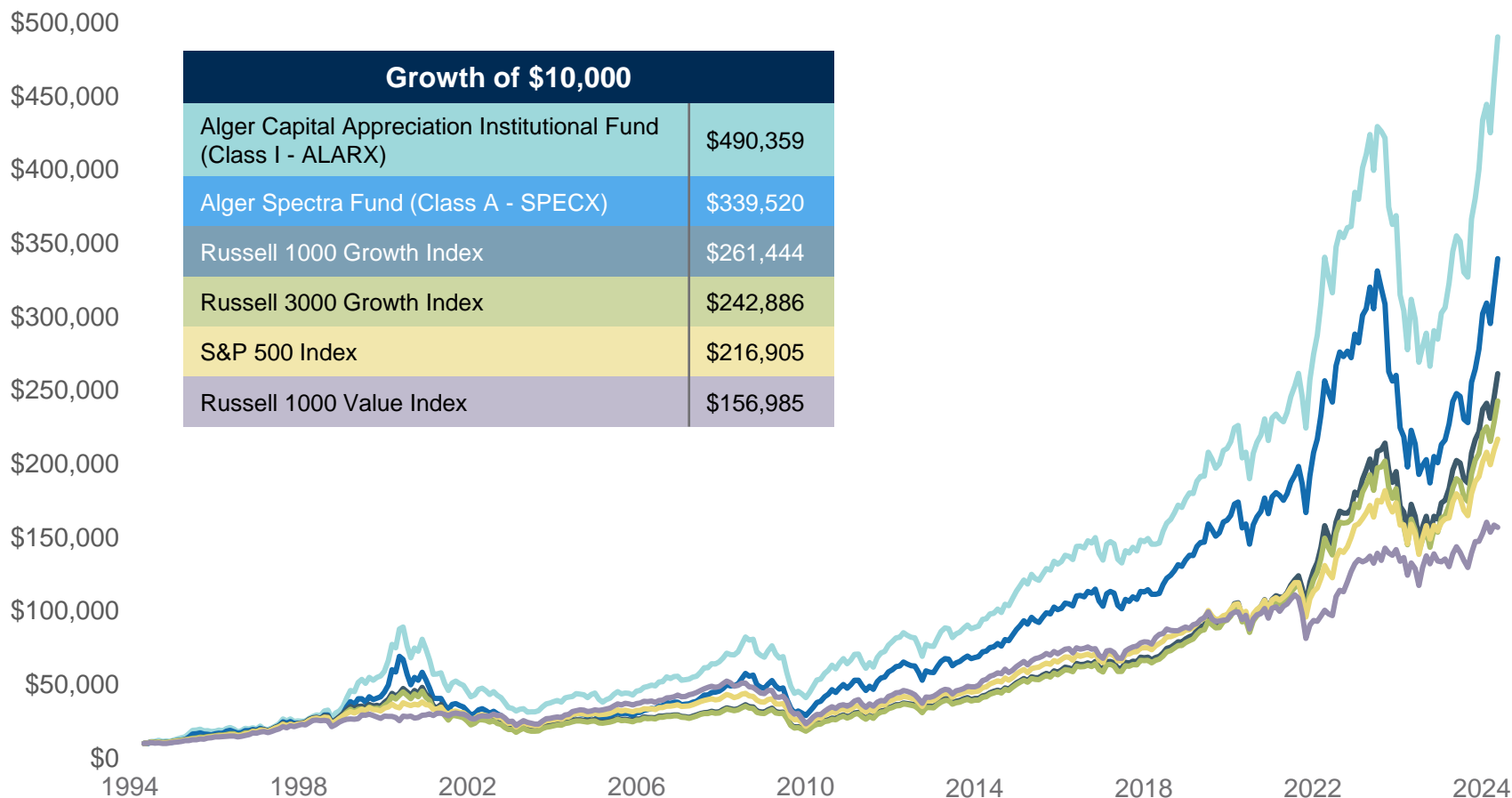
- We believe companies undergoing **Positive Dynamic Change** offer the best investment opportunities for our clients
- Our competitive edge is identifying these companies and **capitalizing** on the change before it is recognized by the market
- We embrace change found in “**traditional**” growth companies and in companies experiencing a “**growth renaissance**”



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



# Strong Long-Term Performance Over 30 Years



Source: FactSet. The chart above illustrates the change in value of a hypothetical \$10,000 investment made in SPECX and ALARX and stated indices for the 30-year period ended 6/30/24. Figures include reinvestment of dividends. Figures for SPECX and ALARX also include reinvestment of capital gains. **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. Class A shares are subject to a maximum sales charge 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](http://www.alger.com) or call 800.992.3863.**

# Strong Long-Term Performance Over 30 Years

Average Annualized Returns (%)	1 Year	3 Years	5 Years	10 Years	20 Years	30 Years
<b>Alger Capital Appreciation Fund</b>						
<b>Class A - ACAAX</b> (Incepted 12/31/1996)						
Without Sales Charge	42.41	6.90	16.25	14.28	12.73	--
With Sales Charge	34.93	4.99	15.00	13.67	12.42	--
<b>Alger Capital Appreciation Institutional Fund</b>						
<b>Class I - ALARX</b> (Incepted 11/8/93)	42.34	6.91	16.22	14.29	12.76	13.84
<b>Alger Spectra Fund</b>						
<b>Class A - SPECX</b> (Incepted 7/28/69)						
Without Sales Charge	40.09	4.09	13.84	13.14	12.79	12.64
With Sales Charge	32.73	2.24	12.62	12.53	12.49	12.44
<b>Russell 1000 Growth Index</b>	33.48	11.28	19.34	16.33	12.19	11.49
<b>Russell 3000 Growth Index</b>	32.22	10.33	18.55	15.75	11.95	11.22
<b>S&amp;P 500 Index</b>	24.56	10.01	15.05	12.86	10.29	10.80
<b>Russell 1000 Value Index</b>	13.06	5.52	9.01	8.23	8.13	9.61

## Total Annual Operating Expenses by Class

(Prospectus Dated March 1, 2024, unless otherwise amended)

Alger Spectra Fund - Class A: 1.50%

Alger Capital Appreciation Fund – Class A: 1.28%; Class I: 1.25%

**Performance shown is net of fees and expenses.** Only periods greater than 12 months are annualized.

The Alger Spectra Fund operated as a closed end fund from August 23, 1978 to February 12, 1996. The calculation of total return during that time assumes dividends were reinvested at market value. Had dividends not been reinvested, performance would have been lower. On September 24, 2008, the Fund's name was changed from Spectra Fund to Alger Spectra Fund, and the Fund's Class N shares were redesignated as Class A shares. Performance from February 13, 1996 through September 23, 2008 is that of the Fund's Class N Shares, adjusted to reflect applicable sales charges and operating expenses.

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. Class A shares are subject to a maximum sales charge 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](http://www.alger.com) or call 800.992.3863.

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



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**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.

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# Disclosure

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