

Alger Small Cap Focus Fund

1st Quarter 2025 As of March 31, 2025

Ticker Symbols

Class A	AOFAX
Class C	AOFCX
Class I	AOFIX
Class Y	AOFYX
Class Z	AGOZX

Investment Strategy

Invests in a focused portfolio of approximately 50 holdings of primarily small cap companies identified through our fundamental research as demonstrating promising growth potential. Seeks long-term capital appreciation.

Portfolio Management



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 Health Care and Information Technology. The largest sector overweight was Health Care and the largest sector underweight was Consumer Discretionary.
- The Communication Services and Energy sectors contributed to relative performance while Health Care and Information Technology 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 Focus Fund underperformed the Russell 2000 Growth Index during the first quarter of 2025. Inari Medical, Inc., GeneDx Holdings Corp., and Guidewire Software, Inc. were among the top contributors to performance.

- Inari Medical is a medical device company that develops and sells innovative solutions for venous diseases, such as venous thromboembolism. The company generates revenue primarily through sales of its minimally invasive clot-removal devices, including the ClotTriever and FlowTriever systems. On January 6, 2025, Stryker Corporation announced a definitive agreement to acquire Inari Medical for \$80 per share in cash, representing a total transaction value of approximately \$4.7 billion. The acquisition was successfully completed on February 19, 2025, after the expiration of the tender offer and fulfillment of standard closing conditions. As a result, shares contributed positively to performance during the quarter.

Standardized performance is available on page 3.



1st Quarter 2025

- 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.
 - Guidewire is the market leader in providing SaaS and software solutions for the property and casualty (PnC) insurance segment, serving major customers throughout the industry. The company offers a comprehensive suite of solutions covering policy, billing, and claims, and is recognized as the most advanced cloud technology provider among its competitors. We believe that new customer adoption of cloud solutions, combined with the ongoing migration of existing clients to the cloud, represents a key long-term growth driver, positioning the company for continued cross-selling and upselling opportunities. During the quarter, Guidewire reported strong fiscal second-quarter results, driven by better-than-expected growth in annual recurring revenue (ARR). Additionally, the company secured several new cloud contracts, including five with major insurers, underscoring strong market demand for its offerings. Given the strong operating results, shares contributed to performance during the quarter.
- Agilysys, Inc., Xometry, Inc., and FTAI Aviation Ltd. were among the top detractors from performance.
- Agilysys provides innovative software solutions for the hospitality industry, including point-of-sale (POS) systems, payment gateways, reservation and table management, guest offers management, property management, inventory and procurement, analytics, document management, and mobile and wireless services. During the quarter, shares detracted from performance after the company reported lower-than-expected fiscal third quarter revenues. The revenue shortfall was primarily due to weaker-than-expected POS software sales, particularly within the Managed Food Service segment, and softer international sales. As a result, management lowered their full-year revenue guidance, citing near-term challenges associated with transitioning their POS product to a new version.
 - Xometry is a leading two-sided marketplace for on-demand manufacturing services. The company provides real-time access to global manufacturing demand and capacity, with sourcing and pricing available across a network of buyers and sellers. In our view, this marketplace enables buyers (e.g., engineers and product designers) to efficiently source manufacturing processes and sellers of manufacturing services to grow their businesses. Xometry's AI-enabled technology platform is powered by proprietary machine learning algorithms, resulting in a sophisticated marketplace for manufacturing. During the quarter, the company reported strong fiscal fourth-quarter results that exceeded analyst estimates, and, for the full year of 2025, management maintained guidance for positive earnings-before-interest-taxes-depreciation-and-amortization (EBITDA). However, shares detracted from performance during the quarter amid a broader sell-off affecting high-growth, unprofitable companies, as investors rotated away from stocks that performed strongly in 2024.
 - FTAI Aviation is a global aviation company specializing in the acquisition, leasing, and sales of aircraft and aircraft engines, particularly focused on CFM56 and V2500 engines. The company operates through two main segments: Aviation Leasing, which manages and leases aviation assets generating rental income, and Aerospace Products, which develops, manufactures, repairs, and sells aircraft engines and aftermarket components. FTAI primarily earns revenue from leasing fees, equipment sales, and maintenance services. We believe FTAI has established a differentiated business model that maximizes profits from a highly attractive niche within the aerospace aftermarket—used CFM56 jet engines, which dominate short- to medium haul flights globally. During the quarter, shares detracted from performance following a short-seller report alleging that actual maintenance revenue and individual engine module sales were materially lower than reported, claiming FTAI inflated Aerospace Products revenues by categorizing one-time engine sales as Maintenance, Repair, and Overhaul (MRO) revenue, and suggesting profitability was driven more by asset sales than genuine value-added services. In response, FTAI's board commissioned an independent audit, which cleared the company of all allegations, allowing FTAI to file its annual report on time. Aside from the short-seller impact, shares were also pressured by broader market trends as investors rotated away from last year's strong performers. Despite these near-term challenges, we remain confident in FTAI's fundamentals and believe it represents one of the best investment opportunities to capitalize on the multi-year commercial aerospace cycle.

1st Quarter 2025

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

	QTR	YTD	1 Year	3 Years	5 Years	10 Years	Since Inception
Class A (Incepted 3/3/08)							
Without Sales Charge	-17.53	-17.53	-13.23	-8.20	-1.00	4.64	6.38
With Sales Charge	-21.84	-21.84	-17.78	-9.84	-2.07	4.07	6.05
Russell 2000 Growth Index	-11.12	-11.12	-4.86	0.78	10.78	6.14	(Since 3/03/08) 8.42
Total Annual Operating Expenses by Class (Prospectus Dated 2/28/25, unless otherwise amended)	Without Waiver: With Waiver:	A: 1.22% —					

Performance shown is net of fees and expenses.

Only periods greater than 12 months are annualized.

Prior to August 7, 2015, the Fund followed different investment strategies under the name "Alger Growth Opportunities Fund" and prior to February 12, 2015 was managed by a different portfolio manager. Effective August 7, 2015, the Fund's primary benchmark is the Russell 2000 Growth Index.

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.

The views expressed are the views of Fred Alger Management, LLC ("FAM") and its affiliates as of March 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. Holdings and sector allocations are subject to change.

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 or industries, and may be similarly affected by economic, political, or market events and conditions and may be more vulnerable to unfavorable sector or industry developments. 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. Assets may be focused in a small number of holdings, making them susceptible to risks associated with a single economic, political or regulatory event than a more diversified portfolio. At times, cash may be a larger position in the portfolio and may underperform relative to equity securities. **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.

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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: Inari Medical, Inc., 0%; GeneDx Holdings Corp. Class A, 4.16%; Guidewire Software, Inc., 3.63%; Agilysys, Inc., 1.87%; Xometry, Inc. Class A, 1.65%; FTAI Aviation Ltd., 3.11%; Stryker 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 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.