



Alger Mid Cap Growth Fund

4th Quarter 2024 As of December 31, 2024

Ticker Symbols

Class A	AMGAX
Class C	AMGCX
Class Z	AMCZX

Investment Strategy

Primarily invests in growth equity securities of U.S. mid 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
30 Years Investment Experience



Brandon Geisler
Senior Vice President
Portfolio Manager
23 Years Investment Experience

Benchmark

Russell Midcap Growth

HIGHLIGHTS

- During the fourth quarter of 2024, the largest portfolio sector weightings were Information Technology and Industrials. The largest sector overweight was Information Technology and the largest sector underweight was Consumer Discretionary.
- The Information Technology and Materials sectors contributed to relative performance while Financials and Consumer Discretionary were among sectors that detracted from relative performance.

MARKET ENVIRONMENT

U.S. equities were positive in the fourth quarter, largely driven by a decisive U.S. presidential election outcome. Equity markets initially declined in October amid pre-election uncertainty and increased scrutiny of corporate artificial intelligence (AI) spending. However, U.S. equities rebounded sharply in November as Donald Trump's re-election and a GOP majority boosted investor sentiment, with expectations of deregulation and corporate tax reforms supporting corporate earnings growth. Market enthusiasm waned in December following the Federal Reserve's (Fed) FOMC meeting. While the Fed cut rates by 25 basis points (bps) as expected, it signaled caution about the "extent and timing" of future cuts, and its updated Summary of Economic Projections reduced 2025 rate cut expectations to 50bps (from 100bps) while raising economic growth and inflation forecasts.

U.S. Treasury yields surged during the quarter, with 2-year and 10-year yields rising by 60bps and 78bps, respectively, amid concerns over fiscal deficits, post-election tariffs, and inflation pressures. While higher yields weighed on interest rate-sensitive areas like homebuilders, the S&P 500 Index rose 2.41%, led by the Consumer Discretionary and Communication Services sectors. Consumer Discretionary stocks benefited from post-election optimism and stronger consumer spending, while Communication Services stocks gained on strength in streaming, gaming, and digital advertising. Conversely, the Health Care sector underperformed due to potential regulatory scrutiny under the Trump administration, while the Materials sector lagged due to a stronger U.S. dollar and rising yields.

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 Mid Cap Growth Fund underperformed the Russell Midcap Growth Index during the fourth quarter of 2024. AppLovin Corp., Astera Labs, Inc., and Vertiv Holdings Co., were among the top contributors to performance.

- AppLovin is an advertising technology company offering a digital platform that helps mobile app developers market, monetize, and analyze their apps. We believe the company is experiencing a positive lifecycle change, driven by its AI-powered software engine. While currently focused on mobile gaming, AppLovin is expanding into other market segments. Its Demand Side Platform (DSP) supports ad placements, user acquisition, inventory matching, and performance analytics. Further, we believe AI is central to AppLovin's growth, driving a large majority of the company's revenue through its recommendation and targeting engine. In our view, AppLovin gains a competitive advantage, delivering higher-value app installs by leveraging data from its game portfolio and developer partners. We believe this scale and data advantage enhances its network effect, improving its technology and boosting market share in mobile gaming. As developers use the platform, the company collects data that continuously refines its algorithms, creating more value and attracting more developers to the ecosystem. During the quarter, shares contributed to performance following better-than-expected fiscal third quarter results, reporting a 39% year-over-year (yoy) revenue growth, along with a substantial 182% yoy growth in free cash flow. The company has also been proactive in shareholder returns, authorizing \$2.30 billion for share repurchases.

Standardized performance is available on page 3.

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- 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. Astera's Platform-Specific Standard Products (PSSP) enhance flexibility with features such as predictive analytics, monitoring, and troubleshooting. 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, shares contributed to performance after reporting better-than-expected fiscal third-quarter results, with revenues and gross margins exceeding analyst estimates. Specifically, revenue growth spanned all four product segments, led by accelerated custom silicon sales and robust GPU demand. Management also raised fiscal fourth-quarter guidance, citing expanding product ramps and a broader customer base.
- Vertiv specializes in critical cooling and power management infrastructure technologies, catering primarily to datacenter clients. As an industry leader in data center power and cooling solutions, we believe Vertiv stands to benefit from the secular growth in data and computing needs. During the quarter, shares contributed to performance after the company reported strong fiscal third quarter operating results, where revenues and operating income beat analyst estimates. During their annual investor day, management raised its long-term organic growth guidance higher than analyst estimates, citing market share gains over the next five years.
- Nu Holdings Ltd., Monolithic Power Systems, Inc., and NVR, Inc., were among the top detractors from performance.
 - Nu Holdings is a Brazil-based digital financial services platform that serves underbanked customers in Brazil, Mexico, and Colombia, offering banking services such as debit and credit cards to those with limited access to credit. By leveraging technology and data-driven insights, the company aims to disrupt traditional banking and expand financial inclusion across the region. During the quarter, shares detracted from performance due to macroeconomic weakness in South America, along with depreciation of the Mexican Peso and Brazilian Real against the U.S. dollar. Despite the near-term macroeconomic challenges, we believe the company provides a compelling value proposition relative to peers and traditional banks.
 - Monolithic Power Systems designs high-performance power management solutions, leveraging its expertise in analog design, proprietary process technologies, and system-level applications. Its fabless manufacturing model enables nimble innovation and scalability without requiring the high volumes typical of peers with internal manufacturing. The company serves diverse end markets, including enterprise data, where it has been the sole supplier of power management integrated circuits (ICs) for Nvidia's AI chips since early 2023, driving significant growth. However, recent reports of potential share loss on Nvidia's Blackwell platform due to technical issues, which management refutes, have raised some concerns. While management acknowledges the eventual introduction of additional suppliers, we believe these fears are overblown.
 - NVR is a leading home builder of primarily entry level homes. The company focuses on building single-family detached homes for entry-level and move-up buyers and also runs a mortgage and title insurance business. We believe NVR is a top-tier homebuilder due to its strong market share, consistent execution, asset-light land strategy, superior return profile, and use of offsite manufacturing for key structural components, all of which provide significant strategic advantages. During the quarter, the company reported strong fiscal third quarter results where revenues and new orders beat analyst estimates. However, given the abrupt rise in interest rates during the fourth quarter, the share price of several homebuilders declined, including NVR's. Despite near-term macroeconomic headwinds, we believe NVR is well-positioned to benefit from the significant housing shortage in the U.S., which is underbuilt by nearly four million homes, amid high demand and low affordability.

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Average Annual Total Returns (%) (as of 12/31/24)

	QTR	YTD	1 Year	3 Years	5 Years	10 Years	Since Inception
Class A (Incepted 12/31/96)							
Without Sales Charge	5.64	20.08	20.08	-1.41	10.90	9.99	9.20
With Sales Charge	0.07	13.77	13.77	-3.17	9.72	9.39	8.99
Russell Midcap Growth Index	8.14	22.10	22.10	4.04	11.47	11.54	(Since 12/31/96) 9.75

Total Annual Operating Expenses by Class

(Prospectus Dated 3/1/24, unless otherwise amended) A: 1.27%

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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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 December 31, 2024: AppLovin Corp. Class A, 4.27%; Astera Labs, Inc., 1.46%; Vertiv Holdings Co. Class A, 3.58%; Nu Holdings Ltd. Class A, 1.11%; Monolithic Power Systems, Inc., 1.16%; NVR, Inc., 1.92%; Nvidia Corporation., 0.0%.

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 or for the Fund's most recent month-end performance data, call (800) 992-3863, visit www.alger.com, 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.