

Alger Spectra Fund

2nd Quarter 2025 As of June 30, 2025

Ticker Symbols

Class A	SPECX
Class C	ASPCX
Class I	ASPIX
Class Y	ASPYX
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
28 Years Investment Experience



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



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

Benchmark

Russell 3000 Growth

Standardized performance is available on page 3.

HIGHLIGHTS

- During the second quarter of 2025, the largest portfolio sector weightings were Information Technology and Communication Services. The largest sector overweight was Information Technology and the largest sector underweight was Health Care.
- The Information Technology and Communication Services sectors contributed to relative performance while Consumer Staples and Real Estate 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 Spectra Fund outperformed the Russell 3000 Growth Index during the second quarter of 2025. NVIDIA Corporation, Microsoft Corporation, and Meta Platforms Inc were among the top contributors to performance.

- 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 AI 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 rose during the quarter after the company reported better-than-expected first-quarter operating results, where total revenues grew 69% year-over-year (y/y). Strong revenue growth was fueled by a 73% y/y increase in data center sales; that segment now contributes 89% of Nvidia's revenue as AI workloads shift to compute-intensive inference and large "AI factory" build outs. Further, Blackwell (GB-200) chips currently generate 70% of data center revenue, nearly completing the transition from Hopper, its previous GPU architecture. In our view, Nvidia is extending its lead with Blackwell Ultra (GB-300), now in trials, which retains the same architecture but offers 50% more high-bandwidth memory and up to 50% faster inference performance than the GB-200, according to management.

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- 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). We believe company fundamentals remain attractive because Azure's scale—and the rollout of Copilot AI tools—deepens customer lock-in and expands high-margin subscription revenue. During the quarter, the company reported strong fiscal-fourth quarter earnings, driven by a reacceleration in Azure cloud sales that beat analyst estimates. Management also noted that AI-related sales growth exceeded expectations, accounting for 16% of Azure's quarterly growth. While data center capacity eased, it did not eliminate AI-related supply constraints, and traditional enterprise cloud migrations re-accelerated, defusing worries that AI spending was crowding them out. Management also guided next quarter Azure sales growth higher than expected, citing sustained demand for both AI and core cloud services. With renewed enterprise cloud migrations easing fears that AI budgets were crowding out traditional workloads, the company's share appreciated during the quarter, contributing to performance.
- Meta Platforms is the world's largest social-media company, spanning Facebook, Instagram, WhatsApp and Messenger, and its Reality Labs arm pursues next-generation augmented- and virtual-reality hardware. Its Family of Apps averaged 3.4 billion daily active users in March 2025, highlighting the unrivalled scale that underpins its advertising franchise. The company's AI-powered ad-delivery tools are driving higher pricing and better campaign performance, while new initiatives—such as the rollout of ads in WhatsApp—have the potential to unlock fresh revenue streams and are supported by a cash-rich balance-sheet that now includes a quarterly dividend. Shares rose during the quarter after fiscal first-quarter results came in better-than-expected due to strong revenue growth and operating margin expansion. Additionally, management guided fiscal second-quarter revenue above consensus and trimmed full-year expense guidance even as it lifted capital-expenditure plans to accelerate AI-infrastructure build-out.

Our short position in a producer of breakfast cereals, recognized for its iconic household brands across various consumer segments, positively contributed to portfolio performance. The company operates in a highly competitive packaged-food market, relying on product innovation and brand recognition to attract consumers. Although cereal products generally remain appealing to consumers, even the company's healthier options have been losing market share. We believe achieving the company's ambitious margin goals by 2026 depends significantly on successfully improving its supply chain and stabilizing market share—two areas where the company has yet to demonstrate consistent results. During the quarter, management lowered its earnings outlook, highlighting concerns about slowing sales growth and ongoing market-share declines, particularly within its healthier cereal segment. Consequently, the company's share price fell, benefiting our short position.

Apple Inc., UnitedHealth Group Incorporated, and Globant SA, were among the top detractors from performance.

- Apple is a leading technology provider in telecommunications, computing, and services. Its proprietary iOS operating system represents a unique competitive strength, driving strong engagement with consumers and enterprises, and fostering purchases of high-margin services such as music, apps, and Apple Pay. During the quarter, shares detracted from performance after the company reported fiscal-second quarter results that

broadly met analyst estimates but management lowered guidance citing tariff-related pressures on gross margins. While a potential foldable phone launch in 2026 may reinvigorate growth, the stock currently faces headwinds due to investor concerns about Apple's relatively slower AI innovation compared to competitors. We remain constructive on Apple's long-term prospects given its dominant platform and opportunities to expand into new verticals.

- UnitedHealth Group integrates insurance benefits, primary care, pharmacy services, and data analytics, leveraging its scale to effectively address rising healthcare costs. Historically, the company has delivered strong double-digit earnings growth, driven by steady revenue expansion as more employers and payers adopt its solutions. However, this growth trajectory has recently been disrupted due to higher-than-anticipated utilization rates among Medicare Advantage (MA) members. Shares detracted from performance during the quarter after fiscal first-quarter earnings came in lower than expected, and management reduced full-year guidance, citing unexpected cost pressures from increased medical visits and specialist care early in the year. This was partly caused by higher-than-expected healthcare utilization from new MA members who had switched from competitors. In our view, profitability could improve next year as UnitedHealth and the broader MA industry implement higher pricing and government reimbursement rates adjust to reflect current utilization patterns.
- 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.

Our short position in a U.S. discount retailer, which offers a wide range of everyday essentials, negatively impacted performance during the quarter. Approximately 80% of the company's sales come from household consumables (e.g., cleaning products, health and beauty products, toiletries), and it operates within the grocery industry. The remaining 20% of its sales span several large addressable markets, including apparel, home goods, and toys. We initiated the short position based on our view that the company's competitive moat has eroded, making it unlikely to recover much of its lost market share, and its margin structure appears structurally impaired. The company reported better-than-expected fiscal-first quarter earnings driven by increased foot traffic from higher-income customers looking to save money amid persistent inflationary pressures. Additionally, management raised its full-year earnings guidance, citing stronger sales trends and effective store improvement initiatives designed to enhance customer experience. As a result of the better-than-expected operating results, the company's share price appreciated, negatively impacting our short position.

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

	QTR	YTD	1 Year	3 Years	5 Years	10 Years	Since Inception
Class A (Incepted 7/28/69)							
Without Sales Charge	29.19	12.98	29.94	30.61	15.26	14.68	15.87
With Sales Charge	22.40	7.03	23.10	28.28	14.02	14.06	15.75
Russell 3000 Growth Index	17.55	5.80	16.89	25.07	17.55	16.38	–

Total Annual Operating Expenses by Class

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

Without Waiver: A: 1.52%

With Waiver: —

Performance shown is net of fees and expenses.

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.

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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 3000® Growth Index: Considered representative of US growth stocks. 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. 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 not a guarantee of future results.**

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

The following positions represented the stated percentages of portfolio assets as of June 30, 2025: NVIDIA Corporation, 13.93%; Microsoft Corporation, 13.91%; Meta Platforms Inc Class A, 8.22%; Apple Inc., 5.28%; UnitedHealth Group Incorporated, 0%; Globant SA, 0.28%.

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.