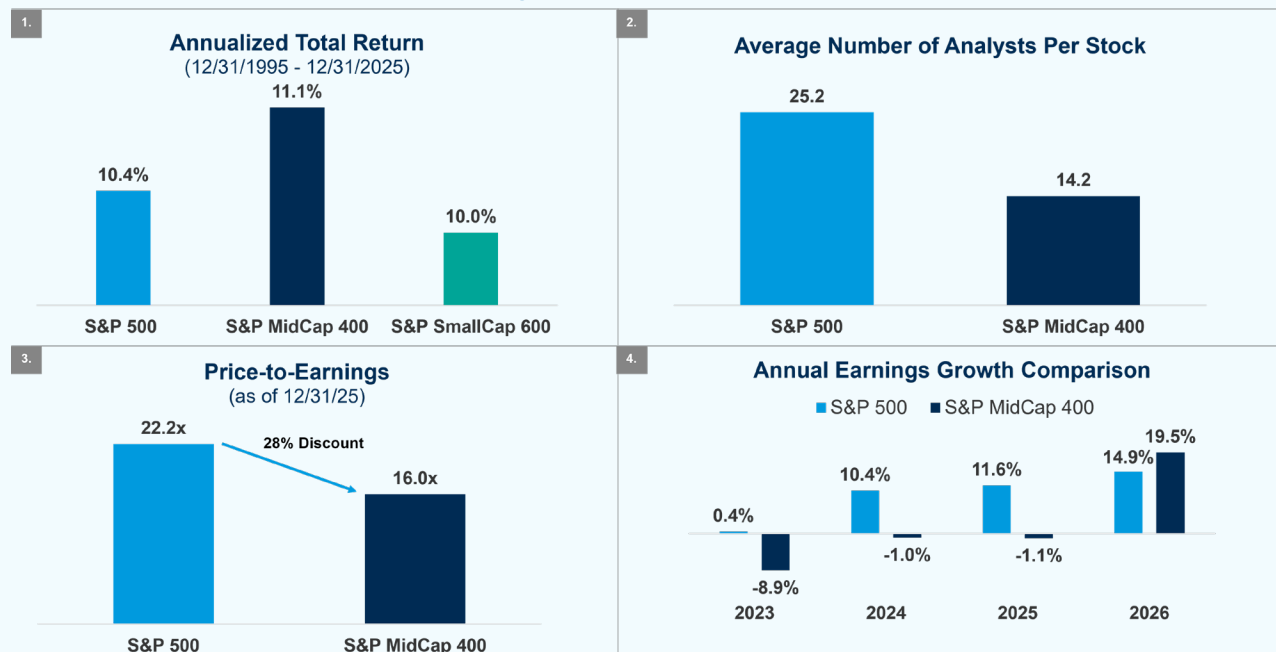


Finding the Sweet Spot

Many investors tend to choose between large-cap stocks or their small-cap counterparts. However, there's a third option that may be more appealing than many realize: mid-caps.

Why Mid-Caps Matter



Source: 1) FactSet and Standard & Poor's for the 30-year period ended December 31, 2025. 2) FactSet as of December 31, 2025. 3) FactSet and Standard & Poor's calculated from January 2006 through December 2025 on a monthly basis. 4) FactSet and Standard & Poor's as of December 31, 2025. The chart depicts the projected calendar year consensus earnings per share (EPS) growth of the S&P MidCap 400 Index and the S&P 500 Index from 2025 through 2026.¹ The performance data quoted represents past performance, which is not an indication or a guarantee of future results.

1. U.S. mid-cap equities have outperformed both large and small caps over the 30 years ending December 2025 (see Figure 1). In line with this, mid-cap earnings growth has outpaced small- and large-caps over the past three decades. We believe this may be because mid-caps often have capacity for further growth like small caps but have survived the perils of infancy with more seasoned management teams, proven business models, and access to capital like larger companies.
2. The average number of sell-side analysts covering mid-cap stocks is about half that of large-caps (see Figure 2). In our view, this may lead to greater market inefficiency and more opportunities for active managers to generate alpha.
3. Over the past 25-years, the S&P MidCap 400 Index has traded at a 3% discount to the S&P 500 Index on a price-to-earnings (P/E) basis.² However, as of December 2025, mid-cap stocks are trading at a sizable 27% discount to large-cap stocks (see Figure 3).
4. Large-cap stocks, represented by the S&P 500 Index, have outperformed mid-caps, represented by the S&P MidCap 400 Index, since the beginning of 2023 due to stronger earnings growth and enthusiasm around artificial intelligence. However, earnings growth for mid-caps is projected to outpace large-caps in 2026 (see Figure 4).³ In our view, mid-caps may present a compelling opportunity for long-term investors by offering the growth potential of small-caps with the stability of large-caps.

^{1,3} FactSet as of 12/31/25. Consensus EPS growth for the S&P MidCap 400 Index is projected to grow -1.1% in 2025 and 19.5% in 2026. Consensus EPS Growth for the S&P 500 Index is projected to grow 11.6% in 2025 and 14.9% in 2026.

² The historical average was calculated from January 2000 through December 2025 on a monthly basis.

The views expressed are the views of Fred Alger Management, LLC ("FAM") and its affiliates as of January 2026. 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 FAM. These views are not meant to provide investment advice and should not be considered a recommendation to purchase or sell securities.

Risk Disclosures: 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. Investing in companies of medium capitalizations involves the risk that such issuers may have limited product lines or financial resources, lack management depth, or have limited liquidity. **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.

Important Information for US Investors: This material must be accompanied by the most recent fund fact sheet(s) if used in connection with the sale of mutual fund and ETF shares. Fred Alger & Company, LLC serves as distributor of the Alger mutual funds.

Important Information for UK and EU Investors: This material 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 investors. This material does not constitute an offer or solicitation to any person in any jurisdiction in which it is not authorized 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 material and should be satisfied in doing so that there is no breach of local legislation or regulation.

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.

Alger Management, Ltd. (company house number 8634056, domiciled at 85 Gresham Street, Suite 308, London EC2V 7NQ, UK) is authorised and regulated by the Financial Conduct Authority, for the distribution of regulated financial products and services. FAM, Weatherbie Capital, LLC, and/or Redwood Investments, 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.), FAM, and Fred Alger & Company, LLC are not authorized persons 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: Fred Alger Management, LLC is neither licensed nor insured under the Israeli Regulation of Investment Advice, of Investment Marketing, and of Portfolio Management Law, 1995 (the "Investment Advice Law"). This document is for information purposes only and should not be construed as an offering of Investment Advisory, Investment Marketing or Portfolio Management services (As defined in the Investment Advice Law). Services regulated under the Investment Advice Law are only available to investors that fall within the First Schedule of Investment Advice Law ("Qualified Clients"). It is hereby noted that with respect to Qualified Clients, Fred Alger Management, LLC is not obliged to comply with the following requirements of the Investment Advice Law: (1) ensuring the compatibility of service to the needs of client; (2) engaging in a written agreement with the client, the content of which is as described in section 13 of the Investment Advice Law; (3) providing the client with appropriate disclosure regarding all matters that are material to a proposed transaction or to the advice given; (4) a prohibition on preferring certain Securities or other Financial Assets; (5) providing disclosure about "extraordinary risks" entailed in a transaction (and obtaining the client's approval of such transactions, if applicable); (6) a prohibition on making Portfolio Management fees conditional upon profits or number of transactions; (7) maintaining records of advisory/discretionary actions. This document is directed at and intended for Qualified Clients only.

S&P 500® Index: An index of large company stocks considered to be representative of the U.S. stock market. S&P MidCap 400 Index is an unmanaged index considered representative of mid-sized US companies. S&P SmallCap 600 Index is an unmanaged index considered representative of small-cap stocks. Index performance does not reflect deductions for fees, expenses, or taxes. 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. Investors cannot invest directly in any index. **The performance data quoted represents past performance, which is not an indication or a guarantee of future results.**

Alpha measures the difference between a portfolio's actual returns and its expected performance, given its level of risk (as measured by beta). Beta measures a portfolio's sensitivity to market movements relative to a particular index; a portfolio with a beta of 1.00 would be expected to have returns equal to such index.

FactSet is an independent source, which Alger believes to be a reliable source. FAM, however, makes no representation that it is complete or accurate.

Price-to-earnings is the ratio for valuing a company that measures its current share price relative to its earnings per share.

Earnings per share (EPS) is the portion of a company's earnings or profit allocated to each share of common stock.

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