

# Alger Small Cap Focus Fund

**2nd Quarter 2026** As of June 30, 2026

## Ticker Symbols

|         |       |
|---------|-------|
| Class A | AOFAX |
| Class C | AOFCX |
| Class I | AOFIX |
| Class Y | AOFYX |
| Class Z | AGOZX |

## Investment Strategy

Invests in a focused portfolio of approximately 50 holdings of primarily small 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  
31 Years Investment Experience

## Benchmark

Russell 2000 Growth Index

Standardized performance is available on page 3.

## HIGHLIGHTS

- During the second quarter of 2026, the largest portfolio sector weightings were Health Care and Industrials. The largest sector overweight was Health Care and the largest sector underweight was Financials.
- The Industrials and Health Care sectors contributed to relative performance while Financials and Consumer Discretionary were among sectors that detracted from relative performance.

## MARKET ENVIRONMENT

U.S. equities staged a powerful recovery in the second quarter of 2026, with the S&P 500 Index returning 15.2% — its strongest quarter since 2020. Two forces that had unsettled equity markets earlier in the year gave way to renewed optimism. The first was geopolitical: an April ceasefire between the United States and Iran allowed tanker traffic to resume gradually through the Strait of Hormuz, easing energy prices and diminishing a key inflation overhang. The second was technological progress. Investment in artificial intelligence (AI) accelerated, with record capital spending flowing into AI-related infrastructure, from processors and memory to cooling systems and power generation. In our view, that momentum helped lift the Information Technology and Industrials sectors to the top of the S&P 500, while Energy and Utilities trailed as oil and gas prices retreated.

Elsewhere, the Federal Reserve (Fed) held rates steady in June, yet the meeting struck a hawkish tone. Newly sworn-in Fed Chairman Kevin Warsh underscored the committee's shared commitment to price stability, and by quarter-end, futures markets had moved to price in more than a quarter-point hike before year-end — a meaningful reversal from earlier hopes for easing. We believe behind that shift stood a resilient economy. Steady consumer spending and a stable labor market provided a durable foundation, while S&P 500 quarterly earnings grew nearly 29% year over year, far surpassing the 13% growth analysts had forecast and marking the strongest showing since late 2021.

While much of the market's attention this year has centered on which industries and companies AI may disrupt, we continue to find opportunity among those enabling and adopting the technology as it enters its agentic phase. At this stage, systems move beyond generating answers to autonomously executing tasks, making decisions, and coordinating workflows. This shift is accelerating demand for compute capacity, which in turn is driving growth across the ecosystem of companies that build, service, and power data centers. The demand for AI infrastructure, combined with tax incentives from the One Big Beautiful Bill, which allow companies to deduct the full cost of eligible equipment and qualifying manufacturing facilities in the year they are placed in service, is propelling U.S. business investment to become a more prominent engine of economic growth, in our view.

## PORTFOLIO UPDATE

Class A shares of the Alger Small Cap Focus Fund outperformed the Russell 2000 Growth Index during the second quarter of 2026. Nebius Group, Credo Technology Group, and Guardant Health, Inc. were among the top contributors to performance.

- 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's appeal 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. Shares contributed positively to performance after the company reported better-than-expected revenues, driven by surging demand for AI computing power. Nebius also announced a 1.2 gigawatt data center campus and closed a strategic acquisition that strengthened its model optimization capabilities.



## 2nd Quarter 2026

- Credo Technology provides high-speed connectivity solutions used to move data across AI data centers and hyperscale networks, including active electrical cables, optical digital signal processors, and PCIe retimers. As AI systems become larger and more complex, the need to move data quickly and efficiently between servers, GPUs, and networking equipment has become increasingly important. We believe Credo benefits from this growing connectivity challenge, with an expanding product portfolio that gives the company multiple opportunities to support next-generation data center architectures. During the quarter, shares contributed positively to performance as investors responded favorably to the company's rapid revenue growth and rising demand from hyperscale customers. Investor sentiment was further supported by the view that Credo's expanding product portfolio and recent silicon photonics capabilities could help the company remain well aligned with the evolving connectivity needs of AI data centers.
- Guardant Health is a precision oncology company that develops blood-based liquid biopsy tests spanning therapy selection, recurrence monitoring, and early cancer detection, anchored by its Guardant360, Reveal, and Shield platforms. We continue to view the company as one of the more strategically positioned names in molecular diagnostics, with leadership in liquid biopsy supported by a deep clinical evidence base, an expanding set of companion diagnostic labels, and a credible runway toward free cash flow breakeven. Shares contributed positively to performance during the quarter, advancing on first-quarter results that prompted management to raise full-year 2026 revenue guidance, the inclusion of the Shield blood test in updated colorectal cancer screening guidelines, and regulatory approval of Guardant360 CDx as a companion diagnostic for Boehringer Ingelheim's Hernexeos.
- Karman Holdings Inc., GeneDx Holdings Corp., and Forte Biosciences Inc. were among the top detractors from performance.
- Karman Holdings designs and manufactures specialized structural and propulsion components used in launch vehicles, missiles, spacecraft, hypersonic systems, and unmanned aircraft. The company serves defense primes, government agencies, and commercial space customers, giving it exposure to growing demand across space, missile defense, hypersonics, and other advanced aerospace programs. During the quarter, shares detracted from performance as investors focused on several near-term concerns, including an earnings shortfall, a change in auditors following internal control disclosures, a secondary offering by existing shareholders, and broader weakness in space-related sentiment after a Blue Origin rocket incident. While these issues weighed on the stock, we believe Karman's differentiated engineering capabilities, long-term defense contract visibility, and exposure to expanding government and commercial space budgets support its longer-term opportunity.
- GeneDx is a specialty genomics laboratory focused on delivering complex genetic tests, including whole exome and genome sequencing, to diagnose pediatric rare diseases. The company possesses a comprehensive and proprietary database of genetic data that enables it to deliver superior diagnostic yields relative to competitors and alternative testing modalities, creating a meaningful competitive advantage in a highly specialized market. Shares detracted from performance after first-quarter results missed revenue expectations on softer average reimbursement rates and weakness in non-core segments. While underlying exome and genome test volumes grew 33% year over year, management lowered full-year guidance, weighing on investor sentiment.
- Forte Biosciences is a clinical-stage biopharmaceutical company developing FB102, an anti-CD122 monoclonal antibody with potential application across a range of autoimmune conditions, including celiac disease, vitiligo, and alopecia areata. We view Forte favorably given the differentiated mechanism underlying FB102 and its potential applicability across multiple sizeable indications, supported by encouraging early celiac data and a series of meaningful clinical readouts anticipated through the balance of the year. Shares detracted from performance during the quarter, pressured by an equity raise whose limited initial disclosure was poorly received, as well as by growing investor impatience as anticipated vitiligo data extended beyond the previously communicated timeline. Despite a challenging quarter, we remain constructive ahead of the celiac readout expected later this year and cautiously optimistic on the forthcoming vitiligo results. We believe FB102 retains meaningful strategic value as its clinical profile comes into clearer focus.

## 2nd Quarter 2026

## Average Annual Total Returns (%) (as of 6/30/26)

|                                  | QTR   | YTD   | 1 Year | 3 Years | 5 Years | 10 Years | Since Inception       |
|----------------------------------|-------|-------|--------|---------|---------|----------|-----------------------|
| <b>Class A</b> (Incepted 3/3/08) |       |       |        |         |         |          |                       |
| Without Sales Charge             | 31.40 | 21.42 | 36.63  | 15.63   | -3.16   | 10.16    | 8.59                  |
| With Sales Charge                | 24.51 | 15.04 | 29.46  | 13.57   | -4.20   | 9.57     | 8.27                  |
| <b>Russell 2000 Growth Index</b> | 25.71 | 22.18 | 38.74  | 18.44   | 5.57    | 11.97    | (Since 3/03/08) 10.44 |

## Total Annual Operating Expenses by Class

Without Waiver: A: 1.30%

(Prospectus Dated 2/28/26, unless otherwise amended)

## Performance shown is net of fees and expenses.

Only periods greater than 12 months are annualized.

Prior to August 7, 2015, the Fund followed different investment strategies under the name "Alger Growth Opportunities Fund" and prior to February 12, 2015 was managed by a different portfolio manager. Effective August 7, 2015, the Fund's primary benchmark is the Russell 2000 Growth Index.

**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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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, 2026: Nebius Group N.V. Class A, 3.87%; Credo Technology Group Holding Ltd., 1.07%; Guardant Health, Inc., 3.02%; Karman Holdings Inc., 1.54%; GeneDx Holdings Corp. Class A, 0.49%; Forte Biosciences Inc., 1.15%; Boehringer Ingelheim Group, 0.00%; Blue Origin Enterprises, L.P., 0.00%.

**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](http://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.**