Alger Weatherbie Specialized Growth Fund

WEATHERBIE CAPITAL

1st Quarter 2025 As of March 31, 2025

Sub-Advisor
Weatherbie Capital, LLC

Ticker Symbols

Class A	ALMAX
Class C	ALMCX
Class I	ASIMX
Class Z	ASMZX

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

Portfolio Management

H. George Dai, Ph.D.
Chief Investment Officer
Portfolio Manager
Senior Analyst
Weatherbie Capital, LLC
26 Years Investment Experience

Joshua D. Bennett, CFA
Director of Research
Portfolio Manager
Senior Analyst
25 Years Investment Experience

Benchmark
Russell 2500 Growth

Standardized performance is available on page 3.

HIGHLIGHTS

- During the first quarter of 2025, the largest portfolio sector weightings were Health Care and Industrials. The largest sector overweight was Financials and the largest sector underweight was Consumer Discretionary.
- The Consumer Discretionary and Industrials 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 Weatherbie Specialized Growth Fund underperformed the Russell 2500 Growth Index during the first quarter of 2025. VSE Corporation, Palomar Holdings, Inc., and Progyny, Inc. were among the top contributors to performance.

- VSE provides repair services, parts distribution, logistics, supply chain management, and consulting for commercial and government transportation assets across land, sea, and air. Historically operating in two primary segments—Aviation and Fleet—the company recently announced the planned divestiture of its Fleet operations. During the quarter, shares positively contributed to performance following the announcement of the planned sale of its Fleet segment, Wheeler Fleet Solutions, to a private equity firm, enabling VSE to concentrate further on its core aviation business. Additionally, VSE reported strong fiscal fourth-quarter results, exceeding analyst earnings estimates. Organic revenue growth in the Aviation segment accelerated to 17%, compared to 14% in the prior quarter. Further, management noted that they anticipate continued growth in 2025, driven by successful integration of recent acquisitions, a robust pipeline of organic opportunities, and potential future acquisitions. We believe management is effectively executing its strategic plan, forecasting sustained organic growth through 2025 and into 2026, which could potentially support further margin improvement.

- Palomar Holdings is a specialty insurance company providing property and casualty coverage focused on risks such as earthquakes, hurricanes, and floods, primarily serving residential and commercial clients in the United States. The company generates revenue by underwriting specialized insurance policies and collecting premiums from policyholders. We believe Palomar's targeted focus on underserved markets and strategic growth initiatives positions the company favorably to capture opportunities within niche insurance segments, supporting sustained profitability and growth. During the quarter, shares contributed positively to performance after the company reported strong fiscal fourth-quarter operating results, beating analyst earnings estimates for the ninth consecutive quarter. This performance was driven by robust premium growth and effective loss management. Additionally, management raised its fiscal 2025 earnings guidance above consensus expectations.
- Progyny is a leading benefits management company specializing in fertility and family building solutions. It serves a significant but underserved market through unique plan designs, coordinated clinical care, and a carefully selected provider network, resulting in superior clinical outcomes and cost savings. Infertility is a widespread issue, affecting one in eight U.S. couples, according to the Centers for Disease Control and Prevention. In our view, the company has successfully broken the pattern of weaker performance seen throughout 2024, which was partly driven by an Alabama state ruling to suspend in vitro fertilization (IVF) procedures—a restriction that was subsequently lifted. Shares contributed positively to performance during the quarter, following solid fiscal fourth-quarter operating results driven by an expanding client base and improving utilization trends. Additionally, management raised both fiscal first-quarter and full-year 2025 revenue guidance above analyst estimates, citing member engagement trending back toward historical levels.

Semtech Corporation, Upstart Holdings, Inc., and Agilysys, Inc. were among the top detractors from performance.

- Semtech Corporation designs and manufactures analog and mixed-signal semiconductors for a wide range of applications, including Internet of Things (IoT), data centers, industrial equipment, and consumer electronics. The company is a global leader in low-power, high-performance solutions, with a focus on enabling connectivity, energy efficiency, and miniaturization across its target markets. Semtech operates in three business segments: Protection, Signal Integrity, and Wireless & Sensing. In February 2025, the company lowered revenue projections for its core data center product, Advanced Copper Cable (ACC), which connects GPUs at a lower power consumption while preserving signal integrity. Management attributed the revised guidance to architectural changes in GPUs from a major supplier, rather than issues with Semtech's product or execution. Consequently, shares declined due to delayed ACC revenues, negatively impacting performance during the quarter.
- Upstart is a leading AI-powered lending platform that partners with banks and credit unions to improve access to affordable credit. By leveraging machine learning algorithms, the company evaluates non-traditional risk factors to provide more accurate credit assessments, enabling better loan approvals and pricing. Upstart aims to make the lending process more inclusive and efficient while helping its financial institution partners drive growth and manage risk effectively. After delivering impressive share price performance throughout 2024, shares detracted from performance this quarter. While the company reported solid fiscal fourth-quarter operating results with all three major product lines showing considerable growth, we believe shares were under pressure due in large part to macroeconomic concerns. Specifically, escalating trade tensions and potential recession fears pressured financial technology stocks, making investors wary of the company's consumer credit exposure.
- 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.

ALGER

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 5/8/02)							
Without Sales Charge	-15.07	-15.07	-6.88	-7.57	6.21	6.77	8.08
With Sales Charge	-19.54	-19.54	-11.76	-9.23	5.08	6.19	7.83
Russell 2500 Growth Index	-10.80	-10.80	-6.37	0.55	11.37	7.44	(Since 5/08/02) 8.79

Total Annual Operating Expenses by Class A: 1.26%
(Prospectus Dated 2/28/25, unless otherwise amended)

Performance shown is net of fees and expenses.
Only periods greater than 12 months are annualized.
Prior to September 30, 2019, the Fund's name was "Alger SMid Cap Focus Fund." Prior to August 30, 2017, the Fund followed different investment strategies under the name "Alger SMid Cap Growth Fund" and before March 1, 2017 was managed by different portfolio managers.
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.

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. Investing in companies of small and medium 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.

Holdings and sector allocations are subject to change. Fred Alger Management, LLC uses the Global Industry Classification Standard (GICS®) for categorizing companies into sectors and industries. GICS® is used for all portfolio characteristics involving sector and industry data such as benchmark, active and relative weights and attribution. The Global Industry Classification Standard (GICS®) is the exclusive intellectual property of MSCI Inc. (MSCI) and Standard & Poor's Financial Services, LLC (S&P). Neither MSCI, S&P, their affiliates, nor any of their third-party providers ("GICS Parties") makes any representations or warranties, express or implied, with respect to GICS or the results to be obtained by the use thereof, and expressly disclaim all warranties, including warranties of accuracy, completeness, merchantability and fitness for a particular purpose. The GICS Parties shall not have any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if notified of such damages. Sector and industry classifications are sourced from GICS. Historical classifications use GICS categories available as of the date of this presentation.

The Russell 2500® Growth Index measures the performance of the small to mid-cap growth segment of the U.S. equity universe. It includes those Russell 2500 companies with higher growth earning potential as defined by Russell's leading style methodology. The Russell 2500 Growth Index is constructed to provide a comprehensive and unbiased barometer of the small to mid-cap growth market. The S&P 500 Index is an index of large company stocks considered to be representative of the U.S. stock market. Index performance does not reflect deduction for fees, expenses, or taxes. Investors cannot invest directly in an index. 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.**

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: VSE Corporation, 3.13%; Palomar Holdings, Inc., 2.13%; Progyny, Inc., 2.11%; Semtech Corporation, 0.86%; Upstart Holdings, Inc., 4.15%; Agilysys, Inc., 2.15%.

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.