



Alger Spectra Fund

4th Quarter 2024 As of December 31, 2024

Ticker Symbols

Class A	SPECX
Class C	ASPCX
Class I	ASPIX
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
27 Years Investment Experience



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



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

Benchmark

Russell 3000 Growth

HIGHLIGHTS

- During the fourth quarter of 2024, the largest portfolio sector weightings were Information Technology and Communication Services. The largest sector overweight was Industrials and the largest sector underweight was Consumer Staples.
- The Information Technology and Health Care sectors contributed to relative performance while Financials and Consumer Discretionary 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 Spectra Fund outperformed the Russell 3000 Growth Index during the fourth quarter of 2024. AppLovin Corp., NVIDIA Corporation, and Amazon.com, Inc., were among the top contributors to performance.

- AppLovin is an advertising technology company offering a digital platform that helps mobile app developers market, monetize, and analyze their apps. We believe the company is experiencing a positive lifecycle change, driven by its AI-powered software engine. While currently focused on mobile gaming, AppLovin is expanding into other market segments. Its Demand Side Platform (DSP) supports ad placements, user acquisition, inventory matching, and performance analytics. Further, we believe AI is central to AppLovin's growth, driving a large majority of the company's revenue through its recommendation and targeting engine. In our view, AppLovin gains a competitive advantage, delivering higher-value app installs by leveraging data from its game portfolio and developer partners. We believe this scale and data advantage enhances its network effect, improving its technology and boosting market share in mobile gaming. As developers use the platform, the company collects data that continuously refines its algorithms, creating more value and attracting more developers to the ecosystem. During the quarter, shares contributed to performance following better-than-expected fiscal third quarter results, reporting a 39% year-over-year (yoy) revenue growth, along with a substantial 182% yoy growth in free cash flow. The company has also been proactive in shareholder returns, authorizing \$2.30 billion for share repurchases.

Standardized performance is available on page 3.

4th Quarter 2024

- 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. Shares contributed to performance during the quarter, driven by strong demand for its data center products, especially the Hopper H200 chips, which generated double-digit billions in revenue, marking the fastest product ramp in the company's history. Management provided fiscal fourth-quarter revenue guidance above analyst estimates, along with resilient operating margins supported by robust demand and limited competition. In our view, Nvidia's leadership in scaling AI infrastructure, including advancements in inference and test-time scaling (i.e., reasoning during inference), is driving adoption among enterprises and startups, providing continued demand for its high-performance chips and software solutions. As older-generation chips are repurposed for inference and new clusters are deployed, we believe Nvidia is well-positioned to capitalize on growing compute needs across AI applications.
- Amazon.com is a renowned online retailer and leader in cloud computing. The company's Amazon Web Services (AWS) division offers utility-scale cloud solutions that support corporate America's digital transition. During the quarter, Amazon's shares contributed to performance as the company reported better-than-expected fiscal third-quarter results, with revenues and earnings beating analyst estimates. Operating margins expanded to 11%, driven by efficiency gains in logistics and robust AWS performance. Notably, AWS revenue growth accelerated during the quarter, along with recording its highest-ever operating margin of 38.1%, driven by easing cloud cost optimizations, renewed workload migrations, and an increasing contribution from AI workloads. On their earnings call, management highlighted plans to increase capital expenditures to enhance their technology infrastructure, catering to the surging demand for AI-driven computing.

Our short exposure to a producer of aerogel insulation and energy storage materials for industrial and clean energy applications, including electric vehicles (EVs), contributed positively to performance. We established our short position due to the industry shift from aerogels, primarily used in EVs with pouch cell architectures, to cylindrical and prismatic cells, which require little to no aerogels. While the company announced a new account win with a European automaker during the quarter, the relatively low content per vehicle raised investor concerns about declining value per vehicle amid the EV market shift. Additionally, the company faces uncertainty over the conditional approval of a Department of Energy loan for its new manufacturing plant, which could be at risk under the incoming Trump administration. As a result, shares declined during the quarter, benefiting our short position.

Microsoft Corporation, Eli Lilly and Company, and MercadoLibre, Inc. were among the top detractors from performance.

- 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, Microsoft delivered better-than-expected fiscal first-quarter revenues, beating analyst estimates across all three segments. In the Intelligent Cloud business, Azure revenue grew 34% year-over-year, slightly above consensus, with AI Services contributing

12% to Azure's growth, up from 11% in the previous quarter, as demand for AI continues to outpace capacity. However, shares declined after management signaled a potential deceleration in Azure growth for the next quarter and highlighted a negative earnings impact from OpenAI-related losses. Additionally, concerns over significantly increased AI-related capital expenditures (CapEx) raised questions about short-term profitability despite the long-term growth potential. While these near-term challenges led to shares detracting from performance for the quarter, we remain confident in Microsoft's ability to maintain its leadership in AI.

- Eli Lilly is a global pharmaceutical company with core franchises in diabetes, obesity, neurology, and oncology. Its portfolio includes innovative drugs like Mounjaro, Zepbound, Trulicity, Jardiance (diabetes and obesity), Taltz (psoriasis), Emgality (migraines), and Verzenio (breast cancer). Shares detracted from performance during the quarter after the company reported fiscal third-quarter revenues below analyst estimates. The revenue shortfall was attributed to inventory destocking in the wholesaler channel for Mounjaro and Zepbound, following inventory building in the prior quarter, which led to an 11% miss in obesity drug revenues. Management slightly lowered fiscal 2024 guidance but emphasized that demand for its obesity drugs remains strong. They also moderated promotions during the quarter to manage supply and ensure patient continuity. While shares detracted from performance, we believe the revenue miss was largely due to temporary inventory dynamics and moderated promotion activity.
- MercadoLibre is Latin America's leading e-commerce and fintech platform, holding dominant positions in Brazil, Mexico, and Argentina but it also operates in 17 other countries. Despite competition from global e-commerce players, the company has successfully maintained and expanded its market share. MercadoLibre has leveraged its strengths in customer data and distribution to drive rapid growth in its profitable advertising and fintech segments. In our view, the company's success is largely driven by strong network effects in e-commerce and logistics, data and distribution advantages in fintech, and a rapidly growing advertising business. As more buyers and sellers join the platform, the marketplace becomes more valuable, attracting even more users. This expanding user base enhances its logistics and payment services, making transactions smoother and more reliable, further drawing in additional users. The growing ecosystem also generates more data, enabling improved personalization, advertising, and fintech services. In our view, these network effects create a virtuous cycle, reinforcing MercadoLibre's market position and making it increasingly difficult for competitors to challenge them. Shares detracted from performance during the quarter following an unexpected fiscal third-quarter earnings miss. The earnings weakness was primarily due to faster credit card growth and a shift toward upmarket consumer lending, which pressured operating margins.

Our short position in a U.S. airline provider negatively impacted performance during the quarter. We initiated the position based on the company's elevated leverage relative to peers and our belief that management's efforts to repair its balance sheet could take longer than anticipated. In our view, higher fuel prices and inflationary cost pressures could significantly hinder the company's ability to generate meaningful free cash flow in the near term, delaying debt reduction. During the quarter, the company reported strong fiscal third-quarter earnings that beat analyst estimates. Consequently, its share price rose, negatively affecting our short position.

4th Quarter 2024

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

	QTR	YTD	1 Year	3 Years	5 Years	10 Years	Since Inception
Class A (Incepted 7/28/69)							
Without Sales Charge	11.46	47.59	47.59	8.17	15.22	14.06	15.76
With Sales Charge	5.62	39.87	39.87	6.24	13.99	13.44	15.64
Russell 3000 Growth Index	6.83	32.46	32.46	9.93	18.25	16.22	-
Total Annual Operating Expenses by Class (Prospectus Dated 3/1/24, unless otherwise amended)	Without Waiver:	A: 1.50%					
	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.

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

The views expressed are the views of Fred Alger Management, LLC ("FAM") and its affiliates as of December 2024. 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. 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.** London Stock Exchange Group plc and its group undertakings (collectively, the "LSE Group"), © LSE Group 2025. FTSE Russell is a trading name of certain of the LSE Group companies. "FTSE®", "Russell®", "FTSE Russell®", "FTSE4Good®", "ICB®", "Mergent®", "The Yield Book®," are trademarks of the relevant LSE Group companies and are used by any other LSE Group company under license. All rights in the FTSE Russell indexes or data vest in the relevant LSE Group company which owns the index or the data. Neither LSE Group nor its licensors accept any liability for any errors or omissions in the indexes or data and no party may rely on any indexes or data contained in this communication. No further distribution of data from the LSE Group is permitted without the relevant LSE Group company's express written consent. The LSE Group does not promote, sponsor or endorse the content of this communication. The S&P indexes are a product of S&P Dow Jones Indices LLC and/or its affiliates and has been licensed for use by Fred Alger Management, LLC and its affiliates. Copyright 2025 S&P Dow Jones Indices LLC, a subsidiary of S&P Global Inc. and/or its affiliates. All rights reserved. Redistribution or reproduction in whole or in part are prohibited without written permission of S&P Dow Jones Indices LLC. S&P® is a registered trademark of Standard & Poor's Financial Services LLC and Dow Jones® is a registered trademark of Dow Jones Trademark Holdings LLC. Neither S&P Dow Jones Indices LLC, Dow Jones Trademark Holdings LLC, their affiliates nor their third party licensors make any representation or warranty, express or implied, as to the ability of any index to accurately represent the asset class or market sector that it purports to represent and neither S&P Dow Jones Indices LLC, Dow Jones Trademark Holdings LLC, their affiliates nor their third party licensors shall have any liability for any errors, omissions, or interruptions of any index or the data included therein.

The following positions represented the stated percentages of portfolio assets as of December 31, 2024: AppLovin Corp. Class A, 4.39%; NVIDIA Corporation, 13.13%; Amazon.com, Inc., 9.02%; Microsoft Corporation, 12.84%; Eli Lilly and Company, 0.78%; MercadoLibre, Inc., 0.82%.

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.