

Alger Capital Appreciation Fund

1st Quarter 2026 As of March 31, 2026

Ticker Symbols

Class A	ACAAX
Class C	ALCCX
Class Z	ACAZX

Investment Strategy

Primarily invests in growth equity securities of companies of any size identified through our fundamental research as demonstrating promising growth potential. Seeks long-term capital appreciation.

Portfolio Management



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



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



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

Benchmark

Russell 1000 Growth Index

Standardized performance is available on page 3.

HIGHLIGHTS

- During the first quarter of 2026, the largest portfolio sector weightings were Information Technology and Communication Services. The largest sector overweight was Information Technology and the largest sector underweight was Financials.
- The Information Technology and Financials sectors contributed to relative performance while Consumer Discretionary and Utilities were among sectors that detracted from relative performance.

MARKET ENVIRONMENT

U.S. equities endured a turbulent first quarter, with the S&P 500 Index declining 4.33% as two distinct forces converged to reshape the investment landscape. The period began with a sharp recalibration across the software industry, as the emergence of agentic artificial intelligence (AI) tools raised questions about the durability of traditional software business models. Investors moved swiftly to reprice companies most exposed to AI disruption, triggering a broad sell-off that weighed heavily on the technology-heavy corners of the market. The dislocation also spilled into private credit, where several firms with outsized exposure to software faced redemption pressures. Despite this turbulence, the underlying economy remained strong through the opening months of the year — consumers continued to spend, and expectations held firm for another quarter of solid earnings growth within the S&P 500 Index.

The second, and more consequential, disruption arrived in late February with the outbreak of the U.S.–Iran conflict and the subsequent closure of the Strait of Hormuz — a critical chokepoint through which roughly 20% of the world's seaborne oil transits. The resulting supply shock sent crude prices surging past \$100 per barrel for the first time in four years, injecting potential inflationary pressure into an economy the Federal Reserve (Fed) had been carefully guiding lower. Higher energy costs complicated the Fed's rate-cutting path; markets entered the quarter pricing in two rate cuts in 2026 but exited with expectations that the Fed will remain on hold. At its March meeting, the Fed held rates steady and raised its 2026 inflation projections, acknowledging that the economic implications of the conflict remain uncertain. Accordingly, Energy was the top performing sector within the S&P 500 Index, while the Financials sector was the weakest.

While we understand the equity market's focus this year will likely be on which industries and companies may be disrupted by AI progress, we continue to see opportunity in those companies enabling and adopting the technology as it enters the agentic phase — where systems move beyond generating answers to autonomously executing tasks, making decisions, and coordinating workflows. This shift is accelerating demand for compute capacity and, in turn, driving growth across the ecosystem of companies that build, service, and power data centers. Moreover, U.S. business spending is emerging as a more prominent driver of economic growth, supported by a confluence of factors — most notably burgeoning demand for AI infrastructure and tax incentives from the One Big Beautiful Bill, which allow companies to deduct 100% of eligible equipment and qualifying manufacturing-facility costs in the year placed in service, boosting near-term cash flow and after-tax returns.

PORTFOLIO UPDATE

Class A shares of the Alger Capital Appreciation Fund underperformed the Russell 1000 Growth Index during the first quarter of 2026. Western Digital Corporation, Nebius Group, and Vertiv Holdings Co. were among the top contributors to performance.

- Western Digital is a hard disk drive (HDD) storage company benefiting from rising hyperscaler data-center investment and the continued proliferation of data. The HDD industry is highly consolidated, with only two scaled manufacturers, and Western Digital holds a leading market position. The business has structurally shifted toward cloud customers as consumer exposure has declined, with cloud representing the majority of Western Digital's revenue. Importantly, industry participants have emphasized capital discipline—prioritizing higher areal density (i.e., more terabytes per drive) rather than adding significant unit capacity—which supports a healthier supply/demand balance and improved profitability.

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During the quarter, shares contributed positively to performance after the company delivered strong fiscal second-quarter results highlighted by robust revenue growth, record gross margins, and favorable pricing dynamics in a tightly supplied market. Notably, the company's full-year production capacity is committed under long-term agreements, providing strong revenue visibility. We believe Western Digital's leadership in high-capacity drive technology and its essential role within the AI data infrastructure ecosystem support a durable long-term growth trajectory.

- Nebius Group is a specialized AI infrastructure company that provides a full-stack platform, including GPU-accelerated cloud computing, to help enterprises build, train, and deploy large-scale artificial intelligence models. The company has positioned itself as a leading next-generation cloud provider purpose-built for machine learning and high-performance computing workloads. We believe the company is anchored by its vertically integrated approach, which combines proprietary data center design with in-house software to deliver superior performance and lower operating costs compared to traditional GPU cloud providers. During the quarter, shares contributed positively to performance driven by several reinforcing catalysts. The company announced a landmark multi-year infrastructure agreement with a major AI hyperscaler, significantly expanding its contracted backlog and validating its platform at scale. Additionally, fiscal fourth-quarter results were exceptionally strong, with revenue increasing dramatically year over year as demand for dedicated AI compute capacity accelerated. Profitability also reached a meaningful milestone, as the company reported positive adjusted earnings at the group level for the first time, reflecting strong pricing power and growing operating leverage within the core AI cloud business. We believe Nebius's differentiated infrastructure model and rapidly expanding customer base position the company to capitalize on the sustained buildout of AI computing capacity.
- Vertiv specializes in critical cooling and power management infrastructure technologies, catering primarily to data center clients. We believe Vertiv is well positioned as a direct beneficiary of the accelerating data center buildout, where its broad portfolio of power and cooling solutions addresses essential requirements for both new construction and existing facility upgrades. During the quarter, shares contributed positively to performance after the company delivered strong fiscal fourth-quarter results and issued full-year revenue guidance well ahead of consensus expectations. Order growth and backlog expansion were particularly notable, reflecting the depth and durability of demand for data center infrastructure. We believe Vertiv's scaled manufacturing capabilities, expanding backlog, and critical role within the data center supply chain position the company for sustained long-term growth.

Microsoft Corporation, AppLovin Corp. Class A, NVIDIA Corporation, were among the top detractors from performance.

- Microsoft is a global technology leader and a primary beneficiary of the ongoing digital transformation of enterprise computing, holding dominant positions in desktop software, cloud infrastructure, and generative artificial intelligence. We believe the company is well positioned as businesses continue to shift workloads to the cloud and integrate AI into their operations. During the quarter, shares detracted from performance despite the company delivering better-than-expected total revenue and earnings, with operating profitability improving substantially year

over year. The primary source of investor disappointment was the company's Azure cloud business, where revenue growth came in slightly below elevated expectations. Management attributed the shortfall in part to supply constraints and the allocation of computing resources, suggesting that the company is currently unable to fully meet customer demand rather than facing any softening in underlying appetite. Despite the near-term shortfall, the total value of newly signed customer contracts grew significantly, providing multiple years of committed future revenue, while management noted that its entire GPU capacity is fully contracted for its useful life.

- 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. During the quarter, shares detracted from performance despite another strong earnings report that exceeded expectations on both revenue and profitability. Investor sentiment was pressured by short seller reports alleging questionable ad practices — claims we view as a misunderstanding of the company's business model — coupled with a broad selloff across the software space. Additionally, early channel checks on the company's e-commerce initiative have been mixed, with some advertisers reporting difficulty scaling spend on the platform. We remain constructive on the company's long-term trajectory.
- Nvidia is the world's leading designer of graphics processing units (GPUs) and accelerated computing platforms, providing the foundational hardware and software that power artificial intelligence training and inference across data centers, cloud infrastructure, and edge applications globally. The company's GPUs have become the de facto standard for AI workloads, and its expanding ecosystem of networking, software, and systems solutions has deepened its strategic importance to hyperscalers, enterprises, and sovereign AI initiatives worldwide. We believe Nvidia is a direct beneficiary of the AI infrastructure buildout given its dominant market position, unmatched product roadmap, and rapidly expanding addressable market. During the quarter, shares detracted from performance despite the company delivering record fiscal fourth-quarter results that exceeded expectations on both revenue and earnings, with strong forward guidance that pointed to continued acceleration. However, a sharp post-earnings sell-off reflected broader investor anxiety around the sustainability of AI capital spending, lingering questions about whether more cost-efficient AI models could reduce demand for high-end computing hardware, and a wider rotation out of mega-cap technology names. Despite the near-term volatility, we believe the structural demand for accelerated computing remains firmly intact.

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Average Annual Total Returns (%) (as of 3/31/26)

	QTR	YTD	1 Year	3 Years	5 Years	10 Years	Since Inception
Class A (Incepted 12/31/96)							
Without Sales Charge	-10.45	-10.45	33.60	30.34	13.09	16.85	11.48
With Sales Charge	-15.16	-15.16	26.57	28.02	11.88	16.22	11.27
Russell 1000 Growth Index	-9.78	-9.78	18.81	21.18	12.76	16.83	(Since 12/31/96) 10.14

Total Annual Operating Expenses by Class Without Waiver: A: 1.28%
(Prospectus Dated 2/28/26, unless otherwise amended)

Performance shown is net of fees and expenses.

Only periods greater than 12 months are annualized.

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.

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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 March 31, 2026: Western Digital Corporation, 3.1%; Nebius Group N.V. Class A, 4.07%; Vertiv Holdings Co. Class A, 0.93%; Microsoft Corporation, 9.31%; AppLovin Corp. Class A, 2.1%; NVIDIA Corporation, 13.39%.

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.