Alger Weatherbie Specialized Growth Fund

WEATHERBIE CAPITAL

1st Quarter 2021 As of March 31, 2021

Sub-Advisor

Weatherbie Capital, LLC

Investment Strategy

Primarily invests in growth equity securities of U.S. small and mid cap companies identified through our fundamental research as demonstrating promising growth potential.

Portfolio Managers

Matthew A. Weatherbie, CFA
Chief Executive Officer
Senior Portfolio Manager
48 Years Investment Experience

H. George Dai, Ph.D.
Chief Investment Officer
Senior Portfolio Manager
23 Years Investment Experience

Joshua D. Bennett, CFA
Chief Operating Officer
Senior Portfolio Manager
21 Years Investment Experience

Edward M.B. Minn, CFA
Managing Director
Portfolio Manager
16 Years Investment Experience

Benchmark

Russell 2500 Growth

Ticker Symbol

Class A	**ALMAX**
Class C	**ALMCX**
Class I	**ASIMX**
Class Z	**ASMZX**

Highlights

- During the quarter, the largest portfolio sector weightings were Information Technology and Health Care. The largest sector overweight was Financials. The portfolio had no exposure to the Communication Services, Consumer Staples, Utilities or Materials sectors.
- The Financials and Real Estate sectors provided the greatest contributions to relative performance. The largest detractors from relative performance were the Health Care and Information Technology sectors.

Market Environment

Mounting optimism about the reopening of the economy surged during the first quarter of 2021 and provided additional support to a rotation from high-quality growth stocks to value stocks and cyclical sectors such as Energy, Materials and Industrials. The following developments supported enthusiasm:

- Washington passed a $1.9 trillion coronavirus relief package that includes $1,400 checks for eligible individuals. At the same time, President Biden signaled his commitment to an approximately $2.3 trillion infrastructure stimulus program.
- The vaccination program kicked into high gear, with 2.5 million doses administered daily based on seven-day averages, which supported expectations of economic reopenings this year.
- The Federal Reserve provided pushback against speculation that it would taper its asset purchase program later this year. Federal Reserve officials also cautioned against placing too much emphasis on what may be transitory inflation pressures, which helped relieve concerns that the central bank may curtail monetary stimulus prematurely.

Analysts during the quarter increased their 2021 earnings growth estimates to an average of 25% for 2021, while stocks of companies such as airlines, casinos, energy companies and commodities producers that can benefit from an end to social distancing requirements and economic growth outperformed. Rising interest rates supported the performance of Financials. For the quarter, the S&P 500 Index returned 6.17% and the Russell 2500 Growth Index returned 2.49%.

We believe broadly embracing value stocks to gain exposure to cyclical companies may cause investors to miss opportunities among high-quality growth companies that are capturing market share with innovative products in markets that are recovering as a result of economic growth. Examples of these types of disruptive businesses can include ride hailing companies, online travel planning services, restaurants with strong digital services such as internet-based food ordering and retailers that are generating their own direct sales channels via e-commerce.

At Alger, we continued to observe broad themes that are creating attractive investment opportunities–corporations are digitizing their operations, cloud computing is growing and supporting innovation and artificial intelligence is allowing businesses to become more productive and efficient. In the Health Care sector, the new product pipeline is robust. We also continued to consider the Principles for Responsible Investment when analyzing companies.

Portfolio Update

Class A shares of the Alger Weatherbie Specialized Growth Fund underperformed the Russell 2500 Growth Index during the first quarter of 2021.

Upstart Holdings, Inc., Signature Bank and FirstService Corp. were among the top contributors to performance during the first quarter of 2021.

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- Upstart operates a cloud-based artificial intelligence (AI) lending platform. The platform aggregates consumer demand for loans and connects it to the company's network of AI-enabled bank partners. The technology connects consumers, banks and institutional investors through a shared AI lending platform. Upstart was incorporated in 2012 and is headquartered in San Mateo, California. The stock price increased after the company's December IPO due to anticipation that the company will see increasing demand for its services, a result of needing to seek lenders after having accumulated large amounts of deposits, in part from Americans receiving stimulus checks.
- Signature Bank provides business and personal banking products and services, including deposit products such as commercial checking accounts, money market accounts, escrow deposit accounts and cash concentration accounts. The company also offers loan products, including commercial and industrial loans, real estate loans and other loan types. Signature Bank has succeeded in applying its time-tested strategy of growing loans and deposits by expanding into new geographic areas and business lines. Signature Bank reported another very strong quarter, as deposits grew by nearly $9 billion sequentially in the fourth quarter. This represents annualized growth of approximately 66% in the quarter, and for the full year the bank grew deposits by approximately 57%.
- FirstService Corp. is a leading provider of property management services to owners and homeowners associations of residential communities and high-rise properties, as well as branded services such as California Closets and CertaPro Painters for residential homeowners and restoration services for commercial and residential customers. In February, FirstService posted strong results for the final quarter of 2020. Despite pressures due to the Covid-19 pandemic, an increase in home resales caused the company's First Service Residential unit to experience a recovery in ancillary services that generated improved organic growth. Ancillary services include maintenance for pools and fitness centers as well as amenity services for residential, commercial and hotel properties. FirstService Brands posted a significant upside surprise driven by very strong results in its restoration business resulting from heavier storm activity that occurred in the third quarter of 2020.

Acadia Pharmaceuticals Inc., Nevro Corp. and Paylocity Holdings Inc. were among the top detractors from performance.

- Acadia Pharmaceuticals develops and commercializes small molecule drugs that address unmet medical needs associated with central nervous system disorders. Acadia's Nuplazid (Pimavanserin) is marketed for treating hallucinations and delusions that accompany Parkinson's disease psychosis. Additionally, Nuplazid is being developed to treat hallucinations and delusions related to dementia. The price of Acadia shares fell significantly in response to an FDA notification on March 3 that the agency had identified deficiencies in the drug's supplemental new drug application that currently preclude discussion of labeling and post-marketing requirements.
- Nevro provides spinal cord stimulation (SCS) devices in the U.S. and internationally for patients suffering from chronic pain. The global SCS market exceeds $2 billion and has been growing as a result of increased investment by the industry. Nevro has been expanding its sales force to boost its penetration in the back-pain market. In December and January, Covid-19 cases surged in the U.S., causing elective surgical procedures to be suspended in order to concentrate health care staff on virus patients. Nearly 200 scheduled U.S. permanent Nevro implant procedures were cancelled, resulting in lower-than-expected revenue guidance for the first quarter of this year. Nevro shares underperformed during the quarter despite pent-up demand for the company's devices.
- Paylocity is a leading software-as-a-service company that provides cloud-based payroll and human capital management in underserved small to mid-size markets. The majority of new sales activity is with employers that have 50 to 500 employees. Shares of Paylocity underperformed during the quarter and guidance was lower than expected for the company's fiscal 2021 third quarter as Internal Revenue Service form W-2 volumes for tax filings were lower as a result of lower employment levels due to Covid-19. We believe this volume has potential to return to normal as the pandemic subsides.

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The views expressed are the views of Fred Alger Management, LLC ("FAM") and its affiliates as of March 2021. 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.

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 will be invested in technology and healthcare companies, which may be significantly affected by competition, innovation, regulation, and product obsolescence, and may be more volatile than the securities of other companies. 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 and emerging markets involve special risks including currency fluctuations, inefficient trading, political and economic instability, and increased volatility.

Prior to September 30, 2019, the Fund's name was Alger SMid Cap Focus Fund.

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. All returns assume reinvestment of dividends and are gross of withholding taxes where applicable. Returns with a maximum sales charge reflect a front-end sales charge on Class A Shares of 5.25%.

The S&P 500 Index is an index of large company stocks considered to be representative of the U.S. stock market. 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. Investors cannot invest directly in any index. Index performance does not reflect deduction for fees, expenses, or taxes.

The following positions represented the noted percentages of portfolio assets as of March 31, 2021: Upstart Holdings, Inc., 5.73%; Signature Bank, 5.66%; FirstService Corp, 5.86%; ACADIA Pharmaceuticals Inc., 2.13%; Nevro Corp., 3.97%; and Paylocity Holding Corp., 4.74%.

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.