

Alger recently hosted a webinar on Tariffs, AI & Innovation and the Opportunity in Long/Short Equity featuring Alger CEO and CIO Dan Chung, CFA. During the webinar, Dan shared his outlook for the markets and provided the case for investing in long/short equity.

Below are a few of the major takeaways from the webinar.

Liberation Day and Economic Outlook

Liberation Day on April 2, 2025, marked the launch of a significant tariff plan by the Trump administration, leading to a substantial market sell-off. The tariff plan caused a trade standoff between the US and China, though both countries eventually backed down, after meeting in Geneva to lower tariff levels for each. A 90-day pause was instituted for the reciprocal tariffs resulting in a market rally and trade deals being announced. We feel that the economic outlook remains strong with S&P earnings growing by 10% in the first quarter.

As of the end of April 2025, the National Consumer Price Index (CPI) was at 2.3% (Source: US Bureau of Labor Statistics) and energy prices have dropped substantially, which also benefits lower-income Americans. Discussions on tax cuts and rate cuts are ongoing, including proposals to make tips and overtime income tax-free with the aim of neutralizing the headwind from tariffs. The extension of the tax cuts as well as lower energy cost could be a tailwind to continued US consumer strength.

Discussions on lowering pharmaceutical prices through most favored nation pricing are also ongoing. High healthcare costs have been a significant driver of inflation over the past 20 years and healthcare services and drug prices have tended to grow above cost of living and inflation rates. It will be important to see how these proposals for significantly lower prescription medicine costs as well as a potential extension of the tax bill, will benefit Americans.

Artificial Intelligence

AI remains a major investable theme and we've seen no disruption caused by recent volatility. Growth trends for new, dynamic technologies often continue or even accelerate during recessions, offering better, cheaper, and more efficient solutions. At Alger we believe Artificial Intelligence (AI) is a resilient and compelling long-term growth theme, especially during periods of market disruption. Despite recent volatility, many AI-related companies, particularly hyperscalers,

reported strong Q1 earnings. This underscores continued enterprise investment in AI infrastructure. The broader opportunity in AI is seen as part of a set of secular trends, including aging demographics, e-commerce, digital advertising, reshoring and genomics. These themes are expected to drive innovation over time, making AI a strategic area for investment even amid short-term market fluctuations.

Market Prediction for Interest Rate Cuts

At Alger we believe market predictions for Federal Reserve interest rate cuts have anticipated too many cuts, too early in the year. Currently, we feel interest rates are appropriate for the economy. Despite some uncertainty due to tariff trade issues, the strong economy is expected to continue, in our view. The risk of recession has significantly decreased, and the current rate levels allow the Federal Reserve to cut rates if necessary, in the future.

Historically, the economy has thrived with similar or higher rates, such as in the early 1990s and post-9/11 recovery. The issues leading to the 2008 financial crisis, such as irrational lending and leverage in the housing market, do not appear to be present today.

Commercial real estate (CRE), particularly commercial office buildings in New York, has been overvalued and is now facing significant write-downs. Private credit funds involved in this sector may face substantial losses. However, investments in growth stocks have minimal exposure to commercial banking and REITs. We believe investors should be cautious about their exposure to CRE and banks involved in commercial lending, as these loans are being rolled over at current rates and may not be sustainable for under-occupied office buildings.

Alger Dynamic Opportunities Fund

Alger's over 60-year history as a boutique asset manager specializing in growth investing allows us to be opportunistic during times of disruption, economic, geopolitical, or otherwise. During market sell offs, we believe it may be a good time to add to or initiate new positions in companies that are tied to secular growth themes, especially those experiencing positive dynamic change like AI. Alger Dynamic Opportunities Fund seeks long term capital appreciation and lower volatility by primarily investing in long and short positions in equity securities. We implement a strategy that typically has net exposure ranges from 30% to 65% and gross exposure ranges from 80% to 140%.

The views expressed are the views of Fred Alger Management, LLC ("FAM") and its affiliates as of May 2025. These views are subject to change at any time and may not represent the views of all portfolio management teams. These views should not be interpreted as a guarantee of the future performance of the markets, any security or any funds managed by FAM. These views are not meant to provide investment advice and should not be considered a recommendation to purchase or sell securities.

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

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. A significant portion of assets may be invested in securities of companies in related sectors, and may be similarly affected by economic, political, or market events and conditions and may be more vulnerable to unfavorable sector developments. Options and Short sales could increase market exposure, magnifying losses and increasing volatility. Assets may be invested in Financial Derivatives Instruments (FDIs) such as Total Return Swaps (TRS) or options, which involve risks including possible counterparty default, illiquidity, and the risk of losses greater than if they had not been used. Issuers of convertible securities may be more sensitive to economic changes. Investing in companies of small capitalizations involves the risk that such issuers may have limited product lines or financial resources, lack management depth, or have limited liquidity. Leverage increases volatility in both up and down markets and its costs may exceed the returns of borrowed securities. Foreign securities involve special risks including currency fluctuations, inefficient trading, political and economic instability, and increased volatility. Active trading may increase transaction costs, brokerage commissions, and taxes, which can lower the return on investment. At times, cash may be a larger position in the portfolio and may underperform relative to equity securities.

Short selling (or "selling short") is a technique used by investors who try to profit from the falling price of a stock. It is the act of borrowing a security from a broker and selling it, with the understanding that it must later be bought back and returned to the broker. In order to engage in a short sale, an arrangement is made with a broker to borrow the security being sold short. In order to close out its short position, the security will be replaced by purchasing the security at the price prevailing at the time of replacement. A loss will be incurred if the price of the security sold short has increased since the time of the short sale and may experience a gain if the price has decreased since the short sale.

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.

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, 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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