

# A Focused Approach To Innovation

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Alger specializes in growth equity investing and focused strategies are one way to potentially generate alpha.

A focused strategy at Alger generally holds 50 or fewer names. This enables us to take larger positions in our highest conviction ideas. The conviction of our investment ideas is best demonstrated by a portfolio's top 10 holdings, which typically make up close to 50% of portfolio assets.

The Alger investment philosophy centers around our belief that companies undergoing Positive Dynamic Change offer the best investment opportunities. One of the reasons why we like to invest in change is that people often underestimate the change that is occurring, especially when it's as significant as it is today. Some of the characteristics we look for in the stocks that we own are the ability of a company to take market share in high growth markets, innovative companies that are disrupting large market opportunities, companies with sustainable competitive positions and companies with strong management teams that are focused on innovation and can take advantage of the change that is taking place in their respective sectors.

I believe we are in the early days of one of the most innovative times in history. The pace of innovation is accelerating across sectors. The change and innovation that we have seen over the past 10 years will pale in comparison to what we expect to see over the next decade. This is creating a number of exciting investment opportunities. At Alger, our in-depth fundamental research process focuses on investing in many of the most innovative companies in the market and avoiding those that are being disrupted. The most cutting-edge areas of the market where we see the most innovation arising tend to be Technology, Health Care and Consumer Discretionary.

Regardless of where we find our equity opportunities, our competitive edge is identifying companies in the midst of Positive Dynamic Change and seeking to capitalize on that change before it is recognized by the rest of the market.

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