

A Multi-Sleeve Design

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At Weatherbie Capital, an Alger subsidiary, we employ a multi-sleeve style of portfolio management. In this approach, each portfolio manager is empowered to run a focused sleeve of a strategy. We construct these sub-portfolios by choosing stocks only from a select universe of smaller cap equities that meet Weatherbie growth and quality criteria. We call this universe of stocks the Weatherbie 50. The sleeves or sub-portfolios we create with Weatherbie 50 stocks are each unique in exact holdings and position weights.

We believe the multi-sleeve structure marries the merits of a team-based approach with those of a single manager model. On the team-based side, we enjoy potential risk mitigation. With three managers running a strategy, collaboration and a healthy sense of competition help us strive toward optimal results. The resulting top positions in our portfolio reflect the combined strongest convictions of the team. Additionally, multiple managers mean constant dialogue, which makes each manager sharper and deepens his understanding of the companies he owns. We discuss all of our positions and examine them from many angles.

Our approach also maintains the advantages of a traditional single manager approach. We exercise independent decision-making. If one of our portfolio managers wants to buy or sell a stock in his sleeve, he can do so without anyone else's permission, as long as the stock is one of the Weatherbie 50 and falls within our risk parameters. Consequently, we each have full accountability and closely monitor our holdings and their return profile. We pride ourselves on exchanging ideas while at the same time preserving our agility to adjust our portfolios.

At Weatherbie we consider our shared philosophy and process critical to our success. The multi-sleeve format is equally important and we believe it is a difficult feature to duplicate. All managers must have comparable skills and expertise, and the synergy we have developed can take decades to gel.

In our quest to produce excess returns, we have found that our multi-sleeve strategy can be extremely effective at meeting the objectives of our clients.

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