

ALGER MANAGEMENT, LTD.

Company Registered No. 08634056 (England and Wales)

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 2017



Alger Management, Ltd.
Company Registered No. 08634056 (England and Wales)

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Alger Management, Ltd.
Company Registered No. 08634056 (England and Wales)

Information

Directors

Pascale Auclair
Rupert Carington
Daniel Chung
Philippe Lecomte
Hal Liebes

Company number

08634056

Registered office

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SW1Y 4LB

Auditor

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Banker

Bank of America
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2 King Edward Street,
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Alger Management, Ltd.
Company Registered No. 08634056 (England and Wales)

Strategic Report

In accordance with Section 414A(1) of the Companies Acts 2006, the Board of Directors present their Strategic Report of Alger Management, Ltd. (AML) for the period from 1 January to 31 December 2017. This report includes a review of AML's business and future developments, a description of the principal risks and uncertainties facing the group and key performance indicators.

Business and Future Developments

AML was incorporated on 1 August 2013.

AML is a subsidiary of Alger Associates, Inc. (AAI), a United States corporation.

The formation of AML is part of the overall strategic effort of AAI to diversify its business through offering its current and future investment products to a broader investor base, especially in European markets. Accordingly, AML was formed to i) act as the European distributor of the Alger SICAV (described below) and ii) to become the investment adviser for certain products, including the Alger SICAV. In this connection, AML was appointed as the Distributor and Portfolio Manager to the Alger SICAV in June 2015. In turn, AML retained Fred Alger Management, Inc. (FAM) as a Sub-Portfolio Manager to the Alger SICAV in June 2015.

FAM, an indirect subsidiary of AAI is a U.S.-registered investment advisor which, as of 31 December 2017, managed more than USD \$23 billion. FAM's investment strategies are available to institutional investors through separate accounts and registered and un-registered mutual funds; and to U.S. retail investors through U.S. registered mutual funds and individually offered separate accounts.

The Alger SICAV allows European based investors (both retail and institutional) to access AML's and FAM's advisory services. As of 31 December 2017 the Alger SICAV had USD \$688 million in assets under management in four strategies; U.S. Large Cap equities, Long/Short Equities, U.S. Small Cap Focused equities and Emerging Markets equities.

In August 2015, AML concluded an agreement with La Francaise AM (LAF), a company incorporated under the laws of France, under which LAF purchased a 49.9% ownership stake in AML.

LAF is an international multi-class asset manager based in Paris. Notably, LAF has strong distribution capabilities, not only in France, but across Europe. The objective of AML's agreement with LAF is to leverage these distribution capabilities. Specifically, LAF has taken a prominent role in the distribution of the Alger SICAV and was named European Global Distributor to the Alger SICAV in April 2015. In this connection, LAF conducts, in coordination with FAM and AML, meetings with both potential and existing investors to introduce or update them on the Alger SICAV. These meetings include multiple week-long trips across Europe with representatives of AML and FAM describing the Alger SICAV in detail. LAF has provided input and guidance for improving the various aspects of AML's sales efforts. In 2017 they helped AML develop a new 'early bird' share class for the Small Cap Focus Sub fund for the purposes of increasing interest and AUM in the Fund. AML introduced this share class in November with the expectation that LAF will raise \$50 million in assets in the share class by 31 May 2018. In addition, LAF provided input in determining which existing share classes in the SICAV funds should be eliminated. Subscriptions into the Alger SICAV decreased to USD \$153 million in 2017, compared to subscriptions of USD \$282 million in 2016. AML currently has one full time employee and is conducting a search to add another employee. The loss for the period is set forth in the Statement of Comprehensive Income.

AML anticipates the LAF activities described above to increase in 2018 as a result of a new marketing approach. LAF offers a wide array of strategies across all their affiliates. In order to better meet the needs of their clients and to better focus their sales efforts, the bulk of their marketing and sales efforts will be focused on 6 strategies, of which, two are Alger SICAV funds, Alger American Asset Growth and Alger Small Cap Focus. We will continue to explore opportunities for additional product offerings as well as distribution in markets outside of Europe.

Risks and Uncertainties

As with any asset management business, there are a number of risks that are critical to success. These include the overall performance of economies and financial markets generally, the ability to generate superior investment results in the products offered, the ability to attract and retain key investment professionals, and the ability to grow overall AUM. In addition, the marketplace for the products offered by AML has grown increasingly competitive over the past few years, which represents an additional risk.

The S&P 500 Index returned 21.83% in 2017 as strong corporate fundamentals and strengthening economies in the U.S. and abroad supported investor sentiment. Enthusiasm regarding Washington, D.C.'s pro-growth policies also provided a boost to equities.

The three-month period ended December 31, 2017, was the sixth consecutive quarter of S&P 500 earnings growth. In regards to the economy, the U.S. Consumer Confidence Index climbed to a 17-year high of 128.6. In another encouraging development, unemployment declined to 4.1%, the lowest level since 2000 and the labor market achieved its 86th consecutive month of net job creation. Investor optimism received an additional boost in December when Washington approved dramatic tax cuts for corporations and many Americans. From a global perspective, the International Monetary Fund estimated that 184 out of 197 countries would experience economic growth in 2017, a feat that hasn't occurred since at least 1980. Optimism for non-U.S. equities was also strong with the MSCI Emerging Markets Index advancing 37.75% and the MSCI ACWI ex USA Index climbing 27.27%.

While U.S. tax reform and economic growth supported the outlook for equities, other factors, such as strengthening corporate fundamentals, provided a boost to the top-performing Information Technology sector as well as the Health Care, Materials, and Financials sectors. The Consumer Discretionary sector, which typically faces relatively high effective tax rates, was the third-best performing sector. In a reversal from most of 2016, investors' increased emphasis on corporate fundamentals resulted in a substantial rotation out of equities that offer high dividend yields, with the Telecommunication Services sector performing worst. Price competition in wireless services also hurt the sector. The Real Estate and Utilities sectors, which are also characterized as having high dividend yielding companies, also fared poorly.

In this environment, the products offered through Alger SICAV generated strong results. The Alger American Asset Growth Fund Class I US, which is a U.S. large cap offering, produced a 31.13% return compared to the 30.21% return of its benchmark, the Russell 1000 Growth Index, and it ranked in the 16th percentile of its relevant Morningstar category. The Small Cap Focus Fund Class I US generated a 29.19% return, which substantially outpaced the 22.17% return of the Fund's Russell 2000 Growth Index benchmark and placed the Fund in the 6th percentile of its Morningstar Small Cap Equity universe. The Emerging Markets equity offering (Alger Emerging Markets Fund Class I) generated a 38.94% return for the year and outperformed the 37.75% return of its MSCI Emerging Markets Index benchmark. The Fund placed in the 11th percentile of its Morningstar universe for the year. The SICAV long/short offering, the Alger Dynamic Opportunities Fund (Class I-3US) generated an 18.50% gain compared to S&P 500 Index return of 21.83%. The Fund's performance relative to most of its peers was strong, with the Fund placing in the 12 percentile of its Morningstar Long/Short Equity category.

Key Performance Indicators

AML operated at a loss of £325K in 2017, after generating a small profit in 2016.

In terms of its distribution activities, AML looks to the assets under management of the Alger SICAV, the gross and net flows into the Alger SICAV and through any mandates awarded as a measure of its performance. For the year, the Alger SICAV had gross sales of USD \$153 million and net outflows of USD \$279 million. At 31 December 2017, the Alger SICAV had USD \$688 million under management. LAF's nearly 50 person sales organisation has worked extensively to introduce Alger SICAV in many markets.


From an investment advisory perspective, AML will focus on the absolute and relative performance of the products it offers. These returns are described above.

Alger Management, Ltd.
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Going Concern

AML has sufficient financial resources and expected investment management contracts to sustain the business. The directors have a reasonable expectation that AML has adequate resources to continue in operational existence for the foreseeable future, including the next twelve months, and thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements. This expectation is supported by financial projections and a commitment from AAI and LAF, as its shareholders, to provide capital for AML to enable it to maintain sufficient regulatory capital. The parent plans to continue its financial support of AML.

On behalf of the board


A handwritten signature in black ink, consisting of several loops and a long horizontal stroke, positioned above a solid horizontal line.

Hal Liebes
Director
18 April 2018

Alger Management, Ltd.
Company Registered No. 08634056 (England and Wales)

Directors' Report

The directors present their report and the audited financial statements of Alger Management, Ltd. for the year ended 31 December 2017.

Principal activities

AML acts as the European distributor of and investment advisor for the Alger SICAV and potentially for separate account businesses from government and other public entities. AML is authorised and regulated by the Financial Conduct Authority ("FCA"). All of AML's activities during the period were conducted within the scope of permissions granted by the FCA.

Business review

AML's loss for the year ended 31 December 2017 was £324,797 as compared to net income of £165,577 for the year ended 31 December 2016. Details of the result for the period are set out on page 9.

Directors

The directors who held office during the period were as follows:

Pascale Auclair
Rupert Carington
Daniel Chung
Philippe Lecomte
Hal Liebes

Political and charitable donations

AML made no political or charitable donations during the period.


Disclosure of information to auditor

The directors who held office at the date of approval of this Directors' Report confirm that, so far as each is aware, there is no relevant audit information of which AML's auditor is unaware and each director has taken all the steps that ought to have been taken as a director, including making appropriate enquiries of fellow directors and of AML's auditor for that purpose, in order to be aware of any information needed by AML's auditor in connection with preparing its report and to establish that AML's auditor is aware of that information.

Auditor

KPMG LLP have been appointed as auditor and pursuant to Section 487 of the Companies Act 2006 will be deemed reappointed.

By order of the board



Hal Liebes
Director
18 April 2018

Alger Management, Ltd.
Company Registered No. 08634056 (England and Wales)

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE STRATEGIC REPORT, THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS


The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



Hal Liebes
Director
18 April 2018

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ALGER MANAGEMENT LIMITED

Opinion

We have audited the financial statements of Alger Management Limited ("the company") for the year ended 31 December 2017 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 6, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

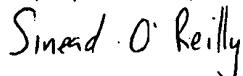
Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



Sinead O'Reilly (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London
United Kingdom
E14 5GL

18 April 2018

ALGER MANAGEMENT, Ltd.
Company Registered No. 08634056 (England and Wales)
Statement of Comprehensive Income
For the year ended 31 December 2017

	Note	Year ended 31 December 2017 £	Year ended 31 December 2016 £
Turnover			
Management and sub-advisory fees		5,768,958	6,104,985
Gross profit		5,768,958	6,104,985
Foreign exchange differences		7,705	177,880
Distribution costs		(4,703,760)	(4,724,292)
Mutual Fund reimbursements		(661,449)	(331,217)
Administrative Expenses	2,4	(736,251)	(1,061,779)
(Loss) / profit on ordinary activities before taxation		<u>(324,797)</u>	<u>165,577</u>
Tax on ordinary activities	5	-	-
(Loss) / profit for the financial year		<u><u>(324,797)</u></u>	<u><u>165,577</u></u>
Other comprehensive income		-	-
Total comprehensive (Loss) / profit for the year		<u><u>(324,797)</u></u>	<u><u>165,577</u></u>


All the results shown in the above Statement of Comprehensive Income are from continuing operations.

The notes on pages 13 to 17 form part of these financials.

ALGER MANAGEMENT, Ltd.
Company Registered No. 08634056 (England and Wales)
Statement of Financial Position
As of 31 December 2017

	Note	Year ended 31 December 2017 £	Year ended 31 December 2016 £
Assets			
Cash		1,026,929	1,294,465
Debtors	6	509,628	886,076
Total current assets		<u>1,536,557</u>	<u>2,180,541</u>
Liabilities:			
Creditors: Amounts falling due within one year	7	(923,979)	(1,243,166)
Total current liabilities		<u>(923,979)</u>	<u>(1,243,166)</u>
Net current assets		<u>612,578</u>	<u>937,375</u>
Capital and Reserves			
Called up share capital	8	60,000	60,000
Share premium	8	545,007	545,007
Retained Earnings		7,571	332,368
Total Equity		<u>612,578</u>	<u>937,375</u>

The financial statements were approved by the Board of Directors on 18 April 2018 and were signed on its behalf by:



 Hal Liebes
 Director

The notes on pages 13 to 17 form part of these financials.

ALGER MANAGEMENT, Ltd.
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Statement of Changes in Equity
For the year ended 31 December 2017

Note	Called up share £	Share Premium Account £	Retained Earnings £	Total Equity 31 December £
Balance at 1 January 2016	60,000	545,007	166,791	771,798
Comprehensive income for the period				
Profit	-	-	165,577	165,577
Other comprehensive income	-	-	-	-
Balance at 31 December 2016	<u>60,000</u>	<u>545,007</u>	<u>332,368</u>	<u>937,375</u>
Balance at 1 January 2017	60,000	545,007	332,368	937,375
Comprehensive expense for the period				
Loss	-	-	(324,797)	(324,797)
Other comprehensive income	-	-	-	-
Balance at 31 December 2017	<u>60,000</u>	<u>545,007</u>	<u>7,571</u>	<u>612,578</u>

The notes on pages 13 to 17 form part of these financials.

ALGER MANAGEMENT, Ltd.
Company Registered No. 08634056 (England and Wales)
Cash Flow Statement
For the year ended 31 December 2017

	Note	Year ended 31 December 2017 £	Year ended 31 December 2016 £
Cash Flows (used in) / from operating activities	9	(267,537)	106,542
(Decrease) / Increase in cash		<u>(267,537)</u>	<u>106,542</u>
Reconciliation of net cash			
Cash at the beginning of the year		1,294,466	1,187,923
(Decrease) / Increase in cash in the year		(267,537)	106,542
Cash at the end of the year		<u><u>1,026,929</u></u>	<u><u>1,294,465</u></u>

The notes on pages 13 to 17 form part of these financials.

Notes (forming part of the financial statements)

1. Accounting policies

AML is a company limited by shares and incorporated and domiciled in the UK.

a) Basis of preparation

These financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland. The financial statements have been prepared on a going concern basis as expenses in excess of income will be funded by AAI and LAF.

b) Measurement convention

The financial statements are prepared on the historical cost basis and in accordance with applicable UK accounting standards.

c) Going concern

The financial statements have been prepared on the going concern basis which the directors believe to be appropriate as funding is provided to AML by AAI and LAF.

AML has sufficient financial resources and ongoing investment management contracts to sustain the business. The directors have a reasonable expectation that AML has adequate resources to continue in operational existence for the foreseeable future, including the next twelve months, and thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements. This expectation is supported by the financial projections and commitment from AAI and LAF to provide capital for AML to enable it to maintain sufficient regulatory capital.

d) Foreign Currency

Transactions in foreign currencies are translated to AML's functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical costs in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on transactions are recognized in the profit and loss account.

e) Taxation

Tax on the profit or loss for the year comprises current and deferred tax.

Current tax is the expected tax payable or receivable on the taxable income or loss for the period, using tax rates enacted or substantively enacted at the balance sheet date.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements.

Notes (continued)

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

f) Management and sub-advisory fees

Management and sub-advisory fees are paid primarily to AML for advisory and sub-advisory services provided to the Alger SICAV. Such fees are generally received monthly, but are recognized as earned based on the terms of the customer agreements.

2. Audit Fees

	Year ended 31-Dec-17 £	Year ended 31-Dec-16 £
Alger Management, Ltd. UK statutory audit fee	20,000	20,000
Alger Management, Ltd. UK regulatory CASS audit fee	10,000	10,000
Total Audit fees	30,000	30,000

3. Directors remuneration

For the year ended 31 December 2017 and 2016, the directors of AML did not receive any remuneration from AML.

4. Staff costs

The number of staff for year ended 31 December 2017 and 2016 was 2.

	Year ended 31-Dec-17 £	Year ended 31-Dec-16 £
Wages and salary	255,000	454,923
Social Security costs	58,455	73,179
Severance	-	3,419
Total Staff fees	313,455	531,521

Notes (continued)

5. Taxation

AML's tax charge is analysed as follows:

	Year ended 31-Dec-17 £	Year ended 31-Dec-16 £
UK Corporation tax		
Current tax on loss for the period	-	-
Deferred tax		
Origination of timing differences	-	-
Tax on loss on ordinary activities	-	-

AML has a tax loss of £324,797 in 2017 and a tax gain of £165,577 in 2016 for which no deferred asset been recognized due to the uncertainty over the level of profits available in future periods to utilise them. As of 31 December 2016, AML had carried forward trade losses of £534,212 therefore 2017 does not reflect any tax.

Factors affecting the tax charge for the period

For the year ended 31 December 2017, the blended tax rate was 19.25% and for the year ended 31 December 2016, the blended tax rate was 20.0% from 1 January 2016 to 31 December 2016. The differences are explained below:

	Year Ended 31-Dec-17 £	Year Ended 31-Dec-16 £
Tax reconciliation		
(Loss) / profit on ordinary activities	(324,797)	165,577
Tax rate	19.25%	20.00%
Total Tax	(62,523)	33,115
Effects of:		
Expenses not deductible for tax purposes	1,069	2,111
Prior year unutilised tax losses	-	(35,227)
Current year losses with no deferred tax asset recognised	61,454	-
Tax expense included in profit or loss	-	-

Notes (continued)

6. Debtors

	Year ended 31-Dec-17 £	Year ended 31-Dec-16 £
Management fees receivable	502,862	886,076
Prepayments and Other	6,766	-
Total Debtors	509,628	886,076

7. Creditors: amounts falling due within one year

	Year ended 31-Dec-17 £	Year ended 31-Dec-16 £
Amounts owned to group undertakings	247,107	151,852
Distribution fees	527,623	999,793
Trade creditors	149,249	91,521
Total Creditors	923,979	1,243,166

8. Called up share capital

	Year ended 31-Dec-17 £	Year ended 31-Dec-16 £
Allocated, called up shares		
30,001 ordinary shares of £1	30,001	30,001
29,999 ordinary B shares of £1	29,999	29,999
Total Called up shares	60,000	60,000

Notes (continued)

9. Reconciliation of (Loss) / profit for the year to net cash flow from operating activities

	Year ended 31-Dec-17 £	Year ended 31-Dec-16 £
Net (Loss) / profit for period	(324,797)	165,577
(Decrease) / Increase in operating creditors	(319,187)	16,726
Decrease / (Increase) in operating debtors	376,447	(75,761)
Net cash flows (used in) / from operating activities	<u>(267,537)</u>	<u>106,542</u>

10. Related party disclosures

AML is a majority-owned subsidiary of AAI. A major subsidiary of AAI is FAC, a U.S.-registered broker-dealer in securities which acts as the distributor for various Alger products, including the Alger family of mutual funds. FAM, a wholly-owned subsidiary of FAC, is a U.S. registered investment advisor. FAM provides advisory services primarily to the Alger mutual funds and separately-managed institutional accounts.

Since June 8, 2015, FAM has provided sub-advisory services to AML for which it earns management and sub-advisory fees. In addition, FAM and FAC provide certain administrative and marketing support services to AML on behalf of the SICAV. These expenses are recorded in Distribution costs in the Statement of Comprehensive Income.

	Year ended 31-Dec-17 £	Year ended 31-Dec-16 £
Sub-advisory fees	3,067,527	3,027,123
Administrative fees	312,786	350,729
Marketing fees	312,786	350,729
Total Related party fees	<u>3,693,099</u>	<u>3,728,581</u>

Related party payables of £247,107 for 31 December 2017 and £151,852 for 31 December 2016 were outstanding and included within Creditors amounts due within one year in the Statement of Financial Position.

11. Immediate and ultimate parent entity

AML is a subsidiary undertaking of AAI. The ultimate controlling party is AAI, the parent which owns 50.1%.

The results of AML are consolidated into AAI incorporated in the United States of America. The consolidated financial statements of AAI may be obtained from Robert Kincel, CFO, at Harborside Financial Centre, 600 Plaza One, Jersey City, New Jersey, 07311.