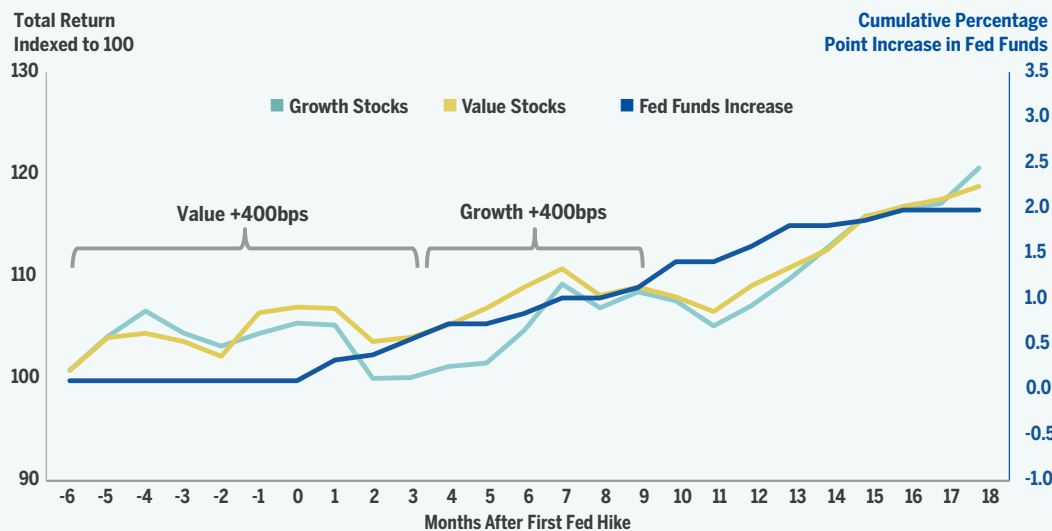


Equity Leadership May Shift

Growth equities trounced the performance of value stocks over the 10-year period ended December 31, 2021, but last year and in the beginning of this year, many investors rotated out of higher growth companies. We believe the resulting value equity rally, however, may be heading for what has historically catapulted growth equities into a leadership role—Federal Reserve monetary tightening.

Rate Hikes Have Historically Supported Growth Equities



Source: FactSet, Alger. Growth and Value stocks represented by Russell 3000 Growth and Russell 3000 Value, respectively. Median of the four most recent tightening cycles beginning in February 1994, June 1999, June 2004, and December 2015. **The performance data quoted represents past performance, which is not an indication or a guarantee of future results.**

- For the 10-year period ended December 31, 2021, the Russell 3000 Growth Index generated a 19.4% annualized return compared to the 12.9% return of the Russell 3000 Value Index. During 2021, investors rotated out of higher growth companies as interest rates rose and optimism about economic growth strengthened. With the exception of large cap, value equities substantially outperformed growth.
- The Federal Reserve is expected to raise the Fed Funds rate several times this year. As illustrated above, value equities have historically outperformed from six months prior to the start of tightening to only three months afterward. As tightening continues, concerns that higher rates will weigh upon the economy prompt investors to favor less economically sensitive, secular growth companies, especially businesses that can potentially increase their sales and earnings with innovative products.
- History is no guarantee of the future, but if this pattern repeats, growth equity relative outperformance could potentially accompany barbecuing, picnics and trips to vacation destinations this summer.



The Russell 3000 Growth Index is an unmanaged index considered representative of U.S. growth stocks. Russell 3000 Value index is an unmanaged index considered representative of U.S. value stocks. Investors cannot invest directly in any index. Index performance does not reflect deductions for fees, expenses or taxes.

The views expressed are the views of Fred Alger Management, LLC as of February 2022. 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 by Fred Alger Management, LLC. 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 certain risks and may not be suitable for all investors. Growth stocks tend to 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. Local, regional or global events such as war, acts of terrorism, the spread of infectious illness such as COVID-19 or other public health issues, recessions, or other events could have a significant impact on investments.

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.

Algor 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.