

Alger Spectra Fund

1st Quarter 2025 As of March 31, 2025

Ticker Symbols

Class A	SPECX
Class C	ASPCX
Class I	ASPIX
Class Y	ASPYX
Class Z	ASPZX

Investment Strategy

Primarily invests in growth equity securities of U.S. companies identified through our fundamental research as demonstrating promising growth potential, and engages in short selling (up to approximately 10% of the market value of the portfolio). Seeks long-term capital appreciation.

Portfolio Management



Patrick Kelly, CFA
Executive Vice President
Portfolio Manager
Head of Alger Capital Appreciation
and Spectra Strategies
28 Years Investment Experience



Dan Chung, CFA
Chief Executive Officer
Chief Investment Officer
Portfolio Manager
31 Years Investment Experience



Dr. Ankur Crawford
Executive Vice President
Portfolio Manager
21 Years Investment Experience

Benchmark

Russell 3000 Growth

Standardized performance is available on page 3.

HIGHLIGHTS

- During the first quarter of 2025, the largest portfolio sector weightings were Information Technology and Communication Services. The largest sector overweight was Information Technology and the largest sector underweight was Health Care.
- The Communication Services and Materials sectors contributed to relative performance while Information Technology and Financials 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 Spectra Fund underperformed the Russell 3000 Growth Index during the first quarter of 2025. HEICO Corporation, Spotify Technology, and GFL Environmental Inc were among the top contributors to performance.

- Heico is a leading manufacturer of Federal Aviation Administration (FAA) approved jet engine and aircraft component replacement parts. Its Flight Support Group (FSG) provides FAA-approved aircraft and engine replacement parts, while the Electronics Technologies Group (ETG) serves industries such as aerospace, defense, homeland security, space, and medical with specialized electronic components. We believe the company is well-positioned to benefit from the steady aging of the global commercial aerospace fleet, resulting in increased consumption of aftermarket parts. Additionally, ongoing production issues from two major aircraft manufacturers have reduced the projected new plane deliveries, further supporting our view that the average age of the global fleet is likely to remain elevated over the next few years. During the quarter, shares contributed positively to performance after the company reported strong fiscal first-quarter results, driven by continued strength in the FSG segment as commercial flight hours remained robust. Furthermore, management highlighted a recovery within the ETG segment, supported by increased demand from the U.S. Department of Defense.

1st Quarter 2025

- Spotify is a leading global streaming platform providing users access to an extensive library of music, podcasts, and other audio and video content. The company primarily generates revenue through its Premium subscription service, offering ad-free listening, offline access, and enhanced audio quality, and also from its ad-supported free tier, where advertisers reach Spotify's large user base. By recently integrating AI, Spotify enriches user experiences with personalized features such as AI Playlist and AI DJ, tailoring content specifically to individual preferences. We believe this strategic use of AI, combined with its expansion into various audio formats, positions Spotify for sustained growth in the evolving digital audio market. During the quarter, shares contributed positively after the company reported better-than-expected fiscal fourth-quarter results driven by strong user growth and margin improvement due to favorable trends in audiobooks and music content costs.
- GFL is a waste and environmental services company undergoing a significant transformation of its balance sheet. Over recent years, the company pursued extensive mergers and acquisitions, resulting in substantial debt. GFL has since committed to reducing this leverage by the end of 2025 through divesting non-core assets and emphasizing strong free cash flow generation. We believe this deleveraging will attract increased investor attention as the company continues to strengthen its balance sheet and sharpen its focus on its core solid waste operations. During the quarter, shares contributed positively to performance after the company reported strong fiscal fourth-quarter operating results and successfully divested its environmental services segment to private equity buyers. This sale generated higher-than-expected proceeds, enabling management to reduce debt to levels comparable with industry peers. Additionally, at its analyst day, management outlined a clear strategy for sustained growth and margin expansion, supporting its industry-leading earnings trajectory. We believe GFL remains undervalued as a pure-play solid waste business with superior growth potential yet trading at a discount relative to peers.

Our short exposure to an assembler and integrator of utility-scale battery storage solutions contributed positively to performance. We established our short position based on our view that the company faces a confluence of competitive, cost, and regulatory challenges, reflected by growth rates significantly below the overall utility-scale battery storage market, leading to ongoing market share erosion. During the quarter, shares declined after the company reported weaker-than-expected fiscal fourth-quarter results and reduced its fiscal 2025 revenue guidance, citing project delays in Australia and intensifying competitive pressures from China. Shares faced additional downside pressure amid concerns that potential U.S. tariffs on Chinese battery imports, combined with the continued lower cost of Chinese batteries, could pose meaningful risks to the U.S. storage market and negatively impact the company's competitiveness. As a result of these developments, the company's share price declined, benefiting our short position.

NVIDIA Corporation, Microsoft Corporation, and Amazon.com, Inc. were among the top detractors from performance.

- Amazon.com is a global technology company renowned for its expansive e-commerce platform, offering a vast array of products and services to consumers worldwide. Beyond online retail, Amazon generates revenue through its cloud computing division, Amazon Web Services (AWS), which provides scalable computing solutions to businesses and governments; subscription services like Amazon Prime, offering members benefits such as streaming content and expedited shipping; and advertising services that enable brands to reach targeted audiences on its platform. During the quarter, shares detracted from performance due to concerns surrounding U.S. President Donald Trump's impending tariffs on imported goods, raising fears about increased operational costs and weaker

consumer spending. Additionally, management's lower-than-expected fiscal first-quarter sales forecast and substantial planned investments—including a \$100 billion commitment to AWS and AI infrastructure in 2025—further pressured sentiment regarding near-term profitability. Despite the near-term share price weakness, we believe Amazon's fundamentals remain strong given its diversified business model, continuous innovation, and dominant positions in high-growth areas like e-commerce and cloud computing.

- Microsoft is a beneficiary of corporate America's transformative digitization. The company operates through three segments: Productivity and Business Processes (Office365, LinkedIn, and Dynamics), Intelligent Cloud (Server Products and Cloud Services, Azure, and Enterprise Services), and More Personal Computing (Windows, Devices, Gaming, and Search). During the quarter, shares detracted from performance as Azure revenue growth missed analyst estimates, marking the third consecutive quarter of modest disappointment in this segment. However, AI-related sales growth exceeded expectations, accounting for 13% of Azure's quarterly growth. Management also maintained their fiscal third-quarter earnings guidance while highlighting improved operating profitability and lower tax rates. Despite the disappointing quarter, we remain confident in Microsoft's ability to sustain its leadership position in AI.
- Nvidia Corporation is a leading supplier of graphics processing units (GPUs) for a variety of end markets, such as gaming, PCs, data centers, virtual reality, and high-performance computing. The company is leading in most secular growth categories in computing, and especially artificial intelligence and super-computing parallel processing techniques for solving complex computational problems. In our view, Nvidia's computational power is a critical enabler of AI and therefore essential to AI adoption. During the quarter, shares detracted from performance due to several factors. In January 2025, investor concerns grew regarding the emergence of advanced AI models from China, reportedly developed at lower costs and with reduced computing requirements, raising doubts about Nvidia's market dominance. Additionally, U.S. President Donald Trump's announcement of new tariffs targeting industries increased worries about higher operational costs. Despite these headwinds, Nvidia reported robust fiscal fourth-quarter results, highlighted by significant revenue growth driven by its data center segment. On the earnings call, CEO Jensen Huang emphasized the increasing computational requirements of future AI models, noting, "The more computation, the more the model thinks, the smarter the answer," and adding that future reasoning models could demand substantially more compute resources. We believe Nvidia's leadership in scaling AI infrastructure—including advancements in inference and reasoning during inference—continues to drive adoption among enterprises and startups, ensuring sustained demand for its high-performance chips and software solutions. As older-generation chips are repurposed and new clusters deployed, we see Nvidia as well-positioned to capitalize on rising computational needs across AI applications.

Our short position in a global coffee retailer detracted from performance during the quarter. We initiated the position based on our view that new management would struggle to deliver sufficient sales and earnings reacceleration to justify the company's elevated valuation multiple, as their plan to simplify operations would entail significant upfront implementation costs, pressuring near-term profit margins. Additionally, ongoing labor issues, including unionization efforts and worker strikes, were likely to disrupt operations and increase expenses. However, the company reported stronger-than-expected fiscal first-quarter same-store sales (SSS) growth, driven primarily by increased customer spending per transaction, causing shares to rise and negatively impact our short position. Despite this, we maintain our view that sustained SSS and earnings growth is unlikely, given intensifying international competition and persistent labor challenges.

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 7/28/69)							
Without Sales Charge	-12.55	-12.55	10.37	9.47	15.39	11.93	15.37
With Sales Charge	-17.16	-17.16	4.56	7.51	14.15	11.33	15.24
Russell 3000 Growth Index	-10.05	-10.05	7.12	9.61	19.55	14.54	-
Total Annual Operating Expenses by Class (Prospectus Dated 2/28/25, unless otherwise amended)	Without Waiver:	A: 1.52%					
	With Waiver:	—					

Performance shown is net of fees and expenses.

Only periods greater than 12 months are annualized.

The first full calendar year that Fred Alger Management, LLC was the Fund's investment manager was 1975; therefore, since inception performance is reflected as of this date. The Fund operated as a closed end fund from August 23, 1978 to February 12, 1996. The calculation of total return during that time assumes dividends were reinvested at market value. Had dividends not been reinvested, performance would have been lower. On September 24, 2008, the Fund's name was changed from Spectra Fund to Alger Spectra Fund, and the Fund's Class N shares were redesignated as Class A shares. Performance from February 13, 1996 through September 23, 2008 is that of the Fund's Class N Shares, adjusted to reflect applicable sales charges and operating expenses.

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. Short sales could increase market exposure, magnifying losses and increasing volatility. Leverage increases volatility in both up and down markets and its costs may exceed the returns of borrowed securities. Active trading may increase transaction costs, brokerage commissions, and taxes, which can lower the return on investment. 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 S&P 500 Index is an index of large company stocks considered to be representative of the U.S. stock market. The Russell 3000® Growth Index combines the large-cap Russell 1000® Growth, the small-cap Russell 2000® Growth and the Russell Microcap® Growth Index. It includes companies that are considered more growth oriented relative to the overall market as defined by Russell's leading style methodology. The Russell 3000 Growth Index is constructed to provide a comprehensive, unbiased, and stable barometer of the growth opportunities within the broad market. The Russell 3000® Growth Index performance does not reflect deductions for fees or expenses. 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. **Note that past performance is no 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 stated percentages of portfolio assets as of March 31, 2025: HEICO Corporation Class A, 2.32%; Spotify Technology SA, 1.46%; GFL Environmental Inc, 3.14%; NVIDIA Corporation, 12.26%; Microsoft Corporation, 13.38%; Amazon.com, Inc., 9.23%.

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.