

# Alger Mid Cap Focus Fund

**2nd Quarter 2025** As of June 30, 2025

## Ticker Symbols

Class A	ALOAX
Class C	ALOCX
Class I	AFOIX
Class Y	ALOYX
Class Z	AFOZX

## Investment Strategy

Invests in a focused portfolio of approximately 50 holdings of primarily mid cap companies identified through our fundamental research as demonstrating promising growth potential. Seeks long-term capital appreciation.

## Portfolio Management



**Amy Zhang, CFA**  
Executive Vice President  
Portfolio Manager  
30 Years Investment Experience

## Benchmark

Russell Midcap Growth

## HIGHLIGHTS

- During the second quarter of 2025, the largest portfolio sector weightings were Information Technology and Industrials. The largest sector overweight was Industrials and the largest sector underweight was Financials.
- The Industrials and Energy sectors contributed to relative performance while Information Technology and Consumer Discretionary were among sectors that detracted from relative performance.

## MARKET ENVIRONMENT

In the second quarter of 2025, U.S. equity markets rebounded notably following a challenging first quarter. Initial volatility emerged in April due to heightened trade-policy uncertainty following U.S. President Trump's aggressive tariff announcements on April 2. These measures particularly pressured the share prices of companies reliant on imports, including consumer durables, automotive manufacturers, airlines, and commodity producers. However, market stability returned on April 9, after the Trump administration announced a 90-day pause on most new duties. Market sentiment strengthened in May, as investors welcomed the White House's decision to suspend reciprocal tariff increases on China on May 12. In June, an advance in U.S.–China trade talks—featuring expedited rare-earth shipments and the prospect of deferred reciprocal tariffs—further propelled the S&P 500 to a record high, ending the second quarter with a 10.94% return.

Concurrently, strong corporate earnings as well as increased evidence of adoption and investment in artificial intelligence (AI), propelled the Information Technology and Communication Services sectors to outperform the S&P 500 Index. Information Technology benefited from significant corporate investment in AI and robust earnings results, while Communication Services gained traction from enhanced ad monetization and AI-driven user engagement. Conversely, the Health Care and Energy sectors underperformed the S&P 500. Health Care stocks faced persistent regulatory uncertainties weighing on investor confidence, while Energy stocks lagged due to declining oil prices driven by increased production, despite a brief geopolitical conflict with Iran toward the quarter's end. Overall, the second quarter was characterized by renewed investor optimism, supported by easing trade tensions, strong corporate earnings, and moderating inflationary pressures.

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.

## PORTFOLIO UPDATE

Class A shares of the Alger Mid Cap Focus Fund outperformed the Russell Midcap Growth Index during the second quarter of 2025. Palantir Technologies Inc., Cloudflare Inc, and Vertiv Holdings Co., were among the top contributors to performance.

- Palantir Technologies is a leading provider of data analytics software designed to integrate and analyze large, complex datasets for government agencies and commercial enterprises globally. Its platforms, such as Gotham and Foundry, enable users to rapidly visualize and interpret critical data to inform high-impact decisions across defense, intelligence, and corporate sectors. The company has benefitted from its ability to consistently expand revenues in both its Government and Commercial segments, driven by growing adoption of AI solutions and increasing government spending on defense and intelligence capabilities. During the quarter, Palantir shares rose significantly supported by strong fiscal first-quarter results featuring 39% year-over-year revenue growth, driven by robust increases in U.S. commercial and government contracts. Management also raised full-year revenue guidance, citing increased demand for AI-driven solutions and the positive impact of rising defense expenditures.

Standardized performance is available on page 3.



## 2nd Quarter 2025

- Cloudflare provides cloud-based security, performance optimization, and reliability solutions designed to enhance the speed, safety, and resilience of internet applications and websites worldwide. Its products include content delivery networks, website protection, and application performance services, as well as advanced developer tools that support building and deploying web applications. We believe the company is benefiting from several favorable product cycles, robust sales execution, and an exceptional management team. In our view, the company is well-positioned to capitalize on key industry trends, including edge-based AI, secure access service edge (SASE), edge security solutions, and zero trust network access. Shares contributed positively during the quarter following strong fiscal first-quarter results that exceeded analyst estimates. Better-than-expected revenues were driven by increased demand for subscription services and heightened adoption of its developer platform, Workers, and SASE offerings. Additionally, investor optimism was fueled by Cloudflare securing a significant new contract exceeding \$100 million, highlighting the growing importance and scale of its platform. Management also reaffirmed robust full-year revenue guidance, signaling confidence in continued growth and strategic execution.
- Vertiv specializes in critical cooling and power management infrastructure technologies, catering primarily to data center clients. As an industry leader in data center power and cooling solutions, we believe Vertiv is well-positioned to benefit from long-term growth driven by increasing demand for AI and computing capabilities. During the quarter, shares contributed positively to performance after the company delivered strong first-quarter results, where revenues and earnings both exceeded analyst estimates driven by rising demand from AI-enabled data centers. Investor optimism was further fueled by upbeat guidance, with management raising full-year revenue estimates and signaling continued AI-driven growth in orders and backlog.
- Globant is a global technology services company that helps businesses transform digitally by creating software solutions, leveraging AI, and providing cloud-based services. Its customers primarily include large companies across North America, Latin America, and Europe. Shares detracted from performance during the quarter after the company reported weaker-than-expected fiscal first-quarter results, as revenue growth missed analyst estimates. The revenue shortfall was mainly due to clients delaying discretionary IT and digital transformation projects amid macroeconomic uncertainty, particularly within its North American segment. Management highlighted that the slowdown in non-essential corporate spending—especially on projects unrelated to core operations or required digital upgrades—was the primary factor impacting new bookings and revenue growth.
- Ryan Specialty Holdings is a leading provider of specialty insurance products and services, acting as a broker between insurance agents, brokers, and carriers. During the quarter, shares detracted from performance due to lower property insurance pricing across the industry, which negatively impacted the company's premium volumes. However, we view this challenge as temporary and continue to believe Ryan Specialty has the potential to grow earnings faster than the overall market through favorable pricing, higher business volumes, and strategic acquisitions.

Clearwater Analytics Holdings, Inc., Globant SA, and Ryan Specialty Holdings, Inc. were among the top detractors from performance.

- Clearwater Analytics (CWAN) is a leading provider of cloud-based investment analytics and reporting solutions, primarily serving insurance companies, institutional investors, and corporate clients. During the quarter, Clearwater made several acquisitions, aiming to enhance its platform into a comprehensive, end-to-end investment management solution. However, shares detracted from performance due to market concerns that the debt incurred to finance these acquisitions increased the company's risk profile, as well as potential integration risks associated with managing multiple acquisitions simultaneously. In our view, these acquisitions have the potential to be transformational, significantly expanding Clearwater's total addressable market and strengthening its competitive position. Further, we consider the elevated debt levels and integration risks temporary. Although investor apprehension surrounding these acquisitions led to share price weakness this quarter, we recognize management's rationale that these strategic moves were essential to broaden the product offering and support longer-term growth. Furthermore, the company continues to deliver strong financial results and provided robust guidance for the fiscal year.

**2nd Quarter 2025****Average Annual Total Returns (%) (as of 6/30/25)**

	QTR	YTD	1 Year	3 Years	5 Years	10 Years	Since Inception
<b>Class A</b> (Incepted 7/29/21)							
Without Sales Charge	19.87	3.94	20.42	16.35	—	—	-0.13
With Sales Charge	13.60	-1.49	14.09	14.28	—	—	-1.50
<b>Russell Midcap Growth Index</b>	18.20	9.79	26.49	21.46	—	—	(Since 7/29/21) 5.72

**Total Annual Operating Expenses by Class**

(Prospectus Dated 2/28/25, unless otherwise amended)

Without Waiver:

A: 1.19%

With Waiver:

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**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](http://www.alger.com) or call 800.992.3863.**

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S&P 500® Index: An index of large company stocks considered to be representative of the U.S. stock market. Index performance does not reflect deductions for fees, expenses, or taxes.

Russell Midcap® Growth Index: Measures the performance of the mid-cap growth segment of the U.S. equity universe. Index performance does not reflect deductions for fees, expenses, or taxes. After March 24, 2025, FTSE Russell implemented a new methodology capping individual companies at no more than 22.5% of the index and capping companies that have a weight greater than 4.5% in aggregate at no more than 45% of the index. 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.

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 June 30, 2025: Palantir Technologies Inc. Class A, 3.82%; Cloudflare Inc Class A, 3.99%; Vertiv Holdings Co. Class A, 3.24%; Clearwater Analytics Holdings, Inc. Class A, 1.66%; Globant SA, 0%; Ryan Specialty Holdings, Inc. Class A, 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 or for the Fund's most recent month-end performance data, call (800) 992-3863, visit [www.alger.com](http://www.alger.com), or consult your financial advisor. Read the prospectus and summary prospectus carefully before investing. Distributor: Fred Alger & Company, LLC. NOT FDIC INSURED. NOT BANK GUARANTEED. MAY LOSE VALUE.**