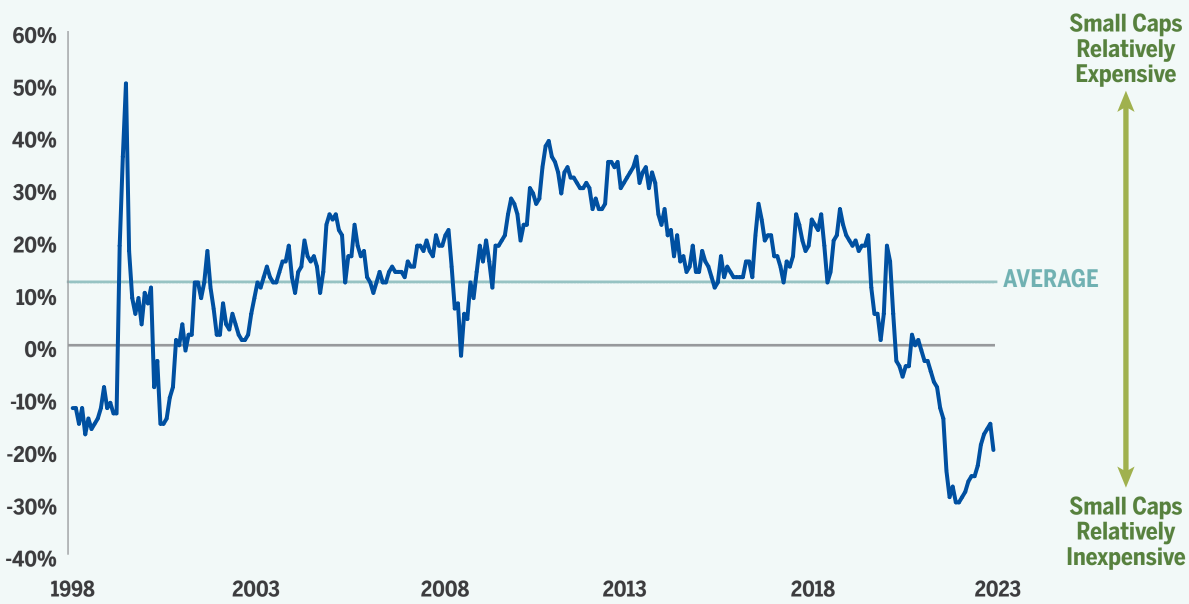
ALGER

Alger On the Money

Growth Discounting a Large Opportunity?

Over the past two decades, small cap growth stocks have typically traded at a price-to-earnings (P/E) premium relative to large cap stocks. But what are the implications when small cap growth is at a discount to large caps, as they are today?

S&P 600 Growth Price-to-Earnings Relative to S&P 500



Source: FactSet, Standard & Poor's.

- Historically, the small cap S&P 600 Growth Index has traded at an average premium of 12%, relative to the large cap S&P 500 Index as shown in the chart above. This makes sense given the faster growth that should be inherent in small cap growth fundamentals.
- As of March 31, 2023, the small cap growth index presented a P/E discount of about -20%. Moreover, small cap growth stocks are currently trading at a P/E discount below February 2001 levels.
- We believe investors may want to review their equity allocations to small cap growth stocks, considering what is a historically big discount to large cap stocks.

The views expressed are the views of Fred Alger Management, LLC ("FAM") and its affiliates as of April 2023. 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. Local, regional or global events such as environmental or natural disasters, war, terrorism, pandemics, outbreaks of infectious diseases and similar public health threats, recessions, or other events could have a significant impact on investments. A significant portion of assets may be invested in securities of companies in related sectors or industries, and may be similarly affected by economic, political, or market events and conditions and may be more vulnerable to unfavorable sector or industry developments. Investing in companies of small 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. **Past performance is not indicative of future performance.** Investors whose reference currency differs from that in which the underlying assets are invested may be subject to exchange rate movements that alter the value of their investments.

Important Information for US Investors: This material must be accompanied by the most recent fund fact sheet(s) if used in connection with the sale of mutual fund and ETF shares. Fred Alger & Company, LLC serves as distributor of the Alger mutual funds.

Important Information for UK and EU Investors: This material is directed at investment professionals and qualified investors (as defined by MiFID/FCA regulations). It is for information purposes only and has been prepared and is made available for the benefit investors. This material does not constitute an offer or solicitation to any person in any jurisdiction in which it is not authorized or permitted, or to anyone who would be an unlawful recipient, and is only intended for use by original recipients and addressees. The original recipient is solely responsible for any actions in further distributing this material and should be satisfied in doing so that there is no breach of local legislation or regulation.

Certain products may be subject to restrictions with regard to certain persons or in certain countries under national regulations applicable to such persons or countries.

Alger Management, Ltd. (company house number 8634056, domiciled at 78 Brook Street, London W1K 5EF, UK) is authorized and regulated by the Financial Conduct Authority, for the distribution of regulated financial products and services. FAM and/or Weatherbie Capital, LLC, U.S. registered investment advisors, serve as sub-portfolio manager to financial products distributed by Alger Management, Ltd.

Alger Group Holdings, LLC (parent company of FAM and Alger Management, Ltd.), FAM, and Fred Alger & Company, LLC are not authorized persons for the purposes of the Financial Services and Markets Act 2000 of the United Kingdom ("FSMA") and this material has not been approved by an authorized person for the purposes of Section 21(2)(b) of the FSMA.

Important information for Investors in Israel: This material is provided in Israel only to investors of the type listed in the first schedule of the Securities Law, 1968 (the "Securities Law") and the Regulation of Investment Advice, Investment Marketing and Investment Portfolio Management Law, 1995. The Fund units will not be sold to investors who are not of the type listed in the first schedule of the Securities Law.

Price-to-earnings is the ratio for valuing a company that measures its current share price relative to its earnings per share

The S&P 500 Index is an unmanaged index generally representative of the U.S. stock market. S&P SmallCap 600 Growth Index is an unmanaged index considered representative of small-cap growth stocks. 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. **Past performance is no guarantee of future results.** Comparison to a different index might have materially different results than those shown.

Alger pays compensation to third party marketers to sell various strategies to prospective investors.

Fred Alger Management, LLC 100 Pearl Street, New York, NY 10004 / www.alger.com
800.305.8547 *(Retail)* / 800.223.3810 *(Institutional)*