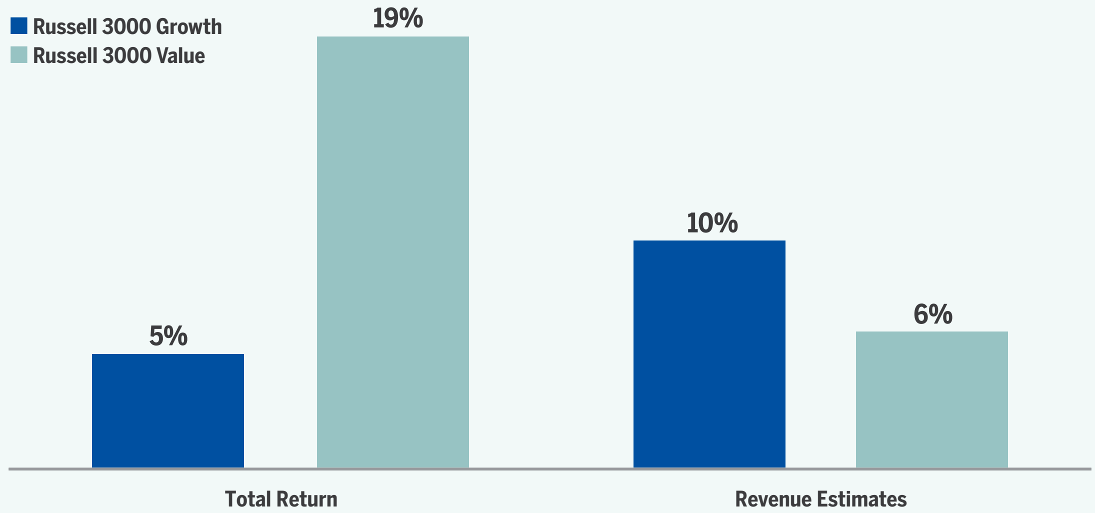
Great Expectations?

Investors have been enthusiastic about economic recovery plays including many value equities, but is too much optimism baked into these stock prices? The data shows that investors may have great expectations for this segment of the market, while those companies that continue to grow year in and year out are less in favor.

Performance vs. Fundamentals Year to Date



Source: FactSet and Alger as of June 2021. Revenue estimates represent next 12-month consensus revenue per share.

- Year to date, value stocks, which tend to have more exposure and leverage to the economy, have outperformed growth stocks, which are generally driven by more secular forces, independent of the economic cycle, such as e-commerce or digital payments.
- Much of the appreciation in value indices is based on expectations of a revenue and earnings snap-back as the economy recovers from the pandemic. Estimates have been rising for value stocks as a result of the gradual return to normalcy in the economy, but it may surprise investors that revenue estimates have actually been growing faster for the Russell 3000 Growth Index than the Russell 3000 Value Index.
- In the market's view, many companies that experienced large revenue and profit declines may see improvements in their fundamentals in the coming months. With that now reflected in stock prices to some degree, investors are left to ponder what comes next. When we consider the next five years, we see slower economic growth but faster secular change driven by innovation, an environment we believe is well-suited to growth stocks.

Inspired by Change, Driven by Growth.

Alger is committed to sustainability and is a signatory to the PRI.

The Russell 3000 Growth Index measures how U.S. stocks in the equity growth segment perform by including only growth stocks. The Russell 3000 Value Index measures how U.S. stocks in the equity value segment perform by including only value stocks. Investors cannot invest directly in any index. Index performance does not reflect deduction for fees, expenses, or taxes.

The views expressed are the views of Alger Management, Ltd. and its affiliates as of June 2021. 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. These views are not meant to provide investment advice and should not be considered a recommendation to purchase or sell securities.

Important Disclosures: This document 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 of investors. This document does not constitute an offer or solicitation to any person in any jurisdiction in which it is not authorised 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 document and should be satisfied in doing so that there is no breach of local legislation or regulation. This document is not for distribution in the United States.

Data, models and other statistics are sourced from our own records, unless otherwise stated herein. We caution that the value of investments in discretionary accounts, and the income derived, may fluctuate and it is possible that an investor may incur losses, including a loss of the principal invested. Investors should ensure that they fully understand the risks associated with investing and should consider their own investment objectives and risk tolerance levels. **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.

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. NOTABLY, THIS MATERIAL IS EXCLUSIVELY INTENDED FOR PERSONS WHO ARE NOT U.S. PERSONS, AS SUCH TERM IS DEFINED IN REGULATIONS OF THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE SECURITIES ACT) AND WHO ARE NOT PHYSICALLY PRESENT IN THE UNITED STATES.

Risk Disclosure: 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. Technology companies may be significantly affected by competition, innovation, regulation, and product obsolescence, and may be more volatile than the securities of other companies.

Important Information for All Investors: Alger Management, Ltd. (company house number 8634056, domiciled at 78 Brook Street, London W1K 5EF, UK) is authorised and regulated by the Financial Conduct Authority, for the distribution of regulated financial products and services. Fred Alger Management, LLC ("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.), is not an authorized person 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.