

Alger Small Cap Growth Fund

1st Quarter 2025 As of March 31, 2025

Ticker Symbols

Class A	ALSAX
Class C	AGSCX
Class Y	ASCYX
Class Z	ASCZX

Investment Strategy

Primarily invests in growth equity securities of U.S. small cap companies identified through our fundamental research as demonstrating promising growth potential. Seeks long-term capital appreciation.

Portfolio Management



Dan Chung, CFA
Chief Executive Officer
Chief Investment Officer
Portfolio Manager
31 Years Investment Experience



Amy Zhang, CFA
Executive Vice President
Portfolio Manager
30 Years Investment Experience

Benchmark

Russell 2000 Growth

HIGHLIGHTS

- During the first quarter of 2025, the largest portfolio sector weightings were Information Technology and Health Care. The largest sector overweight was Information Technology and the largest sector underweight was Industrials.
- The Industrials and Materials sectors contributed to relative performance while Health Care and Consumer Discretionary were among sectors that detracted from relative performance.

MARKET ENVIRONMENT

In the first quarter of 2025, U.S. equities experienced heightened volatility, driven by evolving fiscal, monetary, and trade policies. Contributing further uncertainty was the emergence of advanced artificial intelligence (AI) models from China, which demonstrated capabilities comparable to leading U.S. models but reportedly at significantly lower development costs. This prompted investors to reassess the substantial capital expenditures of U.S. large-cap technology companies, resulting in a sell-off in AI-related stocks and concerns over the potential returns on domestic AI initiatives.

Escalating trade tensions further compounded market apprehension. The Trump administration's announcement of significant tariff increases, to be announced on April 2, created substantial investor uncertainty. Anticipated retaliatory measures from trading partners further complicated business spending plans, and the expected pass-through of tariff-related costs raised inflationary concerns. Consequently, the S&P 500 Index entered into market correction territory on March 13, declining more than 10% from its prior all-time high on February 19. During the quarter, the Information Technology and Consumer Discretionary sectors were the worst performers within the S&P 500 Index, while the Energy and Health Care sectors outperformed. This period also highlighted concerns about market concentration, as the top ten companies accounted for approximately 37% of the S&P 500 Index at the start of 2025. As a result, the collective underperformance of these leading firms had a significant impact on the S&P 500 Index's -4.27% return for the quarter.

During the quarter, we continued to observe secular themes that we believe are creating attractive investment opportunities - corporations are digitizing their operations, cloud computing is growing and supporting innovation, and AI is at an inflection point, potentially enabling significant increases in productivity, in our view. In the Health Care sector, we believe that advances in surgical technologies and innovations within genomic sequencing offer compelling opportunities ahead.

PORTFOLIO UPDATE

Class A shares of the Alger Small Cap Growth Fund underperformed the Russell 2000 Growth Index during the first quarter of 2025. Guardant Health, Inc., Akero Therapeutics, Inc., and GeneDx Holdings Corp. were among the top contributors to performance.

- Guardant Health is a molecular diagnostics company specializing in liquid biopsy tests for oncology applications. Unlike traditional tissue-based tests, Guardant's liquid biopsies use blood samples, enabling faster results and improved patient comfort. The company's tests include comprehensive genomic profiling, cancer diagnosis, and treatment monitoring. Shares contributed positively to performance during the quarter driven by three main factors: robust fiscal fourth-quarter results, with revenues and test volumes exceeding expectations; expanded reimbursement coverage for Reveal, its tumor-naïve minimal residual disease (MRD) test used for colorectal cancer surveillance; and obtaining Advanced Diagnostic Laboratory Test (ADLT) status for Shield, its colorectal cancer screening test, which significantly increased its reimbursement rate.

Standardized performance is available on page 3.



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- Akero Therapeutics is a clinical-stage biotechnology company focused on developing transformative treatments for serious metabolic diseases, particularly metabolic dysfunction-associated steatohepatitis (MASH). Their lead product candidate, efruxifermin (EFX), is an engineered Fc-FGF21 fusion protein designed to alleviate cellular stress and regulate metabolism. During the quarter, shares contributed positively to performance after the company presented Phase 2b data on EFX, demonstrating statistically significant improvements in endpoints compared to the control group. The company has initiated its Phase 3 SYNCHRONY program, which includes multiple studies evaluating EFX in various patient populations.
 - GeneDx is a specialty laboratory focused on genetic testing for the diagnosis of rare diseases, primarily targeting pediatric patients in neonatal intensive care units and those with developmental disorders. Currently, GeneDx offers three primary categories of testing: (1) whole exome/genome sequencing, (2) hereditary cancer screening, and (3) individual gene tests and smaller genetic panels. Shares contributed positively to performance during the quarter after the company reported strong fiscal fourth-quarter results, driven by robust customer demand. Additionally, management raised their fiscal 2025 revenue guidance, exceeding analyst estimates.
- Astera Labs, Inc., Vertex, Inc., and Shake Shack, Inc. were among the top detractors from performance.
- Astera Labs is a semiconductor company specializing in connectivity solutions for data-centric systems, including cloud computing, artificial intelligence, and machine learning. Its products optimize data flow and performance in servers, GPUs, and AI accelerators, addressing bottlenecks in high-performance computing environments. The company's Intelligent Connectivity Platform (ICP) integrates advanced semiconductor hardware with the proprietary COSMOS software suite, delivering customizable and cost-effective solutions. Backed by strong relationships with leading cloud and AI providers, we believe Astera is well positioned in rapidly growing markets, demonstrating high profitability and industry-leading gross margins. During the quarter, the company reported strong fiscal fourth-quarter operating results, where revenues beat analyst estimates. However, shares faced downward pressure following broader market dynamics, including concerns over emerging competition.
 - Vertex provides tax compliance software through both cloud and on-premises deployments, integrating with enterprise resource planning (ERP) systems primarily for large enterprises (companies with over 250 employees). The company offers comprehensive solutions that automate the full scope of indirect tax processes, including tax determination, data management, compliance, reporting, and document management. Shares detracted from performance during the quarter after Vertex reported mixed fiscal fourth-quarter results. While quarterly revenues exceeded analyst estimates, growth in organic annual recurring revenue (ARR)—the predictable revenue from ongoing subscriptions—and net revenue retention (NRR)—the rate at which recurring revenue grows or shrinks from existing customers—slowed. Consequently, management lowered their revenue guidance for the upcoming fiscal first quarter, reflecting potential near-term growth headwinds. Despite these challenges, we believe Vertex remains well-positioned to capture market share in the sizable tax automation industry, benefiting from its extensive tax database covering 19,000 jurisdictions, strong integrations with leading ERP and software providers, flexible deployment options, and a substantial existing customer base of over 4,000 clients.
 - Shake Shack is an elevated take on classic American cuisine. The company uses high-quality ingredients to craft Angus beef burgers, crinkle-cut fries, crispy chicken, and hot dogs. The company serves a full complement of beverages including house-made lemonade, hand-spun milkshakes, beer, wine, and soft drinks. Shares detracted from performance during the quarter after Shake Shack provided weaker-than-expected fiscal first-quarter same-store sales growth (SSSG) guidance, citing weather-related headwinds and California wildfires. Additionally, management's three-year guidance on revenue and earnings before interest, taxes, depreciation, and amortization (EBITDA) was slightly below analyst estimates. Rising cattle prices, driven by historically low U.S. cattle populations, further pressured restaurant stocks, including Shake Shack. Despite the near-term slowdown in SSSG, we continue to remain positive on the long-term growth potential of the Shake Shack brand and its strong unit economics.

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Average Annual Total Returns (%) (as of 3/31/25)

	QTR	YTD	1 Year	3 Years	5 Years	10 Years	Since Inception
Class A (Incepted 12/31/96)							
Without Sales Charge	-18.51	-18.51	-17.17	-8.30	2.81	5.03	4.81
With Sales Charge	-22.79	-22.79	-21.51	-9.93	1.70	4.47	4.62
Russell 2000 Growth Index	-11.12	-11.12	-4.86	0.78	10.78	6.14	(Since 12/31/96) 6.54

Total Annual Operating Expenses by Class
 (Prospectus Dated 2/28/25, unless otherwise amended)

Without Waiver: A: 1.34%
 With Waiver: —

Performance shown is net of fees and expenses.

Only periods greater than 12 months are annualized.

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. Returns with sales charges reflect a maximum front-end sales charge on Class A Shares 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 or call 800.992.3863.

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The S&P 500 Index is an index of large company stocks considered to be representative of the U.S. stock market. The Russell 2000® Growth Index measures the performance of the small cap growth segment of the U.S. equity universe. It includes those Russell 2000 companies with higher growth earning potential as defined by Russell's leading style methodology. The Russell 2000 Growth Index is constructed to provide a comprehensive and unbiased barometer of the small to mid-cap growth market. Index performance does not reflect deduction for fees, expenses, or taxes. The indices presented are provided for illustrative purposes, reflect the reinvestment of dividends and do not assess fees and expenses that would have the effect of reducing returns. Investors cannot invest directly in any index. The index performance does not represent the returns of any portfolio advised by Fred Alger Management, LLC and actual client results might differ materially than the indices shown. **The performance data quoted represents past performance, which is not an indication or a guarantee of future results.**

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

The following positions represented the noted percentages of portfolio assets as of March 31, 2025: Guardant Health, Inc., 2.16%; Akero Therapeutics, Inc., 1.96%; GeneDx Holdings Corp. Class A, 1.64%; Astera Labs, Inc., 1.57%; Vertex, Inc. Class A, 2.12%; Shake Shack, Inc. Class A, 2.57%.

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