

# GROWTH INVESTING WITH AN **ESG** LENS

## Alger Responsible Investing Fund

(Class A as of 12/31/17)



## Morningstar Sustainability Rating™

Out of 553 Large Growth funds as of 10-31-17. Based on 96% of AUM.

<b>Category:</b>	Large Growth
<b>Sustainability Mandate:</b>	Yes   ESG Focus
<b>ESG Ranking by Morningstar Category:</b>	3 <sup>rd</sup> Percentile

### Characteristics

<b>Number of Equity Holdings</b>	70
<b>Top 10 Holdings</b>	44.48%
<b>Median Market Cap</b>	\$36.90 bil
<b>Weighted Average Market Cap</b>	\$291.26 bil

### Top 10 Holdings (%)

	Portfolio	ESG Rating
Apple Inc.	6.95	A
Amazon, Inc.	6.93	BB
Microsoft Corporation	6.34	AAA
Facebook, Inc. Class A	5.32	BBB
Honeywell International Inc.	3.60	AA
Visa Inc. Class A	3.51	A
Alphabet Inc. Class C	3.43	A
Alphabet Inc. Class A	3.06	A
Home Depot, Inc.	2.71	BBB
Johnson & Johnson	2.63	BBB

### Benchmark

Russell 1000 Growth Index

### Ticker Symbols

Class A	<b>SPEGX</b>	Class I	<b>AGIFX</b>
Class C	<b>AGFCX</b>	Class Z	<b>ALGZX</b>

The **Alger Responsible Investing Fund** enables investors to participate in the growth of companies conducting their business in a responsible manner reflecting positive **Environmental, Social, or Governance (ESG)** characteristics. The portfolio managers believe innovative companies that embrace sustainable ESG practices may be able to improve the bottom line for both shareholders and broader society.

### ESG Investing at Alger

#### • **Positive Dynamic Change**

The Fund embodies Alger's investment philosophy of targeting companies undergoing Positive Dynamic Change, which are companies experiencing high unit volume growth or positive life cycle change.

#### • **ESG Factor Review**

ESG factors are a vital component to analyze securities for this Fund. Portfolio Managers Greg Adams and Chris Walsh work with Alger analysts to integrate company ESG factor review into our analysis of every holding.

#### • **Portfolio Construction**

The portfolio managers construct a well-diversified, ESG-focused portfolio of Alger's highest conviction ideas. ESG factors are applied with a qualitative and quantitative approach. Quantitative screens can be an effective tool; however, they are not used to eliminate sectors or types of stocks based solely on ESG factors.

#### • **History of Responsible Investing**

We have managed socially responsible investing portfolios since 1987. Additionally, Alger is a proud signatory of PRI, the Principles for Responsible Investment ([www.unpri.org](http://www.unpri.org)), the world's largest consortium of asset managers and investors promoting responsible investing across the globe (signatory of PRI does not imply endorsement of the fund by PRI).

For more information about the **Alger Responsible Investing Fund**, speak with your financial advisor or visit [www.alger.com](http://www.alger.com).

**Risk Disclosures:** Investing in the stock market involves gains and losses and may not be suitable for all investors. 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. Growth stocks tend to be more volatile than other stocks. Their prices tend to be higher in relation to earnings and may be more sensitive to market, political, and economic developments. Investing in companies of all capitalizations involves the risk that smaller, newer issuers may have limited product lines or financial resources, or lack of management depth. Companies of small and medium size capitalizations are subject to greater risk than stocks of larger, more established companies owing to such factors as limited liquidity, inexperienced management, and limited financial resources. Foreign investing involves special risks including currency risk and risks related to political, social, or economic conditions. The Fund's environmental, social and governance investment criteria may limit the number of investment opportunities available to the Fund, and as a result, at times the Fund's returns may be less than those of funds that are not subject to such special investment considerations. Moreover, companies that promote positive environmental, social and/or governance policies may not perform as well as companies that do not pursue such goals. The Fund can leverage, that is, borrow money to buy additional securities. By borrowing money, the Fund has the potential to increase its returns if the increase in the value of the securities purchased exceeds the cost of borrowing, including interest paid on the money borrowed. There are additional risks when investing in an active investment strategy, such as increased short-term trading, additional transaction costs and potentially increased taxes that a shareholder may pay, which can lower the actual return on an investment.

The Strategy's Market Caps (which are sourced from FactSet) are as of the current period.

Portfolio holdings may change and stocks of companies noted may or may not be held by one or more Alger portfolios from time to time. Investors should not consider references to individual securities as an endorsement or recommendation to purchase or sell such securities. Transactions in such securities may be made which seemingly contradict the references to them for a variety of reasons, including but not limited to, liquidity to meet redemptions or overall portfolio rebalancing. Frank Russell Company ("Russell") is the source and owner of the trademarks, service marks and copyrights related to the Russell Indexes. Russell® is a trademark of Frank Russell Company. Neither Russell nor its licensors accept any liability for any errors or omissions in the Russell Indexes and/or Russell ratings or underlying data and no party may rely on any Russell Indexes and/or Russell ratings and/or underlying data contained in this communication. No further distribution of Russell Data is permitted without Russell's express written consent. Russell does not promote, sponsor or endorse the content of this communication.

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Sustainalytics provides company-level analysis used in the calculation of Morningstar's Sustainability Score.

The Morningstar® Sustainability Rating is intended to measure how well the issuing companies of the securities within a fund's portfolio are managing their environmental, social, and governance ("ESG") risks and opportunities relative to the fund's Morningstar category peers.

The Morningstar Sustainability Rating calculation is a two-step process. First, each fund with at least 50% of assets covered by a company-level ESG score from Sustainalytics receives a Morningstar® Portfolio Sustainability Score™. The Morningstar Portfolio Sustainability Score is an asset-weighted average of normalized company-level ESG scores with deductions made for controversial incidents by the issuing companies, such as environmental accidents, fraud, or discriminatory behavior. The Morningstar Sustainability Rating is then assigned

to all scored funds within Morningstar Categories in which at least ten (10) funds receive a Portfolio Sustainability Score and is determined by each fund's rank within the following distribution:

- High (highest 10%)
- Above Average (next 22.5%)
- Average (next 35%)
- Below Average (next 22.5%) and
- Low (lowest 10%)

The Morningstar Sustainability Rating is depicted by globe icons where High equals 5 globes and Low equals 1 globe. Percent Rank in Category is based on the portfolio's Sustainability Rating score in Morningstar's Large Cap Growth Category, with 1 being the highest.

A Sustainability Rating is assigned to any fund that has more than half of its underlying assets rated by Sustainalytics and is within a Morningstar Category with at least 10 scored funds; therefore, the rating it is not limited to funds with explicit sustainable or responsible investment mandates.

Morningstar updates its Sustainability Ratings monthly. Portfolios receive a Morningstar Portfolio Sustainability Score and Sustainability Rating one month and six business days after their reported as-of date based on the most recent portfolio. As part of the evaluation process, Morningstar uses Sustainalytics' ESG scores from the same month as the portfolio as-of date.

Please click on <http://corporate1.morningstar.com/SustainableInvesting/> for more detail information about the Morningstar Sustainability Rating and its calculation.

Sustainalytics is an independent ESG and corporate governance research, ratings, and analysis firm and is not an affiliated company of Morningstar, Inc.

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**About MSCI ESG Ratings:** MSCI ESG Ratings are designed to help investors to understand ESG risks and opportunities and integrate these factors into their portfolio construction and management process. Our global team of 150 experienced research analysts assess thousands of data points across 37 ESG Key Issues, focusing on the intersection between a company's core business and the industry issues that can create significant risks and opportunities for the company. Companies are rated on a AAA-CCC scale relative to the standards and performance of their industry peers. For more information, visit <https://www.msci.com/esg-ratings>

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**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, Incorporated. Member NYSE Euronext, SIPC. NOT FDIC INSURED. NOT BANK GUARANTEED. MAY LOSE VALUE.**