



# ALGER

Inspired by Change, Driven by Growth.

**PROSPECTUS ENCLOSED**

May 1, 2010

**This is not part of the prospectus.**

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# THE ALGER PORTFOLIOS

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**A pooled funding vehicle for:**

- **qualified pension plans**
- **qualified retirement plans**
- **variable annuity contracts**
- **variable life insurance policies**

	<u>Class</u>	<u>Ticker Symbol</u>
Alger Capital Appreciation Portfolio	I-2	ALVOX
Alger Large Cap Growth Portfolio	I-2	AAGOX
Alger Mid Cap Growth Portfolio	I-2	AMGOX
Alger SMid Cap Growth Portfolio	I-2	AAMOX
Alger Small Cap Growth Portfolio	I-2	AASOX
Alger Growth & Income Portfolio	I-2	AIGOX
Alger Balanced Portfolio	I-2	ABLOX

## PROSPECTUS

May 1, 2010

As with all mutual funds, the Securities and Exchange Commission has not determined if the information in this Prospectus is accurate or complete, nor has it approved or disapproved these securities. It is a criminal offense to represent otherwise.

An investment in a Portfolio is not a deposit of a bank and is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency.



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## SUMMARY SECTIONS

### Alger Capital Appreciation Portfolio

## INVESTMENT OBJECTIVE

Alger Capital Appreciation Portfolio seeks long-term capital appreciation.

## FEES AND EXPENSES

This table describes the fees and expenses that you may pay if you buy and hold shares of the Portfolio. The table does not reflect fees, expenses, or charges that may be imposed by the separate accounts of life insurance companies or qualified pension or retirement plans. If it did, the fees would be higher.

<b>Shareholder Fees (fees paid directly from your investment)</b>	None
<b>Annual Fund Operating Expenses (expenses that you pay each year as a percentage of the value of your investment)</b>	
Advisory Fees	.81%
Distribution and/or Service (12b-1) Fees	None
Other Expenses	.175%
Total Annual Fund Operating Expenses	.985%
Fee Waiver	.035%*
Total Annual Fund Operating Expenses After Fee Waiver	.95%

\* Effective December 1, 2006 through November 30, 2011, Fred Alger Management, Inc. has contractually agreed to waive .035% of its advisory fees. This waiver cannot be terminated.

## EXAMPLE

The following example, which reflects the shareholder fees and operating expenses listed above, is intended to help you compare the cost of investing in the Portfolio with the cost of investing in other mutual funds. The example assumes that you invest \$10,000.00 in Class I-2 shares of the Portfolio for the time periods indicated, that your investment has a 5% return each year and that the Portfolio's operating expenses remain the same. The example does not reflect fees, expenses, or charges that may be imposed by the separate accounts of life insurance companies or qualified pension or retirement plans. If it did, the expenses would be higher.

Although your actual costs may be higher or lower, based on these assumptions you would pay the following expenses whether or not you redeemed your shares at the end of each period:

1 YEAR	3 YEARS	5 YEARS	10 YEARS
\$97	\$307	\$537	\$1,201

## **PORTFOLIO TURNOVER**

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The Portfolio pays transaction costs, such as commissions, when it buys and sells securities (or “turns over” its portfolio). A higher portfolio turnover rate may indicate higher transaction costs. These costs, which are not reflected in annual fund operating expenses or in the examples, affect the Portfolio’s performance. During the most recent fiscal year, the Portfolio’s turnover rate was 285.33% of the average value of its portfolio.

## **PRINCIPAL INVESTMENT STRATEGY**

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Fred Alger Management, Inc. believes companies undergoing Positive Dynamic Change offer the best investment opportunities. Positive Dynamic Change refers to companies realizing High Unit Volume Growth or companies undergoing Positive Lifecycle Change. High Unit Volume Growth companies are traditional growth companies experiencing, for example, significantly growing demand or market dominance. Positive Lifecycle Change companies are, for example, companies benefitting from regulatory change, a new product introduction or management change.

Under normal market circumstances, the Portfolio invests at least 85% of its net assets, plus any borrowings for investment purposes, in equity securities of companies of any market capitalization that Fred Alger Management, Inc. believes demonstrate promising growth potential.

The Portfolio can leverage, that is, borrow money to buy additional securities. By borrowing money, the Portfolio has the potential to increase its returns if the increase in the value of the securities purchased exceeds the cost of borrowing, including interest paid on the money borrowed. The Portfolio can also invest in options.

## **PRINCIPAL RISKS**

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As with any fund that invests in stocks, your investment will fluctuate in value, and the loss of your investment is a risk of investing. The Portfolio’s price per share will fluctuate due to changes in the market prices of its investments. Also, the Portfolio’s investments may not grow as fast as the rate of inflation and stocks tend to be more volatile than some other investments you could make, such as bonds.

Prices of growth stocks tend to be higher in relation to their companies’ earnings and may be more sensitive to market, political and economic developments than other stocks, making their prices more volatile. An investment in the Portfolio may be better suited to investors who seek long-term capital growth and can tolerate fluctuations in their investment’s value.

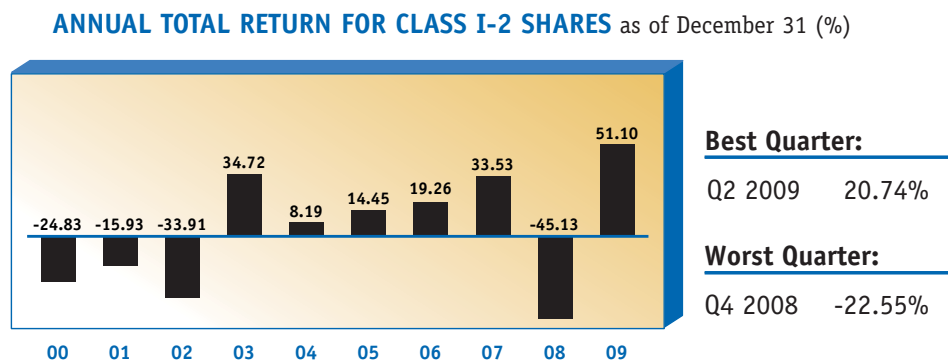
If the Portfolio invests in options or hedges, and Fred Alger Management, Inc. incorrectly predicts the price movement of a security or market, the Portfolio may lose money or the hedge may be ineffective.

The following risks may also apply:

- investing in companies of all capitalizations involves the risk that smaller issuers in which the Portfolio invests may have limited product lines or financial resources, or lack management depth.
- the possibility that it may be difficult or impossible to liquidate a security position at a time and price acceptable to the Portfolio because of the potentially less frequent trading of stocks of smaller market capitalization.
- the risk that the cost of borrowing money to leverage will exceed the returns for the securities purchased or that the securities purchased may actually go down in value; thus, the Portfolio's net asset value can decrease more quickly than if the Portfolio had not borrowed.

## PERFORMANCE

The following bar chart and the table beneath it provide some indication of the risks of investing in the Portfolio by showing changes in the Portfolio's performance from year to year and by showing how the Portfolio's average annual returns for the indicated periods compare with those of an appropriate benchmark of market performance. The Russell 3000 Growth Index is an index of common stocks designed to track performance of companies with greater than average growth orientation. The performance numbers do not reflect fees, expenses, or charges that may be imposed by the separate accounts of life insurance companies or qualified pension or retirement plans. If they did, the performance numbers would be lower. Remember that the Portfolio's past performance is not necessarily an indication of how it will perform in the future. Updated performance information is available on the Portfolio's website [www.alger.com](http://www.alger.com).



AVERAGE ANNUAL TOTAL RETURN AS OF DECEMBER 31, 2009				
	1 YEAR	5 YEARS	10 YEARS	SINCE INCEPTION (1/25/95)
Class I-2	51.10%	8.61%	-0.83%	12.79%
Russell 3000 Growth Index (reflects no deduction for fees, expenses or taxes)	36.99%	1.57%	-3.80%	6.59%

## MANAGEMENT

### Investment Manager

Fred Alger Management, Inc.

### Portfolio Manager

Patrick Kelly, CFA  
Executive Vice President and  
Portfolio Manager  
Since October 2005  
(co-portfolio manager from  
September 2004 to October 2005)

## SHAREHOLDER INFORMATION

### Purchasing and Redeeming Shares

Because the Portfolio is an investment vehicle for variable annuity contracts and variable life insurance policies offered by the separate accounts of life insurance companies, as well as qualified pension or retirement plans, an individual cannot invest in the Portfolio directly, but may do so only through one of these sources. The Portfolio shares are held in the names of the separate accounts and plans.

### Tax Information

The Portfolio's distributions may be taxable as ordinary income or capital gains. If you have invested through the separate account of a life insurance company or qualified pension or retirement plan, please consult the Prospectus or other information provided to you by your participating life insurance company or qualified pension or retirement plan regarding the federal income taxation of your policy or plan.

### Payments to Broker-Dealers and Other Financial Intermediaries

If you purchase the Portfolio through a broker-dealer or other financial intermediary (such as a bank), the Portfolio and its related companies may pay the intermediary for the sale of Portfolio shares and related services. These payments may create a conflict of interest by influencing the broker-dealer or other intermediary and your salesperson to recommend the Portfolio over another investment.

## Alger Large Cap Growth Portfolio

### INVESTMENT OBJECTIVE

Alger Large Cap Growth Portfolio seeks long-term capital appreciation.

### FEES AND EXPENSES

This table describes the fees and expenses that you may pay if you buy and hold shares of the Portfolio. The table does not reflect fees, expenses, or charges that may be imposed by the separate accounts of life insurance companies or qualified pension or retirement plans. If it did, the fees would be higher.

<b>Shareholder Fees (fees paid directly from your investment)</b>	None
<b>Annual Fund Operating Expenses (expenses that you pay each year as a percentage of the value of your investment)</b>	
Advisory Fees	.71%
Distribution and/or Service (12b-1) Fees	None
Other Expenses	.16%
Total Annual Fund Operating Expenses	.87%

### EXAMPLE

The following example, which reflects the shareholder fees and operating expenses listed above, is intended to help you compare the cost of investing in the Portfolio with the cost of investing in other mutual funds. The example assumes that you invest \$10,000.00 in Class I-2 shares of the Portfolio for the time periods indicated, that your investment has a 5% return each year and that the Portfolio's operating expenses remain the same. The example does not reflect fees, expenses, or charges that may be imposed by the separate accounts of life insurance companies or qualified pension or retirement plans. If it did, the expenses would be higher. Although your actual costs may be higher or lower, based on these assumptions you would pay the following expenses whether or not you redeemed your shares at the end of each period:

1 YEAR	3 YEARS	5 YEARS	10 YEARS
\$89	\$278	\$482	\$1,073

### PORTFOLIO TURNOVER

The Portfolio pays transaction costs, such as commissions, when it buys and sells securities (or "turns over" its portfolio). A higher portfolio turnover rate may indicate higher transaction costs. These costs, which are not reflected in annual fund operating expenses or in the example, affect the Portfolio's performance. During the most recent fiscal year, the Portfolio's turnover rate was 74.63% of the average value of its portfolio.

## PRINCIPAL INVESTMENT STRATEGY

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Fred Alger Management, Inc. believes companies undergoing Positive Dynamic Change offer the best investment opportunities. Positive Dynamic Change refers to companies realizing High Unit Volume Growth or companies undergoing Positive Lifecycle Change. High Unit Volume Growth companies are traditional growth companies experiencing, for example, significantly growing demand or market dominance. Positive Lifecycle Change companies are, for example, companies benefitting from regulatory change, a new product introduction or management change.

The Portfolio focuses on growing companies that generally have broad product lines, markets, financial resources and depth of management. Under normal circumstances, the Portfolio invests at least 80% of its net assets, plus any borrowings for investment purposes, in equity securities of companies that, at the time of purchase of the securities, have a market capitalization equal to or greater than the market capitalization of companies included in the Russell 1000 Growth Index, updated quarterly as reported as of the most recent quarter-end. This index is designed to track the performance of large-capitalization growth stocks. At December 31, 2009, the market capitalization of the companies in this index ranged from \$260.8 million to \$332.7 billion.

The Board of Trustees of the Portfolio has approved further narrowing the Portfolio's investment focus within the range set forth above. Under normal circumstances, the Portfolio intends to invest at least 80% of its net assets in equity securities of companies that, at the time of purchase of the securities, have a market capitalization greater than \$10 billion. The Portfolio will not purchase securities of companies that, at the time of purchase of the securities, have a market capitalization less than \$4 billion. Additionally, the Portfolio will generally limit its investments to between 70 – 100 holdings.

The Portfolio can invest in options.

## PRINCIPAL RISKS

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As with any fund that invests in stocks, your investment will fluctuate in value, and the loss of your investment is a risk of investing. The Portfolio's price per share will fluctuate due to changes in the market prices of its investments. By focusing on large capitalization stocks, the Portfolio may underperform funds that invest primarily in the stocks of lower quality, smaller capitalization companies during periods when the stocks of such companies are in favor. Also, the Portfolio's investments may not grow as fast as the rate of inflation and stocks tend to be more volatile than some other investments you could make, such as bonds.

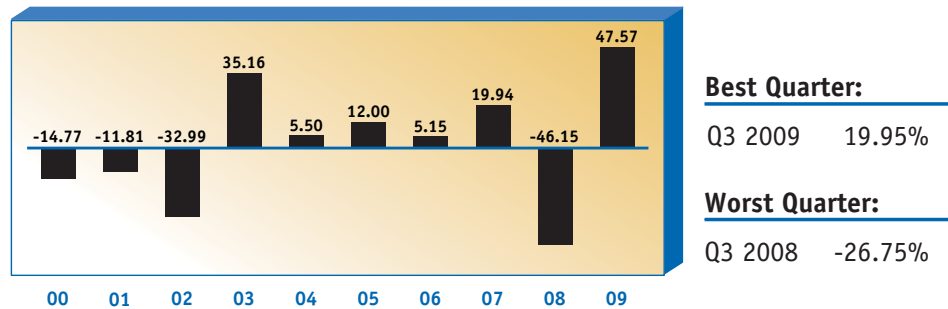
Prices of growth stocks tend to be higher in relation to their companies' earnings and may be more sensitive to market, political and economic developments than other stocks, making their prices more volatile. An investment in the Portfolio may be better suited to investors who seek long-term capital growth and can tolerate fluctuations in their investment's value.

If the Portfolio invests in options or hedges, and Fred Alger Management, Inc. incorrectly predicts the price movement of a security or market, the Portfolio may lose money or the hedge may be ineffective.

## PERFORMANCE

The following bar chart and the table beneath it provide some indication of the risks of investing in the Portfolio by showing changes in the Portfolio's performance from year to year and by showing how the Portfolio's average annual returns for the indicated periods compare with those of an appropriate benchmark of market performance. The Russell 1000 Growth Index is an index of common stocks designed to track performance of large-capitalization companies with greater than average growth orientation. The performance numbers do not reflect fees, expenses, or charges that may be imposed by the separate accounts of life insurance companies or qualified pension or retirement plans. If they did, the performance numbers would be lower. Remember that the Portfolio's past performance is not necessarily an indication of how it will perform in the future. Updated performance information is available on the Portfolio's website [www.alger.com](http://www.alger.com).

**ANNUAL TOTAL RETURN FOR CLASS I-2 SHARES** as of December 31 (%)



### AVERAGE ANNUAL TOTAL RETURN AS OF DECEMBER 31, 2009

	1 YEAR	5 YEARS	10 YEARS	SINCE INCEPTION (1/9/89)
<b>Class I-2</b>	47.57%	2.34%	-2.13%	10.33%
Russell 1000 Growth Index (reflects no deduction for fees, expenses or taxes)	37.21%	1.64%	-3.98%	8.61%

## MANAGEMENT

### Investment Manager

Fred Alger Management, Inc.

### Portfolio Managers

Dan C. Chung, CFA  
Chief Executive Officer,  
Chief Investment Officer and  
Portfolio Manager  
Since September 2001

Andrew Silverberg  
Senior Vice President and  
Portfolio Manager  
Since January 2007

## SHAREHOLDER INFORMATION

### Purchasing and Redeeming Shares

Because the Portfolio is an investment vehicle for variable annuity contracts and variable life insurance policies offered by the separate accounts of life insurance companies, as well as qualified pension or retirement plans, an individual cannot invest in the Portfolio directly, but may do so only through one of these sources. The Portfolio shares are held in the names of the separate accounts and plans.

### Tax Information

The Portfolio's distributions may be taxable as ordinary income or capital gains. If you have invested through the separate account of a life insurance company or qualified pension or retirement plan, please consult the Prospectus or other information provided to you by your participating life insurance company or qualified pension or retirement plan regarding the federal income taxation of your policy or plan.

### Payments to Broker-Dealers and Other Financial Intermediaries

If you purchase the Portfolio through a broker-dealer or other financial intermediary (such as a bank), the Portfolio and its related companies may pay the intermediary for the sale of Portfolio shares and related services. These payments may create a conflict of interest by influencing the broker-dealer or other intermediary and your salesperson to recommend the Portfolio over another investment.

## Alger Mid Cap Growth Portfolio

### INVESTMENT OBJECTIVE

Alger Mid Cap Growth Portfolio seeks long-term capital appreciation.

### FEES AND EXPENSES

This table describes the fees and expenses that you may pay if you buy and hold shares of the Portfolio. The table does not reflect fees, expenses, or charges that may be imposed by the separate accounts of life insurance companies or qualified pension or retirement plans. If it did, the fees would be higher.

Shareholder Fees (fees paid directly from your investment)	None
Annual Fund Operating Expenses (expenses that you pay each year as a percentage of the value of your investment)	
Advisory Fees	.76%
Distribution and/or Service (12b-1) Fees	None
Other Expenses	.22%
Total Annual Fund Operating Expenses	.98%

### EXAMPLE

The following example, which reflects the shareholder fees and operating expenses listed above, is intended to help you compare the cost of investing in the Portfolio with the cost of investing in other mutual funds. The example assumes that you invest \$10,000.00 in Class I-2 shares of the Portfolio for the time periods indicated, that your investment has a 5% return each year and that the Portfolio's operating expenses remain the same. The example does not reflect fees, expenses, or charges that may be imposed by the separate accounts of life insurance companies or qualified pension or retirement plans. If it did, the expenses would be higher. Although your actual costs may be higher or lower, based on these assumptions you would pay the following expenses whether or not you redeemed your shares at the end of each period:

1 YEAR	3 YEARS	5 YEARS	10 YEARS
\$100	\$312	\$542	\$1,201

### PORTFOLIO TURNOVER

The Portfolio pays transaction costs, such as commissions, when it buys and sells securities (or "turns over" its portfolio). A higher portfolio turnover rate may indicate higher transaction costs. These costs, which are not reflected in annual fund operating expenses or in the example, affect the Portfolio's performance. During the most recent fiscal year, the Portfolio's turnover rate was 280.22% of the average value of its portfolio.

## PRINCIPAL INVESTMENT STRATEGY

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Fred Alger Management, Inc. believes companies undergoing Positive Dynamic Change offer the best investment opportunities. Positive Dynamic Change refers to companies realizing High Unit Volume Growth or companies undergoing Positive Lifecycle Change. High Unit Volume Growth companies are traditional growth companies experiencing, for example, significantly growing demand or market dominance. Positive Lifecycle Change companies are, for example, companies benefitting from regulatory change, a new product introduction or management change.

The Portfolio focuses on mid-size companies that Fred Alger Management, Inc. believes demonstrate promising growth potential. Under normal circumstances, the Fund invests at least 80% of its net assets, plus any borrowings for investment purposes, in the equity securities of companies that, at the time of purchase of the securities, have total market capitalization within the range of companies included in the Russell Midcap Growth Index or the S&P MidCap 400 Index, as reported by the indexes as of the most recent quarter-end. Both indexes are designed to track the performance of medium-capitalization stocks. At December 31, 2009, the market capitalization of the companies in these indexes ranged from \$260.8 million to \$15.5 billion.

The Portfolio can invest in options.

## PRINCIPAL RISKS

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As with any fund that invests in stocks, your investment will fluctuate in value, and the loss of your investment is a risk of investing. The Portfolio's price per share will fluctuate due to changes in the market prices of its investments. Also, the Portfolio's investments may not grow as fast as the rate of inflation and stocks tend to be more volatile than some other investments you could make, such as bonds.

Prices of growth stocks tend to be higher in relation to their companies' earnings and may be more sensitive to market, political and economic developments than other stocks, making their prices more volatile. An investment in the Portfolio may be better suited to investors who seek long-term capital growth and can tolerate fluctuations in their investment's value.

If the Portfolio invests in options or hedges, and Fred Alger Management, Inc. incorrectly predicts the price movement of a security or market, the Portfolio may lose money or the hedge may be ineffective.

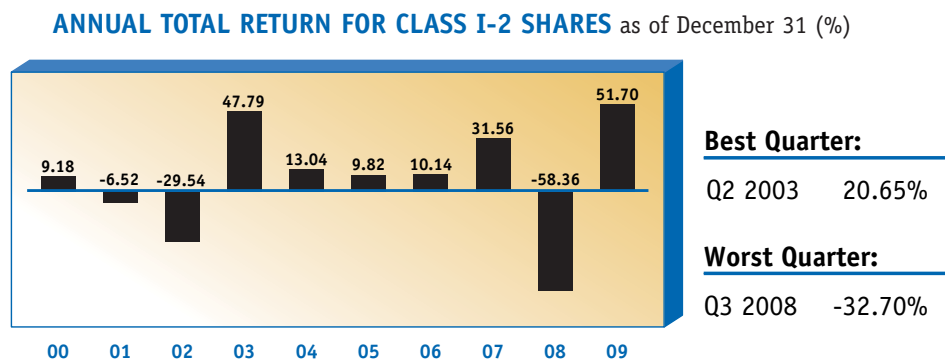
The following risks may also apply:

- The possibility of greater risk by investing in medium-capitalization companies rather than larger, more established companies due to such factors as inexperienced management and limited product lines or financial resources.

- The possibility that it may be difficult to liquidate a security position at a time and price acceptable to the Portfolio because of the potentially less frequent trading of stocks of medium market capitalization.

## PERFORMANCE

The following bar chart and the table beneath it provide some indication of the risks of investing in the Portfolio by showing changes in the Portfolio's performance from year to year and by showing how the Portfolio's average annual returns for the indicated periods compare with those of an appropriate benchmark of market performance. The Russell Midcap Growth Index is an index of common stocks designed to track performance of medium-capitalization companies with greater than average growth orientation. The performance numbers do not reflect fees, expenses, or charges that may be imposed by the separate accounts of life insurance companies or qualified pension or retirement plans. If they did, the performance numbers would be lower. Remember that the Portfolio's past performance is not necessarily an indication of how it will perform in the future. Updated performance information is available on the Portfolio's website [www.alger.com](http://www.alger.com).



### AVERAGE ANNUAL TOTAL RETURN AS OF DECEMBER 31, 2009

	1 YEAR	5 YEARS	10 YEARS	SINCE INCEPTION (5/3/93)
<b>Class I-2</b>	51.70%	0.11%	1.91%	10.47%
Russell Midcap Growth Index (reflects no deduction for fees, expenses or taxes)	46.30%	2.40%	-0.52%	8.08%

## MANAGEMENT

### Investment Manager

Fred Alger Management, Inc.

### Portfolio Manager

Dan C. Chung, CFA  
Chief Executive Officer,  
Chief Investment Officer and  
Portfolio Manager  
Since September 2001

## SHAREHOLDER INFORMATION

### Purchasing and Redeeming Shares

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Because the Portfolio is an investment vehicle for variable annuity contracts and variable life insurance policies offered by the separate accounts of life insurance companies, as well as qualified pension or retirement plans, an individual cannot invest in the Portfolio directly, but may do so only through one of these sources. The Portfolio shares are held in the names of the separate accounts and plans.

### Tax Information

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The Portfolio's distributions may be taxable as ordinary income or capital gains. If you have invested through the separate account of a life insurance company or qualified pension or retirement plan, please consult the Prospectus or other information provided to you by your participating life insurance company or qualified pension or retirement plan regarding the federal income taxation of your policy or plan.

### Payments to Broker-Dealers and Other Financial Intermediaries

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If you purchase the Portfolio through a broker-dealer or other financial intermediary (such as a bank), the Portfolio and its related companies may pay the intermediary for the sale of Portfolio shares and related services. These payments may create a conflict of interest by influencing the broker-dealer or other intermediary and your salesperson to recommend the Portfolio over another investment.

## Alger SMid Cap Growth Portfolio

### INVESTMENT OBJECTIVE

Alger SMid Cap Growth Portfolio seeks long-term capital appreciation.

### FEES AND EXPENSES

This table describes the fees and expenses that you may pay if you buy and hold shares of the Portfolio. The table does not reflect fees, expenses, or charges that may be imposed by the separate accounts of life insurance companies or qualified pension or retirement plans. If it did, the fees would be higher.

<b>Shareholder Fees (fees paid directly from your investment)</b>	None
<b>Annual Fund Operating Expenses (expenses that you pay each year as a percentage of the value of your investment)</b>	
Advisory Fees	.81%
Distribution and/or Service (12b-1) Fees	None
Other Expenses	5.39%
Total Annual Fund Operating Expenses	6.20%
Expense Reimbursement	5.21%*
Total Annual Fund Operating Expenses After Expense Reimbursement	.99%

\* Fred Alger Management, Inc. has contractually agreed to reimburse expenses through April 30, 2011 to the extent necessary to limit the Portfolio's annual operating expenses to 0.99% of the Portfolio's average net assets (excluding interest, taxes, brokerage and extraordinary expenses). This expense reimbursement cannot be terminated.

### EXAMPLE

The following example, which reflects the shareholder fees and operating expenses listed above, is intended to help you compare the cost of investing in the Portfolio with the cost of investing in other mutual funds. The example assumes that you invest \$10,000.00 in Class I-2 shares of the Portfolio for the time periods indicated, that your investment has a 5% return each year and that the Portfolio's operating expenses remain the same. The example does not reflect fees, expenses, or charges that may be imposed by the separate accounts of life insurance companies or qualified pension or retirement plans. If it did, the expenses would be higher. Although your actual costs may be higher or lower, based on these assumptions you would pay the following expenses whether or not you redeemed your shares at the end of each period:

1 YEAR	3 YEARS	5 YEARS	10 YEARS
\$101	\$1,375	\$2,619	\$5,601

## PORTFOLIO TURNOVER

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The Portfolio pays transaction costs, such as commissions, when it buys and sells securities (or “turns over” its portfolio). A higher portfolio turnover rate may indicate higher transaction costs. These costs, which are not reflected in annual fund operating expenses or in the examples, affect the Portfolio’s performance. During the most recent fiscal year, the Portfolio’s turnover rate was 74.57% of the average value of its portfolio.

## PRINCIPAL INVESTMENT STRATEGY

---

Fred Alger Management, Inc. believes companies undergoing Positive Dynamic Change offer the best investment opportunities. Positive Dynamic Change refers to companies realizing High Unit Volume Growth or companies undergoing Positive Lifecycle Change. High Unit Volume Growth companies are traditional growth companies experiencing, for example, significantly growing demand or market dominance. Positive Lifecycle Change companies are, for example, companies benefitting from regulatory change, a new product introduction or management change.

Under normal circumstances, the Portfolio invests at least 80% of its net assets, plus any borrowings for investment purposes, in equity securities of smallcap and midcap companies. The Portfolio focuses on smallcap and midcap companies that the Manager believes demonstrate promising growth potential. Smallcap or midcap companies are companies that, at the time of purchase, have total market capitalization within the range of companies included in the Russell 2000 Growth Index or S&P SmallCap 600 Index, or the Russell Midcap Growth Index or S&P MidCap 400 Index, respectively, as reported by the indexes as of the most recent quarter-end. At December 31, 2009, the market capitalization of the companies in these indexes ranged from \$20.3 million to \$15.5 billion.

Effective July 1, 2010, the definition of smallcap and midcap companies will be revised as follows to reference the Fund’s benchmark index. The capitalization range is unchanged:

Smallcap or midcap companies are companies that, at the time of purchase, have total market capitalization within the range of companies included in the Russell 2500 Growth Index or the Russell Midcap Growth Index, respectively, as reported by the indexes as of the most recent quarter-end. At December 31, 2009, the market capitalization of the companies in these indexes ranged from \$20.3 million to \$15.5 billion.

The Portfolio can leverage, that is, borrow money to buy additional securities. By borrowing money, the Portfolio has the potential to increase its returns if the increase in the value of the securities purchased exceeds the cost of borrowing, including interest paid on the money borrowed. The Portfolio can also invest in options.

## PRINCIPAL RISKS

---

As with any fund that invests in stocks, your investment will fluctuate in value, and the loss of your investment is a risk of investing. The Portfolio's price per share will fluctuate due to changes in the market prices of its investments. Also, the Portfolio's investments may not grow as fast as the rate of inflation and stocks tend to be more volatile than some other investments you could make, such as bonds.

Prices of growth stocks tend to be higher in relation to their companies' earnings and may be more sensitive to market, political and economic developments than other stocks, making their prices more volatile. An investment in the Portfolio may be better suited to investors who seek long-term capital growth and can tolerate fluctuations in their investment's value.

If the Portfolio invests in options or hedges, and Fred Alger Management, Inc. incorrectly predicts the price movement of a security or market, the Portfolio may lose money or the hedge may be ineffective.

The following risks may also apply:

- the possibility of greater risk by investing in companies with small or medium market capitalizations rather than larger, more established issuers owing to such factors as more limited product lines or financial resources or lack of management depth.
- the possibility that it may be difficult or impossible to liquidate a security position at a time and price acceptable to the Portfolio owing to the potentially less frequent trading of stocks of smaller market capitalization.
- the risk that the cost of borrowing money to leverage will exceed the returns for the securities purchased or that the securities purchased may actually go down in value; thus the Portfolio's net asset value could decrease more quickly than if it had not borrowed.

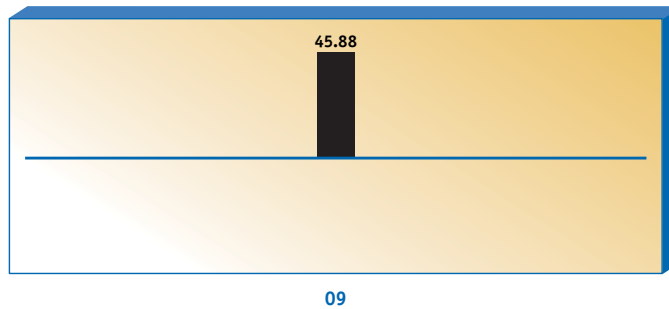
## PERFORMANCE

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The following bar chart and the table beneath it provide some indication of the risks of investing in the Portfolio by comparing the Portfolio's performance with an appropriate benchmark of market performance. The Russell 2500 Growth Index is an index of common stocks designed to track performance of small- and medium-capitalization companies with greater than average growth orientation. The performance numbers do not reflect fees, expenses, or charges that may be imposed by the separate accounts of life insurance companies or qualified pension or retirement plans. If they did, the performance numbers would be lower. Remember that the Portfolio's past performance is

not necessarily an indication of how it will perform in the future. Updated performance information is available on the Portfolio's website [www.alger.com](http://www.alger.com).

**ANNUAL TOTAL RETURN FOR CLASS I-2 SHARES** as of December 31 (%)



**Best Quarter:**

Q2 2009 18.18%

**Worst Quarter:**

Q1 2009 -0.40%

**AVERAGE ANNUAL TOTAL RETURN AS OF DECEMBER 31, 2009**

	1 YEAR	SINCE INCEPTION (1/2/08)
<b>Class I-2</b>	45.88%	-14.87%
Russell 2500 Growth Index (reflects no deduction for fees, expenses or taxes)	41.63%	-8.98%

**MANAGEMENT**

**Investment Manager**

Fred Alger Management, Inc.

**Portfolio Managers**

Dan C. Chung, CFA  
Chief Executive Officer,  
Chief Investment Officer and  
Portfolio Manager  
Since Inception (1/2/08)

Jill Greenwald, CFA  
Executive Vice President and  
Portfolio Manager  
Since Inception (1/2/08)

**SHAREHOLDER INFORMATION**

**Purchasing and Redeeming Shares**

Because the Portfolio is an investment vehicle for variable annuity contracts and variable life insurance policies offered by the separate accounts of life insurance companies, as well as qualified pension and retirement plans, an individual cannot invest in the Portfolio directly, but may do so only through one of these sources. The Portfolio shares are held in the names of the separate accounts and plans.

## **Tax Information**

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The Portfolio's distributions may be taxable as ordinary income or capital gains. If you have invested through the separate account of a life insurance company or qualified pension or retirement plan, please consult the Prospectus or other information provided to you by your participating life insurance company or qualified pension or retirement plan regarding the federal income taxation of your policy or plan.

## **Payments to Broker-Dealers and Other Financial Intermediaries**

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If you purchase the Portfolio through a broker-dealer or other financial intermediary (such as a bank), the Portfolio and its related companies may pay the intermediary for the sale of Portfolio shares and related services. These payments may create a conflict of interest by influencing the broker-dealer or other intermediary and your salesperson to recommend the Portfolio over another investment. Ask your salesperson or visit your financial intermediary's website for more information.

## Alger Small Cap Growth Portfolio

### INVESTMENT OBJECTIVE

Alger Small Cap Growth Portfolio seeks long-term capital appreciation.

### FEES AND EXPENSES

This table describes the fees and expenses that you may pay if you buy and hold shares of the Portfolio. The table does not reflect fees, expenses, or charges that may be imposed by the separate accounts of life insurance companies or qualified pension or retirement plans. If it did, the fees would be higher.

<b>Shareholder Fees (fees paid directly from your investment)</b>	None
<b>Annual Fund Operating Expenses (expenses that you pay each year as a percentage of the value of your investment)</b>	
Advisory Fees	.81%
Distribution and/or Service (12b-1) Fees	None
Other Expenses	.16%
Total Annual Fund Operating Expenses	.97%

### EXAMPLE

The following example, which reflects the shareholder fees and operating expenses listed above, is intended to help you compare the cost of investing in the Portfolio with the cost of investing in other mutual funds. The example assumes that you invest \$10,000.00 in Class I-2 shares of the Portfolio for the time periods indicated, that your investment has a 5% return each year and that the Portfolio's operating expenses remain the same. The example does not reflect fees, expenses, or charges that may be imposed by the separate accounts of life insurance companies or qualified pension or retirement plans. If it did, the expenses would be higher. Although your actual costs may be higher or lower, based on these assumptions you would pay the following expenses whether or not you redeemed your shares at the end of each period:

1 YEAR	3 YEARS	5 YEARS	10 YEARS
\$99	\$309	\$536	\$1,190

### PORTFOLIO TURNOVER

The Portfolio pays transaction costs, such as commissions, when it buys and sells securities (or "turns over" its portfolio). A higher portfolio turnover rate may indicate higher transaction costs. These costs, which are not reflected in annual fund operating expenses or in the example, affect the Portfolio's performance. During the most recent fiscal year, the Portfolio's turnover rate was 86.65% of the average value of its portfolio.

## PRINCIPAL INVESTMENT STRATEGY

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Fred Alger Management, Inc. believes companies undergoing Positive Dynamic Change offer the best investment opportunities. Positive Dynamic Change refers to companies realizing High Unit Volume Growth or companies undergoing Positive Lifecycle Change. High Unit Volume Growth companies are traditional growth companies experiencing, for example, significantly growing demand or market dominance. Positive Lifecycle Change companies are, for example, companies benefitting from regulatory change, a new product introduction or management change.

The Portfolio focuses on small, fast-growing companies that Fred Alger Management, Inc. believes offer innovative products, services or technologies to a rapidly expanding marketplace. Under normal circumstances, the Portfolio invests at least 80% of its net assets in equity securities of companies that, at the time of purchase of the securities, have total market capitalization within the range of companies included in the Russell 2000 Growth Index or the S&P SmallCap 600 Index, as reported by the indexes as of the most recent quarter-end. Both indexes are broad indexes of small capitalization stocks. At December 31, 2009, the market capitalization of the companies in these indexes ranged from \$20.3 million to \$5.6 billion.

The Portfolio can invest in options.

## PRINCIPAL RISKS

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As with any fund that invests in stocks, your investment will fluctuate in value, and the loss of your investment is a risk of investing. The Portfolio's price per share will fluctuate due to changes in the market prices of its investments. Also, the Portfolio's investments may not grow as fast as the rate of inflation and stocks tend to be more volatile than some other investments you could make, such as bonds.

Prices of growth stocks tend to be higher in relation to their companies' earnings and may be more sensitive to market, political and economic developments than other stocks, making their prices more volatile. An investment in the Portfolio may be better suited to investors who seek long-term capital growth and can tolerate fluctuations in their investment's value.

If the Portfolio invests in options or hedges, and Fred Alger Management, Inc. incorrectly predicts the price movement of a security or market, the Portfolio may lose money or the hedge may be ineffective.

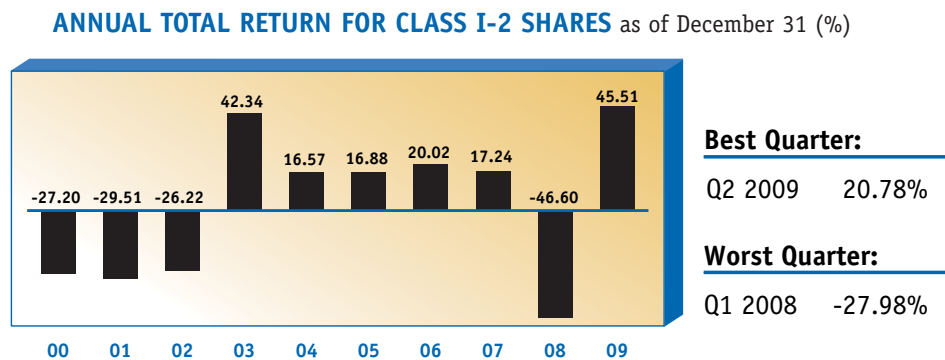
The following risks may also apply:

- The possibility of greater risk by investing in smaller, less-seasoned companies rather than larger, more-established companies due to such factors as inexperienced management and limited product lines or financial resources.

- the possibility that it may be difficult or impossible to liquidate a security position at a time and price acceptable to the Fund owing to the potentially less frequent trading of stocks of smaller market capitalization.

## PERFORMANCE

The following bar chart and the table beneath it provide some indication of the risks of investing in the Portfolio by showing changes in the Portfolio's performance from year to year and by showing how the Portfolio's average annual returns for the indicated periods compare with those of an appropriate benchmark of market performance. By focusing on large capitalization stocks, the Portfolio may underperform funds that invest primarily in the stocks of lower quality, smaller capitalization companies during periods when the stocks of such companies are in favor. The performance numbers do not reflect fees, expenses, or charges that may be imposed by the separate accounts of life insurance companies or qualified pension or retirement plans. If they did, the performance numbers would be lower. Remember that the Portfolio's past performance is not necessarily an indication of how it will perform in the future. Updated performance information is available on the Portfolio's website [www.alger.com](http://www.alger.com).



### AVERAGE ANNUAL TOTAL RETURN AS OF DECEMBER 31, 2009

	1 YEAR	5 YEARS	10 YEARS	SINCE INCEPTION (9/21/88)
<b>Class I-2</b>	45.51%	5.03%	-2.17%	9.43%
Russell 2000 Growth Index (reflects no deduction for fees, expenses or taxes)	34.47%	0.88%	-1.38%	6.36%

## MANAGEMENT

### Investment Manager

Fred Alger Management, Inc.

### Portfolio Manager

Jill Greenwald, CFA  
Executive Vice President and  
Portfolio Manager  
Since November 2001

## SHAREHOLDER INFORMATION

### Purchasing and Redeeming Shares

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Because the Portfolio is an investment vehicle for variable annuity contracts and variable life insurance policies offered by the separate accounts of life insurance companies, as well as qualified pension or retirement plans, an individual cannot invest in the Portfolio directly, but may do so only through one of these sources. The Portfolio shares are held in the names of the separate accounts and plans.

### Tax Information

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The Portfolio's distributions may be taxable as ordinary income or capital gains. If you have invested through the separate account of a life insurance company or qualified pension or retirement plan, please consult the Prospectus or other information provided to you by your participating life insurance company or qualified pension or retirement plan regarding the federal income taxation of your policy or plan.

### Payments to Broker-Dealers and Other Financial Intermediaries

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If you purchase the Portfolio through a broker-dealer or other financial intermediary (such as a bank), the Portfolio and its related companies may pay the intermediary for the sale of Portfolio shares and related services. These payments may create a conflict of interest by influencing the broker-dealer or other intermediary and your salesperson to recommend the Portfolio over another investment.

## Alger Growth & Income Portfolio

### INVESTMENT OBJECTIVE

Alger Growth & Income Portfolio seeks to provide capital appreciation and current income.

### FEES AND EXPENSES

This table describes the fees and expenses that you may pay if you buy and hold shares of the Portfolio. The table does not reflect fees, expenses, or charges that may be imposed by the separate accounts of life insurance companies or qualified pension or retirement plans. If it did, the fees would be higher.

<b>Shareholder Fees (fees paid directly from your investment)</b>	None
<b>Annual Fund Operating Expenses (expenses that you pay each year as a percentage of the value of your investment)</b>	
Advisory Fees	.585%
Distribution and/or Service (12b-1) Fees	None
Other Expenses	.355%
Total Annual Fund Operating Expenses	.94%
Fee Waiver	.05%*
Total Annual Fund Operating Expenses After Fee Waiver	.89%

\* Effective December 1, 2006 through November 30, 2011, Fred Alger Management, Inc. has contractually agreed to waive .05% of its advisory fees. This waiver cannot be terminated.

### EXAMPLE

The following example, which reflects the shareholder fees and operating expenses listed above, is intended to help you compare the cost of investing in the Portfolio with the cost of investing in other mutual funds. The example assumes that you invest \$10,000.00 in Class I-2 shares of the Portfolio for the time periods indicated, that your investment has a 5% return each year and that the Portfolio's operating expenses remain the same. The example does not reflect fees, expenses, or charges that may be imposed by the separate accounts of life insurance companies or qualified pension or retirement plans. If it did, the expenses would be higher. Although your actual costs may be higher or lower, based on these assumptions you would pay the following expenses whether or not you redeemed your shares at the end of each period:

1 YEAR	3 YEARS	5 YEARS	10 YEARS
\$91	\$289	\$510	\$1,145

## **PORTFOLIO TURNOVER**

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The Portfolio pays transaction costs, such as commissions, when it buys and sells securities (or “turns over” its portfolio). A higher portfolio turnover rate may indicate higher transaction costs. These costs, which are not reflected in annual fund operating expenses or in the examples, affect the Portfolio’s performance. During the most recent fiscal year, the Portfolio’s turnover rate was 62.00% of the average value of its portfolio.

## **PRINCIPAL INVESTMENT STRATEGY**

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Fred Alger Management, Inc. believes companies undergoing Positive Dynamic Change offer the best investment opportunities. Positive Dynamic Change refers to companies realizing High Unit Volume Growth or companies undergoing Positive Lifecycle Change. High Unit Volume Growth companies are traditional growth companies experiencing, for example, significantly growing demand or market dominance. Positive Lifecycle Change companies are, for example, companies benefitting from regulatory change, a new product introduction or management change.

The Portfolio invests primarily in equity securities such as common or preferred stocks which Fred Alger Management, Inc. believes offer opportunities for capital appreciation and which also pay dividends. It is a fundamental policy of the Portfolio to invest at least 65% of its total assets in dividend paying equity securities. The portfolio may invest up to 35% of its total assets in equity securities that do not pay dividends or in money market instruments and repurchase agreements.

The Portfolio can invest in options.

## **PRINCIPAL RISKS**

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As with any fund that invests in stocks, your investment will fluctuate in value, and the loss of your investment is a risk of investing. The Portfolio’s price per share will fluctuate due to changes in the market prices of its investments. Also, the Portfolio’s investments may not grow as fast as the rate of inflation and stocks tend to be more volatile than some other investments you could make, such as bonds. In addition, there are special risks associated with investing in preferred securities, including deferral and omission of distributions, subordination to bonds and other debt securities in a company’s capital structure, limited liquidity, limited voting rights and special redemption rights. The market value of preferred stocks is generally more sensitive to changes in interest rates than that market value of common stocks.

Prices of growth stocks tend to be higher in relation to their companies’ earnings and may be more sensitive to market, political and economic developments than other stocks, making their prices more volatile. An investment in the Portfolio may be better suited to investors who seek long-term capital growth and can tolerate fluctuations in their investment’s value.

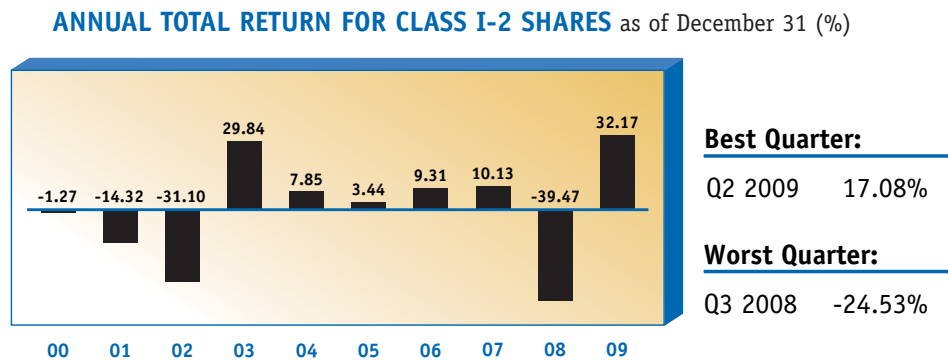
If the Portfolio invests in options or hedges, and Fred Alger Management, Inc. incorrectly predicts the price movement of a security or market, the Portfolio may lose money or the hedge may be ineffective.

The following risk may also apply:

- The possibility that companies may cut or fail to declare dividends due to market downturns or other reasons.

## PERFORMANCE

The following bar chart and the table beneath it provide some indication of the risks of investing in the Portfolio by showing changes in the Portfolio's performance from year to year and by showing how the Portfolio's average annual returns for the indicated periods compare with those of an appropriate benchmark of market performance. The S&P 500 Index is an index of large company common stocks considered to be representative of the U.S. stock market. Prior to September 23, 2009, the Portfolio was named Alger American Income & Growth Portfolio. Its benchmark was the Russell 1000 Growth Index. The performance numbers do not reflect fees, expenses, or charges that may be imposed by the separate accounts of life insurance companies or qualified pension or retirement plans. If they did, the performance numbers would be lower. Remember that the Portfolio's past performance is not necessarily an indication of how it will perform in the future. Updated performance information is available on the Portfolio's website [www.alger.com](http://www.alger.com).



AVERAGE ANNUAL TOTAL RETURN AS OF DECEMBER 31, 2009				
	1 YEAR	5 YEARS	10 YEARS	SINCE INCEPTION (11/15/88)
<b>Class I-2</b>	32.17%	-0.07%	-2.05%	7.90%
S&P 500 Index (reflects no deduction for fees, expenses or taxes)	26.45%	0.41%	-0.95%	9.21%

## MANAGEMENT

### Investment Manager

Fred Alger Management, Inc.

### Portfolio Managers

Dan C. Chung, CFA  
Chief Executive Officer,  
Chief Investment Officer and  
Portfolio Manager  
Since September 2003

Andrew Silverberg  
Senior Vice President and  
Portfolio Manager  
Since May 2006

## SHAREHOLDER INFORMATION

### Purchasing and Redeeming Shares

Because the Portfolio is an investment vehicle for variable annuity contracts and variable life insurance policies offered by the separate accounts of life insurance companies, as well as qualified pension or retirement plans, an individual cannot invest in the Portfolio directly, but may do so only through one of these sources. The Portfolio shares are held in the names of the separate accounts and plans.

### Tax Information

The Portfolio's distributions may be taxable as ordinary income or capital gains. If you have invested through the separate account of a life insurance company or qualified pension or retirement plan, please consult the Prospectus or other information provided to you by your participating life insurance company or qualified pension or retirement plan regarding the federal income taxation of your policy or plan.

### Payments to Broker-Dealers and Other Financial Intermediaries

If you purchase the Portfolio through a broker-dealer or other financial intermediary (such as a bank), the Portfolio and its related companies may pay the intermediary for the sale of Portfolio shares and related services. These payments may create a conflict of interest by influencing the broker-dealer or other intermediary and your salesperson to recommend the Portfolio over another investment.

## Alger Balanced Portfolio

### INVESTMENT OBJECTIVE

Alger Balanced Portfolio seeks current income and long-term capital appreciation.

### FEES AND EXPENSES

This table describes the fees and expenses that you may pay if you buy and hold shares of the Portfolio. The table does not reflect fees, expenses, or charges that may be imposed by the separate accounts of life insurance companies or qualified pension or retirement plans. If it did, the fees would be higher.

<b>Shareholder Fees (fees paid directly from your investment)</b>	None
<b>Annual Fund Operating Expenses (expenses that you pay each year as a percentage of the value of your investment)</b>	
Advisory Fees	.71%
Distribution and/or Service (12b-1) Fees	None
Other Expenses	.18%
Total Annual Fund Operating Expenses	.89%
Fee Waiver	.04%*
Total Annual Fund Operating Expenses After Fee Waiver	.85%

\* Effective December 1, 2006 through November 30, 2011, Fred Alger Management, Inc. has contractually agreed to waive .04% of its advisory fees. This waiver cannot be terminated.

### EXAMPLE

The following example, which reflects the shareholder fees and operating expenses listed above, is intended to help you compare the cost of investing in the Portfolio with the cost of investing in other mutual funds. The example assumes that you invest \$10,000.00 in Class I-2 shares of the Portfolio for the time periods indicated, that your investment has a 5% return each year and that the Portfolio's operating expenses remain the same. The example does not reflect fees, expenses, or charges that may be imposed by the separate accounts of life insurance companies or qualified pension or retirement plans. If it did, the expenses would be higher. Although your actual costs may be higher or lower, based on these assumptions you would pay the following expenses whether or not you redeemed your shares at the end of each period:

1 YEAR	3 YEARS	5 YEARS	10 YEARS
\$87	\$276	\$485	\$1,089

## **PORTFOLIO TURNOVER**

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The Portfolio pays transaction costs, such as commissions, when it buys and sells securities (or “turns over” its portfolio). A higher portfolio turnover rate may indicate higher transaction costs. These costs, which are not reflected in annual fund operating expenses or in the examples, affect the Portfolio’s performance. During the most recent fiscal year, the Portfolio’s turnover rate was 104.04% of the average value of its portfolio.

## **PRINCIPAL INVESTMENT STRATEGY**

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Fred Alger Management, Inc. believes companies undergoing Positive Dynamic Change offer the best equity investment opportunities. Positive Dynamic Change refers to companies realizing High Unit Volume Growth or companies undergoing Positive Lifecycle Change. High Unit Volume Growth companies are traditional growth companies experiencing, for example, significantly growing demand or market dominance. Positive Lifecycle Change companies are, for example, companies benefitting from regulatory change, a new product introduction or management change.

The Portfolio focuses on stocks of companies that Fred Alger Management, Inc. believes demonstrate growth potential and on fixed-income securities, with emphasis on income-producing securities that appear to have potential for capital appreciation. Under normal circumstances, the Portfolio invests in equity securities and in fixed-income securities, which may include corporate bonds, debentures and notes, U.S. Government securities, mortgage-backed and asset-backed securities, commercial paper and other fixed-income securities. Most of the Portfolio’s fixed-income investments will be concentrated within the four highest rating categories as determined by one of the Nationally Recognized Statistical Rating Organizations (“NRSROs”) (or, if unrated, will have been determined to be of comparable quality by Fred Alger Management, Inc.). The Portfolio also may invest up to 10% of its net assets in lower-rated securities (“high yield” or “junk” bonds), rated “B” (or the equivalent) or better by any one of those rating agencies (or, if unrated, determined to be of comparable quality by Fred Alger Management, Inc.). Under normal circumstances, the Portfolio will invest at least 25% of its net assets in fixed-income securities and at least 25% of its net assets in equity securities.

The Portfolio can invest in options.

## **PRINCIPAL RISKS**

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As with any fund that invests in stocks, your investment will fluctuate in value, and the loss of your investment is a risk of investing. The Portfolio’s price per share will fluctuate due to changes in the market prices of its investments. Also, the Portfolio’s investments may not grow as fast as the rate of inflation and stocks tend to be more volatile than some other investments you could make, such as bonds.

Prices of growth stocks tend to be higher in relation to their companies' earnings and may be more sensitive to market, political and economic developments than other stocks, making their prices more volatile. An investment in the Portfolio may be better suited to investors who seek long-term capital growth and can tolerate fluctuations in their investment's value.

If the Portfolio invests in options or hedges, and Fred Alger Management, Inc. incorrectly predicts the price movement of a security or market, the Portfolio may lose money or the hedge may be ineffective.

The primary risks arising from the fixed-income portion of the Portfolio are:

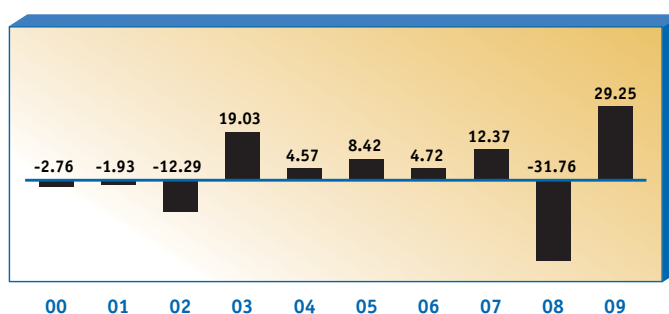
- Sensitivity to interest-rate movements, in particular with longer-maturity securities;
- Greater risks of default, less liquidity and greater price volatility with lower rated securities;
- Sensitivity of the value of the Portfolio to issuers' falling credit ratings or defaults;
- Prepayment of securities in a period of falling interest rates resulting in reinvestment in lower-yielding securities;
- Market illiquidity;
- Changes in laws or government regulations adversely affecting issuers or market values of securities; and
- Suspension of U.S. Government support to U.S. Government-sponsored agencies or instrumentalities.

## PERFORMANCE

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The following bar chart and the table beneath it provide some indication of the risks of investing in the Portfolio by showing changes in the Portfolio's performance from year to year and by showing how the Portfolio's average annual returns for the indicated periods compare with those of an appropriate benchmark of market performance. The Russell 1000 Growth Index is an index of common stocks designed to track performance of large-capitalization companies with greater than average growth orientation. The Barclays Capital U.S. Government/Credit Bond Index is an index designed to track performance of government and corporate bonds. The performance numbers do not reflect fees, expenses, or charges that may be imposed by the separate accounts of life insurance companies or qualified pension or retirement plans. If they did, the performance numbers would be lower. Remember that the Portfolio's past performance is not necessarily an indication of how it will perform in the future. Updated performance information is available on the Portfolio's website [www.alger.com](http://www.alger.com).

## ANNUAL TOTAL RETURN FOR CLASS I-2 SHARES as of December 31 (%)



### Best Quarter:

Q3 2009 12.45%

### Worst Quarter:

Q4 2008 -18.34%

## AVERAGE ANNUAL TOTAL RETURN AS OF DECEMBER 31, 2009

	1 YEAR	5 YEARS	10 YEARS	SINCE INCEPTION (9/5/89)
<b>Class I-2</b>	29.25%	2.39%	1.60%	7.53%
Russell 1000 Growth Index (reflects no deduction for fees, expenses or taxes)	37.21%	1.64%	-3.98%	7.52%
Barclays Capital U.S. Gov't/ Credit Bond Index (reflects no deduction for fees, expenses or taxes)	4.53%	4.71%	6.34%	7.09%

## MANAGEMENT

### Investment Manager

Fred Alger Management, Inc.

### Portfolio Managers

Andrew Silverberg  
Senior Vice President and  
Portfolio Manager  
Since January 2007

John A. Curry  
Vice President and  
Portfolio Manager  
Since December 2004

## SHAREHOLDER INFORMATION

### Purchasing and Redeeming Shares

Because the Portfolio is an investment vehicle for variable annuity contracts and variable life insurance policies offered by the separate accounts of life insurance companies, as well as qualified pension or retirement plans, an individual cannot invest in the Portfolio directly, but may do so only through one of these sources. The Portfolio shares are held in the names of the separate accounts and plans.

## **Tax Information**

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The Portfolio's distributions may be taxable as ordinary income or capital gains. If you have invested through the separate account of a life insurance company or qualified pension or retirement plan, please consult the Prospectus or other information provided to you by your participating life insurance company or qualified pension or retirement plan regarding the federal income taxation of your policy or plan.

## **Payments to Broker-Dealers and Other Financial Intermediaries**

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If you purchase the Portfolio through a broker-dealer or other financial intermediary (such as a bank), the Portfolio and its related companies may pay the intermediary for the sale of Portfolio shares and related services. These payments may create a conflict of interest by influencing the broker-dealer or other intermediary and your salesperson to recommend the Portfolio over another investment.

## INTRODUCTION: THE ALGER PORTFOLIOS

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The investment objective, principal strategy and primary risks of each Portfolio are discussed individually below. Each of Alger Large Cap Growth Portfolio, Alger Mid Cap Growth Portfolio, Alger SMid Cap Growth Portfolio and Alger Small Cap Growth Portfolio has adopted a policy to invest at least 80% of its assets, and Alger Capital Appreciation Portfolio has adopted a policy to invest at least 85% of its assets, in specified securities appropriate to its name and to provide shareholders with at least 60 days' prior notice of any change with respect to this policy.

Each Portfolio (except for the fixed-income portion of Alger Balanced Portfolio) invests primarily in equity securities, such as common or preferred stocks, which are listed on U.S. exchanges or in the over-the-counter market. Each Portfolio's equity investments are primarily in "growth" stocks. The Portfolios' manager, Fred Alger Management, Inc. ("Alger Management" or the "Manager"), believes that these companies tend to fall into one of two categories:

- **HIGH UNIT VOLUME GROWTH**

Vital, creative companies which offer goods or services to a rapidly-expanding marketplace. They include both established and emerging firms, exercising market dominance, offering new or improved products, or firms simply fulfilling an increased demand for an existing product line.

- **POSITIVE LIFE CYCLE CHANGE**

Companies experiencing a major change which is expected to produce advantageous results. These changes may be as varied as new management, products or technologies; restructuring or reorganization; regulatory change, or merger and acquisition.

Some Portfolios must take into account a company's market capitalization when considering it for investment. The market capitalization of a company is its price per share multiplied by its number of outstanding shares.

Each Portfolio's portfolio managers may sell a stock when it reaches a target price, it fails to perform as expected, or other opportunities appear more attractive. As a result of this disciplined investment process, each Portfolio may engage in active trading of portfolio securities. If a Portfolio does trade in this way, it may incur increased transaction costs, which can lower the actual return on an investment.

Each Portfolio may, but is not required to, purchase put and call options and sell (write) covered put and call options on securities and securities indexes to seek to increase gain or to hedge against the risk of unfavorable price movements.

Each Portfolio may invest up to 20% of the value of its total assets in foreign securities.

Each Portfolio's investment objective may be changed by the Board of Trustees without shareholder approval.

There may be additional risks applicable to a specific Portfolio because of its investment approach.

To the extent that a Portfolio invests in securities other than those that are its primary focus, the investment risks associated with such other investments are described in this Prospectus and the Statement of Additional Information. You should also read that information carefully.

## HYPOTHETICAL EXPENSE INFORMATION

The chart below is intended to reflect the annual and cumulative effect of a Portfolio's expenses, including investment advisory fees and other portfolio costs, on each Portfolio's total return over a 10-year period. The example reflects the following:

- You invest \$10,000 in the Portfolio and hold it for the entire 10-year period; and
- Your investment has a 5% return before expenses each year.

There is no assurance that the annual expense ratio will be the expense ratio for any Portfolio classes for any of the years shown. To the extent that the Manager and any of its affiliates make any fee waivers and/or expense reimbursements pursuant to a voluntary or other contractual arrangement, your actual expenses may be less. This is only a hypothetical presentation made to illustrate what expenses would be under the above scenarios. Your actual expenses are likely to differ (higher or lower) from those shown below.

<b>Alger Capital Appreciation Portfolio</b>	<b>Class I-2</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>Year 5</b>	<b>Year 6</b>	<b>Year 7</b>	<b>Year 8</b>	<b>Year 9</b>	<b>Year 10</b>
Expense Ratio		0.95%	0.95%	0.95%	0.95%	0.95%	0.95%	0.95%	0.95%	0.95%	0.95%
Cumulative Gross Return		5.00%	10.25%	15.76%	21.55%	27.63%	34.01%	40.71%	47.75%	55.13%	62.89%
Cumulative Net Return		4.05%	8.26%	12.65%	17.21%	21.96%	26.90%	32.04%	37.38%	42.95%	48.74%
End Investment Balance		\$10,405	\$10,826	\$11,265	\$11,721	\$12,196	\$12,690	\$13,204	\$13,738	\$14,295	\$14,874
Annual Expense		\$97	\$101	\$105	\$109	\$114	\$118	\$123	\$128	\$133	\$139

<b>Alger Large Cap Growth Portfolio</b>	<b>Class I-2</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>Year 5</b>	<b>Year 6</b>	<b>Year 7</b>	<b>Year 8</b>	<b>Year 9</b>	<b>Year 10</b>
Expense Ratio		0.87%	0.87%	0.87%	0.87%	0.87%	0.87%	0.87%	0.87%	0.87%	0.87%
Cumulative Gross Return		5.00%	10.25%	15.76%	21.55%	27.63%	34.01%	40.71%	47.75%	55.13%	62.89%
Cumulative Net Return		4.13%	8.43%	12.91%	17.57%	22.43%	27.48%	32.75%	38.23%	43.94%	49.89%
End Investment Balance		\$10,413	\$10,843	\$11,291	\$11,757	\$12,243	\$12,748	\$13,275	\$13,823	\$14,394	\$14,989
Annual Expense		\$89	\$92	\$96	\$100	\$104	\$109	\$113	\$118	\$123	\$128

<b>Alger Mid Cap Growth Portfolio</b>	<b>Class I-2</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>Year 5</b>	<b>Year 6</b>	<b>Year 7</b>	<b>Year 8</b>	<b>Year 9</b>	<b>Year 10</b>
Expense Ratio		0.98%	0.98%	0.98%	0.98%	0.98%	0.98%	0.98%	0.98%	0.98%	0.98%
Cumulative Gross Return		5.00%	10.25%	15.76%	21.55%	27.63%	34.01%	40.71%	47.75%	55.13%	62.89%
Cumulative Net Return		4.02%	8.20%	12.55%	17.08%	21.78%	26.68%	31.77%	37.07%	42.58%	48.31%
End Investment Balance		\$10,402	\$10,820	\$11,255	\$11,708	\$12,178	\$12,668	\$13,177	\$13,707	\$14,258	\$14,831
Annual Expense		\$100	\$104	\$108	\$113	\$117	\$122	\$127	\$132	\$137	\$143

<b>Alger SMid Cap Growth Portfolio</b>	<b>Class I-2</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>Year 5</b>	<b>Year 6</b>	<b>Year 7</b>	<b>Year 8</b>	<b>Year 9</b>	<b>Year 10</b>
Expense Ratio		0.99%	6.20%	6.20%	6.20%	6.20%	6.20%	6.20%	6.20%	6.20%	6.20%
Cumulative Gross Return		5.00%	10.25%	15.76%	21.55%	27.63%	34.01%	40.71%	47.75%	55.13%	62.89%
Cumulative Net Return		4.01%	2.76%	1.53%	0.31%	-0.89%	-2.08%	-3.26%	-4.42%	-5.57%	-6.70%
End Investment Balance		\$10,401	\$10,276	\$10,153	\$10,031	\$9,911	\$9,792	\$9,674	\$9,558	\$9,443	\$9,330
Annual Expense		\$101	\$641	\$633	\$626	\$618	\$611	\$603	\$596	\$589	\$582

<b>Alger Small Cap Growth Portfolio</b>	<b>Class I-2</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>Year 5</b>	<b>Year 6</b>	<b>Year 7</b>	<b>Year 8</b>	<b>Year 9</b>	<b>Year 10</b>
Expense Ratio		0.97%	0.97%	0.97%	0.97%	0.97%	0.97%	0.97%	0.97%	0.97%	0.97%
Cumulative Gross Return		5.00%	10.25%	15.76%	21.55%	27.63%	34.01%	40.71%	47.75%	55.13%	62.89%
Cumulative Net Return		4.03%	8.22%	12.58%	17.12%	21.84%	26.75%	31.86%	37.17%	42.70%	48.45%
End Investment Balance		\$10,403	\$10,822	\$11,258	\$11,712	\$12,184	\$12,675	\$13,186	\$13,717	\$14,270	\$14,845
Annual Expense		\$99	\$103	\$107	\$111	\$116	\$121	\$125	\$130	\$136	\$141

<b>Alger Growth &amp; Income Portfolio</b>	<b>Class I-2</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>Year 5</b>	<b>Year 6</b>	<b>Year 7</b>	<b>Year 8</b>	<b>Year 9</b>	<b>Year 10</b>
Expense Ratio		0.89%	0.89%	0.89%	0.89%	0.89%	0.89%	0.89%	0.89%	0.89%	0.89%
Cumulative Gross Return		5.00%	10.25%	15.76%	21.55%	27.63%	34.01%	40.71%	47.75%	55.13%	62.89%
Cumulative Net Return		4.11%	8.39%	12.84%	17.48%	22.31%	27.34%	32.57%	38.02%	43.69%	49.60%
End Investment Balance		\$10,411	\$10,839	\$11,284	\$11,748	\$12,231	\$12,734	\$13,257	\$13,802	\$14,369	\$14,960
Annual Expense		\$91	\$95	\$98	\$102	\$107	\$111	\$116	\$120	\$125	\$131

<b>Alger Balanced Portfolio</b>	<b>Class I-2</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>Year 5</b>	<b>Year 6</b>	<b>Year 7</b>	<b>Year 8</b>	<b>Year 9</b>	<b>Year 10</b>
Expense Ratio		0.85%	0.85%	0.85%	0.85%	0.85%	0.85%	0.85%	0.85%	0.85%	0.85%
Cumulative Gross Return		5.00%	10.25%	15.76%	21.55%	27.63%	34.01%	40.71%	47.75%	55.13%	62.89%
Cumulative Net Return		4.15%	8.47%	12.97%	17.66%	22.55%	27.63%	32.93%	38.44%	44.19%	50.17%
End Investment Balance		\$10,415	\$10,847	\$11,297	\$11,766	\$12,255	\$12,763	\$13,293	\$13,844	\$14,419	\$15,017
Annual Expense		\$87	\$90	\$94	\$98	\$102	\$106	\$111	\$115	\$120	\$125

## ADDITIONAL INFORMATION ABOUT THE PORTFOLIOS' INVESTMENT STRATEGIES AND INVESTMENTS

### Investment Objectives

Each of Alger Capital Appreciation Portfolio, Alger Large Cap Growth Portfolio, Alger Mid Cap Growth Portfolio, Alger SMid Cap Growth Portfolio and Alger Small Cap Growth Portfolio seeks long-term capital appreciation. Alger Growth & Income Portfolio seeks to provide capital appreciation and current income. Alger Balanced Portfolio seeks current income and long-term capital appreciation.

### Principal Investment Strategies

#### Alger Capital Appreciation Portfolio

Under normal market circumstances, the Portfolio invests at least 85% of its net assets, plus any borrowings for investment purposes, in equity securities of companies of any market capitalization that the Manager believes demonstrate promising growth potential.

#### Alger Large Cap Growth Portfolio

The Portfolio focuses on growing companies that generally have broad product lines, markets, financial resources and depth of management. Under normal circumstances, the Portfolio invests at least 80% of its net assets, plus any borrowings for investment purposes, in equity securities of companies that, at the time of purchase of the securities, have a market capitalization equal to or greater than the market capitalization of companies included in the Russell 1000 Growth Index, updated quarterly as reported as of the most recent quarter-end. This index is designed to track the performance of

large-capitalization growth stocks. At December 31, 2009, the market capitalization of the companies in this index ranged from \$260.8 million to \$332.7 billion.

The Board of Trustees of the Portfolio has approved further narrowing the Portfolio's investment focus within the range set forth above. Under normal circumstances, the Portfolio intends to invest at least 80% of its net assets in equity securities of companies that, at the time of purchase of the securities, have a market capitalization greater than \$10 billion. The Portfolio will not purchase securities of companies that, at the time of purchase of the securities, have a market capitalization less than \$4 billion. Additionally, the Portfolio will generally limit its investments to between 70 – 100 holdings.

#### **Alger Mid Cap Growth Portfolio**

Under normal circumstances, the Portfolio invests at least 80% of its net assets, plus any borrowings for investment purposes, in the equity securities of companies that, at the time of purchase of the securities, have total market capitalization within the range of companies included in the Russell Midcap Growth Index or the S&P MidCap 400 Index, as reported by the indexes as of the most recent quarter-end. Both indexes are designed to track the performance of medium-capitalization stocks. At December 31, 2009, the market capitalization of the companies in these indexes ranged from \$260.8 million to \$15.5 billion.

#### **Alger SMid Cap Growth Portfolio**

Under normal circumstances, the Portfolio invests at least 80% of its net assets, plus any borrowings for investment purposes, in equity securities of smallcap and midcap companies. The Portfolio focuses on smallcap and midcap companies that the Manager believes demonstrate promising growth potential. Smallcap or midcap companies are companies that, at the time of purchase, have total market capitalization within the range of companies included in the Russell 2000 Growth Index or S&P SmallCap 600 Index, or the Russell Midcap Growth Index or S&P MidCap 400 Index, respectively, as reported by the indexes as of the most recent quarter-end. At December 31, 2009, the market capitalization of the companies in these indexes ranged from \$20.3 million to \$15.5 billion.

Effective July 1, 2010, the definition of smallcap and midcap companies will be revised to reference the Fund's benchmark index. The capitalization range is unchanged: Smallcap or midcap companies are companies that, at the time of purchase, have total market capitalization within the range of companies included in the Russell 2500 Growth Index or the Russell Midcap Growth Index, respectively, as reported by the indexes as of the most recent quarter-end. At December 31, 2009, the market capitalization of the companies in these indexes ranged from \$20.3 million to \$15.5 billion.

#### **Alger Small Cap Growth Portfolio**

The Portfolio focuses on small, fast-growing companies that the Manager believes offer innovative products, services or technologies to a rapidly expanding marketplace.

Under normal circumstances, the Portfolio invests at least 80% of its net assets in equity securities of companies that, at the time of purchase of the securities, have total market capitalization within the range of companies included in the Russell 2000 Growth Index or the S&P SmallCap 600 Index, as reported by the indexes as of the most recent quarter-end. Both indexes are broad indexes of small capitalization stocks. At December 31, 2009, the market capitalization of the companies in these indexes ranged from \$20.3 million to \$5.6 billion.

### **Alger Growth & Income Portfolio**

The Portfolio invests primarily in equity securities such as common or preferred stocks which the Manager believes offer opportunities for capital appreciation and which also pay dividends. It is a fundamental policy of the Portfolio to invest at least 65% of its total assets in dividend paying equity securities. The Portfolio may invest up to 35% of its total assets in equity securities that do not pay dividends or in money market instruments and repurchase agreements.

### **Alger Balanced Portfolio**

The Portfolio focuses on stocks of companies that the Manager believes demonstrate growth potential and on fixed-income securities, with emphasis on income-producing securities that appear to have potential for capital appreciation. Under normal circumstances, the Portfolio invests in equity securities and in fixed-income securities, which may include corporate bonds, debentures and notes, U.S. Government securities, mortgage-backed and asset-backed securities, commercial paper and other fixed-income securities. Most of the Portfolio's fixed-income investments will be concentrated within the four highest rating categories as determined by one of the NRSROs (or, if unrated, will have been determined to be of comparable quality by the Manager). The Portfolio also may invest up to 10% of its net assets in lower-rated securities ("high yield" or "junk" bonds), rated "B" (or the equivalent) or better by any one of those rating agencies (or, if unrated, determined to be of comparable quality by the Manager). Under normal circumstances, the Portfolio will invest at least 25% of its net assets in fixed-income securities and at least 25% of its net assets in equity securities.

## **Portfolio Investments**

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### **Options**

Each Portfolio may invest in options. A call option on a security gives the purchaser of the option the right, in return for a premium paid, to buy from the writer (seller) of the call option the security underlying the option at a specified exercise price during the term of the option. The writer is obligated upon exercise of the option to deliver the underlying security upon payment of the exercise price. A put option on a security gives the holder of the option, in return for the premium paid, the right to sell the underlying security to the writer (seller) at a specified price during the term of the option. The writer, who receives the premium, is obligated upon exercise of the option to buy the underlying security at the exercise.

## **Leverage**

Alger Capital Appreciation Portfolio and Alger SMid Cap Growth Portfolio can leverage, that is, borrow money to buy additional securities. By borrowing money, the Portfolios have the potential to increase their returns if the increase in the value of the securities purchased exceeds the cost of borrowing, including interest paid on the money borrowed.

## **Securities Ratings**

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Fixed-income securities rated below “investment grade” – a term that refers to the top four rating categories by an NRSRO – are sometimes referred to as “high yield” securities because of their typically higher yields or as “junk bonds” because of their lower credit quality and more speculative character. Alger Balanced Portfolio may invest in such lower-rated securities to achieve higher yields only if the securities are rated in one of the two categories just below investment grade (BB and B of Standard & Poor’s, Fitch, and Dominion, Ba and B of Moody’s, bb and b of A.M. Best). See the Appendix to the Statement of Additional Information for a fuller discussion of the rating categories.

## **Mortgage-Backed and Asset-Backed Securities**

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Rising interest rates tend to extend the duration of mortgage-backed and asset-backed securities, making them more sensitive to interest rate movements. As a result, in a period of rising interest rates, a Portfolio that holds mortgage-backed and asset-backed securities may exhibit additional volatility. In addition, mortgage-backed and asset-backed securities are subject to prepayment risk. For example, when interest rates decline, borrowers may pay off their mortgages sooner than expected. This can reduce the returns of the Portfolio because the Portfolio will have to reinvest that money at the lower prevailing interest rates.

## **Foreign Securities**

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Investing in foreign securities involves risks related to the political, social and economic conditions of foreign countries, particularly emerging market countries. These risks may include political instability, exchange control regulations, expropriation, lack of comprehensive information, national policies restricting foreign investment, currency fluctuations, less liquidity, undiversified and immature economic structures, inflation and rapid fluctuations in inflation, withholding or other taxes, and operational risks.

## **Illiquid and Restricted Securities**

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A Portfolio may invest in restricted securities (*i.e.*, securities which are subject to legal or contractual restrictions on their resale), including restricted securities governed by Rule 144A under the Securities Act of 1933, as amended. A Portfolio may not invest more than 15% of its net assets in “illiquid” securities, which include certain restricted securities, securities for which there is no readily available market and repurchase agreements with maturities of greater than seven days; however, restricted securities that are determined by the Board of Trustees to be liquid are not subject to this limitation.

## Securities Lending

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A Portfolio may lend portfolio securities to brokers, dealers and other financial organizations. Loans of securities by a Portfolio, if and when made, may not exceed 33-1/3% of the Portfolio's total assets including all collateral on such loans, less liabilities exclusive of the obligation to return such collateral, and will be collateralized by cash, letters of credit or U.S. Government securities that are maintained at all times in an amount equal to at least 100% of the current market value of the loaned securities. A Portfolio will not lend securities to Alger Management or its affiliates.

## U.S. Government Securities

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U.S. Government Obligations are bills, notes, bonds and other fixed-income securities issued by the U.S. Treasury; they are direct obligations of the U.S. Government and differ mainly in the length of their maturities. U.S. Government Agency Securities are issued or guaranteed by U.S. Government-sponsored enterprises and federal agencies. Some of these securities are supported by the full faith and credit of the U.S. Treasury; the remainder are supported only by the credit of the instrumentality, which may or may not include the right of the issuer to borrow from the Treasury.

## Temporary Defensive and Interim Investments

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In times of adverse or unstable market, economic or political conditions, each Portfolio may invest up to 100% of its assets in cash, high-grade bonds, or cash equivalents (such as commercial paper or money market instruments) for temporary defensive reasons. This is to attempt to protect the Portfolio's assets from a temporary unacceptable risk of loss, rather than directly to promote the Portfolio's investment objective. The Portfolio may also hold these types of securities pending the investment of proceeds from the sale of portfolio securities to meet anticipated redemptions of Portfolio shares. The Portfolio may not achieve its objective while in a temporary defensive or interim position.

Other securities the Portfolios may invest in, along with certain risks, are discussed in the Portfolios' Statement of Additional Information (see back cover of this Prospectus).

## Principal Risks

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### *Equity securities* (All Portfolios)

As with any portfolio that invests in stocks, your investment will fluctuate in value, and the loss of your investment is a risk of investing. The Portfolio's price per share will fluctuate due to changes in the market prices of its investments. Also, the Portfolio's investments may not grow as fast as the rate of inflation and stocks tend to be more volatile than some other investments you could make, such as bonds.

### *Growth stocks* (All Portfolios)

Prices of growth stocks tend to be higher in relation to their companies' earnings and may be more sensitive to market, political and economic developments than other stocks, making their prices more volatile. An investment in the Portfolio may be better

suited to investors who seek long-term capital growth and can tolerate fluctuations in their investment's value.

*Options; hedging* (All Portfolios)

If the Portfolio invests in options or hedges, and the Manager incorrectly predicts the price movement of a security or market, the Portfolio may lose money or the hedge may be ineffective.

*Investing in midcap companies* (Alger Mid Cap Growth Portfolio)

There is a possibility of greater risk by investing in medium-capitalization companies rather than larger, more established companies due to such factors as inexperienced management and limited product lines or financial resources. In addition, it is possible that it may be difficult to liquidate a security position at a time and price acceptable to the Portfolio because of the potentially less frequent trading of stocks of medium market capitalization.

*Investing in smallcap and midcap companies* (Alger SMid Cap Growth Portfolio)

There is a possibility of greater risk by investing in companies with small or medium market capitalizations rather than larger, more established issuers owing to such factors as more limited product lines or financial resources or lack of management depth. In addition, it is possible that it may be difficult or impossible to liquidate a security position at a time and price acceptable to the Portfolio owing to the potentially less frequent trading of stocks of smaller market capitalization.

*Investing in smallcap companies* (Alger Small Cap Growth Portfolio)

There is a possibility of greater risk by investing in smaller, less-seasoned companies rather than larger, more-established companies due to such factors as inexperienced management and limited product lines or financial resources. In addition, it is possible that it may be difficult or impossible to liquidate a security position at a time and price acceptable to the Portfolio owing to the potentially less frequent trading of stocks of smaller market capitalization.

*Failure to declare dividends* (Alger Growth & Income Portfolio)

It is possible that companies in which the Portfolio invests may cut or fail to declare dividends due to market downturns or other reasons.

*Using leverage* (Alger Capital Appreciation Portfolio and Alger SMid Cap Growth Portfolio)

There is a risk that the cost of borrowing money to leverage will exceed the returns for the securities purchased or that the securities purchased may actually go down in value; thus the Portfolio's net asset value could decrease more quickly than if it had not borrowed.

### *Investing in fixed-income securities (Alger Balanced Portfolio)*

Investing in fixed-income securities involves the following risks:

- Sensitivity to interest-rate movements, in particular with longer-maturity securities;
- Greater risks of default, less liquidity and greater price volatility with lower rated securities;
- Sensitivity of the value of the Portfolio to issuers' falling credit ratings or defaults;
- Prepayment of securities in a period of falling interest rates resulting in reinvestment in lower-yielding securities;
- Market illiquidity;
- Changes in laws or government regulations adversely affecting issuers or market values of securities; and
- Suspension of U.S. Government support to U.S. Government-sponsored agencies or instrumentalities.

## MANAGEMENT AND ORGANIZATION

### Manager

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Fred Alger Management, Inc.  
111 Fifth Avenue  
New York, NY 10003

The Manager has been an investment adviser since 1964, and manages investments totaling (at December 31, 2009) approximately \$8.8 billion in mutual fund assets as well as \$3.2 billion in other assets. The Manager makes investment decisions for the Portfolios and continuously reviews their investment programs. These management responsibilities are subject to the supervision of the Board of Trustees of The Alger Portfolios (the "Fund"). A discussion of the Trustees' basis for the approval of the investment advisory agreement between the Fund, on behalf of each Portfolio, and the Manager is available in the Fund's annual report to shareholders for the fiscal year ended December 31, 2009. The Portfolios pay the Manager advisory fees at these annual rates based on a percentage of average daily net assets: Alger Capital Appreciation, Alger SMid Cap Growth, and Alger Small Cap Growth Portfolios – .81%; Alger Mid Cap Growth Portfolio – .76%; Alger Large Cap Growth and Alger Balanced Portfolios – .71%; and Alger Growth & Income Portfolio – .585%.

## Portfolio Managers Primarily Responsible for Day-to-Day Management of Portfolio Investments

Portfolio	Portfolio Manager(s)	Since
Alger Capital Appreciation Portfolio	Patrick Kelly, CFA	October 2005 (co-portfolio manager from September 2004 to October 2005)
Alger Large Cap Growth Portfolio	Dan C. Chung, CFA and Andrew Silverberg	September 2001 January 2007
Alger Mid Cap Growth Portfolio	Dan C. Chung, CFA	September 2001
Alger SMid Cap Growth Portfolio	Dan C. Chung, CFA and Jill Greenwald, CFA	Inception (1/2/08) Inception (1/2/08)
Alger Small Cap Growth Portfolio	Jill Greenwald, CFA	November 2001
Alger Growth & Income Portfolio	Dan C. Chung, CFA and Andrew Silverberg	September 2003 May 2006
Alger Balanced Portfolio	Andrew Silverberg and John A. Curry	January 2007 December 2004

The Statement of Additional Information provides additional information about the portfolio managers' compensation, other accounts that they manage, and their ownership of securities of the Portfolio(s) that they manage.

- Mr. Kelly has been employed by the Manager since 1999 and currently serves as Executive Vice President and portfolio manager.
- Mr. Chung has been employed by the Manager since 1994 and currently serves as Chief Executive Officer, Chief Investment Officer and portfolio manager.
- Mr. Silverberg has been employed by the Manager since 2001 and currently serves as Senior Vice President and portfolio manager.
- Ms. Greenwald has been employed by the Manager since 2001 and currently serves as Executive Vice President and portfolio manager.
- Mr. Curry has been employed by the Manager since 2004 and currently serves as Vice President and portfolio manager.

### Administrator

Pursuant to a separate administration agreement, the Manager also provides administrative services to each Portfolio, including, but not limited to: providing office space, telephone, office equipment and supplies; authorizing expenditures and approving bills for payment on behalf of the Portfolio; supervising preparation of periodic shareholder reports, notices and other shareholder communications; supervising the daily pricing

of the Portfolio's investment portfolios and the publication of the net asset value of the Portfolio's shares, earnings reports and other financial data; monitoring relationships with organizations providing services to the Fund, including the Portfolio's custodian, transfer agent and printers; providing trading desk facilities for the Portfolio; and supervising compliance by the Portfolio with recordkeeping and periodic reporting requirements under the Investment Company Act of 1940, as amended (the "1940 Act"). Each Portfolio pays the Manager an administrative fee at the annual rate of 0.0275% of the Portfolio's average daily net assets.

## Legal Proceedings

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In October 2006, the Manager, the Distributor and Alger Shareholder Services, Inc. entered into a settlement with the Office of the New York State Attorney General, and in January 2007, the Manager and the Distributor entered into a settlement with the Securities and Exchange Commission (the "SEC") in connection with practices in the mutual fund industry identified as "market timing" and "late trading." As part of these settlements, without admitting or denying liability, the firms consented to the payment of \$30 million to reimburse fund shareholders; a fine of \$10 million; and certain other remedial measures including a reduction in management fees of \$1 million per year for five years. The \$40 million was paid into an SEC Fair Fund for distribution to investors.

On August 31, 2005, the West Virginia Securities Commissioner (the "WVSC"), in an ex parte Summary Order to Cease and Desist and Notice of Right to Hearing, concluded that the Manager and the Distributor had violated the West Virginia Uniform Securities Act (the "WVUSA"), and ordered the Manager and the Distributor to cease and desist from further violations of the WVUSA by engaging in the market-timing-related conduct described in the order. The ex parte order provided notice of their right to a hearing with respect to the violations of law asserted by the WVSC. Other firms unaffiliated with the Manager were served with similar orders. The Manager and the Distributor intend to request a hearing for the purpose of seeking to vacate or modify the order.

In addition, in 2003 and 2004 several purported class actions and shareholder derivative suits were filed against various parties in the mutual fund industry, including the Manager, certain mutual funds managed by the Manager, including the Fund (the "Alger Mutual Funds"), and certain current and former Alger Mutual Fund trustees and officers, alleging wrongful conduct related to market-timing and late-trading by mutual fund shareholders. These cases were transferred to the U.S. District Court of Maryland by the Judicial Panel on Multidistrict Litigation for consolidated pre-trial proceedings under the caption number 1:04-MD-15863 (JFM). After a number of the claims in the Alger lawsuits were dismissed by the court, the Alger-related class and derivative suits were settled in principle, but such settlement remains subject to court approval.

## SHAREHOLDER INFORMATION

### Distributor

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Fred Alger & Company, Incorporated  
111 Fifth Avenue  
New York, NY 10003

### Transfer Agent

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State Street Bank and Trust Company  
c/o Boston Financial Data Services, Inc.  
Attn: The Alger Portfolios  
P.O. Box 8480  
Boston, MA 02266-8480

### Net Asset Value

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The value of one share is its “net asset value,” or NAV. The NAV for a Portfolio is calculated as of the close of business (normally 4:00 p.m. Eastern time) every day the New York Stock Exchange (“NYSE”) is open. Generally, the NYSE is closed on weekends and national holidays listed in the Statement of Additional Information. It may close on other days from time to time.

Each Portfolio generally values its assets on the basis of market quotations or, where market quotations are not reliable or readily available, on the basis of fair value as determined by the Manager under procedures adopted by the Board of Trustees. Short-term money market instruments held by a Portfolio are valued on the basis of amortized cost.

In determining whether market quotations are reliable and readily available, the Manager monitors information it routinely receives for significant events it believes will affect market prices of portfolio instruments held by a Portfolio. Significant events may affect a particular company (for example, a trading halt in the company’s securities on an exchange during the day) or may affect securities markets (for example, a natural disaster that causes a market to close). If the Manager is aware of a significant event that has occurred after the close of the market where a portfolio instrument is primarily traded, but before the close of the NYSE, and the Manager believes that such event has affected or is likely to affect the price of the instrument, the Manager will use its best judgment to determine a fair value for that portfolio instrument under procedures adopted by the Board of Trustees.

**NAV (net asset value) of a class of shares is computed by adding together the value allocable to the class of the Portfolio’s investments plus cash and other assets, subtracting the applicable liabilities and then dividing the result by the number of outstanding shares of the class.**

## **Dividends and Distributions**

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Each Portfolio declares and pays dividends and distributions annually. Each Portfolio expects that these annual payments to shareholders will consist of both capital gains and net investment income.

Federal income taxation of separate accounts of insurance companies, variable annuity contracts and variable life insurance contracts is discussed in the prospectuses of participating insurance companies. Generally, distributions by a Portfolio will not be taxable to holders of variable annuity contracts or variable life insurance policies if the insurance company separate accounts to which those distributions are made meet certain requirements, including certain diversification requirements that the Portfolio has undertaken to meet, under the Internal Revenue Code. Participants in qualified pension and retirement plans ordinarily will not be subject to taxation on dividends from net investment income and distributions from net realized capital gains until they receive a distribution from their plan accounts. Generally, distributions from plan accounts are taxable as ordinary income at the rate applicable to each participant at the time of distribution. In certain cases, distributions made to a participant prior to the participant's reaching age 59-1/2 are subject to a penalty tax equivalent to 10% of the distributed amount, in addition to the ordinary income tax payable on such amount.

Because everyone's tax situation is unique, see a tax advisor about federal, state and local tax consequences of investing in a Portfolio.

## **Classes of Shares**

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Each Portfolio offers two classes of shares: Class I-2 shares and Class S shares, except that each of Alger SMid Cap Growth Portfolio and Alger Growth & Income Portfolio only offers Class I-2 shares. Only Class I-2 shares are offered in this Prospectus. Both classes are offered only to separate accounts of insurance companies for the purpose of funding variable annuity contracts and variable life insurance policies and to qualified pension and retirement plans. The classes differ only in that Class S shares are subject to a distribution and shareholder servicing fee, while Class I-2 shares are not.

## **Purchasing and Redeeming Shares**

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Because each Portfolio is an investment vehicle for variable annuity contracts and variable life insurance policies offered by the separate accounts of life insurance companies, as well as qualified pension and retirement plans, an individual cannot invest in the Portfolio directly, but may do so only through one of these sources. The Portfolio's shares are held in the names of the separate accounts and plans.

Shares of a Portfolio can be purchased or redeemed on any day the NYSE is open. They will be processed at the NAV next calculated after the purchase or redemption request is received in good order by the Portfolio or its designated agent. All orders for purchase of shares are subject to acceptance by the Portfolio or its Transfer Agent. The Transfer Agent pays for redemptions within seven days after it accepts a redemption request.

## **Limitations on Excessive Trading**

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Each Portfolio invests predominantly in U.S.-traded, highly liquid securities for which current New York market-closing prices are readily available on a daily basis at the time as of which the Portfolio prices its portfolio securities and determines NAV per share. As a result, the Manager believes that there is little incentive for investors to engage in frequent and/or short-term trading (often referred to as market-timing) to benefit from “stale” pricing. Nonetheless, the Portfolios recognize that in certain circumstances active in-and-out trading by Portfolio shareholders, for whatever reason implemented (including the perception that portfolios that invest primarily in securities of small capitalization and medium capitalization issuers may provide greater arbitrage opportunities because they are less liquid than securities of larger capitalization issuers), may be attempted and may, if carried out on a large scale, impose burdens on the Portfolio’s portfolio manager(s), interfere with the efficient management of the Portfolio, increase the Portfolio’s transaction costs, administrative costs or tax liability or otherwise be detrimental to the interests of the Portfolio and its other shareholders. The Portfolios therefore discourage market timing, and to the extent possible monitor for market timing patterns in the Portfolios.

The Board of Trustees has adopted policies and procedures to discourage frequent trading in Portfolio shares. These policies and procedures allow a Portfolio to reject purchase orders, on a temporary or permanent basis, from investors that the Manager is able to determine, in its reasonable business judgment, are exhibiting a pattern of frequent or short-term trading in shares of a Portfolio or shares of other funds sponsored by the Manager that is detrimental to the Portfolio involved.

In order to detect significant market timing, the Manager, in accordance with policies and procedures approved by the Trustees, will, among other things, monitor overall subscription, redemption and exchange activity, and isolate significant daily activity and significant activity relative to existing account sizes to determine if there appears to be market timing activity in an individual Portfolio. While the Portfolios might not be able to detect frequent or short-term trading conducted by the underlying owners of shares held in omnibus accounts or through insurance company separate accounts or placed through market intermediaries other than on a fully-disclosed basis, and therefore might not be able to effectively prevent frequent or short-term trading in those accounts, the Manager attempts to monitor these activities in omnibus accounts and will contract with entities that hold omnibus accounts with the Portfolios to seek to discourage, detect and prevent market timing and active trading. There is no guarantee that the Portfolios’ efforts to identify investors who engage in excessive trading activity or to curtail that activity will be successful.

## **Disclosure of Portfolio Holdings**

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The Board of Trustees has adopted policies and procedures relating to disclosure of each Portfolio’s securities holdings. These policies and procedures recognize that there may be legitimate business reasons for holdings to be disclosed and seek to balance

those interests to protect the proprietary nature of the trading strategies and implementation thereof by the Portfolios.

Generally, the policies prohibit the release of information concerning portfolio holdings which have not previously been made public to individual investors, institutional investors, intermediaries that distribute the Portfolios' shares and other parties which are not employed by the Manager or its affiliates except when the legitimate business purposes for selective disclosure and other conditions (designed to protect the Portfolios) are acceptable.

The Portfolios' full holdings are made available semi-annually in shareholder reports filed on Form N-CSR and after the first and third fiscal quarters in regulatory filings on Form N-Q. These shareholder reports and regulatory filings are filed with the SEC, as required by federal securities laws, and are generally available within sixty (60) days of the end of the Portfolios' fiscal quarter.

In addition, the Portfolios make publicly available their respective month-end top 10 holdings with a 15 day lag and their month-end full portfolios with a 60 day lag on their website [www.alger.com](http://www.alger.com) and through other marketing communications (including printed advertising/sales literature and/or shareholder telephone customer service centers).

In addition to the foregoing, the Portfolios provide portfolio holdings information to third parties including financial intermediaries and service providers who need access to this information in the performance of their services and are subject to duties of confidentiality (1) imposed by law, including a duty not to trade on non-public information, and/or (2) pursuant to an agreement that confidential information is not to be disclosed or used (including trading on such information) other than as required by law. From time to time, the Portfolios will communicate with these third parties to confirm that they understand the Portfolios' policies and procedures regarding such disclosure. This agreement must be approved by the Portfolios' Chief Compliance Officer. No compensation or other consideration is received for the non-public disclosure of portfolio holdings information.

The Board of Trustees periodically reviews a report disclosing the third parties to whom each Portfolio's holdings information has been disclosed and the purpose for such disclosure, and it considers whether or not the release of information to such third parties is in the best interest of the Portfolio and its shareholders.

In addition to material the Portfolios routinely provide to shareholders, the Manager may, upon request, make additional statistical information available regarding the Portfolios. Such information will include, but not be limited to, relative weightings and characteristics of Portfolios versus their respective index and security specific impact on overall performance. Please contact the Portfolios at (800) 992-3863 to obtain such information.

## Other Information

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A Portfolio may redeem some of your shares “in kind,” which means that some of the proceeds will be paid with securities the Portfolio owns instead of cash. If you receive securities, you should expect to incur brokerage or other charges in converting the securities to cash.

Shares may be worth more or less when you redeem them than they were at the time you bought them.

The Portfolio and Transfer Agent have reasonable procedures in place to determine that instructions submitted by telephone are genuine. They include requesting personal identification and recording calls. If the Portfolio and the Transfer Agent follow these procedures, they are not liable for acting in good faith on telephone instructions.

If you are a participant in a retirement plan, such as a 401(k) plan, and you purchase shares in a Portfolio through an administrator or trustee that maintains a master or “omnibus” account with the Portfolio for trading on behalf of retirement plans and their participants, the administrator may apply limitations of its own on participant transactions. These limitations may be more or less restrictive than the limitations imposed by the Portfolio. Consult with your administrator to determine what purchase and redemption limitations may be applicable to your transactions in portfolio shares through your retirement plan.

From time to time the Distributor, at its expense from its own resources, may compensate brokers, dealers, investment advisers or others (“financial intermediaries”) who are instrumental in effecting investments by their clients or customers in a Portfolio, in an amount up to 1% of the value of those investments. The Distributor may also from time to time, at its expense from its own resources, make payments to financial intermediaries that provide shareholder servicing, or transaction processing, with such payments structured as a percentage of gross sales, a percentage of net assets, and/or as a fixed dollar amount (the latter as a per account fee or as reimbursement for transactions processing and transmission charges). Payments under these other arrangements may vary but generally will not exceed 0.50% annually of Portfolio assets or 0.50% annually of Portfolio sales attributable to that financial intermediary. The Distributor determines whether to make any additional cash payments and the amount of any such payments in response to requests from financial intermediaries, based on factors the Distributor deems relevant. Factors considered by the Distributor generally include the financial intermediary’s reputation, ability to attract and retain assets for the Portfolio, expertise in distributing a particular class of shares of the Portfolio, entry into target markets, and/or quality of service. In addition, the Distributor may make payments to dealer firms in the form of payments for marketing support, seminar support, training meetings, or comparable expenses in the discretion of the Distributor. Please contact your financial intermediary for details about revenue sharing payments it may receive. Any payments described above will not change the price paid by investors for the purchase

of shares of a Portfolio or the amount of proceeds received by a Portfolio on the sale of shares.

Each Portfolio and its agents reserve the right at any time to:

Reject or cancel all or any part of any purchase or exchange order;

Suspend, change or withdraw all or any part of the offering made by this Prospectus.

## **FINANCIAL HIGHLIGHTS**

The financial highlights tables are intended to help you understand each Portfolio's financial performance for the periods shown. Certain information reflects financial results for a single Portfolio share. The total returns in the table represent the rate that an investor would have earned or lost on an investment in the Portfolio (assuming reinvestment of all dividends and distributions). Information for the fiscal year ended December 31, 2009 has been audited by Deloitte & Touche LLP, each Portfolio's independent registered public accounting firm, whose report, along with each Portfolio's financial statements, is included in the Annual Report, which is available upon request. Information pertaining to the fiscal periods ended December 31, 2008, December 31, 2007, December 31, 2006 and December 31, 2005 have been audited by other auditors.

Note that the Portfolios' financial highlights do not reflect charges and deductions which are, or may be, imposed under variable annuity contracts, variable life insurance policies, or pension or retirement plans. Such charges and deductions are described in the Prospectus for the contract or policy accompanying this Prospectus or in the plan documents.

## THE ALGER PORTFOLIOS

### ALGER CAPITAL APPRECIATION PORTFOLIO

### CLASS I-2

	Year ended 12/31/09	Year ended 12/31/08	Year ended 12/31/07	Year ended 12/31/06	Year ended 12/31/05
Net asset value, beginning of period	\$ 30.39	\$ 55.39	\$ 41.48	\$ 34.78	\$ 30.39
INCOME FROM INVESTMENT OPERATIONS:					
Net investment income (loss) (i)	0.18	0.05	(0.07)	(0.07)	(0.21)
Net realized and unrealized gain (loss) on investments	15.35	(25.05)	13.98	6.77	4.60
Total from investment operations	15.53	(25.00)	13.91	6.70	4.39
Net asset value, end of period	\$ 45.92	\$ 30.39	\$ 55.39	\$ 41.48	\$ 34.78
Total return	51.10%	(45.13)%	33.53%	19.26%	14.45%
RATIOS/SUPPLEMENTAL DATA:					
Net assets, end of period (000's omitted)	\$249,483	\$183,335	\$414,959	\$298,024	\$298,410
Ratio of gross expenses to average net assets	0.99%	0.95%	0.97%	0.98%	0.91%
Ratio of expense reimbursements to average net assets	(0.04)%	(0.04)%	(0.04)%	0.00%	0.00%
Ratio of net expenses to average net assets	0.95%	0.91%	0.93%	0.98%	0.91%
Ratio of net investment income to average net assets	0.49%	0.12%	(0.15)%	(0.19)%	(0.08)%
Portfolio turnover rate	285.33%	317.72%	254.03%	245.58%	130.14%

(i) Amount was computed based on average shares outstanding during the period.

## THE ALGER PORTFOLIOS

### ALGER LARGE CAP GROWTH PORTFOLIO

### CLASS I-2

	Year ended 12/31/09	Year ended 12/31/08	Year ended 12/31/07	Year ended 12/31/06	Year ended 12/31/05
Net asset value, beginning of period	\$ 26.48	\$ 49.27	\$ 41.22	\$ 39.24	\$ 35.12
INCOME FROM INVESTMENT OPERATIONS:					
Net investment income (i)	0.26	0.21	0.08	0.11	0.03
Net realized and unrealized gain (loss) on investments	12.27	(22.91)	8.12	1.92	4.17
Total from investment operations	12.53	(22.70)	8.20	2.03	4.20
Dividends from net investment income	(0.21)	(0.09)	(0.15)	(0.05)	(0.08)
Net asset value, end of period	\$ 38.80	\$ 26.48	\$ 49.27	\$ 41.22	\$ 39.24
Total return	47.57%	(46.15)%	19.94%	5.18%	12.00%
RATIOS/SUPPLEMENTAL DATA:					
Net assets, end of period (000's omitted)	\$350,117	\$267,928	\$562,009	\$613,742	\$839,841
Ratio of gross expenses to average net assets	0.87%	0.83%	0.83%	0.83%	0.81%
Ratio of expense reimbursements to average net assets	0.00%	0.00%	0.00%	0.00%	0.00%
Ratio of net expenses to average net assets	0.87%	0.83%	0.83%	0.83%	0.81%
Ratio of net investment income to average net assets	0.83%	0.54%	0.17%	0.27%	0.10%
Portfolio turnover rate	74.63%	181.23%	133.61%	337.35%	257.14%

(i) Amount was computed based on average shares outstanding during the period.

## THE ALGER PORTFOLIOS

### ALGER MID CAP GROWTH PORTFOLIO

### CLASS I-2

	Year ended 12/31/09	Year ended 12/31/08	Year ended 12/31/07	Year ended 12/31/06	Year ended 12/31/05
Net asset value, beginning of period	\$ 7.04	\$ 23.62	\$ 20.75	\$ 21.90	\$ 20.80
INCOME FROM INVESTMENT OPERATIONS:					
Net investment loss (i)	(0.02)	(0.05)	(0.07)	(0.09)	(0.31)
Net realized and unrealized gain (loss) on investments	3.66	(10.60)	6.07	2.08	2.22
Total from investment operations	3.64	(10.65)	6.00	1.99	1.91
Dividends from net investment income	—	(0.03)	—	—	—
Distributions from net realized gains	—	(5.90)	(3.13)	(3.14)	(0.81)
Net asset value, end of period	\$ 10.68	\$ 7.04	\$ 23.62	\$ 20.75	\$ 21.90
Total return	51.70%	(58.36)%	31.56%	10.14%	9.82%
RATIOS/SUPPLEMENTAL DATA:					
Net assets, end of period (000's omitted)	\$183,873	\$128,806	\$367,970	\$317,649	\$369,157
Ratio of gross expenses to average net assets	0.98%	0.92%	0.91%	0.91%	0.86%
Ratio of expense reimbursements to average net assets	0.00%	0.00%	0.00%	0.00%	0.00%
Ratio of net expenses to average net assets	0.98%	0.92%	0.91%	0.91%	0.86%
Ratio of net investment income to average net assets	(0.25)%	(0.33)%	(0.33)%	(0.42)%	(0.45)%
Portfolio turnover rate	280.22%	353.68%	242.84%	313.80%	226.14%

(i) Amount was computed based on average shares outstanding during the period.

## THE ALGER PORTFOLIOS

ALGER SMID CAP GROWTH PORTFOLIO

CLASS I-2

	Year ended 12/31/2009	From 1/2/2008 (commencement of operations) to 12/31/2008 (i)
Net asset value, beginning of period	\$ 4.97	\$ 10.00
INCOME FROM INVESTMENT OPERATIONS:		
Net investment loss (ii)	(0.03)	(0.05)
Net realized and unrealized gain (loss) on investments	2.31	(4.98)
Total from investment operations	2.28	(5.03)
Net asset value, end of period	\$ 7.25	\$ 4.97
Total return	45.88%	(50.30)%
RATIOS/SUPPLEMENTAL DATA:		
Net assets, end of period (000's omitted)	\$ 1,476	\$ 999
Ratio of gross expenses to average net assets	6.20%	4.60%
Ratio of expense reimbursements to average net assets	(5.20)%	(3.60)%
Ratio of net expenses to average net assets	1.00%	1.00%
Ratio of net investment income to average net assets	(0.56)%	(0.64)%
Portfolio turnover rate	74.57%	77.82%

- (i) Ratios have been annualized; total return and portfolio turnover rate have not been annualized.  
(ii) Amount was computed based on average shares outstanding during the period.

## THE ALGER PORTFOLIOS

### ALGER SMALL CAP GROWTH PORTFOLIO

### CLASS I-2

	Year ended 12/31/09	Year ended 12/31/08	Year ended 12/31/07	Year ended 12/31/06	Year ended 12/31/05
Net asset value, beginning of period	\$ 17.58	\$ 33.32	\$ 28.42	\$ 23.68	\$ 20.26
INCOME FROM INVESTMENT OPERATIONS:					
Net investment loss (i)	(0.13)	(0.17)	(0.21)	(0.16)	(0.20)
Net realized and unrealized gain (loss) on investments	8.13	(15.21)	5.11	4.90	3.62
Total from investment operations	8.00	(15.38)	4.90	4.74	3.42
Distributions from net realized gains	—	(0.36)	—	—	—
Net asset value, end of period	\$ 25.58	\$ 17.58	\$ 33.32	\$ 28.42	\$ 23.68
Total return	45.51%	(46.60)%	17.24%	20.02%	16.88%
RATIOS/SUPPLEMENTAL DATA:					
Net assets, end of period (000's omitted)	\$326,880	\$248,212	\$558,654	\$525,675	\$509,855
Ratio of gross expenses to average net assets	0.97%	0.92%	0.96%	0.93%	0.91%
Ratio of expense reimbursements to average net assets	0.00%	0.00%	0.00%	0.00%	0.00%
Ratio of net expenses to average net assets	0.97%	0.92%	0.96%	0.93%	0.91%
Ratio of net investment income to average net assets	(0.61)%	(0.66)%	(0.66)%	(0.63)%	(0.43)%
Portfolio turnover rate	86.65%	57.34%	65.96%	91.40%	97.11%

(i) Amount was computed based on average shares outstanding during the period.

## THE ALGER PORTFOLIOS

### ALGER GROWTH & INCOME PORTFOLIO

### CLASS I-2

	Year ended 12/31/09	Year ended 12/31/2008	Year ended 12/31/07	Year ended 12/31/06	Year ended 12/31/05
Net asset value, beginning of period	\$ 7.20	\$ 12.12	\$ 11.09	\$ 10.28	\$ 10.05
INCOME FROM INVESTMENT OPERATIONS:					
Net investment income (i)	0.13	0.19	0.18	0.08	0.13
Net realized and unrealized gain (loss) on investments	2.13	(4.90)	0.94	0.86	0.21
Total from investment operations	2.26	(4.71)	1.12	0.94	0.34
Dividends from net investment income	(0.20)	(0.21)	(0.09)	(0.13)	(0.11)
Net asset value, end of period	\$ 9.26	\$ 7.20	\$ 12.12	\$ 11.09	\$ 10.28
Total return	32.17%	(39.47)%	10.13%	9.31%	3.44%
RATIOS/SUPPLEMENTAL DATA:					
Net assets, end of period (000's omitted)	\$ 34,544	\$ 29,516	\$ 62,121	\$ 68,106	\$ 76,770
Ratio of gross expenses to average net assets	0.94%	0.84%	0.72%	0.91%	0.75%
Ratio of expense reimbursements to average net assets	(0.05)%	(0.05)%	0.00%	0.00%	0.00%
Ratio of net expenses to average net assets	0.89%	0.79%	0.72%	0.91%	0.75%
Ratio of net investment income to average net assets	1.72%	1.86%	1.52%	0.77%	1.08%
Portfolio turnover rate	62.00%	72.01%	83.10%	151.43%	103.93%

(i) Amount was computed based on average shares outstanding during the period.

## THE ALGER PORTFOLIOS

ALGER BALANCED PORTFOLIO	CLASS I-2				
	Year ended 12/31/09	Year ended 12/31/08	Year ended 12/31/07	Year ended 12/31/06	Year ended 12/31/05
Net asset value, beginning of period	\$ 8.64	\$ 14.61	\$ 14.11	\$ 14.44	\$ 13.55
INCOME FROM INVESTMENT OPERATIONS:					
Net investment income (i)	0.25	0.26	0.26	0.24	0.20
Net realized and unrealized gain (loss) on investments	2.21	(4.35)	1.41	0.39	0.92
Total from investment operations	2.46	(4.09)	1.67	0.63	1.12
Dividends from net investment income	(0.31)	(0.33)	(0.31)	(0.22)	(0.23)
Distributions from net realized gains	—	(1.55)	(0.86)	(0.74)	—
Net asset value, end of period	\$ 10.79	\$ 8.64	\$ 14.61	\$ 14.11	\$ 14.44
Total return	29.25%	(31.76)%	12.37%	4.72%	8.42%
RATIOS/SUPPLEMENTAL DATA:					
Net assets, end of period (000's omitted)	\$127,756	\$118,759	\$224,090	\$254,579	\$292,412
Ratio of gross expenses to average net assets	0.89%	0.85%	0.84%	0.86%	0.81%
Ratio of expense reimbursements to average net assets	(0.04)%	(0.04)%	(0.04)%	0.00%	0.00%
Ratio of net expenses to average net assets	0.85%	0.81%	0.80%	0.86%	0.81%
Ratio of net investment income to average net assets	2.60%	2.19%	1.79%	1.71%	1.29%
Portfolio turnover rate	104.04%	76.32%	103.77%	288.73%	218.77%

(i) Amount was computed based on average shares outstanding during the period.

## FOR INFORMATION:

**BY TELEPHONE:** (800) 992-3863  
**BY MAIL:** Boston Financial Data Services, Inc.  
Attn: The Alger Portfolios  
P.O. Box 8480  
Boston, MA 02266-8480

### STATEMENT OF ADDITIONAL INFORMATION

For more detailed information about each Portfolio and its policies, please read the Statement of Additional Information, which is incorporated by reference into (is legally made a part of) this Prospectus. You can get a free copy of the Statement of Additional Information by calling the Portfolios' toll-free number, at the Portfolios' website at <http://www.alger.com> or by writing to the address above. The Statement of Additional Information is on file with the SEC.

### ANNUAL AND SEMI-ANNUAL REPORTS

Additional information about each Portfolio's investments is available in the Portfolios' annual and semi-annual reports (when available) to shareholders. In the Portfolios' annual report you will find a discussion of the market conditions and investment strategies that significantly affected the Portfolios' performance during the period covered by the report. You can receive free copies of these reports, and make inquiries of the Portfolio, by calling the Portfolios' toll-free number, at the Portfolios' website at <http://www.alger.com> or by writing to the address above.

Another way you can review and copy portfolio documents is by visiting the SEC's Public Reference Room in Washington, DC. Copies can also be obtained, for a duplicating fee, by E-mail request to [publicinfo@sec.gov](mailto:publicinfo@sec.gov) or by writing to the SEC's Public Reference Section, Washington, DC 20549-0102. Information on the operation of the Public Reference Room is available by calling (202) 551-8090. Portfolio documents are also available on the EDGAR database on the SEC's internet site at <http://www.sec.gov>.

### QUARTERLY FUND HOLDINGS

The Portfolios' most recent month end portfolio holdings are available approximately sixty days after month end on the Portfolios' website at [www.alger.com](http://www.alger.com). Each Portfolio also files its complete schedule of portfolio holdings with the SEC for the first and third quarter of each fiscal year on Form N-Q. Forms N-Q are available online on the SEC's website at <http://www.sec.gov>. The Portfolios' Forms N-Q may be reviewed and copied at the SEC's Public Reference Room in Washington, D.C. Information regarding the operation of the SEC's Public Reference Room may be obtained by calling (800) SEC-0330. A copy of the most recent quarterly holdings may also be obtained from the Portfolios by calling (800) 992-3863.

**Distributor: Fred Alger & Company, Incorporated**  
The Alger Portfolios  
SEC File #811-5550

# FRED ALGER & COMPANY, INCORPORATED PRIVACY POLICY

## Your Privacy Is Our Priority

At Fred Alger & Company, Incorporated (“Alger”) we value the confidence you have placed in us. In trusting us with your assets, you provide us with personal and financial data. Alger is committed to maintaining the confidentiality of the personal nonpublic information (“personal information”) entrusted to us by our customers. Your privacy is very important to us, and we are dedicated to safeguarding your personal information as we serve your financial needs.

## Our Privacy Policy

We believe you should know about Alger’s Privacy Policy and how we collect and protect your personal information. This Privacy Policy (“Policy”) describes our practices and policy for collecting, sharing and protecting the personal information of our prospective, current and former customers. The Policy is applicable to Alger and its affiliate, Fred Alger Management, Inc., as well as the following funds: The Alger Funds, The Alger Funds II, The Alger Institutional Funds, The Alger Portfolios and Alger China-U.S. Growth Fund. We are proud of our Policy and hope you will take a moment to read about it.

## Information We Collect

The type of personal information we collect and use varies depending on the Alger products or services you select.

We collect personal information that enables us to serve your financial needs, develop and offer new products and services, and fulfill legal and regulatory requirements. Depending on the products or services you request, we obtain personal information about you from the following sources:

- Information, such as your name, address and social security number, provided on applications and other forms we receive from you or your representative;
- Information from your communications with Alger employees or from your representative, which may be provided to us by telephone, in writing or through Internet transactions; and
- Information about your transactions, such as the purchase and redemption of fund shares, account balances and parties to the transactions, which we receive from our affiliates or other third parties.

## Sharing of Personal Information

We may share your personal information with our affiliates so that they may process and service your transactions.

However, Alger never sells customer lists to any third party. Further, we do not disclose personal information to nonaffiliated third parties, except as required by law or as permitted by law to service your account, such as follows:

- To third-party service providers that assist us in servicing your accounts(e.g. securities clearinghouses);
- To governmental agencies and law enforcement officials (e.g. valid subpoenas, court orders); and
- To financial institutions that perform marketing services on our behalf or with whom we have joint marketing agreements that provide for the confidentiality of personal information.

## Our Security Practices

We protect your personal information by maintaining physical, electronic and procedural safeguards. When you visit Alger’s Internet sites your information is protected by our systems that utilize 128-bit data encryption, Secure Socket Layer (SSL) protocol, user names, passwords and other precautions. We have implemented safeguards to ensure that access to customer information is limited to employees, such as customer service representatives, who require such information to carry out their job responsibilities. Our employees are aware of their strict responsibility to respect the confidentiality of your personal information.

Thank you for choosing to invest with Alger. We value your relationship with us and assure you we will abide by our policy to protect your information.

**This policy statement is not part of the prospectus.**

# ALGER

Inspired by Change, Driven by Growth.

This is not part of the prospectus.

APPI-2

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