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Winter 2026

Capital Markets: Observations and Insights

Capital Markets: Observations & Insights

As America approaches its 250th birthday, we are reminded of the remarkable history of progress in this great country and how the pace of innovation continues to accelerate.

In the late 1700s and early 1800s, transformative advancements reshaped commerce and communication. Yet these innovations took generations to reach half of U.S. households: the postal system required 267 years, newspapers 172 years, and steamships more than a century.

Over time the pace of innovation has increased, as the Internet and social media took just 14 years and 9 years, respectively, to reach the majority of the country. Today, generative artificial intelligence (AI), reached half of households in just three years—a speed that dwarfs every prior general-purpose technology. This breathtaking acceleration underscores a defining feature of our era: innovation is compounding, and adoption curves are compressing.

In our view, this rapid diffusion of AI is not only transforming consumer behavior but, along with economic policy, catalyzing a major capital investment cycle. Trade policy is accelerating onshoring by pushing companies to avoid tariffs, directly leading firms to build new U.S. factories, while fiscal incentives like immediate equipment and factory expensing are lowering the cost of new business projects. Monetary policy is reinforcing the cycle as lower interest rates reduce borrowing costs at a time when corporate balance sheets are strong. With approximately $10 trillion in announced private fixed investment in the U.S., we believe this alignment of forces is set to lift productivity, expand industrial capacity, and increase employment, creating a durable tailwind for the economy, earnings, and stocks in 2026.

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Chief Investment Officer

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Director of Market Strategy

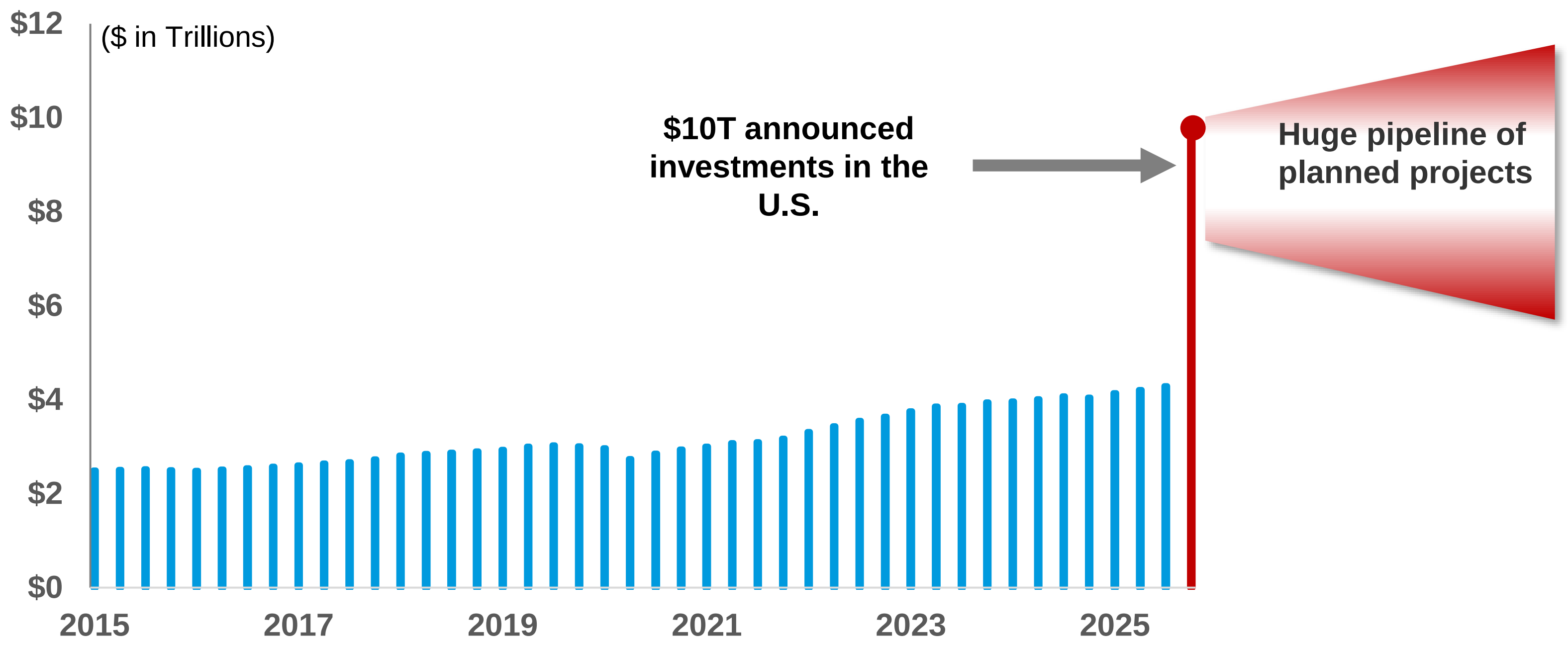
Key Observations and Themes

Bull vs. Bear

Bull Case: American Business Spending Boom

- The growth of U.S. business investment is outpacing overall economic growth and may be poised to surge ahead
  - Driven by tariffs encouraging domestic production and tax incentives for manufacturing facilities, equipment, and domestic R&D, as well as the need for infrastructure required to enable the AI revolution

U.S. Private Nonresidential Fixed Investment



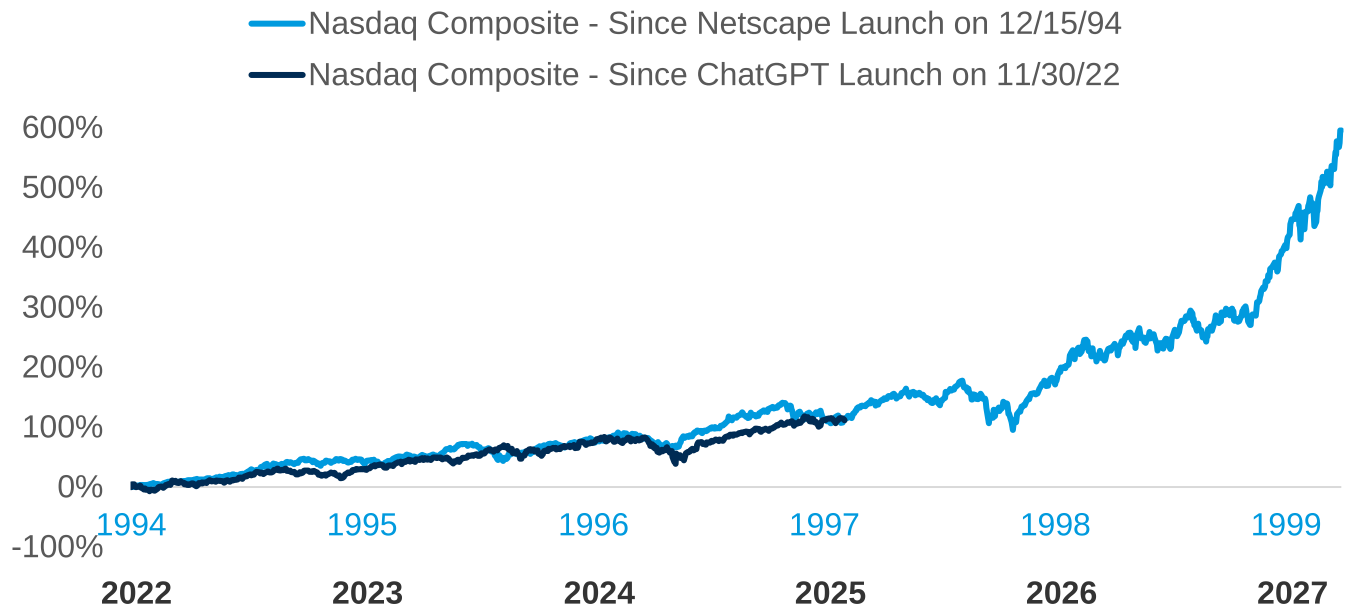
Source: U.S. Bureau of Economics and The White House. Private Nonresidential Fixed Investment is business spending on productive assets including structures, equipment, and intellectual property.

Bull vs. Bear

Bull Case: Party Like It's 1998?

- After Netscape's 1994 launch, Internet enthusiasm fueled years of strong U.S. stock market gains
- ChatGPT's debut may have sparked a similar wave of AI-driven optimism. Does this put us at a stage like early 1998?

Nasdaq Composite Returns Since ChatGPT and Netscape Launches



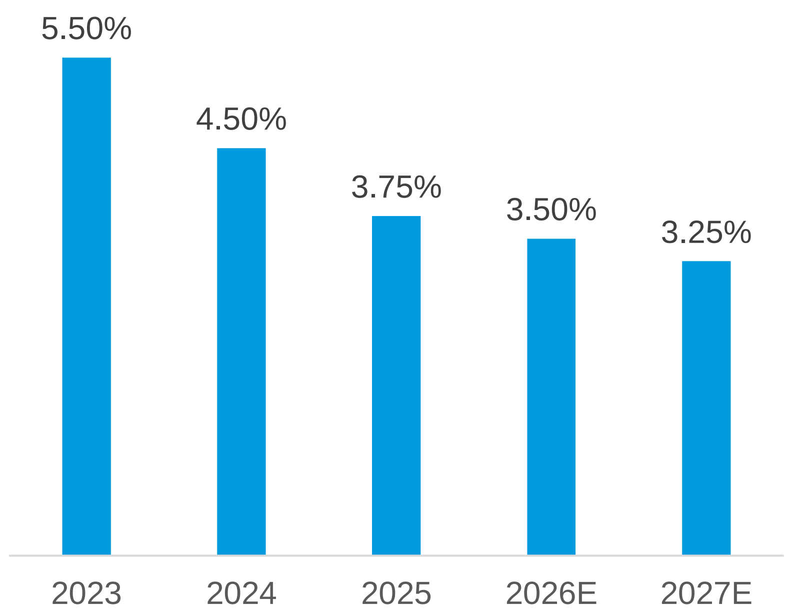
Source: FactSet and Nasdaq. Nasdaq Composite return since the launch of ChatGPT from 11/30/22 through 12/31/25. Nasdaq Composite return since the launch of Netscape from 12/15/94 through 12/15/99. **The performance data quoted represents past performance, which is not an indication or a guarantee of future results.**

Bull vs. Bear

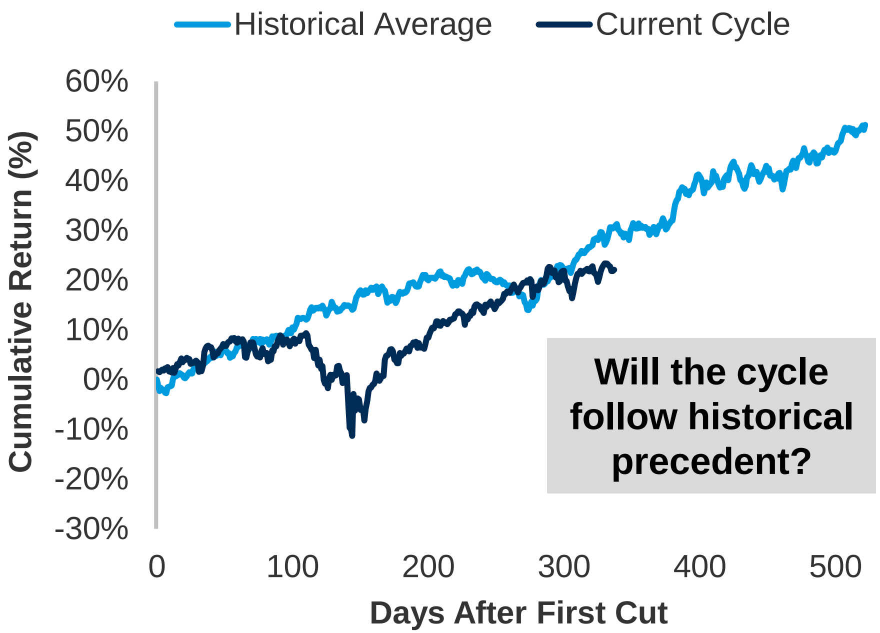
Bull Case: Fed Easing

- The Fed is cutting rates, making borrowing cheaper, in an effort to support the labor market
- Easing monetary policy in the absence of recession has historically been positive for equities

Fed Funds Target Rate



S&P 500 Two Years After Rate Cut With No Recession



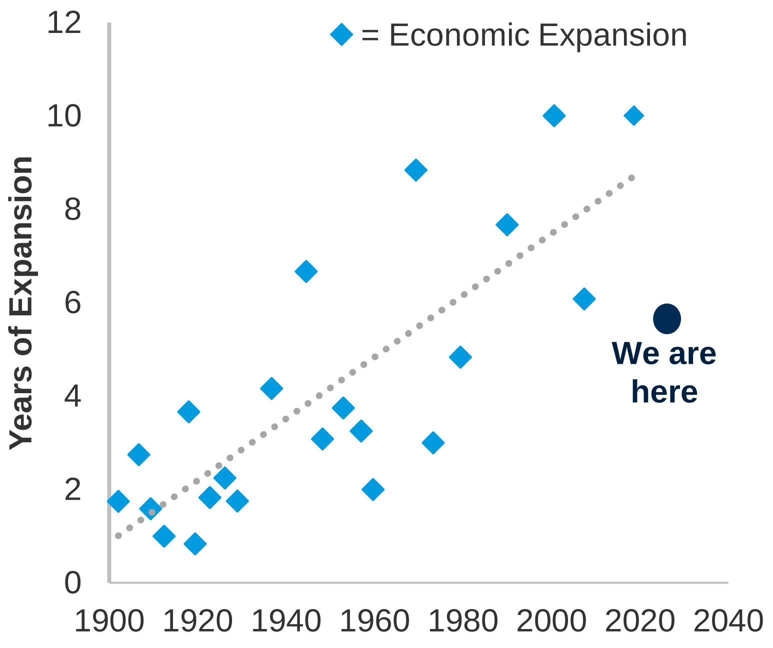
Source: Federal Reserve projections as of 12/10/25 (left). FactSet and Alger (right). Historical rate cut average based on rate cuts on 9/3/84, 7/6/95, and 9/29/98 with current cycle 9/18/24 through 1/02/26 (right). **The performance data quoted represents past performance, which is not an indication or a guarantee of future results.**

Bull vs. Bear

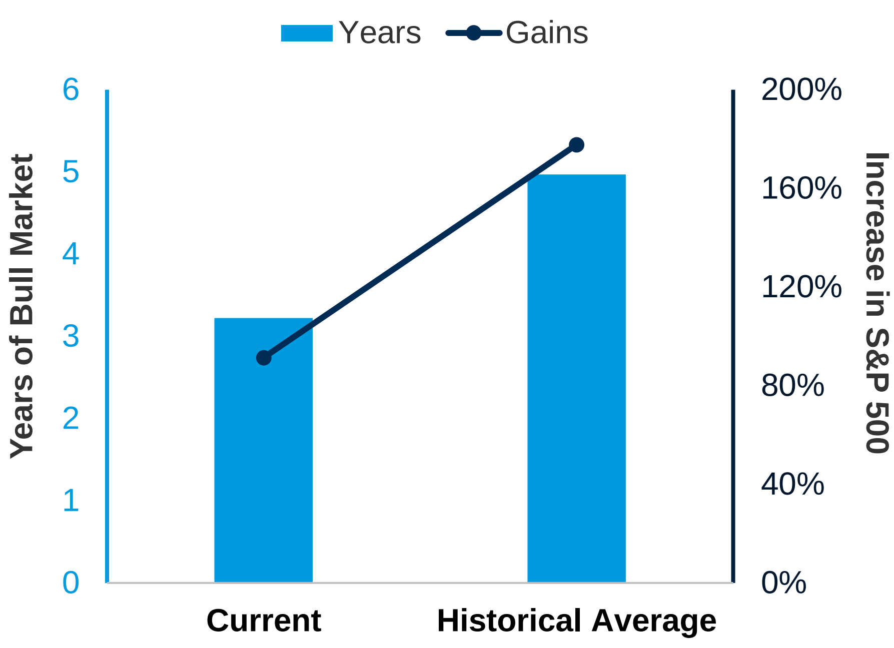
Bull Case: Still Early

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

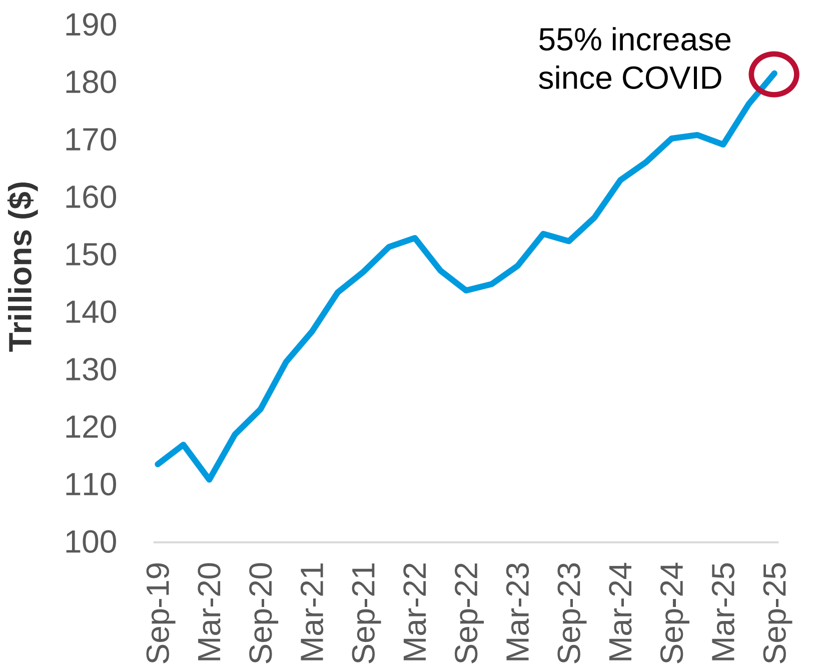


Source: FactSet and Alger. Note: double-dip recession in early 1980s accounted for as one recession. “Economic Expansions” are the periods between recessions, as defined by the National Bureau of Economic Research, (left). Historical bull markets calculated using S&P 500 since 1932. Current period is 10/12/22 through 12/31/25. Bull markets are periods between bear markets or 20% drawdowns (right). **The performance data quoted represents past performance, which is not an indication or a guarantee of future results.**

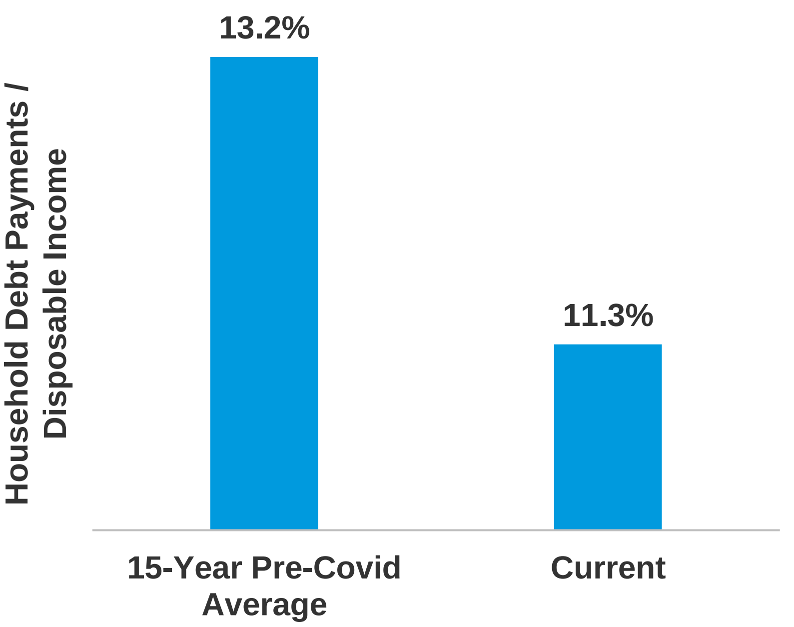
Bull vs. Bear
Bull Case: Solid Consumer Balance Sheet

- Soaring household net worth may support spending
- Low debt to income should underpin consumers' ability to spend

U.S. Household Net Worth



Solid Balance Sheets



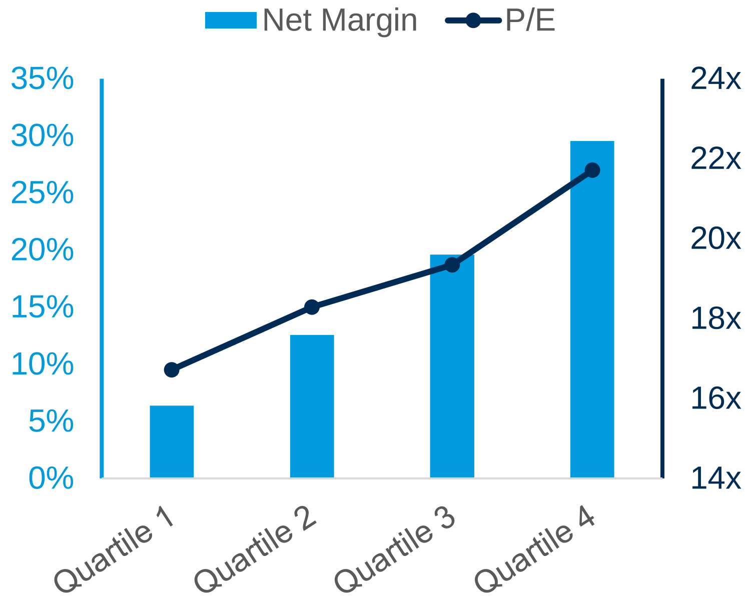
Source: Federal Reserve. Pre-Covid period 1/1/05-12/31/19. Current period is 3Q25 for household net worth and 2Q25 for debt payments-to-income.

Bull vs. Bear

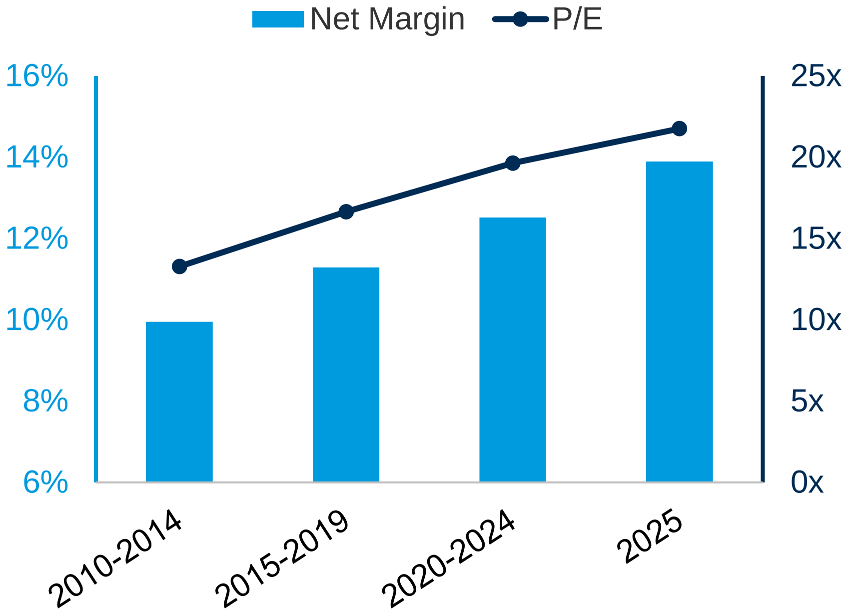
Bull Case: Better Business Models

- Superior business models with stronger margins have been rewarded with higher valuations
- Rising margin and better return on capital point to higher S&P 500 multiples over time

Current
S&P 500 Margin vs. Valuation



Historical
S&P 500 Margin vs. Valuation



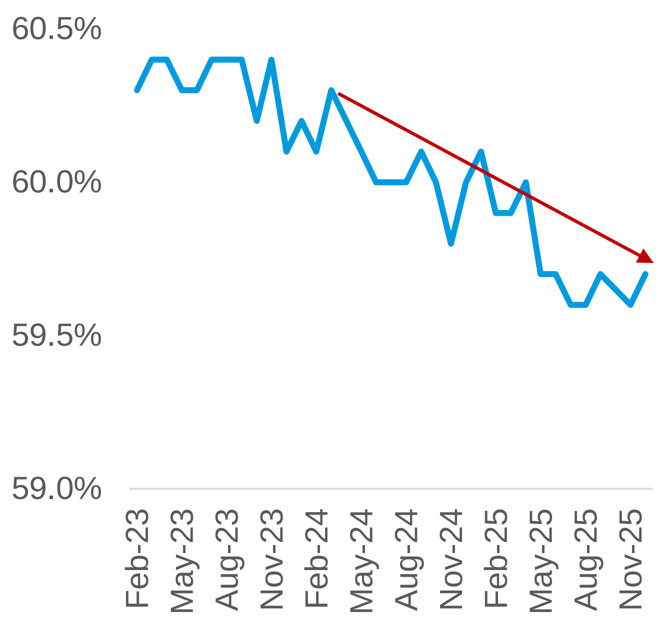
Source: FactSet. S&P 500 quartiles based on median net margin (net income divided by sales) and P/E (Price-to-earnings is the ratio for valuing a company that measures its current share price relative to its earnings per share) as of 12/31/25.

Bull vs. Bear

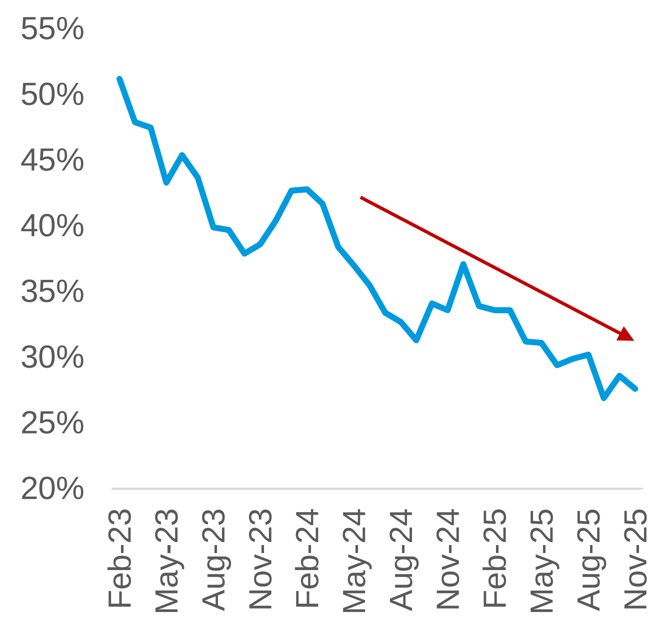
Bear Case: Weak Employment

- Job creation has been anemic, driving down the proportion of those employed
- Worker confidence in the labor market is weak

Employment to Population Ratio



Share of People Saying Jobs Are "Plentiful"



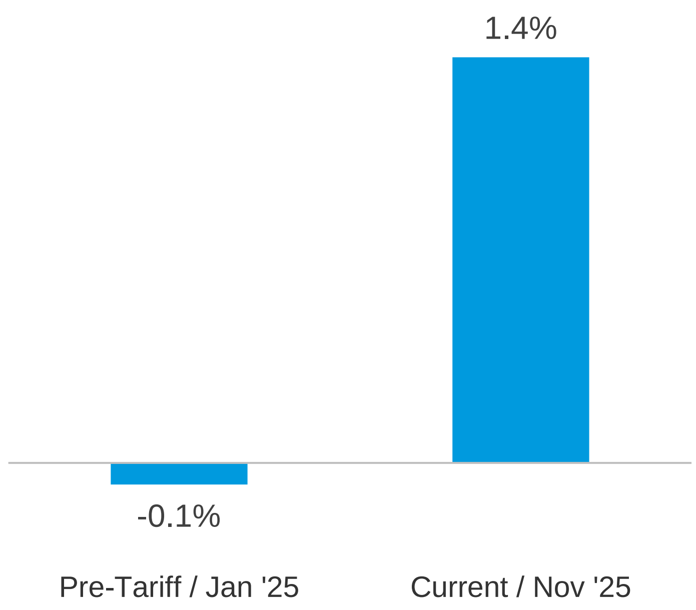
Source: U.S. Bureau of Labor Statistics (left) and Conference Board (right).

Bull vs. Bear

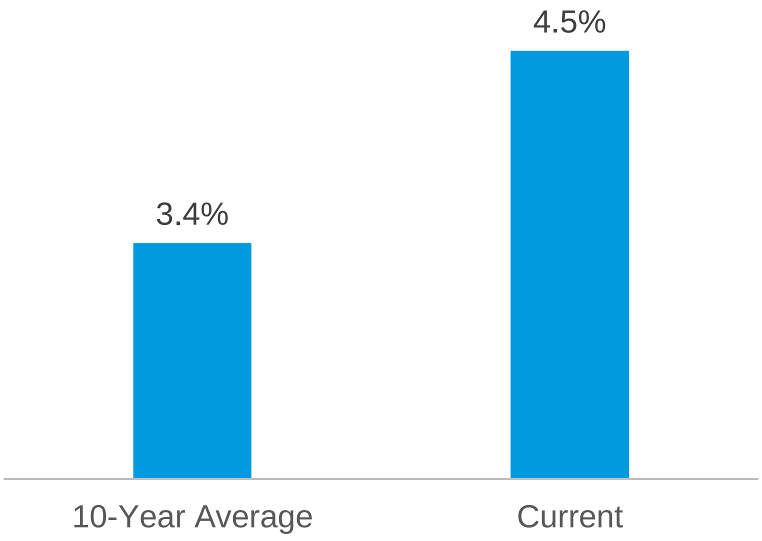
Bear Case: Inflation Resurgence?

- If tariffs continue to drive inflation beyond a temporary spike, expectations for Fed easing could be challenged
- Rising consumer expectations of higher prices risk becoming self-fulfilling, adding pressure to actual inflation

Core Consumer Goods Inflation Year-over-Year



Expected Change in Prices During the Next Year



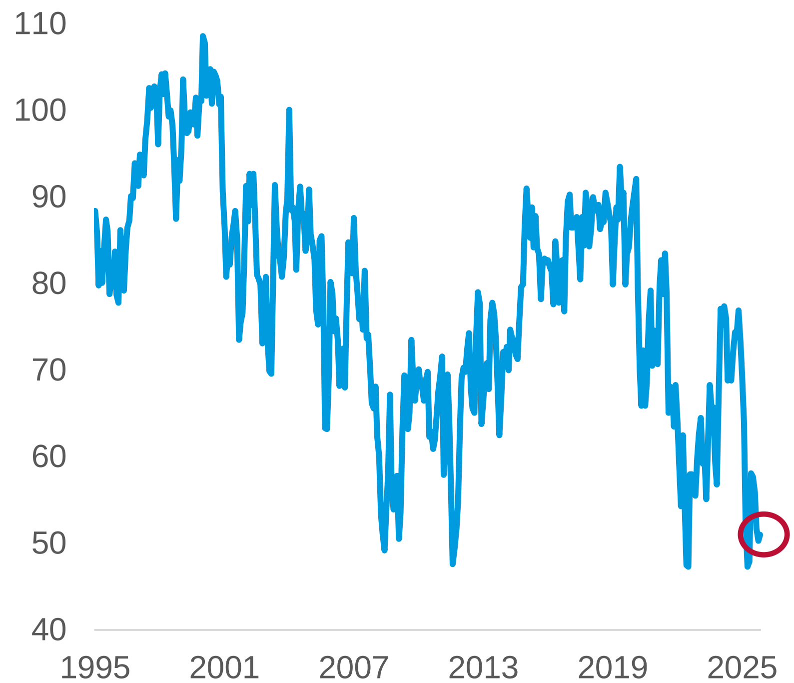
Source: U.S. Bureau of Labor Statistics Consumer Prices. “Core consumer goods” excludes food & energy (left). University of Michigan Survey of Consumers, November 2025 (right).

Bull vs. Bear

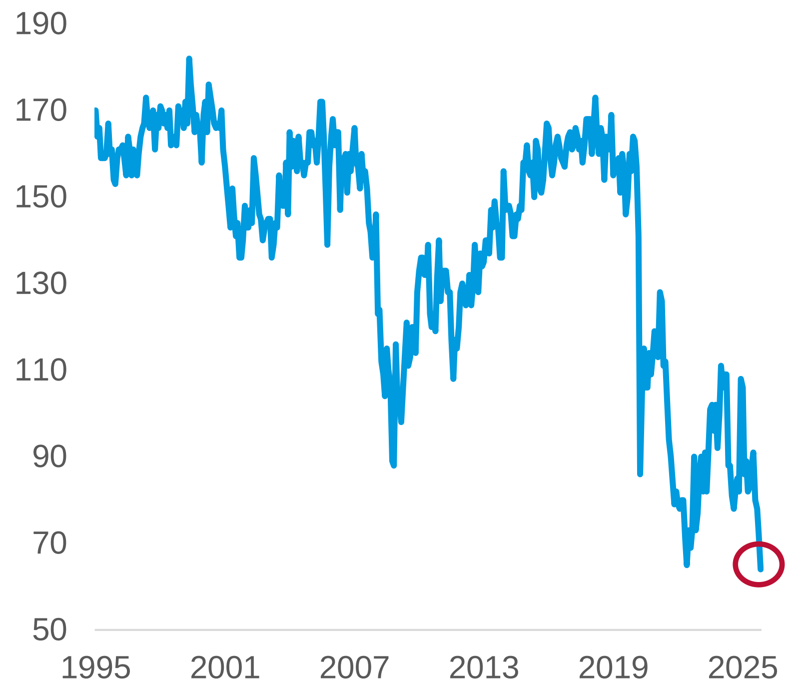
Bear Case: Cautious Consumers

- Affordability issues and a weak labor market are driving consumer confidence down
- As a result, consumers are reticent to make significant purchases

U.S. Consumer Confidence



Buying Conditions for Large Household Durables

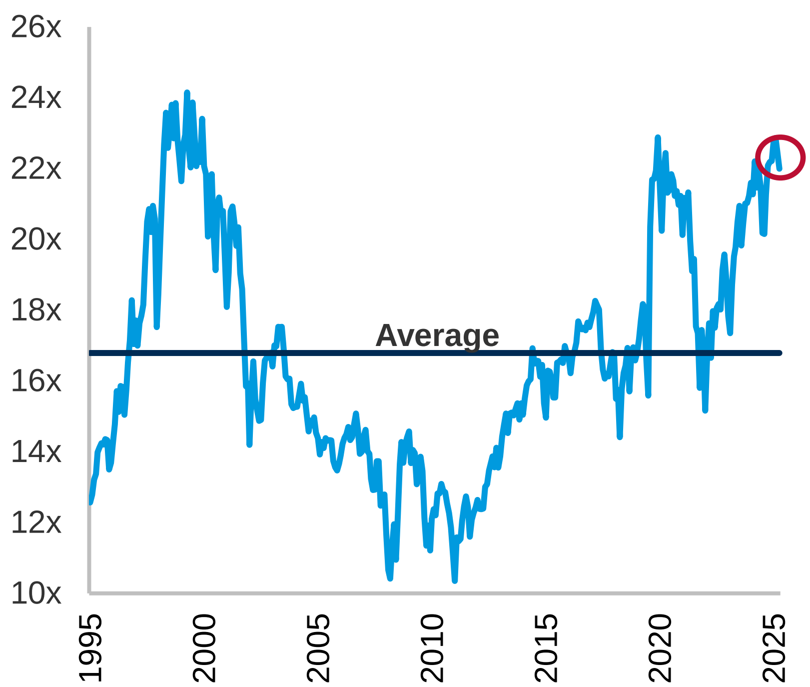


Source: University of Michigan consumer sentiment survey, November 2025. “Buying Conditions for Large Household Durables” is an index calculated as (% saying ‘good time to buy’ minus % saying ‘bad time to buy’) plus 100

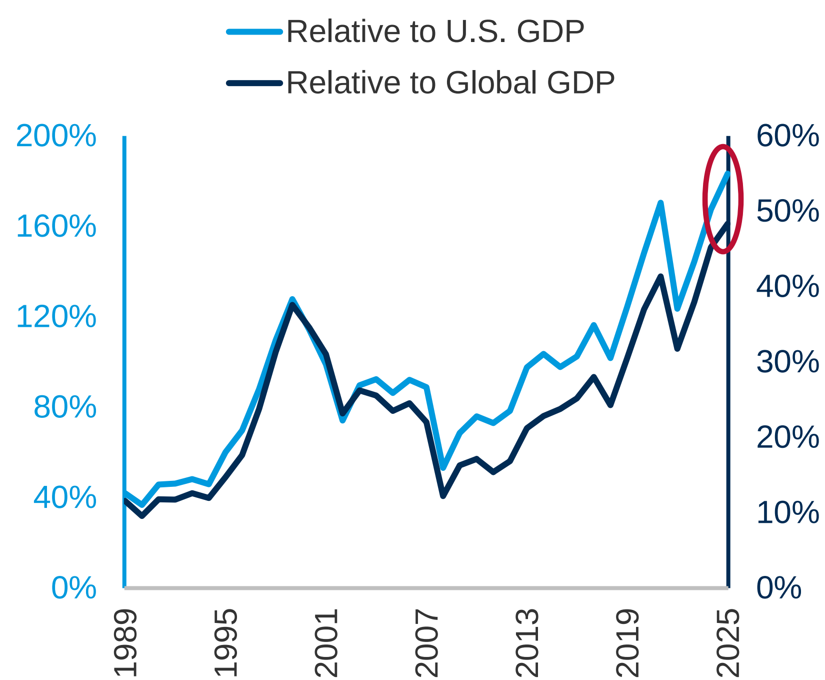
Bull vs. Bear
Bear Case: Elevated Valuations

- On traditional metrics, U.S. equity valuations are significantly above average
- They also appear expensive using alternative metrics like this one popularized by Warren Buffett

S&P 500 Price-to-Earnings



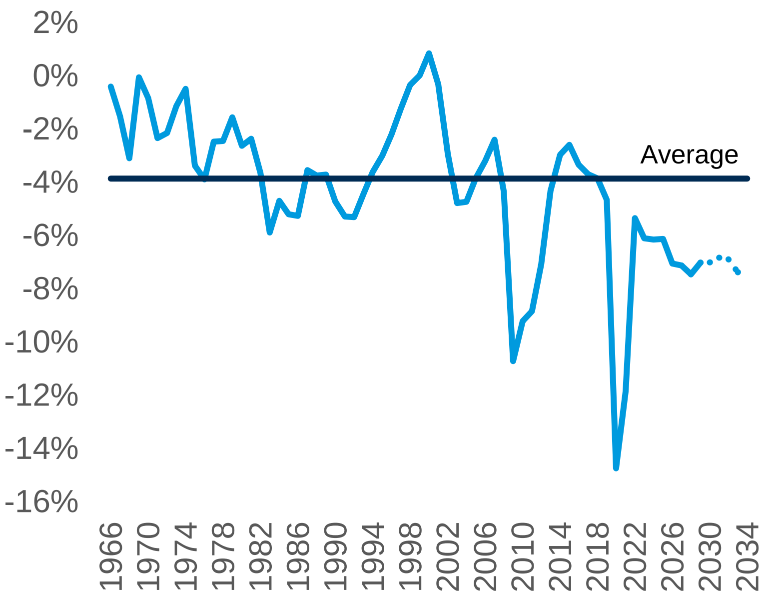
S&P 500 Market Capitalization To GDP



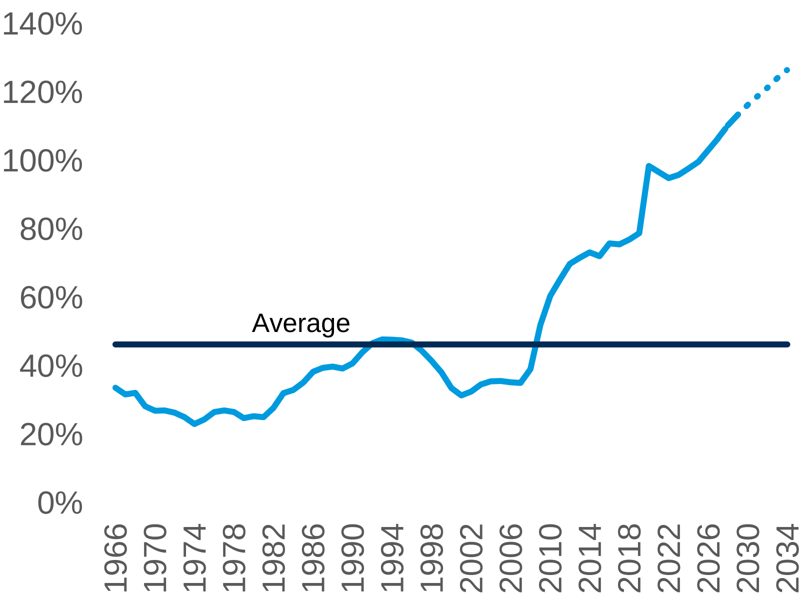
Source: FactSet as of 12/31/25; P/E based on consensus next 12-month estimates (left). S&P 500 market capitalization from FactSet as of 12/31/25, U.S.GDP from Bureau of Economic Analysis and worldwide GDP from the World Bank. 2025 estimates from Alger as of December 2025 (right).

- With a high federal deficit and growing debt and related service levels, will Treasury bond buyers balk, causing yields to rise?

U.S. Federal Deficit as a % of GDP



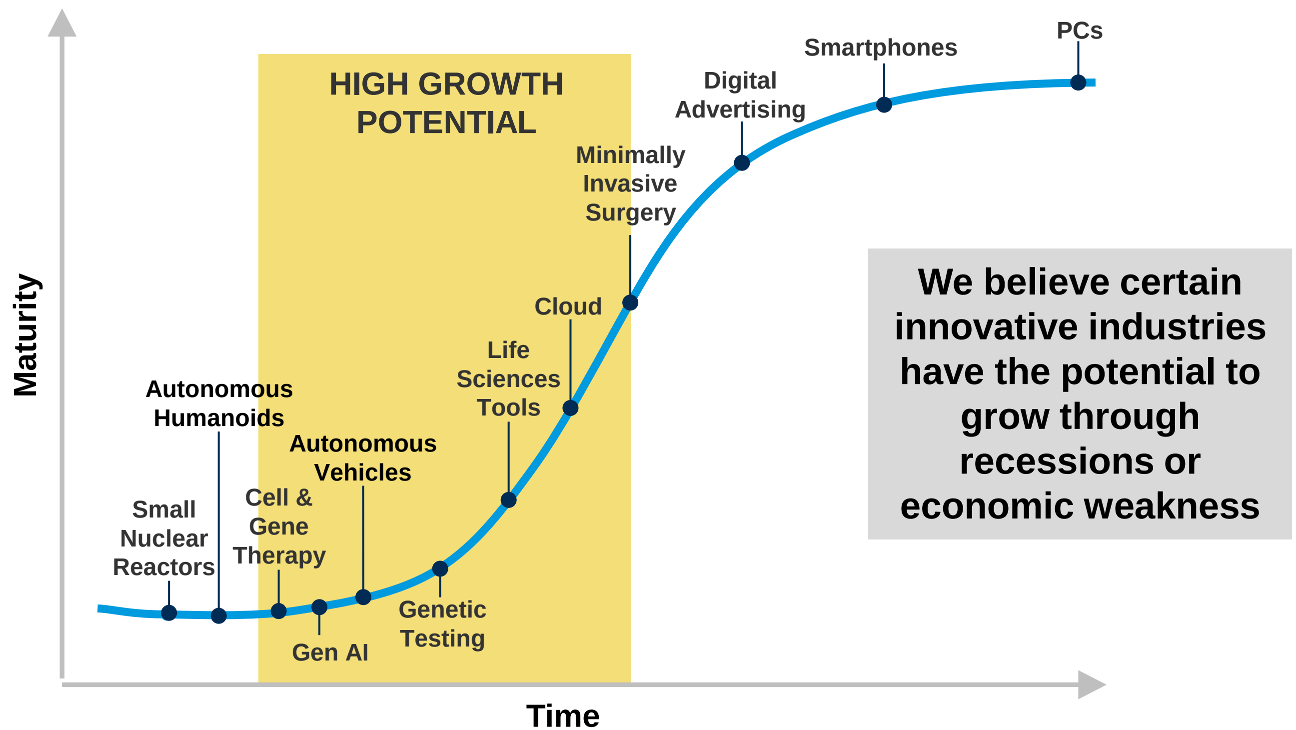
U.S. Federal Debt Held by the Public



Source: Congressional Budget Office with projections 2025-2034. U.S. fiscal year end is September.

- Industries or technologies early in their lifecycle are less susceptible to economic volatility because of their potential for market share gains, in our view

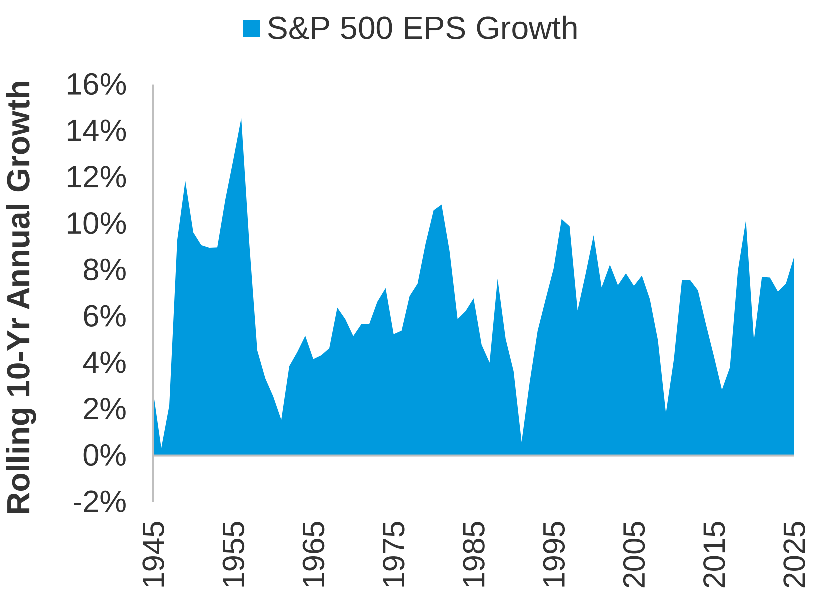
Growth Buffers Economic Volatility



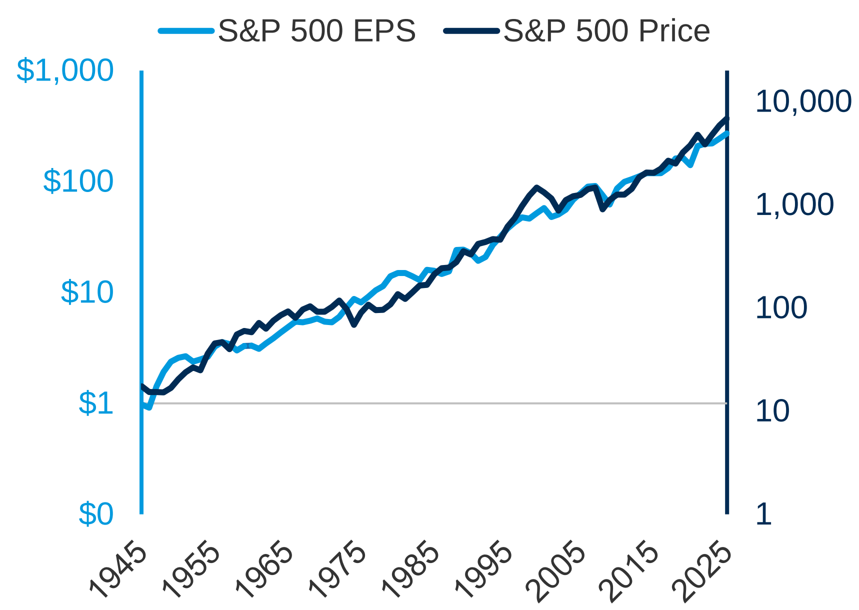
Source: Alger. **Investing in innovation is not without risk and there is no guarantee that investments in research and development will result in a company gaining market share or achieving enhanced revenue.**

- Earnings per share has 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

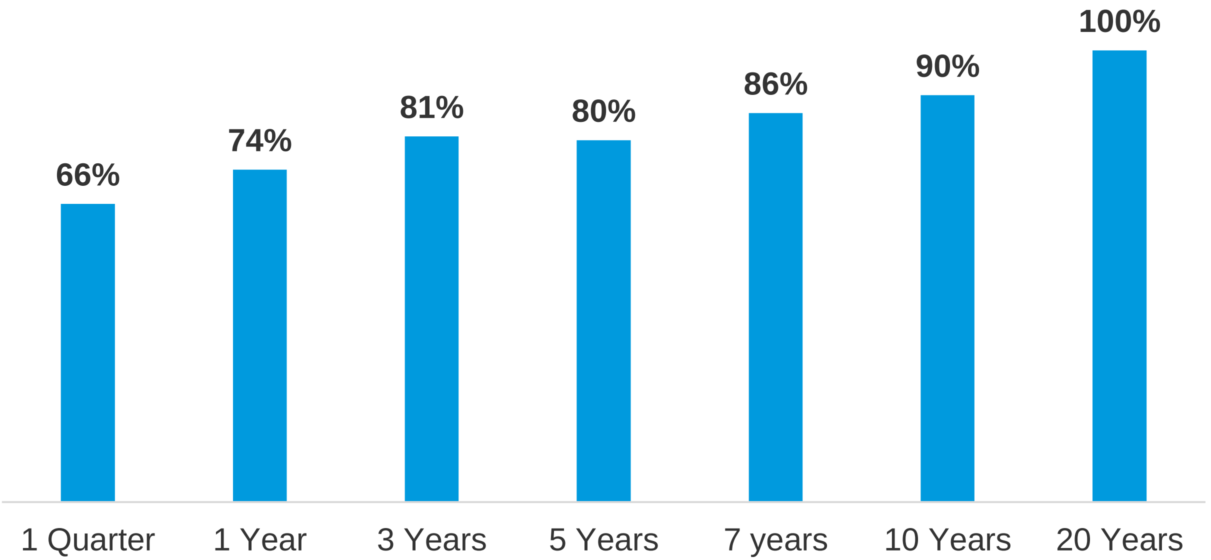


Source: FactSet as of 12/31/25. **The performance data quoted represents past performance, which is not an indication or a guarantee of future results.**

Long-Term Investing
The Power of Patience

- 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
1975-2025

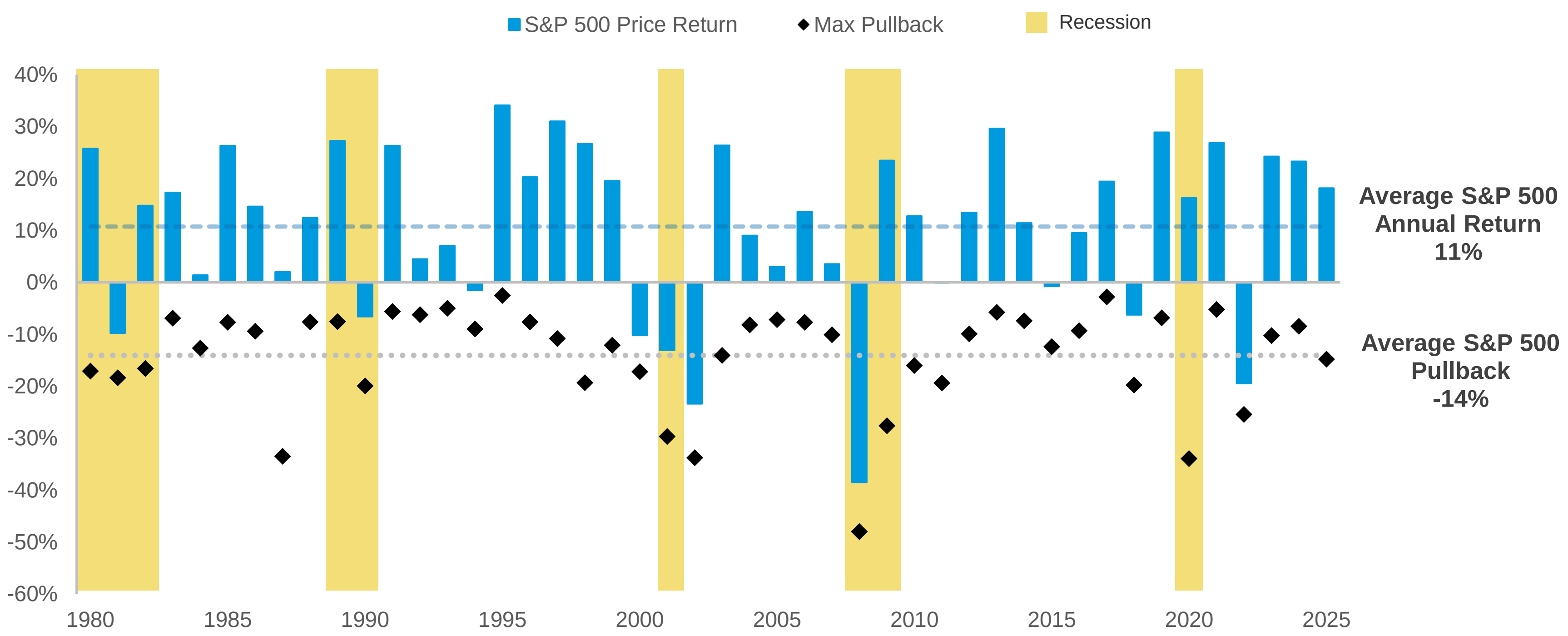


Source: FactSet. Quarterly total return rolling data 12/31/1975-12/31/2025. Stocks are S&P 500 and Treasury Bills represented by the ICE BofA U.S. Treasury 1-3 Year Index. **The performance data quoted represents past performance, which is not an indication or a guarantee of future performance.**

I
II
III
IV
V
VI

- Historically, strong equity returns have often been accompanied by significant drawdowns
  - From 1980 through 2025, the average intra-year S&P 500 pullback has been -14%, while the average S&P 500 calendar year increase has been approximately +11%

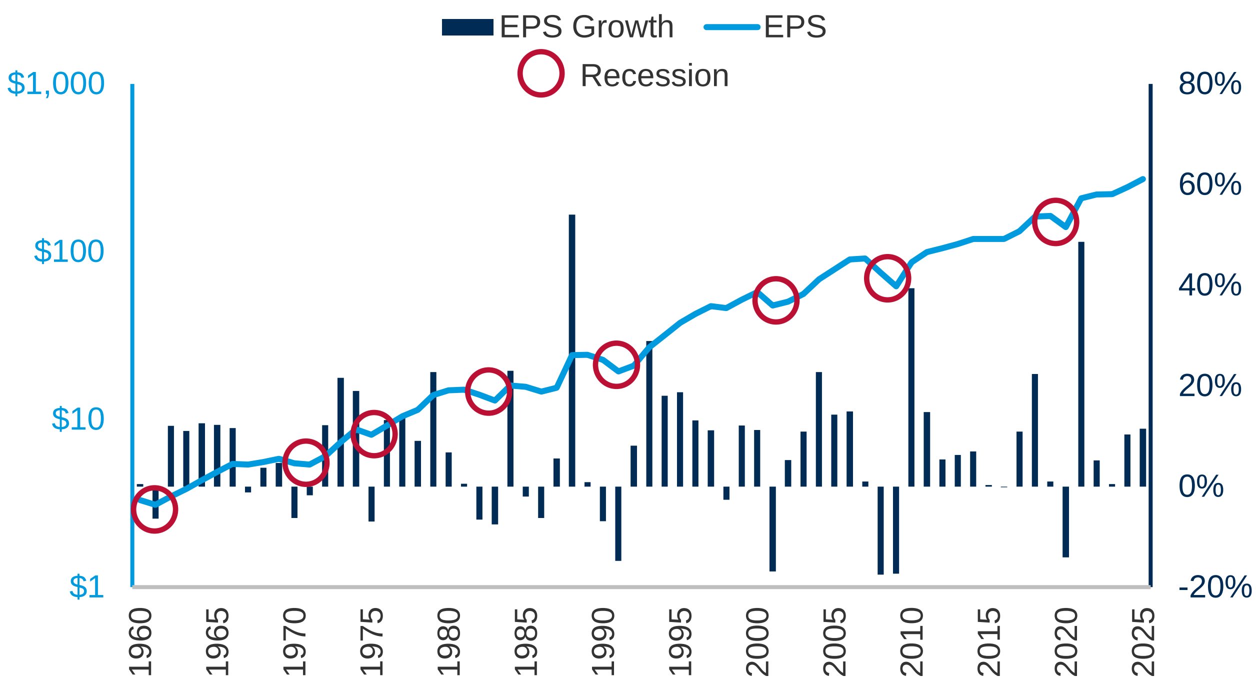
Calendar Year S&P 500 Returns and Maximum Drawdowns



Source: FactSet and Standard & Poor's. Annual S&P 500 performance calculations use daily price returns 1/1/80-12/31/25. **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

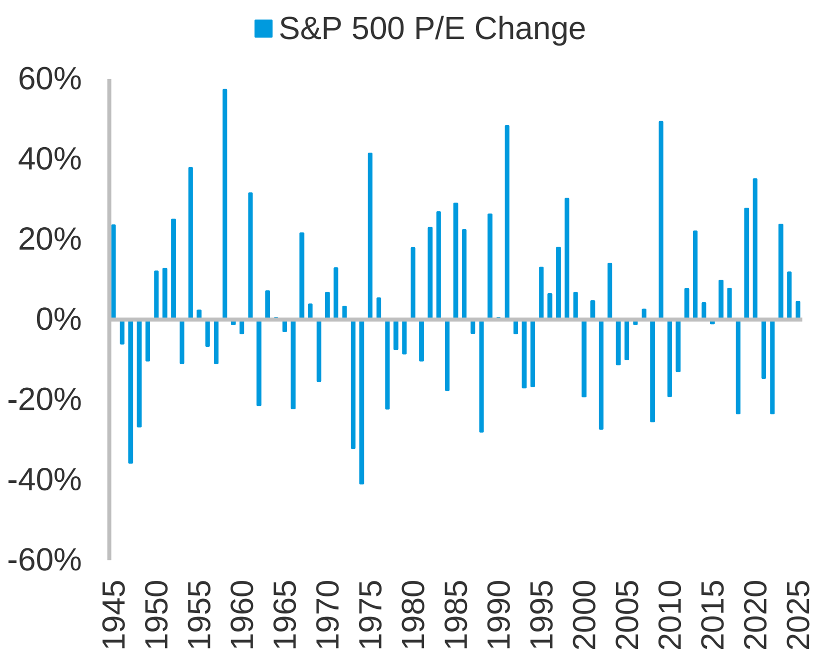
S&P 500 EPS has Historically Trended Higher Despite Recessions



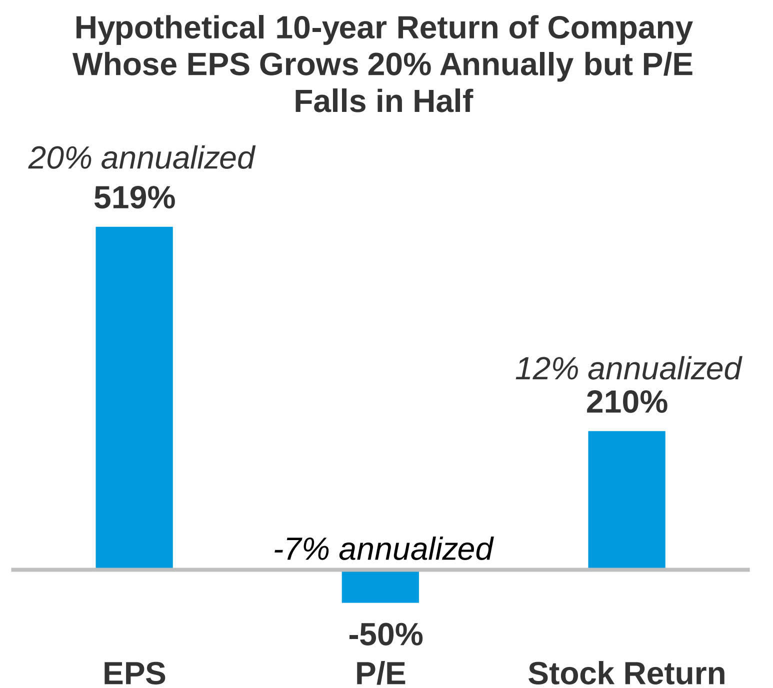
Source: S&P reported EPS 1960-1987. S&P operating EPS 1988-1995, FactSet Operating EPS 1996 to present. 2025 is a bottom-up consensus estimate.

- 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



Source: FactSet using last 12-month EPS through 2025 (left). Alger (right).

Artificial Intelligence

When GPT Means More than GPT

- AI is powered by generative pretrained transformers (GPT), but its true economic role is as a general-purpose technology (GPT) that we believe will permeate every aspect of life

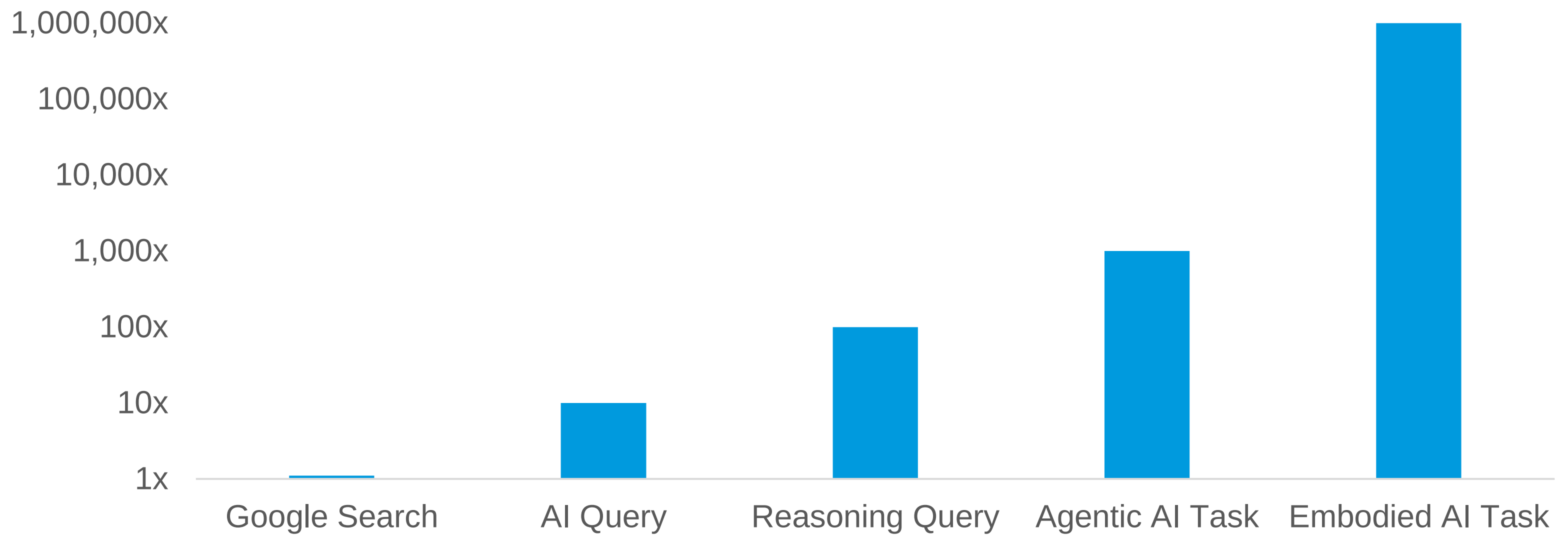
General Purpose Technologies

Technology	Impacts
Electricity	Factories, lighting, appliances
Automobile	Suburbs, shopping centers
Computer	Digital revolution, service jobs
Internet	Communication, social networking, sharing economy
Artificial Intelligence	Digital assistants and co-workers, autonomous transportation, smart robots

Source: Alger

- Next-generation AI applications—from basic queries to agent-based reasoning—demand exponentially more compute power, pushing infrastructure needs to unprecedented levels

Computational Demand

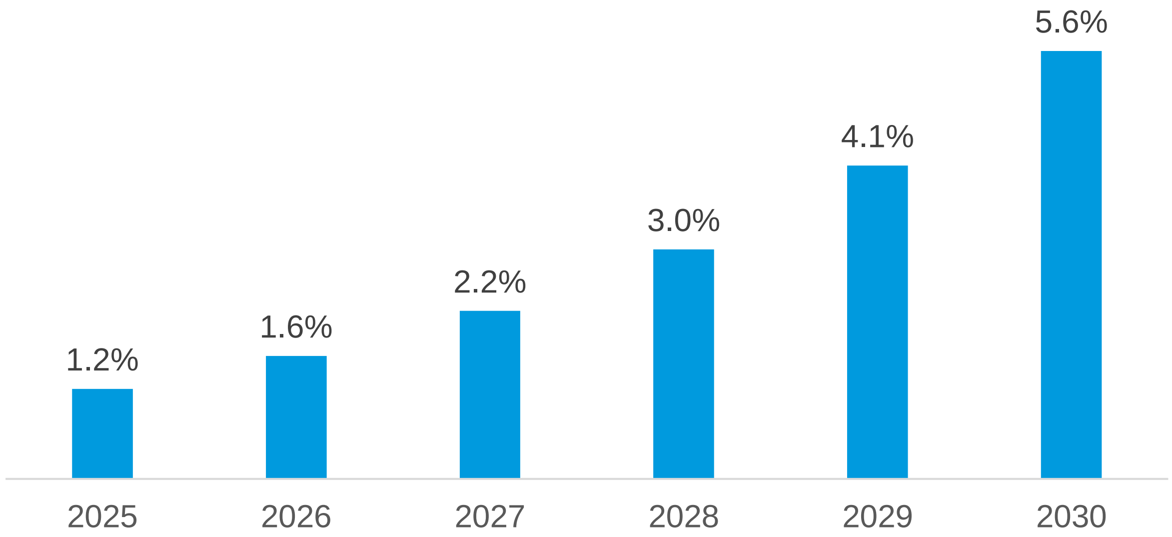


Source: Alphabet, Nvidia, Alger, Kim B., & Ammanabrolu, P. (2025). Beyond Needle(s) in the Embodied Haystack. Compute is the measure of the processing power and resources required to perform calculations

Artificial Intelligence
An Infrastructure Buildout With Wartime Scale

- AI investment is projected to reach nearly 6% of U.S. GDP by 2030 or roughly $6 trillion in cumulative investment
  - Equivalent to the aggregate U.S. WW II mobilization spend, adjusted for inflation

Projected U.S. Spending on AI as a % of U.S. GDP



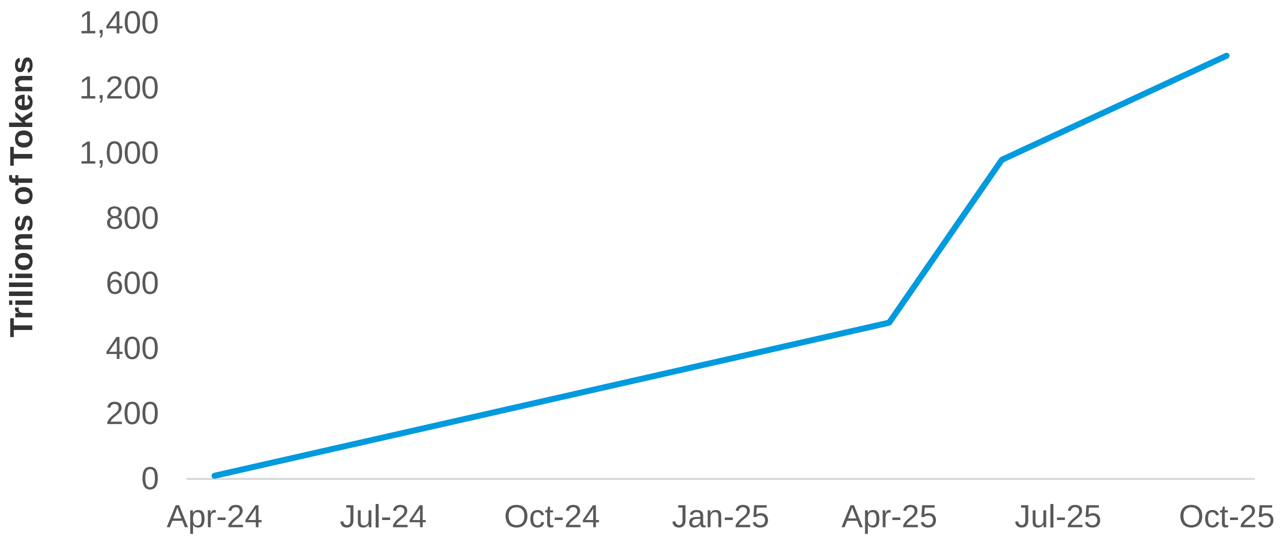
Massive levels of expenditures

Source: GDP from U.S. Bureau of Economic Analysis and AI spend derived from Nvidia comments on its Fiscal 2Q26 Earnings Call on August 27, 2025.

Artificial Intelligence
Usage is Exploding

- Demand for generative AI is surging, driven by consumers and rapid enterprise adoption
- Companies are racing to produce tokens, the basic units of generative AI models

Google Monthly AI Tokens Processed



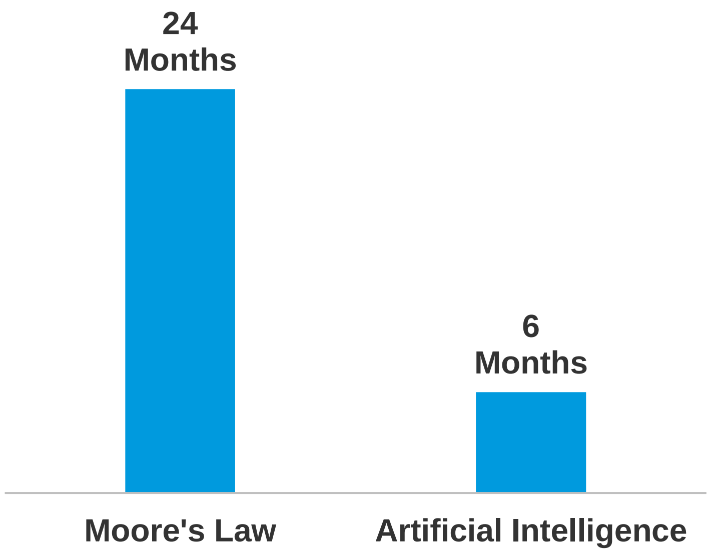
AI demand growing >20x year-over-year!

Source: Alphabet. A token is a measure of data processed by AI models approximating a few letters or a word in LLMs.

Artificial Intelligence
Innovation Is Accelerating

- Artificial intelligence is progressing at a much quicker pace than computer processors
- At the speed of Moore’s Law, a 6-inch plant would grow to 16 feet in a decade, but at the speed of AI, it would reach outer-space

Doubling Time in Months

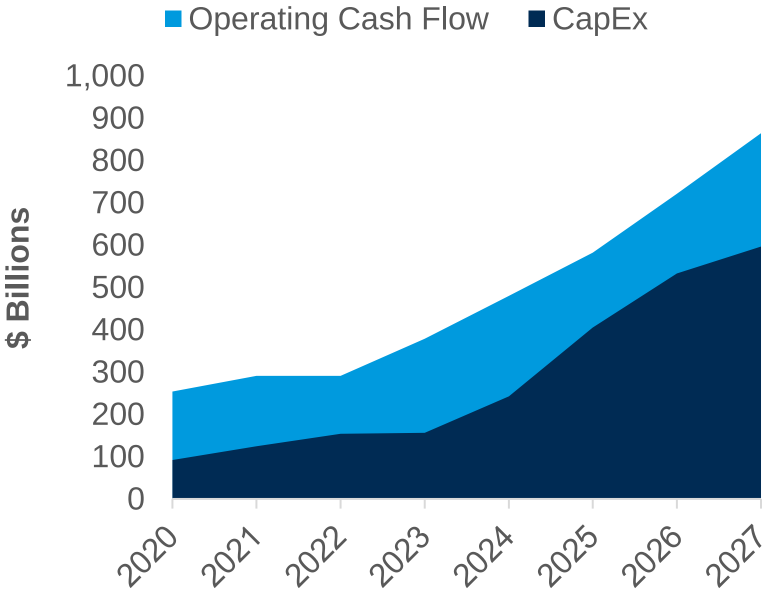


Moore’s Law vs. AI

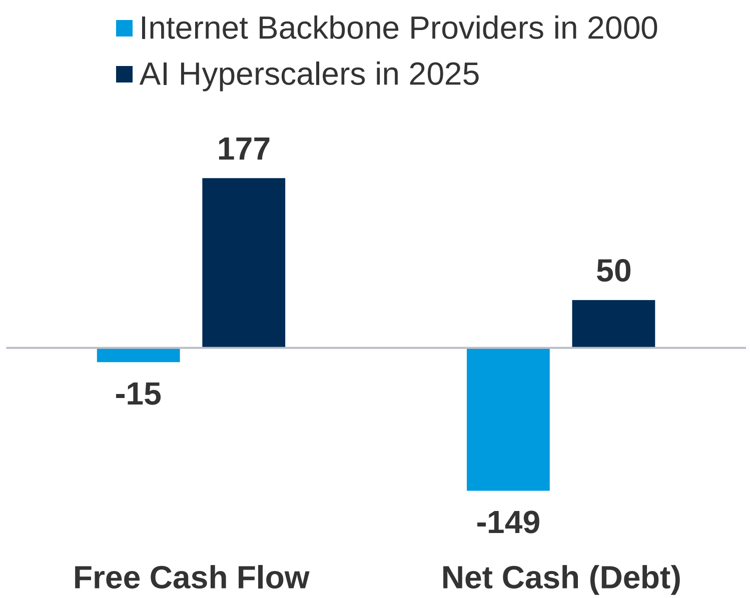
Source: Intel, Microsoft 4/30/25 earnings call. Moore’s Law refers to length of time that it takes for number of transistors per integrated circuit to double. Doubling time for AI refers to model capabilities. The calculation period used for AI was 2012-2024 (left). Dall-E (right).

- The majority of AI spending is driven by Hyperscaler capex, which is funded internally
- AI investment appears more sustainable than that of the Internet buildout/bubble

Capex Relative to Cash Flow of Hyperscalers

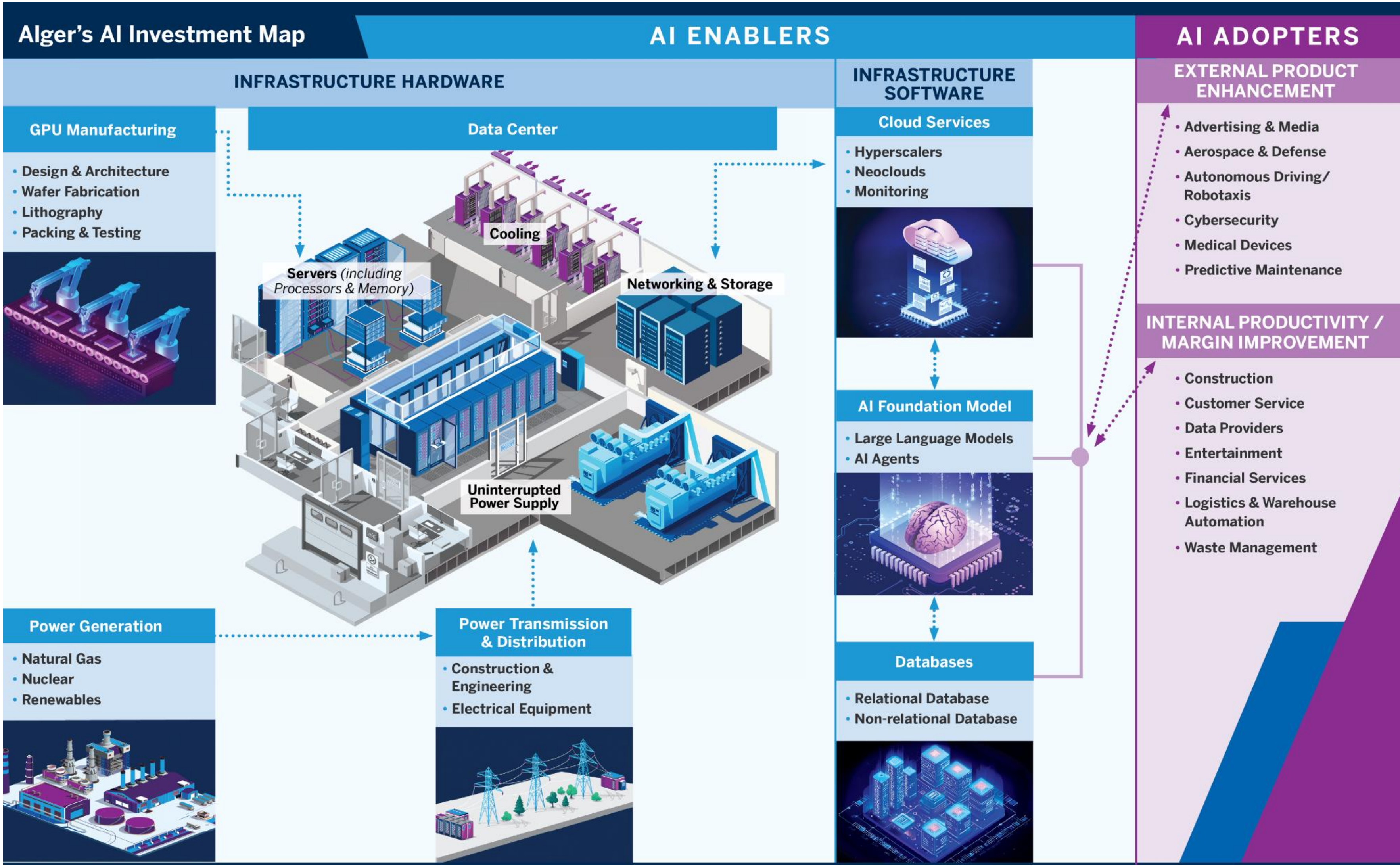


Fundamentals Then and Now ($B)



Source: FactSet. Forecasted data are consensus estimates as of 12/31/25. Free Cash Flow (FCF) represents the cash a company generates after accounting for operational and capital expenses. Net Cash (Debt) reflects a company's financial position by subtracting total debt from cash and cash equivalents, indicating whether it has a surplus of cash (net cash) or a shortfall (net debt). Hyperscaler companies, defined as providers of scalable cloud infrastructure and services for large-scale digital applications, include, Alphabet, Amazon, Meta, Microsoft and Oracle. Internet backbone provider data combines full-year figures from Global Crossing Ltd., Sprint Corporation, AT&T Corp., WorldCom Inc., and Verizon Communications Inc. Internet backbone provider FCF and Net Cash (Debt) data as of 12/31/00.

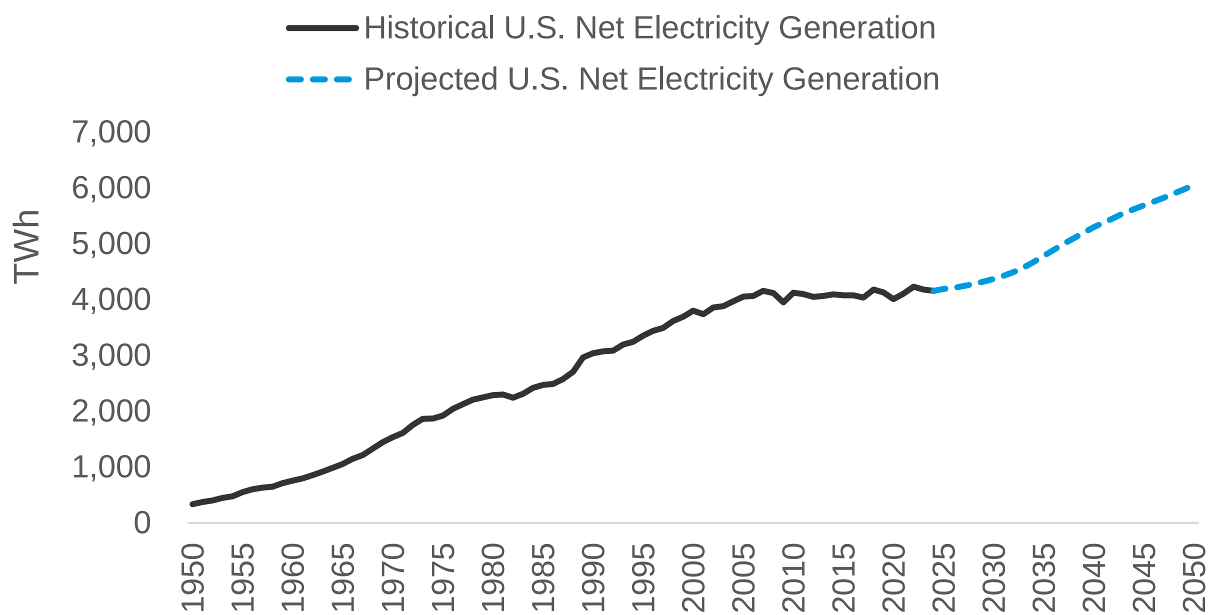
Enduring Themes
Artificial Intelligence (AI)



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.

- Electricity demand is projected to rise sharply, spurred by a combination of electrification—such as electric vehicles, industrial automation, and robotics—and data centers running power-intensive AI workloads
  - Over the next five years, demand is estimated to rise 6x faster than during the previous five years

U.S. Total Electricity Generation



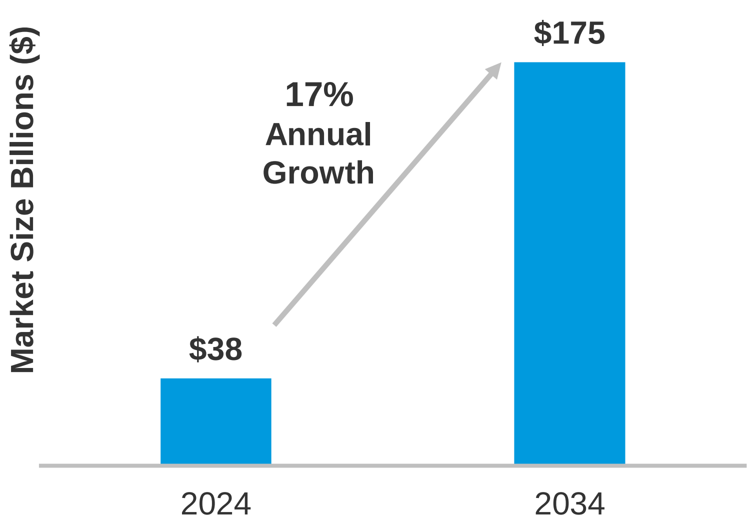
Electricity generation growth is forecasted to accelerate

Source: U.S. Energy Information Administration Annual Energy Outlook 2025.

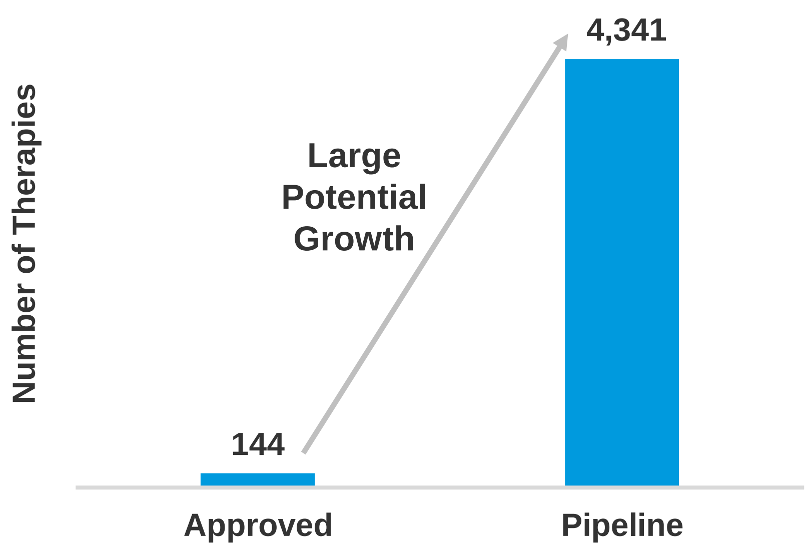
Enduring Themes
Life Science Innovation

- 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

Global Genomics Market



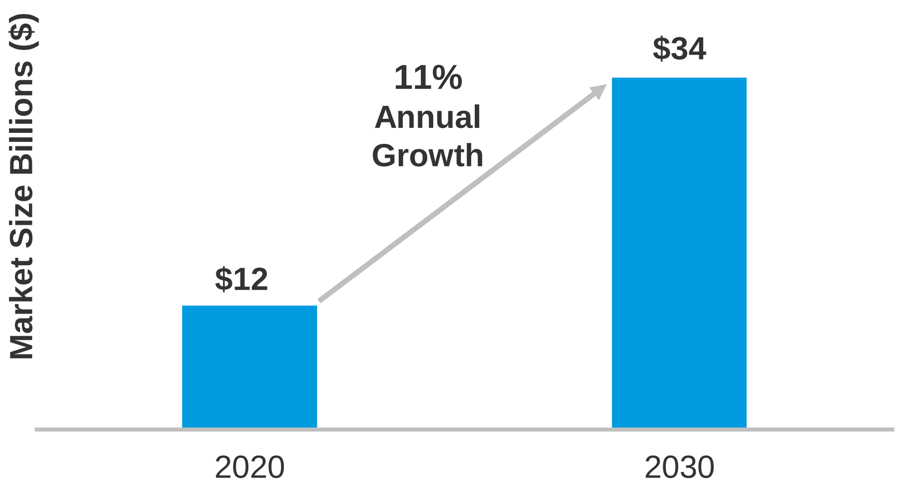
Cell & Gene Therapy Pipeline



Source: Precedence Research, December 2024; 2034 is an estimate (left). American Society of Gene & Cell Therapy, Q3 2025 Quarterly Data Report including Cell, Gene, and RNA therapies (right).

- 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

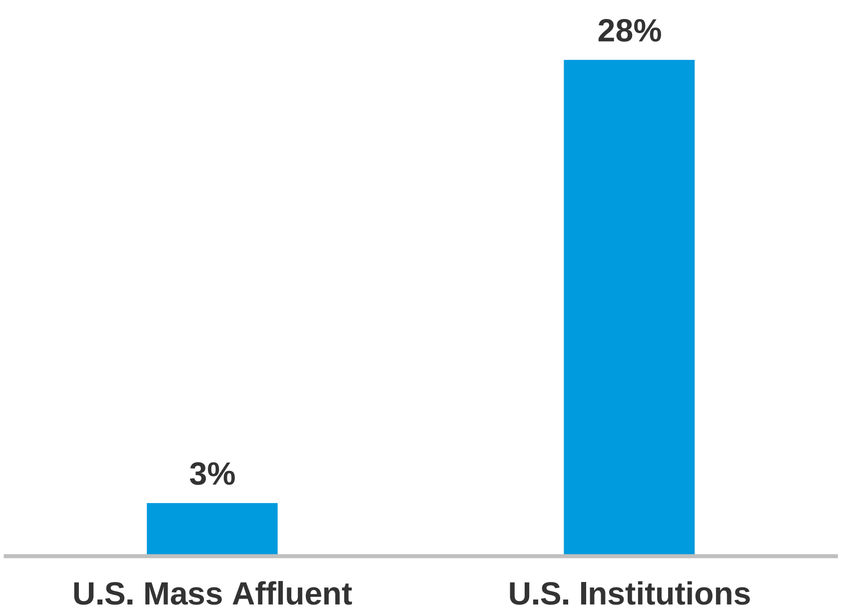


Source: Alger analysis. 2030 is an estimate. Market consists of surgical robotics, percutaneous heart valve repair, and minimally invasive technologies.

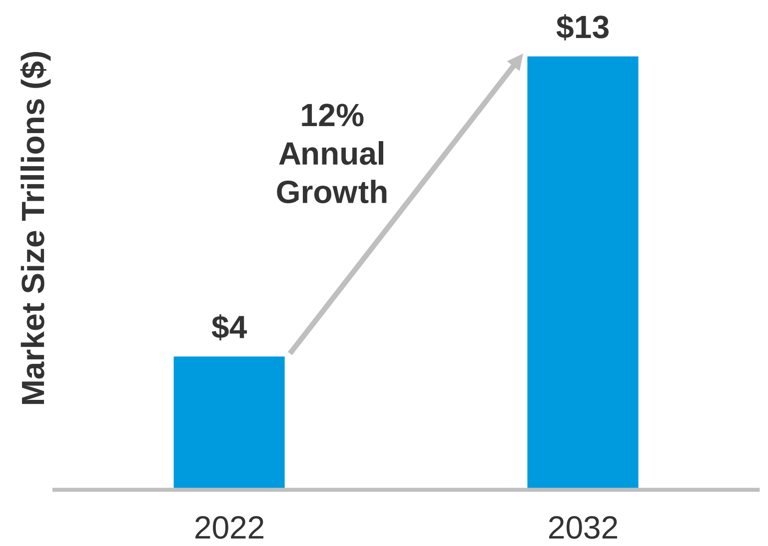
Enduring Themes
Private Market Growth

- 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

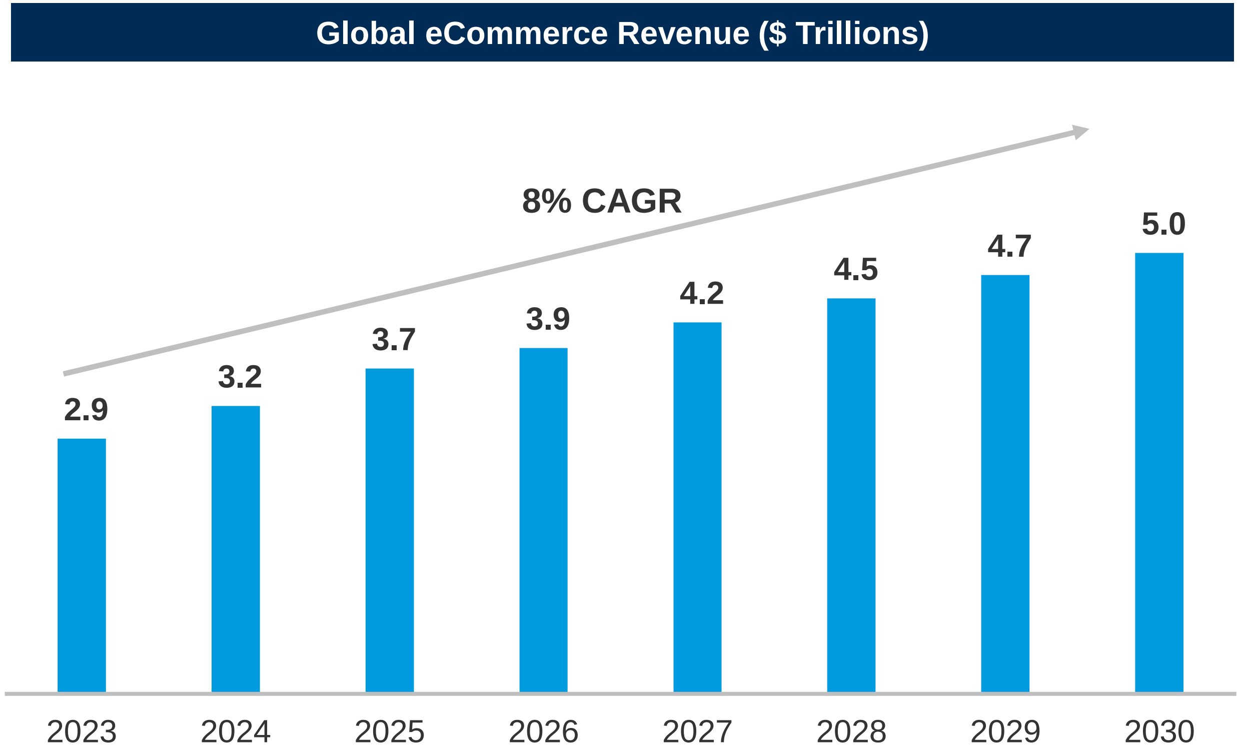


Individuals' Global Alternatives AUM



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.

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

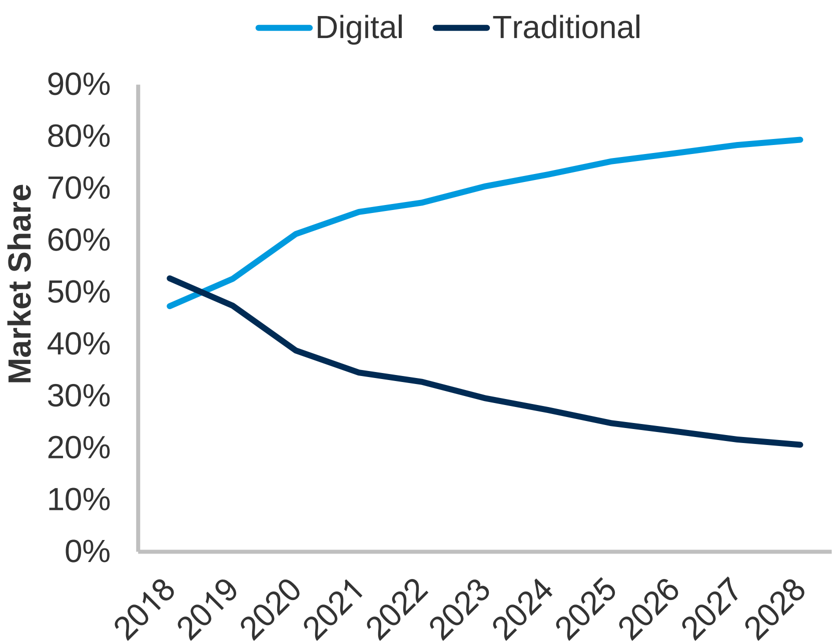


Source: Statista Market Insights, August 2025. Global e-commerce share of total retail is estimated to be 24% in 2025 according to Statista Market Insights. CAGR is compound annual growth rate, the rate of return required for a quantity to grow from its beginning balance to its ending balance.

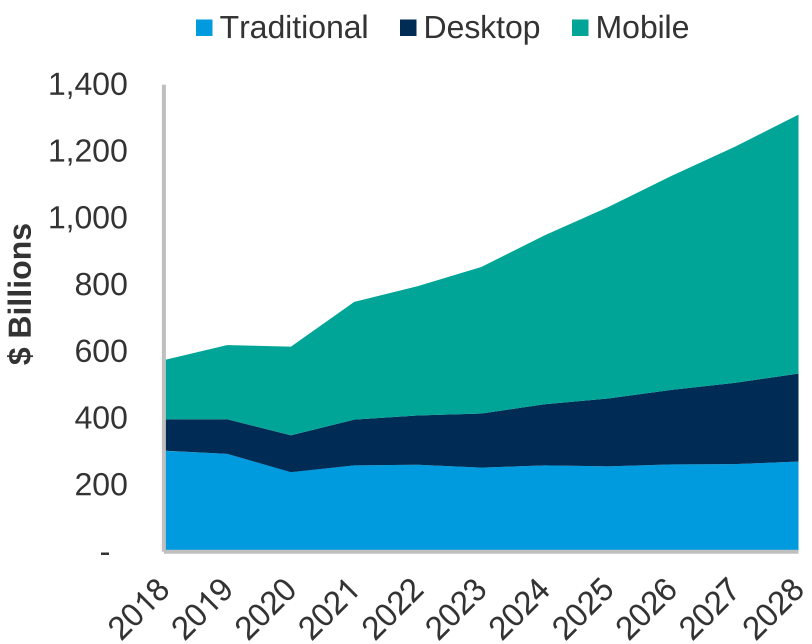
Enduring Themes
Digital Advertising

- 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

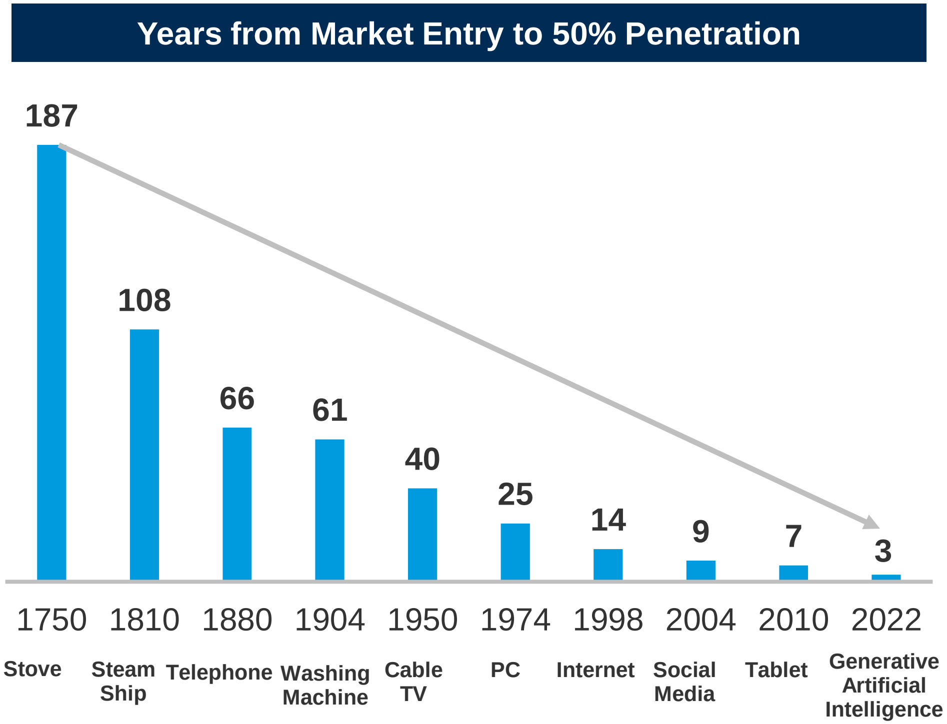


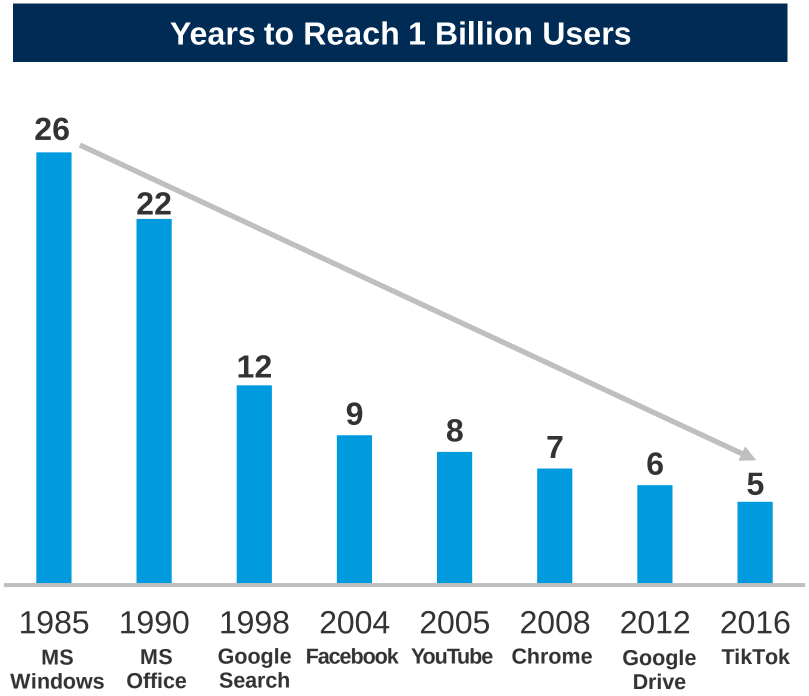
Global Advertising Revenue



Source: Insider Intelligence, November 2024.

- 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





Source: Asymco, Real-Time Population Survey (left). Visual Capitalist, company disclosures, and Alger estimates (right).

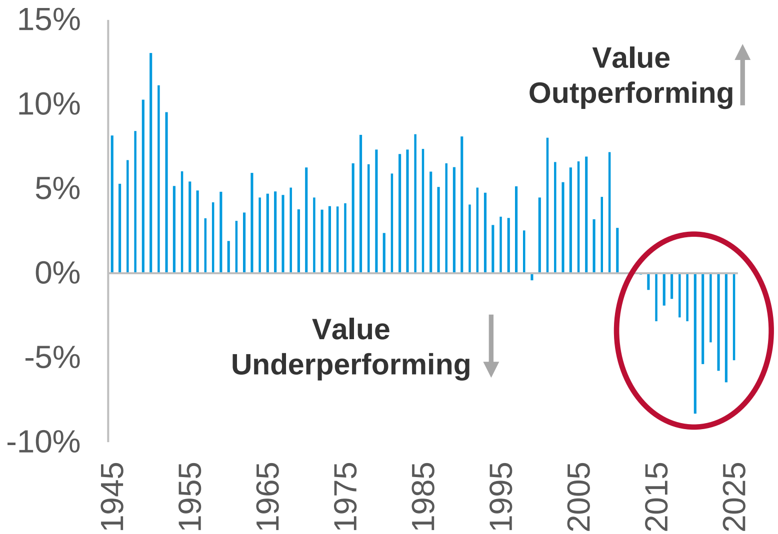
Style Wars

Structural Issues Driving Growth vs. Value

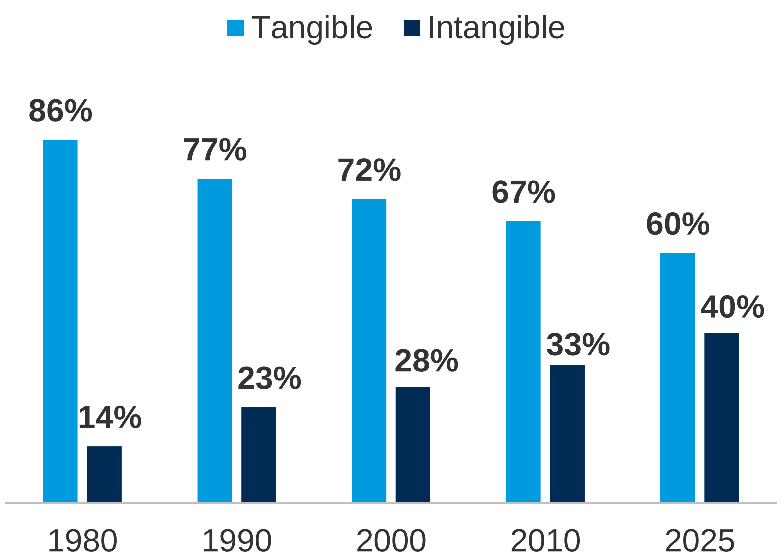
- After a long period of outperformance, value stocks have consistently underperformed over the past 20 years
  - Driven by the very weak performance of the price-to-book valuation metric

- Book value may no longer be as relevant, making current style classification flawed
  - As a result of the increasing use of intangible assets that are expensed rather than capitalized

Low Price-to-Book Value 10-Year Rolling Return



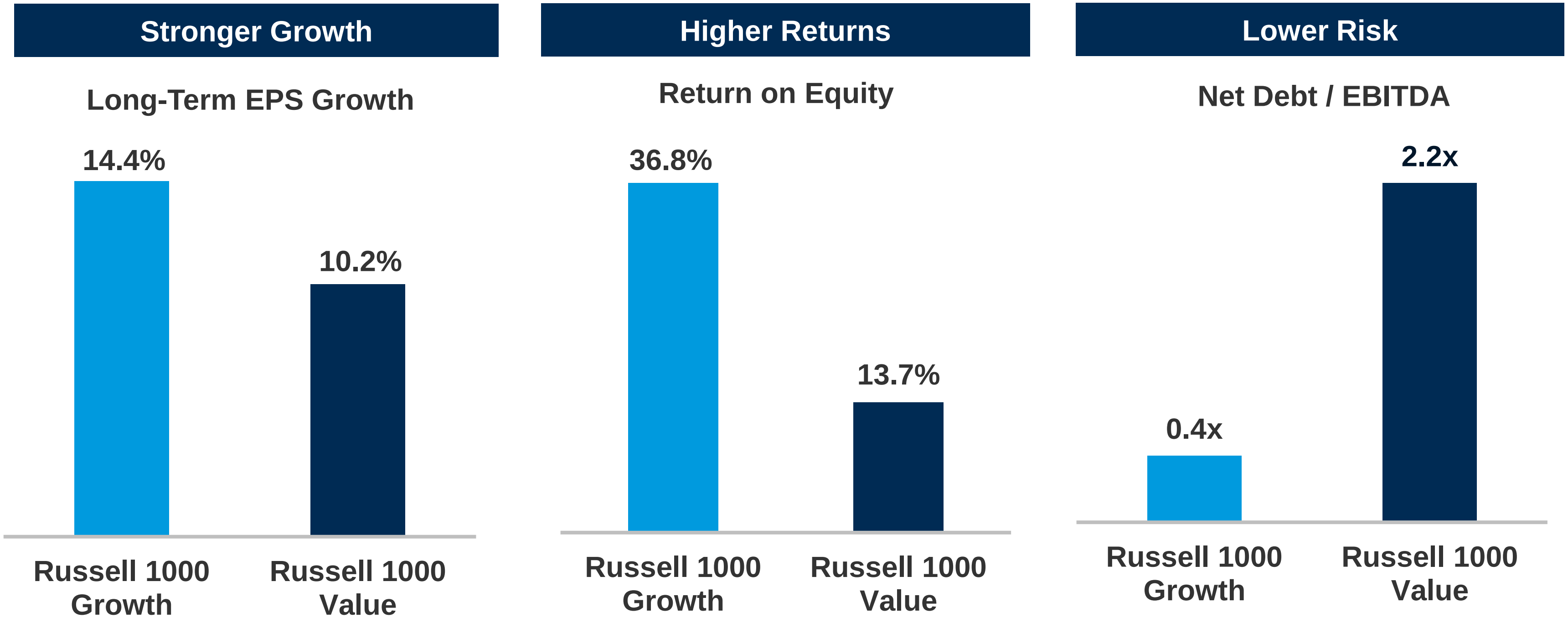
Business Investment



Source: Kenneth R. French through November 2025 (left), Bureau of Economic Analysis through 3Q25 (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.**

Style Wars
The Growth Advantage

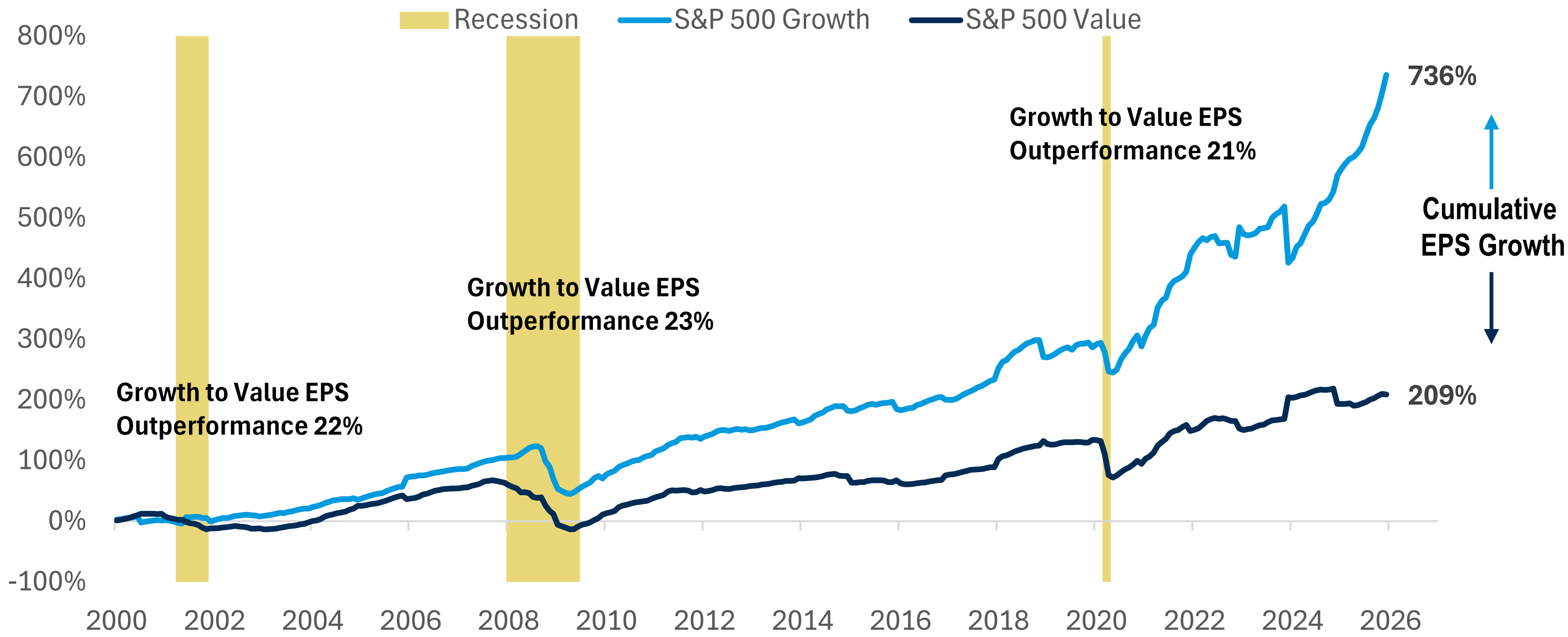
- Three variables drive P/E multiples: growth, return on capital, and risk
- The Russell 1000 Growth Index has higher expected EPS growth, higher return on equity and lower risk in the form of better balance sheets as compared to the Russell 1000 Value Index



Source: FactSet as of 12/31/25. 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

S&P 500 EPS Progression: Growth vs. Value



Source: FactSet, Standard and Poor's. Data is through 12/31/25. 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.

I
II
III
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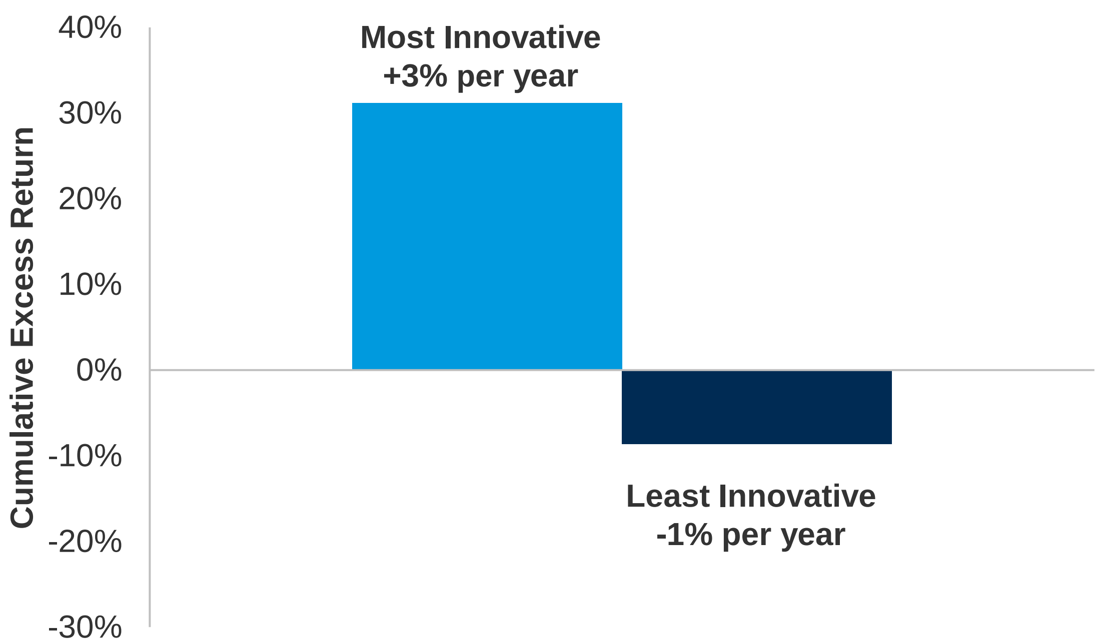
- Innovation may be an important component of equity returns

Innovative Companies Have Outperformed Over the Past Decade

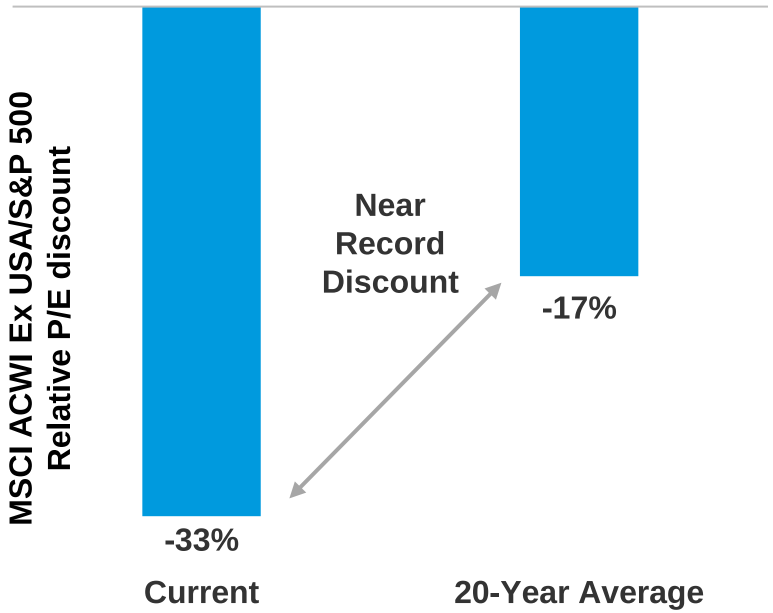


Source: FactSet. Excess performance of the quintiles of R&D as a percentage of revenue with the most innovative being top quintile and the least innovative being bottom quintile of the stocks in the S&P 1500 index. Stocks were divided into quintiles based on R&D spending-to-revenue and data was calculated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

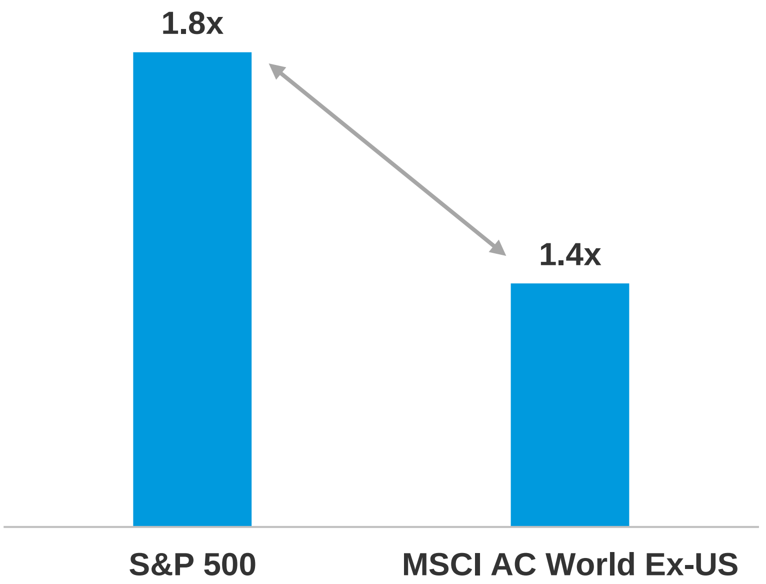
Investing Outside the U.S.
Non-U.S. Stocks are Cheap

- The thesis of U.S. exceptionalism has been embraced broadly in markets and has contributed to non-U.S. equities trading at a near 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



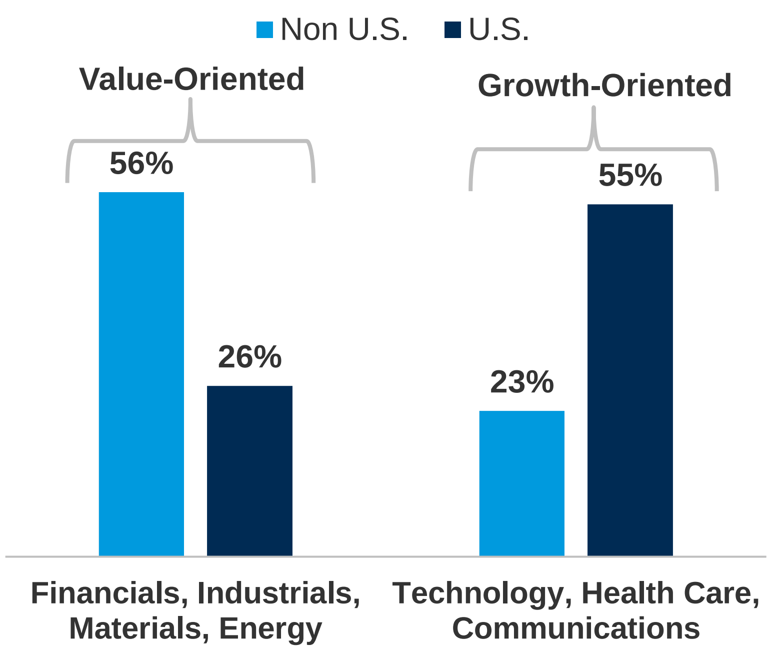
Source: FactSet as of 12/31/25, Non-U.S. stocks represented by MSCI ACWI Ex USA Index and U.S. stocks represented by S&P 500.

Investing Outside the U.S.

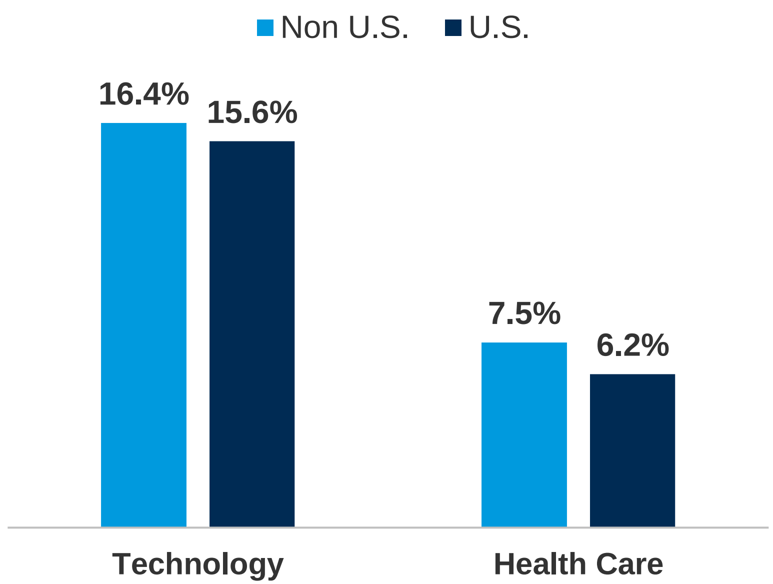
Bewildering Benchmarks

- Non-U.S. indices have far more exposure to slower growing, value-oriented sectors…
- …But non-U.S. companies are fundamentally competitive within growth oriented-sectors

Variation in Index Weighting



Forecasted 3-Year Annualized Sales Growth



Source: FactSet. Weightings and sales growth as of 12/31/25. U.S. is represented by S&P 500 and non-U.S. by MSCI ACWI ex USA Index. Sales growth based on weighted median of the consensus next 3-year compound annual growth rate.

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 a discount to their U.S. counterparts

Source: FactSet as of 12/31/25. High growth companies are defined by having 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 on exchanges outside the U.S. P/E calculated using weighted harmonic average

Investing Outside the U.S.
Unique Non-U.S. Investment Opportunities

Industries that are growing quickly internationally but not in the U.S.	Innovative industries where leaders are located outside the U.S.	Successful U.S. business models replicated internationally but trading at lower valuation multiples
Unique Non-U.S. Growth Industries	**Market Leaders Outside the U.S.**	**Successful U.S. Business Models at a Discount**
Banks *(Brazil, Indonesia, India, Eastern Europe)*	**Semiconductor Manufacturing** *(Taiwan)*	**Wholesale Clubs** *(South America)*
Hospitals (India, Turkey, Thailand)	**High Bandwidth Memory** *(Korea)*	**Online Travel Agency** *(China)*
Energy and Power Infrastructure *(Germany, Eastern Europe)*	**Biopharma Manufacturing** *(Switzerland, Korea)*	**Online Brokerage** *(Europe)*
Defense *(Europe & Asia)*	**Luxury** *(Italy, France, Switzerland)*	**Online Ticket Agency** *(Europe)*
E-Commerce *(Latin America, Southeast Asia)*	**Industrial Gasses** *(Japan)*	

Source: 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	159
Number of Investment Professionals	52
Female/Minority Portfolio Managers	47%
Assets Under Management	$33.7 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.

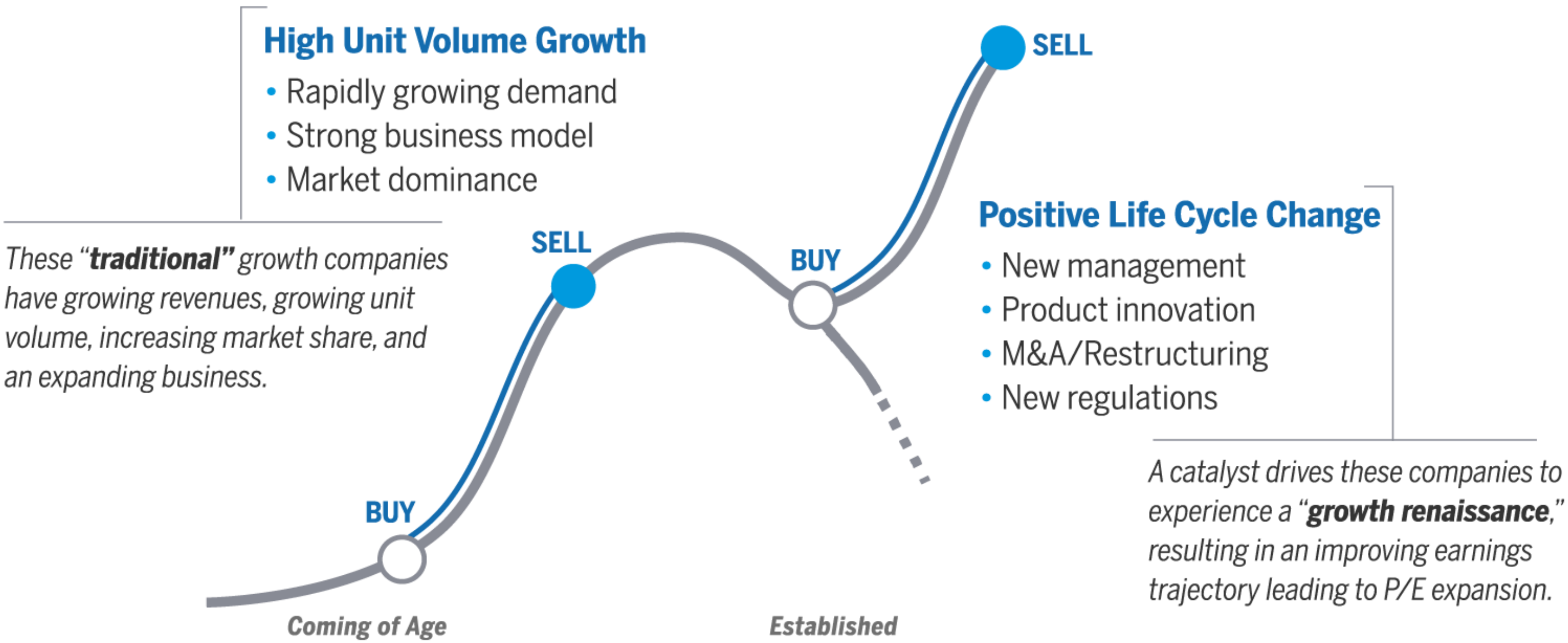
– Daniel C. Chung, CFA
Chief Executive Officer
Chief Investment Officer

Data as of December 31, 2025.

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



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. **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.

FactSet is an independent source, which Alger believes to be a reliable source. FAM, however, makes no representation that it is complete or accurate. Alger pays compensation to third party marketers to sell various strategies to prospective investors. Earnings Per Share (EPS) is the portion of a company's earnings or profit allocated to each share of common stock.

S&P 500® Index: An index of large company stocks considered to be representative of the U.S. stock market. S&P Composite 1500 Index: An unmanaged index that covers approximately 90% of the U.S. market capitalization. S&P 500 Growth Index: An unmanaged index considered representative of large-cap growth stocks. S&P 500 Value Index: An unmanaged index considered representative of large-cap value stocks. Russell 1000® Growth Index: Measures the performance of the large-cap growth segment of the U.S. equity universe. Russell 1000 Value Index: Measures the performance of the large-cap value segment of the U.S. equity universe. MSCI ACWI ex USA Index: Captures large and mid cap representation across Developed Market countries (excluding the U.S.) and Emerging Market countries. 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. Nasdaq Composite Index is a broad-based, capitalization-weighted index of all Nasdaq-based common type stocks listed on The Nasdaq Stock Market. After March 24, 2025, FTSE Russell implemented a new methodology capping individual companies at no more than 22.5% of the index and capping companies that have a weight greater than 4.5% in aggregate at no more than 45% of the index.

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. **Past performance is no guarantee of future results.**

Disclosure

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The following positions represented the noted percentages of firmwide assets under management as of October 31, 2025: NVIDIA Corporation, 0.54%; Microsoft Corporation, 8.55%; Alphabet, Inc., 3.25%; Intel Corporation, -0.02%; Amazon.com, Inc., 5.56%; Meta Platforms, Inc., 4.43%; Oracle Corporation, 0.43%; AT&T, Inc., 0%; and Verizon Communications Inc., 0.02%.

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