



Alger Weatherbie Specialized Growth Fund



4th Quarter 2024 As of December 31, 2024

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
25 Years Investment Experience



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

Benchmark

Russell 2500 Growth

HIGHLIGHTS

- During the fourth quarter of 2024, 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 Health Care and Financials sectors contributed to relative performance while Industrials and Energy were among sectors that detracted from relative performance.

MARKET ENVIRONMENT

U.S. equities were positive in the fourth quarter, largely driven by a decisive U.S. presidential election outcome. Equity markets initially declined in October amid pre-election uncertainty and increased scrutiny of corporate artificial intelligence (AI) spending. However, U.S. equities rebounded sharply in November as Donald Trump's re-election and a GOP majority boosted investor sentiment, with expectations of deregulation and corporate tax reforms supporting corporate earnings growth. Market enthusiasm waned in December following the Federal Reserve's (Fed) FOMC meeting. While the Fed cut rates by 25 basis points (bps) as expected, it signaled caution about the "extent and timing" of future cuts, and its updated Summary of Economic Projections reduced 2025 rate cut expectations to 50bps (from 100bps) while raising economic growth and inflation forecasts.

U.S. Treasury yields surged during the quarter, with 2-year and 10-year yields rising by 60bps and 78bps, respectively, amid concerns over fiscal deficits, post-election tariffs, and inflation pressures. While higher yields weighed on interest rate-sensitive areas like homebuilders, the S&P 500 Index rose 2.41%, led by the Consumer Discretionary and Communication Services sectors. Consumer Discretionary stocks benefited from post-election optimism and stronger consumer spending, while Communication Services stocks gained on strength in streaming, gaming, and digital advertising. Conversely, the Health Care sector underperformed due to potential regulatory scrutiny under the Trump administration, while the Materials sector lagged due to a stronger U.S. dollar and rising yields.

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 outperformed the Russell 2500 Growth Index during the fourth quarter of 2024. Upstart Holdings, Inc., Natera, Inc., and Semtech Corporation, were among the top contributors to performance.

- 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. Shares contributed to performance during the quarter after the company reported solid fiscal third quarter revenues that beat analyst estimates. In our view, the quarter highlighted recovering origination volumes, product expansion efforts, improved funding partnerships, and a return to positive adjusted earnings-before-interest-taxes-depreciation-amortization (EBITDA). Management emphasized that the volume growth stemmed from updated underwriting models rather than new funding partnerships. Additionally, Upstart's funding profile has significantly improved compared to a year ago, supported by forward flow partnerships and a successful return to the asset-backed securities (ABS) markets with tightening credit spreads.

Standardized performance is available on page 3.

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- Natera is a specialty lab providing genetic testing services in the reproductive health, oncology and transplant markets. Reproductive health tests are run to screen for common genetic disorders such as trisomy 13, 18, and 21 in pregnant women - these tests are also known as non-invasive prenatal testing (NIPT). The company's oncology franchise is led by Signatera, a test used to detect minimal residual disease (MRD) - the applications of this test are primarily to monitor therapy response and detect cancer recurrence. Lastly, Natera's transplant franchise is led by Prospera, a test used to monitor transplant organ rejection. Natera's tests are all based on the company's proprietary liquid biopsy platform to detect cell-free DNA. During the quarter, shares contributed to performance after the company reported better-than-expected fiscal third quarter revenues, driven by accelerated growth in Signatera, as well as continued market share gains within women's health business. Moreover, higher pricing and product cost control led to gross margin expansion, as management believes this trend should continue as key productivity initiatives like less costly sequencing in the neo-natal franchise are just beginning to positively impact earnings.
- 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. During the quarter, shares contributed to performance after the company reported better-than-expected fiscal third quarter operating results, where revenues and earnings beat consensus estimates. While all operating segments performed well across each end market, data center growth was a notable standout, up 58% quarter-over-quarter and accounting for 18% of total revenue.
- Montrose Environmental Group offers various environmental services to a diverse client base, primarily in the U.S. The company has expertise in a wide variety of areas, including environmental assessment and permitting, measurement and analysis, and remediation and reuse. Despite reporting strong fiscal third-quarter results, shares detracted from performance due to misconceptions about the Supreme Court's decision to overturn the Chevron deference doctrine (shifting more regulatory authority to Congress) and concerns that the incoming Trump administration might slow the pace of federal environmental regulation.
- Tandem Diabetes Care, Inc. designs and manufactures innovative insulin delivery systems for people with diabetes. The company's flagship product, the t:slim X2 insulin pump, integrates advanced technology for precise insulin management, including features like continuous glucose monitoring (CGM) compatibility and remote software updates. During the quarter, the company reported strong fiscal third-quarter results, with revenue beating analyst estimates and accelerating to 25% year-over-year, driven by strong renewal rates, the U.S. launch of the Mobi pump boosting new customer starts, and international growth. However, shares detracted from performance as investor sentiment was impacted by management's lack of formal 2025 guidance, instead offering preliminary commentary focused on predictable revenue streams and gradual growth from new opportunities. While the company highlighted progress with Mobi adoption, renewal rates, and new sensor integrations, concerns lingered about the timeline and execution of key product launches, such as the t:slim X3 pump and the Sigi patch pump, as well as uncertainties around the pace of market expansion and margin improvements. In our view, the company has a number of margin accretive new products recently launched—or soon to launch—as well as efficiency initiatives underway, and believe these near-term profitability concerns appear to be overblown.

Neogen Corp, Montrose Environmental Group Inc, and Tandem Diabetes Care, Inc., were among the top detractors from performance.

- Neogen develops, manufactures, and markets a diverse line of products dedicated to food and animal safety. Food safety products include diagnostic test kits and complementary products sold to food producers and processors to detect dangerous and/or unintended substances in human food and animal feed. Animal safety products include pharmaceuticals, rodenticides, disinfectants, vaccines, veterinary instruments, topicals, diagnostic products, and genomic testing services for the worldwide animal safety market. During the quarter, the company reported fiscal first-quarter results in line with analyst estimates. While execution has improved after initial challenges with the 3M Food Safety acquisition, overall financial progress remains constrained by external factors, including weak global food volumes, cyclical softness in the animal health business, and foreign currency headwinds. As a result, shares detracted from performance during the quarter.

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Average Annual Total Returns (%) (as of 12/31/24)

	QTR	YTD	1 Year	3 Years	5 Years	10 Years	Since Inception
Class A (Incepted 5/8/02)							
Without Sales Charge	3.90	13.78	13.78	-7.82	5.33	9.22	8.96
With Sales Charge	-1.56	7.77	7.77	-9.46	4.20	8.63	8.70
Russell 2500 Growth Index	2.43	13.90	13.90	-0.02	8.08	9.45	(Since 5/08/02) 9.44

Total Annual Operating Expenses by Class

A: 1.32%

(Prospectus Dated 3/1/24, 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.

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. Foreign securities involve special risks including currency fluctuations, inefficient trading, political and economic instability, and increased volatility. 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 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.**

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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 December 31, 2024: Upstart Holdings, Inc., 5.14%; Natera, Inc., 5.94%; Semtech Corporation, 5.32%; Neogen Corp, 2.71%; Montrose Environmental Group Inc, 1.21%; Tandem Diabetes Care, Inc., 4.05%; 3M Company, 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.