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

The Alger Portfolios

Alger Large Cap Growth Portfolio

ANNUAL REPORT

December 31, 2013

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Dear Shareholders,

How High is Up?

With the strong performance of equities in 2013, the question "How high is up?" seems a sensible one to us at Alger. The S&P 500 Index generated a 32.39% return in 2013, and now is up 199.78% from its March 2009 low, not only recovering the losses of the financial crisis but creating a new high. As of the market close on December 31, the S&P price was 9.2% higher than during early October of 2007, when the index hit its highest level for the portion of the past decade prior to the financial crisis. (The period no longer includes the Internet bubble or its bust). For the year, Consumer Discretionary was the best performing sector within the S&P 500. It, along with Health Care, Industrials, and Financials outperformed the overall return of the index. Beyond U.S. borders, foreign markets have also recovered significantly, with the MSCI All Country World Index ex-USA having returned 135.86% from its March 2009 low and the MSCI Emerging Markets Index having returned 139.48% from its October 2008 low.

For several years, we have consistently argued that short-term market declines triggered by volatility around macro-economic concerns should be used as buying opportunities. [1] In short, our view has been founded on the belief that strong corporate fundamentals rather than fiscal policy and investor emotions are the ultimate drivers of long-term equity performance and that our fundamental research has discovered a stronger environment for corporate revenues, margins, earnings, and free cash flows than the naysayers and mass media would have most believe. U.S. economic progress continues, driven by an expanding real estate market recovery, an increase in business spending on fixed equipment, and rising consumer confidence and spending. We think 2013's strong performance was more of a catch up with this reality than an overshoot. In our view, the valuation of U.S. equities either on a forward price to earnings (P/E) basis or on free cash flow yield – two of our most important valuation metrics at Alger – remains very reasonable. The forward P/E for 2014 for the S&P 500 is at its long term average – not above it as many would assume based on the market's strength. We think 2014 should be another good year for equity investors.

Fiscal and Monetary Policy Drives Volatility

During 2013, investors feared that the fiscal cliff, or $85 billion in spending cuts for the year and the expiration of the payroll tax holiday, various Bush tax cuts, and other tax breaks, would throw the country into a recession. Yet, the headwind of spending cuts and higher taxes, while dampening economic growth, fell short of creating a recession, with the Bureau of Economic Analysis reporting that gross domestic product expanded 1.1%, 2.5%, and 4.1% during the first, second, and third quarters of 2013.

Fiscal policy also captured investors' attention when political dysfunction over the nation's debt ceiling and budget caused a partial government shutdown in October and fears that the U.S. would default on its debt. Congress and the White House eventually avoided the default with legislation authorizing continued debt issuance until early

[1] See Alger Summer 2010 Market Commentary, August 4, 2010.

February of 2014, but not before partisan politics resulted in a short-term government shutdown. Investors who used the dysfunction to validate their concerns over the nation's fiscal health, however, overlooked, in our view, an important point—economic growth, increased tax revenues, and spending cuts are causing the country's deficit to decline relative to gross domestic product (GDP). At the start of 2012, the deficit was equal to 6.8% of GDP, according to the U.S. Census Bureau and economic research firm Cornerstone Macro. It declined to 4.0% in January of 2013 and 3.4% in January of this year. In another encouraging development, Washington passed budgets for fiscal years 2014 and 2015. The budgets relax sequester related budget cuts by $40 billion in 2014 and $20 billion in 2015, while also providing for new sources of revenue. As a result, the deficit could be reduced by $23 billion over the next 10 years.

Fiscal policy, of course, wasn't the only cause of jitters among investors in 2013. At times, Federal Reserve officials said that as the economy strengthens, the central bank should be prepared to taper quantitative easing, which entails buying up to $85 billion in debt securities monthly to keep long-term interest rates low. Not surprisingly, the comments fueled market volatility as investors feared the policy change could dampen economic growth by causing interest rates to climb. Fed officials quickly responded by emphasizing that tapering will only occur if the economy appears to be strong enough to continue growing as the stimulus is decreased. They emphasized that additional economic growth must occur prior to tapering and even then the tapering would be done judiciously. In December, the Fed finally announced that it would scale back quantitative easing by a modest $10 billion a month. In making the announcement, it said it expects to maintain its easy money policy, which includes keeping the Fed Funds rate at 0%, until inflation creeps up to at least 2%. The vote of confidence in the economy and the Fed's comments on maintaining low interest rates helped support the ongoing equity rally.

Economy Proves Resilient

Even with tax increases, considerable government spending cuts, and slow GDP growth, many indicators pointed to continued strengthening of the U.S. economy in 2013, with the unemployment rate dropping from 7.9% in January of 2013 to 7.0% in November of 2013. Perhaps more impressive were gains in real estate, with the S&P/Case-Shiller 20-City Composite Home Price Index, which measures home prices in 20 metropolitan areas, climbing 13.3% during the first nine months of the year. In addition, private sector construction also increased substantially. Construction on lodging increased 25.4% year over year for the first 10 months of the year, while residential construction grew 17%.

As a result, unemployment has fallen dramatically in the construction industry after having hit a staggering post-financial crisis high of 27.1% (non-seasonally adjusted) in February of 2010. By November of 2012, the rate had already declined to 12.2% and during 2013 declined further to a low of 8.6% in November. In another encouraging sign, consumer purchases of higher cost items grew, with sales of luxury cars during the first nine months of 2013 increasing 12% year over year while sales of inexpensive cars climbed 6.1%, according to Autodata Corp.

Corporate Fundamentals Remain Strong

Corporate fundamentals also supported investor enthusiasm. As of the end of 2012, non-financial companies in the S&P 500 Index held $1.25 trillion in cash, according to Goldman Sachs. Impressively, corporate cash levels reached $1.30 trillion by June of 2013. Free cash flow (typically measured as free-cash-flow yield, which is the ratio of a

company's valuation to cash generated from operations that remains after capital expenditures and operating expenses) remained strong during the reporting period. In December, large cap stocks (not including Financials and Utilities) had a free-cash-flow yield of 4.52% compared to the 50-year average of 3.81% (according to research firm Empirical Research Partners).

Investors benefited in many ways from corporations' strong fundamentals, with companies greatly ramping up their dividends and stock buybacks. For the 12-month period ended in August, Russell 1000 Index companies announced $455 billion in stock buybacks, up 32% year over year. When including dividends, cash returned to investors climbed to $821 billion, exceeding the previous high of $787 billion in 2007, according to J.P. Morgan Chase. We believe that strong business performance is likely to support corporate fundamentals, and we note that revenue growth and strong spending discipline resulted in S&P 500 earnings per share growing 3.73% year over year during the first quarter of 2013, 4.04% during the second quarter, and 7.01% during the third quarter. Based on FactSet Research Systems estimates, fourth quarter earnings grew 6.1%.

Foreign Countries Generate Strong Gains.
Broadly speaking, foreign equity markets generated strong results during 2013, with many developed markets producing noteworthy performance. Within the MSCI All Country World Index, Finland, Germany Ireland, the U.S., and the Netherlands were among the top performing developed nations, with equity markets in each country generating returns in excess of 30%. Even Australia, Canada, Norway, and Israel, which were among the worst performing developed markets, still produced positive returns. Within the MSCI Emerging Markets Index, Russia, China, and the Czech Republic were among the best performers, while Taiwan, Turkey, and India were among countries that generated negative returns.

During 2013, economic growth in Brazil, Russia, India, and China fell short of expectations, while other countries, at times, showed encouraging signs. Japanese businesses reported strong earnings in the fall, and the country's second-quarter GDP growth was revised upward from 2.6% to 3.8%. Land prices during the summer months, meanwhile, increased in 66 of 150 survey areas, according to research firm ISI. In Europe, France emerged from a recession, while economic growth in the United Kingdom and Germany also accelerated. Even Ireland and Portugal showed signs of economic improvement. Broadly speaking, the common outlook for the euro zone became less negative in 2013.

Foreign countries continued to buy U.S. products, with American exports—including energy commodities—having increased. Corporations also enjoyed growing foreign demand for services for professional, business, and technical needs. An uptick in royalties and licensing also helped boost U.S. exports. During the first 10 months of 2013, the U.S. exported $1.88 trillion in goods and services, up from $1.83 during the same period in 2012. With U.S. exports growing faster than imports, the country's trade deficit declined from $449.83 billion during the first 10 months of 2012 to $402.13 billion for the same period in 2013.

Reasons for Optimism
We believe that many of the factors that supported investor enthusiasm during 2013 will continue in 2014 and that equity markets have potential for generating additional gains.

On the fiscal front, data from Cornerstone Macro shows that finances for many state and local governments have been strengthening, which suggests that the public sector job market may improve. With that in mind, economic forecasts for 2014 are encouraging. J.P. Morgan Chase expects unemployment will decline to 6.8% by the end of 2014 as GDP continues to grow.

We believe that the U.S. housing market recovery will continue, as strong demand for homes exists. Over the past few years, many Americans continued to live with relatives or friends as they felt insecure about the economy and their careers. As the job market improves and the economy strengthens, Americans living with relatives and friends are likely to become more confident in their finances and start shopping for their own homes, which could provide additional support to the ongoing recovery in the real estate market. We note that low interest rates and attractive real estate prices have increased the affordability of houses, which could entice many Americans to become homeowners and then in turn purchase household items, such as furniture and appliances.

Existing homeowners, meanwhile, are feeling better about their finances, with their wealth increasing as the values of their homes and equity investments climb. So, we think Americans are likely to increase their spending on big ticket items, including cars. Home values and equity investments contributed to Americans' wealth in 2009, 2010, 2012, and 2013, according to J.P. Morgan Chase. In 2013, wealth generation was particularly noteworthy, with gains in real estate and stocks totaling $4.4 trillion. For 2013, housing and real estate is estimated to have added $8.8 trillion to Americans' wealth, according to J.P. Morgan Chase estimates. The combination of increasing wealth and pent up demand for cars and other items may drive an increase in consumer spending. Automobile data tracker Edmunds.com, for example, points out that the average age of automobiles in 2013 was 11.4 years and that it expects U.S. consumers to purchase 16.4 million cars next year, which would be the highest level since 2006, when 16.5 million cars were purchased.

Corporate Fundamentals in 2014

As noted previously, equity prices were supported during the reporting period by corporations increasing their dividends, conducting stock buybacks, and making acquisitions. With high cash balances and strong cash flow, corporations are likely to continue that trend in 2014. Goldman Sachs expects corporations to increase dividends and stock buybacks 10% in 2014. It also estimates that cash acquisitions will increase 13%.

All of those actions, we believe, will provide considerable support to equities. Corporations, we believe, also have built up demand for new equipment and facilities, and we expect businesses to satisfy that demand in 2014. Spending on such items stayed below 2008 levels until 2011, when S&P 500 companies spent $567 billion on capital expenditures. Capital expenditures increased in 2012 and are estimated to have been $649 billion in 2013 and may climb to $672 billion in 2014 based on Goldman Sachs estimates. The increased spending, we maintain, will create attractive opportunities for providers of manufacturing equipment and other business tools to continue growing their revenues and further strengthening their fundamentals.

Global Growth may also Support Equities

Corporate fundamentals, increased corporate capital expenditures, a recovering real estate market, and an uptick in consumer spending aren't the only things that may support the

U.S. economy and equities in 2014. Indeed, global economic growth is expected to strengthen, which will provide additional opportunities for U.S. exporters and companies with operations in non-U.S. markets. The International Monetary Fund (IMF) estimates that the global economy will grow 3.6% in 2014, up from an estimated rate of 2.9% in 2013. Impressively, the IMF says the economies of Italy and Spain are expected to switch from contracting in 2013 to expanding in 2014 and we expect the European Central Bank to continue with its accommodative policy that is providing considerable economic stimulus.

Emerging market economies, in aggregate, are also expected to improve, growing 5.1% in 2014, up from 4.5% in 2013, according IMF estimates. We also believe that growing developed-market economies will increase their imports of products from emerging markets, which should support growth in emerging economies. Global economic expansion, furthermore, is likely to help U.S. companies grow revenues in non-U.S. markets.

The IMF also estimates that world trade volume as a percentage of global GDP is expected to increase from 2.9% to 4.9% in 2014. With ongoing improvements in U.S. energy production and other trends, American corporations are expected to be strong beneficiaries of increased world trade, with J.P. Morgan Chase estimating that our country's exports will increase 5.9% in 2014.

The Road Ahead

Alger believes that companies undergoing Positive Dynamic Change are likely to experience earnings growth, so they offer strong potential for generating attractive long-term performance. Positive Dynamic Change can include product innovation, demographic trends, new regulations, management team changes, growing product demand, and market dominance. Encouragingly, many of the trends discussed previously, such as a strengthening real estate market, increased capital expenditures, stronger car sales, and growth of non-U.S. markets, are creating Positive Dynamic Change opportunities that can help leading companies generate strong earnings. With that in mind this is an exciting time for our firm and our clients as Alger analysts relentlessly search for companies that can benefit from the many forms of Positive Dynamic Change that are occurring across the globe.

Portfolio Matters

The Alger Large Cap Growth Portfolio returned 35.08% for the fiscal 12-month period ended December 31, 2013, compared to the 33.48% return of its benchmark, the Russell 1000 Growth Index.

During the period, the largest sector weightings were Information Technology and Consumer Discretionary. The largest sector overweight was Consumer Discretionary and the largest sector underweight was Consumer Staples. Relative outperformance in the Information Technology and Financials sectors was the most important contributor to performance, while Consumer Staples and Telecommunication Services detracted from results.

Among the most important relative contributors were Facebook, Inc.; Actavis plc.; CBS Corp., Cl. B; Blackstone Group LP; and Yahoo! Inc. During the third quarter, social-network operator Facebook announced second-quarter revenues, margins, and earnings

that significantly exceeded consensus expectations. Ad revenue growth had accelerated to 61% year over year compared to 43% year over year for the first quarter. We believe increased use of Facebook via mobile devices and an established track record for mobile-device advertising with the company's website helped Facebook increase ad sales, which supported the performance of its stock.

Conversely, detracting from overall results on a relative basis were Amgen, Inc.; Verizon Communications, Inc.; PepsiCo, Inc.; and United Technologies Corp. Also detracting from relative performance was MasterCard, Inc., which provides transaction processing and other payment-related services in the United States and internationally. Its shares performed strongly during the year; however, the Portfolio's holding position was limited to the early portion of the reporting period, so the shares had a negative impact on performance relative to the Portfolio's benchmark.

As always, we strive to deliver consistently superior investment results for you, our shareholders, and we thank you for your business and your continued confidence in Alger.

Sincerely,

Daniel C. Chung, CFA
Chief Investment Officer
Fred Alger Management, Inc.

Investors cannot invest directly in an index. Index performance does not reflect the deduction for fees, expenses, or taxes.

This report and the financial statements contained herein are submitted for the general information of shareholders of the Alger Portfolios. This report is not authorized for distribution to prospective investors in the Portfolios unless preceded or accompanied by an effective prospectus for the Portfolios. The Portfolio's returns represent the fiscal 12-month period return of Class I-2 shares. Returns include reinvestment of dividends and distributions.

The performance data quoted in these materials represent past performance, which is not an indication or guarantee of future results.

Standard performance results can be found on the following pages. The investment return and principal value of an investment in a Portfolio will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than the performance quoted. For performance data current to the most recent month-end, visit us at www.alger.com, or call us at (800) 992-3863.

The views and opinions of the Portfolios' management in this report are as of the date of the Shareholders' Letter and are subject to change at any time subsequent to this date. There is no guarantee that any of the assumptions that formed the basis for the opinions

stated herein are accurate or that they will materialize. Moreover, the information forming the basis for such assumptions is from sources believed to be reliable; however, there is no guarantee that such information is accurate. Any securities mentioned, whether owned in a Portfolio or otherwise, are considered in the context of the construction of an overall portfolio of securities and therefore reference to them should not be construed as a recommendation or offer to purchase or sell any such security. Inclusion of such securities in a Portfolio and transactions in such securities, if any, may be for a variety of reasons, including without limitation, in response to cash flows, inclusion in a benchmark, and risk control. The reference to a specific security should also be understood in such context and not viewed as a statement that the security is a significant holding in a Portfolio. Please refer to the Schedule of Investments for each Portfolio which is included in this report for a complete list of Portfolio holdings as of December 31, 2013. Securities mentioned in the Shareholders Letter, if not found in the Schedule of Investments, may have been held by the Portfolios during the 12-month fiscal period.

A Word About Risk

Growth stocks tend to be more volatile than other stocks as the price of growth stocks tends to be higher in relation to their companies' earnings and may be more sensitive to market, political and economic developments. Investing in the stock market involves gains and losses and may not be suitable for all investors. Stocks of small- and mid-sized companies are subject to greater risk than stocks of larger, more established companies owing to such factors as limited liquidity, inexperienced management, and limited financial resources. Investing in foreign securities involves additional risk (including currency risk, risks related to political, social or economic conditions, and risks associated with foreign markets, such as increased volatility, limited liquidity, less stringent regulatory and legal system, and lack of industry and country diversification), and may not be suitable for all investors. Investing in emerging markets involves higher levels of risk, including increased information, market, and valuation risks, and may not be suitable for all investors. For a more detailed discussion of the risks associated with a Portfolio, please see the Portfolio's Prospectus.

Before investing, carefully consider a Portfolio's investment objective, risks, charges, and expenses. For a prospectus containing this and other information about The Alger Portfolios, call us at (800) 992-3863 or visit us at www.alger.com. Read it carefully before investing.

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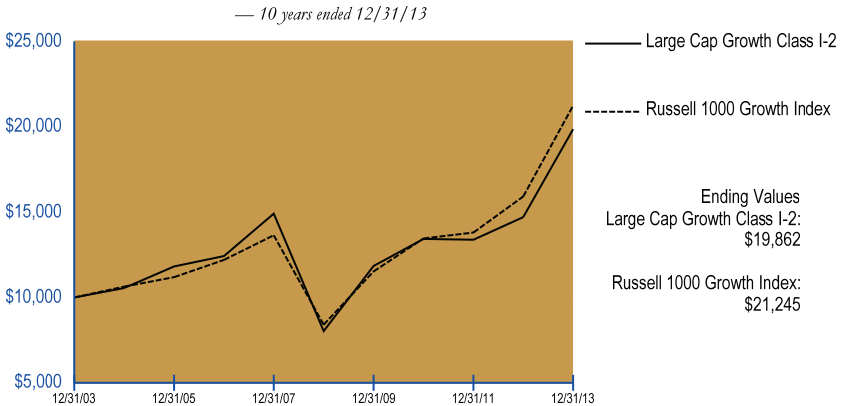
Definitions:

- The Standard & Poor's 500 Index (S&P 500 Index) is an index of 500 leading companies in leading industries in the United States.
- The Russell 1000 Index is an unmanaged index that represents the highest-ranking 1,000 stocks in the Russell 3000 Index, which represents about 90% of the total market capitalization of that index.
- The Russell 1000 Growth Index is designed to measure the performance of the largest 1,000 companies in the Russell 3000 Index with higher price-to-book ratios and higher forecasted growth values. The Russell 3000 Index measures the

performance of the 3,000 largest U.S. companies based on total market capitalization, which represents 98% of the U.S. equity market.

- The Morgan Stanley Capital International (MSCI) Emerging Markets Index is a free float-adjusted market capitalization index that is designed to measure equity market performance in the global emerging markets.
- The MSCI All Country World Index ex USA is a market capitalization-weighted index designed to provide a broad measure of equity market performance throughout the world, including both developed and emerging markets, but excluding the United States.
- The MSCI All Country World Index is a market capitalization-weighted index designed to provide a broad measure of equity market performance throughout the world, including both developed and emerging markets.
- The S&P/Case-Shiller 20-City Home Price Index is an index of housing prices in the U.S.

HYPOTHETICAL $10,000 INVESTMENT IN CLASS I-2 SHARES



The chart above illustrates the change in value of a hypothetical $10,000 investment made in Alger Large Cap Growth Portfolio Class I-2 shares and the Russell 1000 Growth Index (an unmanaged index of common stocks) for the ten years ended December 31, 2013. Figures for the Alger Large Cap Growth Portfolio Class I-2 shares and the Russell 1000 Growth Index include reinvestment of dividends. Performance for the Alger Large Cap Growth Portfolio Class S shares will be lower than the results shown above due to the higher expenses that class bears.

PERFORMANCE COMPARISON AS OF 12/31/13

AVERAGE ANNUAL TOTAL RETURNS

	1 YEAR	5 YEARS	10 YEARS	Since 1/6/1989
Class I-2 (Inception 1/6/89)	35.08%	19.87%	7.10%	10.87%
Class S (Inception 5/1/02)[i]	34.57%	19.42%	6.77%	10.59%
Russell 1000 Growth Index	33.48%	20.39%	7.83%	9.91%

The performance data quoted represents past performance, which is not an indication or a guarantee of future results. Investment return and principal will fluctuate and the Portfolio's shares, when redeemed, may be worth more or less than their original cost. Current performance may be higher or lower than the performance quoted. For performance current to the most recent month end, visit us at www.alger.com or call us at (800) 992-3863.

Returns indicated assume reinvestment of all distributions, no transaction costs or taxes, and are net of management fees and fund operating expenses only. Total return does not include deductions at the portfolio or contract level for cost of insurance charges, premium load, administrative charges, mortality and expense risk charges or other charges that may be incurred under the variable annuity contract, variable life insurance plan or retirement plan for which the Portfolio serves as an underlying investment vehicle. If these charges were deducted, the total return figures would be lower. Please refer to the variable insurance product or retirement plan disclosure documents for any additional applicable expenses. Investing in the stock market involves gains and losses and may not be suitable for all investors.

(i) *Since inception returns are calculated from Class I-2 inception date. Class S shares returns prior to their commencement of operations are those of Class I-2 shares adjusted to reflect the higher expenses of Class S shares.*

PORTFOLIO SUMMARY†
December 31, 2013 (Unaudited)

SECTORS	Alger Large Cap Growth Portfolio
Consumer Discretionary	20.1%
Consumer Staples	1.9
Energy	4.5
Financials	9.1
Health Care	14.1
Industrials	11.8
Information Technology	31.2
Materials	3.0
Telecommunication Services	1.0
Short-Term Investments and Net Other Assets	3.3
	100.0%

† *Based on net assets for the Portfolio.*

Schedule of Investments‡ December 31, 2013

COMMON STOCKS—92.8%	SHARES	VALUE
AEROSPACE & DEFENSE—4.6%		
Honeywell International, Inc.	25,185	$ 2,301,153
Precision Castparts Corp.	17,750	4,780,075
The Boeing Co.	56,350	7,691,212
		14,772,440
AIRLINES—0.7%		
Delta Air Lines, Inc.	80,200	**2,203,094**
APPAREL ACCESSORIES & LUXURY GOODS—1.5%		
Fifth & Pacific Cos, Inc.*	98,325	3,153,283
PVH Corp.	11,875	1,615,237
		4,768,520
APPLICATION SOFTWARE—1.2%		
Salesforce.com, Inc.*	28,000	1,545,320
Workday, Inc.*	26,775	2,226,609
		3,771,929
ASSET MANAGEMENT & CUSTODY BANKS—0.6%		
WisdomTree Investments, Inc.*	104,000	**1,841,840**
AUTO PARTS & EQUIPMENT—1.5%		
BorgWarner, Inc.	57,500	3,214,825
WABCO Holdings, Inc.*	17,150	1,601,981
		4,816,806
AUTOMOBILE MANUFACTURERS—1.5%		
General Motors Co.*	77,150	3,153,121
Tesla Motors, Inc.*	10,800	1,624,104
		4,777,225
BIOTECHNOLOGY—5.3%		
Alexion Pharmaceuticals, Inc.*	21,965	2,922,663
Biogen Idec, Inc.*	14,150	3,958,463
BioMarin Pharmaceutical, Inc.*	12,950	909,996
Gilead Sciences, Inc.*	99,575	7,483,061
Pharmacyclics, Inc.*	13,950	1,475,631
		16,749,814
BROADCASTING—1.5%		
CBS Corp., Cl. B	75,400	**4,805,996**
BUILDING PRODUCTS—0.7%		
Lennox International, Inc.	27,975	**2,379,554**
CABLE & SATELLITE—2.5%		
Comcast Corporation, Cl. A	60,925	3,165,968
Liberty Global, Inc., Cl. A*	35,500	3,159,145
Time Warner Cable, Inc.	11,500	1,558,250
		7,883,363
CASINOS & GAMING—1.6%		
Las Vegas Sands Corp.	25,400	2,003,298

COMMON STOCKS—(CONT.)	SHARES	VALUE
CASINOS & GAMING—(CONT.)		
MGM Resorts International*	137,475	$ 3,233,412
		5,236,710
COMMUNICATIONS EQUIPMENT—2.2%		
F5 Networks, Inc.*	18,100	1,644,566
QUALCOMM, Inc.	72,250	5,364,562
		7,009,128
COMPUTER HARDWARE—7.7%		
Apple, Inc.	37,350	20,957,458
Stratasys Ltd.*	25,800	3,475,260
		24,432,718
COMPUTER STORAGE & PERIPHERALS—1.7%		
Western Digital Corp.	62,775	**5,266,823**
CONSTRUCTION & ENGINEERING—0.8%		
Quanta Services, Inc.*	77,700	**2,452,212**
CONSTRUCTION & FARM MACHINERY & HEAVY TRUCKS—1.7%		
Cummins, Inc.	38,350	**5,406,199**
CONSTRUCTION MATERIALS—0.8%		
Eagle Materials, Inc.	31,850	**2,466,145**
CONSUMER FINANCE—1.0%		
American Express Co.	35,400	**3,211,842**
DATA PROCESSING & OUTSOURCED SERVICES—3.5%		
Alliance Data Systems Corp.*	17,350	4,561,835
Visa, Inc., Cl. A	29,750	6,624,730
		11,186,565
FOOD RETAIL—1.0%		
Whole Foods Market, Inc.	54,650	**3,160,410**
GENERAL MERCHANDISE STORES—0.9%		
Dollar General Corp.*	45,350	**2,735,512**
HEALTH CARE EQUIPMENT—1.7%		
CR Bard, Inc.	11,000	1,473,340
St. Jude Medical, Inc.	38,600	2,391,270
Zimmer Holdings, Inc.	16,650	1,551,613
		5,416,223
HEALTH CARE FACILITIES—2.6%		
HCA Holdings, Inc.*	127,800	6,097,338
Tenet Healthcare Corporation*	53,250	2,242,890
		8,340,228
HEALTH CARE SERVICES—1.2%		
Express Scripts, Inc.*	53,400	**3,750,816**
HEALTH CARE TECHNOLOGY—0.5%		
athenahealth, Inc.*	10,750	**1,445,875**
HOME IMPROVEMENT RETAIL—2.0%		
The Home Depot, Inc.	76,575	**6,305,186**

COMMON STOCKS—(CONT.)	SHARES	VALUE
HOMEBUILDING—1.9%		
Lennar Corp., Cl. A	129,350	$ 5,117,086
Standard Pacific Corp.*	115,950	1,049,348
		6,166,434
HOTELS RESORTS & CRUISE LINES—0.6%		
Extended Stay America, Inc.*	50,350	1,322,191
Hilton Worldwide Holdings, Inc.*	32,000	712,000
		2,034,191
INDUSTRIAL CONGLOMERATES—1.0%		
Danaher Corp.	41,250	**3,184,500**
INDUSTRIAL GASES—0.9%		
Praxair, Inc.	22,600	**2,938,678**
INDUSTRIAL MACHINERY—1.0%		
Pall Corp.	36,100	**3,081,135**
INTERNET RETAIL—3.6%		
Amazon.com, Inc.*	22,850	9,112,351
priceline.com, Inc.*	2,000	2,324,800
		11,437,151
INTERNET SOFTWARE & SERVICES—10.2%		
Cornerstone OnDemand, Inc.*	89,025	4,748,593
Facebook, Inc.*	149,775	8,186,702
Google, Inc., Cl. A*	10,825	12,131,686
OpenTable, Inc.*	26,525	2,105,289
Trulia, Inc.*	25,600	902,912
Yahoo! Inc.*	107,586	4,350,778
		32,425,960
LIFE & HEALTH INSURANCE—0.7%		
Lincoln National Corp.	45,250	**2,335,805**
LIFE SCIENCES TOOLS & SERVICES—0.7%		
Charles River Laboratories International, Inc.*	42,936	**2,277,325**
MOTORCYCLE MANUFACTURERS—0.5%		
Harley-Davidson, Inc.	22,425	**1,552,707**
MULTI-LINE INSURANCE—0.5%		
American International Group, Inc.	31,250	**1,595,312**
OFFICE ELECTRONICS—0.4%		
Xerox Corp.	109,600	**1,333,832**
OIL & GAS EQUIPMENT & SERVICES—1.2%		
Cameron International Corp.*	40,260	2,396,678
Halliburton Company	30,430	1,544,322
		3,941,000
OIL & GAS EXPLORATION & PRODUCTION—3.3%		
Cabot Oil & Gas Corp.	61,850	2,397,306
Denbury Resources, Inc.*	140,900	2,314,987
Pioneer Natural Resources Co.	21,000	3,865,470

COMMON STOCKS—(CONT.)	SHARES	VALUE
OIL & GAS EXPLORATION & PRODUCTION—(CONT.)		
Whiting Petroleum Corp.*	33,600	$ 2,078,832
		10,656,595
OTHER DIVERSIFIED FINANCIAL SERVICES—0.4%		
Citigroup, Inc.	24,200	**1,261,062**
PHARMACEUTICALS—2.1%		
Actavis plc.*	13,760	2,311,680
Perrigo Co., Plc.	9,900	1,519,254
Zoetis, Inc.	91,200	2,981,328
		6,812,262
REAL ESTATE SERVICES—1.5%		
Jones Lang LaSalle, Inc.	45,335	**4,641,851**
RESEARCH & CONSULTING SERVICES—0.4%		
Verisk Analytics, Inc., Cl. A*	18,726	**1,230,673**
SEMICONDUCTOR EQUIPMENT—1.2%		
ASML Holding NV#	16,337	1,530,777
Lam Research Corp.*	44,100	2,401,245
		3,932,022
SEMICONDUCTORS—2.2%		
Avago Technologies Ltd.	56,600	2,993,574
Micron Technology, Inc.*	181,775	3,955,424
		6,948,998
SOFT DRINKS—0.5%		
Monster Beverage Corp.*	24,250	**1,643,423**
SPECIALIZED FINANCE—0.5%		
IntercontinentalExchange Group, Inc.	6,900	**1,551,948**
SPECIALTY CHEMICALS—1.3%		
Rockwood Holdings, Inc.	55,600	**3,998,752**
SPECIALTY STORES—0.5%		
Tiffany & Co.	17,150	**1,591,177**
SYSTEMS SOFTWARE—0.9%		
ServiceNow, Inc.*	49,100	**2,750,091**
TOBACCO—0.4%		
Lorillard, Inc.	24,150	**1,223,922**
TRADING COMPANIES & DISTRIBUTORS—0.9%		
United Rentals, Inc.*	36,650	**2,856,868**
WIRELESS TELECOMMUNICATION SERVICES—1.0%		
Crown Castle International Corp.*	43,800	**3,216,234**
TOTAL COMMON STOCKS		
(Cost $252,267,751)		**295,213,081**

MASTER LIMITED PARTNERSHIP—3.9%	SHARES	VALUE
ASSET MANAGEMENT & CUSTODY BANKS—2.6%		
Blackstone Group LP.	217,325	6,845,737

MASTER LIMITED PARTNERSHIP—(CONT.)	SHARES		VALUE
ASSET MANAGEMENT & CUSTODY BANKS—(CONT.)			
The Carlyle Group LP	43,475	$	1,548,580
			8,394,317
INVESTMENT BANKING & BROKERAGE—1.3%			
Apollo Global Management LLC.	127,400		**4,027,114**
TOTAL MASTER LIMITED PARTNERSHIP			
(Cost $10,587,642)			**12,421,431**

CONVERTIBLE NOTES—0.0%	PRINCIPAL AMOUNT		VALUE
ADVERTISING—0.0%			
Choicestream, Inc., 15.00%, 3/31/2014[L3]	102,423		**102,423**
(Cost $102,423)			**102,423**
Total Investments			
(Cost $262,957,816)[(a)]	96.7%		**307,736,935**
Other Assets in Excess of Liabilities	3.3%		**10,391,507**
NET ASSETS	100.0%	**$**	**318,128,442**

‡ *Securities classified as Level 1 for ASC 820 disclosure purposes based on valuation inputs unless otherwise noted.*

* *Non-income producing security.*

\# *American Depositary Receipts.*

L3 *Security classified as Level 3 for ASC 820 disclosure purposes based on valuation inputs.*

(a) *At December 31, 2013, the net unrealized appreciation on investments, based on cost for federal income tax purposes of $263,091,823, amounted to $44,645,112 which consisted of aggregate gross unrealized appreciation of $45,662,630 and aggregate gross unrealized depreciation of $1,017,518.*

Industry classifications are unaudited.
See Notes to Financial Statements.

THE ALGER PORTFOLIOS
Statement of Assets and Liabilities December 31, 2013

		Alger Large Cap Growth Portfolio
ASSETS:		
Investments in securities, at value (Identified cost below)* see accompanying schedules of investments	$	307,736,935
Cash and cash equivalents		10,779,781
Receivable for shares of beneficial interest sold		146,579
Dividends and interest receivable		98,999
Prepaid expenses		14,479
Total Assets		318,776,773
LIABILITIES:		
Payable for shares of beneficial interest redeemed		328,365
Accrued investment advisory fees		196,020
Accrued transfer agent fees		17,648
Accrued distribution fees		1,144
Accrued administrative fees		7,592
Accrued shareholder administrative fees		2,761
Accrued other expenses		94,801
Total Liabilities		648,331
NET ASSETS	**$**	**318,128,442**
NET ASSETS CONSIST OF:		
Paid in capital (par value of $.001 per share)		273,329,468
Undistributed net investment income		680,357
Undistributed net realized gain (accumulated realized loss)		(660,501)
Net unrealized appreciation on investments		44,779,118
NET ASSETS	**$**	**318,128,442**
* Identified cost	$	262,957,816

See Notes to Financial Statements.

		Alger Large Cap Growth Portfolio
NET ASSETS BY CLASS:		
Class I-2	$	312,953,590
Class S	$	5,174,852
SHARES OF BENEFICIAL INTEREST OUTSTANDING — NOTE 6:		
Class I-2		4,983,210
Class S		82,927
NET ASSET VALUE PER SHARE:		
Class I-2 — Net Asset Value Per Share	$	62.80
Class S — Net Asset Value Per Share	$	62.40

See Notes to Financial Statements.

THE ALGER PORTFOLIOS
Statement of Operations For the year ended December 31, 2013

		Alger Large Cap Growth Portfolio
INCOME:		
Dividends (net of foreign withholding taxes*)	$	3,528,931
Interest		65,720
Total Income		3,594,651
EXPENSES:		
Advisory fees — Note 3(a)		2,074,578
Distribution fees — Note 3(c)		
Class S		12,900
Shareholder administrative fees — Note 3(f)		29,219
Administration fees — Note 3(b)		80,353
Custodian fees		41,326
Interest expenses		933
Transfer agent fees and expenses		66,713
Printing fees		101,750
Professional fees		51,105
Registration fees		16,497
Trustee fees — Note 3(g)		21,834
Fund accounting fees		51,475
Miscellaneous		29,225
Total Expenses		2,577,908
NET INVESTMENT INCOME		1,016,743
REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS, OPTIONS AND FOREIGN CURRENCY:		
Net realized gain on investments and purchased options		66,381,885
Net realized (loss) on foreign currency transactions		(2,318)
Net change in unrealized appreciation on investments, options and foreign currency		21,375,921
Net realized and unrealized gain on investments, options, and foreign currency		87,755,488
NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS	**$**	**88,772,231**
* Foreign withholding taxes	$	4,208

See Notes to Financial Statements.

THE ALGER PORTFOLIOS
Statements of Changes in Net Assets

	Alger Large Cap Growth Portfolio	
	For the Year Ended December 31, 2013	For the Year Ended December 31, 2012
Net investment income	$ 1,016,743	$ 3,944,960
Net realized gain on investments, options and foreign currency	66,379,567	15,350,627
Net change in unrealized appreciation on investments, options and foreign currency	21,375,921	9,666,661
Net increase in net assets resulting from operations	88,772,231	28,962,248
Dividends and distributions to shareholders from:		
Net investment income:		
Class I-2	(2,234,492)	(3,483,923)
Class S	(11,174)	(13,010)
Total dividends and distributions to shareholders	(2,245,666)	(3,496,933)
Increase (decrease) from shares of beneficial interest transactions:		
Class I-2	(49,176,833)	(48,720,991)
Class S	(1,338,236)	(2,202,969)
Net decrease from shares of beneficial interest transactions — Note 6	(50,515,069)	(50,923,960)
Total increase (decrease)	36,011,496	(25,458,645)
Net Assets:		
Beginning of period	282,116,946	307,575,591
END OF PERIOD	**$ 318,128,442**	**$ 282,116,946**
Undistributed net investment income	$ 680,357	$ 2,192,047

See Notes to Financial Statements.

Alger Large Cap Growth Portfolio

	Class I-2				
	Year ended 12/31/2013	Year ended 12/31/2012	Year ended 12/31/2011	Year ended 12/31/2010	Year ended 12/31/2009
Net asset value, beginning of period	$ 46.82	$ 43.13	$ 43.68	$ 38.80	$ 26.48
INCOME FROM INVESTMENT OPERATIONS:					
Net investment income[i]	0.19	0.59	0.26	0.40	0.26
Net realized and unrealized gain (loss) on investments	16.23	3.65	(0.37)	4.77	12.27
Total from investment operations	16.42	4.24	(0.11)	5.17	12.53
Dividends from net investment income	(0.44)	(0.55)	(0.44)	(0.29)	(0.21)
Net asset value, end of period	$ 62.80	$ 46.82	$ 43.13	$ 43.68	$ 38.80
Total return	35.08%	9.87%	(0.35)%	13.39%	47.57%
RATIOS/SUPPLEMENTAL DATA:					
Net assets, end of period (000's omitted)	$ 312,953	$ 277,121	$ 300,951	$ 345,893	$ 350,117
Ratio of gross expenses to average net assets	0.88%	0.87%	0.85%	0.85%	0.87%
Ratio of expense reimbursements to average net assets	–	–	–	–	–
Ratio of net expenses to average net assets	0.88%	0.87%	0.85%	0.85%	0.87%
Ratio of net investment income (loss) to average net assets	0.35%	1.28%	0.59%	1.02%	0.83%
Portfolio turnover rate	220.66%	154.11%	53.27%	53.52%	74.63%

See Notes to Financial Statements.

[i] *Amount was computed based on average shares outstanding during the period.*

Alger Large Cap Growth Portfolio

	Class S				
	Year ended 12/31/2013	Year ended 12/31/2012	Year ended 12/31/2011	Year ended 12/31/2010	Year ended 12/31/2009
Net asset value, beginning of period	$ 46.46	$ 42.58	$ 43.11	$ 38.38	$ 26.23
INCOME FROM INVESTMENT OPERATIONS:					
Net investment income (loss)[i]	(0.01)	0.36	0.08	0.23	0.18
Net realized and unrealized gain (loss) on investments	16.08	3.62	(0.37)	4.70	12.15
Total from investment operations	16.07	3.98	(0.29)	4.93	12.33
Dividends from net investment income	(0.13)	(0.10)	(0.24)	(0.20)	(0.18)
Net asset value, end of period	$ 62.40	$ 46.46	$ 42.58	$ 43.11	$ 38.38
Total return	34.57%	9.38%	(0.76)%	12.91%	47.25%
RATIOS/SUPPLEMENTAL DATA:					
Net assets, end of period (000's omitted)	$ 5,175	$ 4,996	$ 6,625	$ 8,369	$ 9,318
Ratio of gross expenses to average net assets	1.25%	1.31%	1.25%	1.27%	1.12%
Ratio of expense reimbursements to average net assets	–	–	–	–	–
Ratio of net expenses to average net assets	1.25%	1.31%	1.25%	1.27%	1.12%
Ratio of net investment income (loss) to average net assets	(0.01)%	0.78%	0.19%	0.60%	0.58%
Portfolio turnover rate	220.66%	154.11%	53.27%	53.52%	74.63%

See Notes to Financial Statements.

[i] *Amount was computed based on average shares outstanding during the period.*

NOTE 1 — General:

The Alger Portfolios (the "Fund") is a diversified, open-end registered investment company organized as a business trust under the laws of the Commonwealth of Massachusetts. The Fund operates as a series company currently issuing seven series of shares of beneficial interest: the Alger Capital Appreciation Portfolio, Alger Large Cap Growth Portfolio, Alger Mid Cap Growth Portfolio, Alger SMid Cap Growth Portfolio, Alger Small Cap Growth Portfolio, Alger Growth & Income Portfolio, and Alger Balanced Portfolio (collectively the "Portfolios"). These financial statements include only the Alger Large Cap Growth Portfolio (the "Portfolio"). The Portfolio invests primarily in equity securities and has an investment objective of long-term capital appreciation. Shares of the Portfolio are available to investment vehicles for variable annuity contracts and variable life insurance policies offered by separate accounts of life insurance companies, as well as qualified pension and retirement plans.

The Portfolio offers Class I-2 shares and Class S shares. Each class has identical rights to assets and earnings except that only Class S shares have a plan of distribution and bear the related expenses.

NOTE 2 — Significant Accounting Policies:

(a) Investment Valuation: The Portfolio values its financial instruments at fair value using independent dealers or pricing services under policies approved by the Funds Board of Trustees. Investments of the Portfolio are valued on each day the New York Stock Exchange (the "NYSE") is open, as of the close of the NYSE (normally 4:00 p.m. Eastern time).

Equity securities and option contracts for which such information is readily available are valued at the last reported sales price or official closing price as reported by an independent pricing service on the primary market or exchange on which they are traded. In the absence of reported sales, securities are valued at a price within the bid and ask price or, in the absence of a recent bid or ask price, the equivalent as obtained from one or more of the major market makers for the securities to be valued.

Debt securities generally trade in the over-the-counter market. Securities with remaining maturities of more than sixty days at the time of acquisition are valued on the basis of last available bid prices or current market quotations provided by dealers or pricing services. In determining the value of a particular investment, pricing services may use certain information with respect to transactions in such investments, quotations from dealers, pricing matrixes, market transactions in comparable investments, various relationships observed in the market between investments and calculated yield measures based on valuation technology commonly employed in the market for such investments. Asset-backed and mortgage-backed securities are valued by independent pricing services using models that consider estimated cash flows of each tranche of the security, establish a benchmark yield and develop an estimated tranche-specific spread to the benchmark yield based on the unique attributes of the tranche. Debt securities with a remaining maturity of sixty days or less are valued at amortized cost which approximates market value.

Securities for which market quotations are not readily available are valued at fair value, as determined in good faith pursuant to procedures established by the Board of Trustees.

Securities in which the Portfolio invests may be traded in foreign markets that close before the close of the NYSE. Developments that occur between the close of the foreign markets and the close of the NYSE may result in adjustments to the closing prices to reflect what the investment adviser, pursuant to policies established by the Board of Trustees, believes to be the fair value of these securities as of the close of the NYSE. The Portfolio may also fair value securities in other situations, for example, when a particular foreign market is closed but the Portfolio is open.

Financial Accounting Standards Board Accounting Standards Codification 820 – Fair Value Measurements and Disclosures ("ASC 820") defines fair value as the price that the Portfolio would receive upon selling an investment in a timely transaction to an independent buyer in the principal or most advantageous market of the investment. ASC 820 established a three-tier hierarchy to maximize the use of observable market data and minimize the use of unobservable inputs and to establish classification of fair value measurements for disclosure purposes. "Inputs" refer broadly to the assumptions that market participants would use in pricing the asset or liability and may be observable or unobservable. Observable inputs are based on market data obtained from sources independent of the Portfolio. Unobservable inputs are inputs that reflect the Portfolio's, own assumptions based on the best information available in the circumstances. The three-tier hierarchy of inputs is summarized in the three broad Levels listed below.

- Level 1 – quoted prices in active markets for identical investments
- Level 2 – significant other observable inputs (including quoted prices for similar investments, interest rates, prepayment speeds, credit risk, etc.)
- Level 3 – significant unobservable inputs (including the Portfolio's, own assumptions in determining the fair value of investments)

The Portfolio's valuation techniques are consistent with the market approach whereby prices and other relevant information generated by market transactions involving identical or comparable assets are used to measure fair value. Inputs for Level 1 include exchange-listed prices and broker quotes in an active market. Inputs for Level 2 include the last trade price in the case of a halted security, an exchange-listed price which has been adjusted for fair value factors, and prices of closely related securities. Additional Level 2 inputs include an evaluated price which is based upon on a compilation of observable market information such as spreads for fixed income and preferred securities. Valuation techniques for Level 3 securities also may include using the income approach whereby future amounts are converted, or discounted, to a current single amount. These fair value measurements are determined on the basis of the value indicated by current market expectations about such future events. Inputs for Level 3 include unobservable market information which can include cash flows and other information obtained from a company's financial statements, or from market indicators such as benchmarks and indices.

Valuation processes are determined by a Valuation Committee ("Committee") established by the Fund's Board of Trustees ("Board") and comprised of representatives of the Fund's investment advisor. The Committee reports its valuation determinations to the Board which is responsible for approving valuation policy and procedures.

While the Committee meets on an as needed basis, the Committee formally meets quarterly to review and evaluate the effectiveness of the procedures for making fair value determinations. The Committee considers, among other things, the results of quarterly back testing of the fair value model for foreign securities, pricing comparisons between primary and secondary price sources, the outcome of price challenges put to the Portfolios' pricing vendor, and variances between transactional prices and previous mark-to-markets.

The Portfolio will record a change to a security's fair value level if new inputs are available or it becomes evident that inputs previously considered for leveling have changed or are no longer relevant. Transfers between Levels 1 and 2 are recognized at the end of the reporting period, and transfers into and out of Level 3 are recognized during the reporting period.

(b) Cash and Cash Equivalents: Cash and cash equivalents include U.S. dollars, foreign cash and overnight time deposits.

(c) Security Transactions and Investment Income: Security transactions are recorded on a trade date basis. Realized gains and losses from security transactions are recorded on the identified cost basis. Dividend income is recognized on the ex-dividend date and interest income is recognized on the accrual basis.

Premiums and discounts on debt securities purchased are amortized or accreted over the lives of the respective securities.

(d) Foreign Currency Transactions: The books and records of the Portfolio are maintained in U.S. dollars. Foreign currencies, investments and other assets and liabilities are translated into U.S. dollars at the prevailing rates of exchange on the valuation date. Purchases and sales of investment securities and income and expenses are translated into U.S. dollars at the prevailing exchange rates on the respective dates of such transactions.

Net realized gains and losses on foreign currency transactions represent net gains and losses from the disposition of foreign currencies, currency gains and losses realized between the trade dates and settlement dates of security transactions, and the difference between the amount of net investment income accrued and the U.S. dollar amount actually received. The effects of changes in foreign currency exchange rates on investments in securities are included in realized and unrealized gain or loss on investments in the Statement of Operations.

(e) Option Contracts: When a Portfolio writes an option, an amount equal to the premium received by the Portfolio is recorded as a liability and is subsequently adjusted to the current fair value of the option written. Premiums received from writing options that expire unexercised are treated by the Portfolio on the expiration date as realized gains from investments. The difference between the premium and the amount paid on

effecting a closing purchase transaction, including brokerage commissions, is also treated as a realized gain, or, if the premium is less than the amount paid for the closing purchase transaction, as a realized loss. If a written call option is exercised, the premium is added to the proceeds from the sale of the underlying security in determining whether the Portfolio has realized a gain or loss. If a written put option is exercised, the premium reduces the cost basis of the securities purchased by the Portfolio. The Portfolio as writer of an option bears the market risk of an unfavorable change in the price of the security underlying the written option.

The Portfolio may also purchase put and call options. The Portfolio pays a premium which is included in the Portfolio's Statement of Assets and Liabilities as an investment and subsequently marked to market to reflect the current value of the option. Premiums paid for purchasing options which expire are treated as realized losses. The risk of loss associated with purchasing put and call options is limited to the premium paid. Premiums paid for purchasing options which are exercised or closed are added to the amounts paid or offset against the proceeds on the underlying security to determine the realized gain or loss.

(f) Lending of Fund Securities: The Portfolio may lend its securities to financial institutions, provided that the market value of the securities loaned will not at any time exceed one third of the Portfolio's total assets, as defined in its prospectuses. The Portfolio earns fees on the securities loaned, which are included in interest income in the accompanying Statement of Operations. In order to protect against the risk of failure by the borrower to return the securities loaned or any delay in the delivery of such securities, the loan is collateralized by cash or securities that are maintained with the Custodian in an amount equal to at least 102 percent of the current market value of U.S. loaned securities or 105 percent for non-U.S. loaned securities. The market value of the loaned securities is determined at the close of business of the Portfolio. Any required additional collateral is delivered to the Custodian and any excess collateral is returned to the borrower on the next business day. In the event the borrower fails to return the loaned securities when due, the Portfolio may take the collateral to replace the securities. If the value of the collateral is less than the purchase cost of replacement securities, the Custodian shall be responsible for any shortfall, but only to the extent that the shortfall is not due to any diminution in collateral value, as defined in the securities lending agreement. The Portfolio is required to maintain the collateral in a segregated account and determine its value each day until the loaned securities are returned. Cash collateral may be invested as determined by the Portfolio. Collateral is returned to the borrower upon settlement of the loan.

(g) Dividends to Shareholders: Dividends and distributions payable to shareholders are recorded by the Portfolio on the ex-dividend date.

Dividends from net investment income are declared and paid annually. Dividends from net realized gains, offset by any loss carryforward, are declared and paid annually after the end of the fiscal year in which earned.

Each class is treated separately in determining the amounts of dividends from net investment income payable to holders of its shares.

The characterization of distributions to shareholders for financial reporting purposes is determined in accordance with federal income tax rules. Capital accounts within the financial statements are adjusted for permanent book/tax differences. Reclassifications result primarily from the difference in tax treatment of net operating losses, realized gain or loss from foreign currency transactions, and realized gains from redemptions in kind, if any. The reclassifications are done annually at year end and have no impact on the net asset values of the Portfolio and were designed to present the Portfolio's capital accounts on a tax basis.

(h) Federal Income Taxes: It is the Portfolio's policy to comply with the requirements of the Internal Revenue Code Subchapter M applicable to regulated investment companies and to distribute all of the taxable income, including net realized capital gains, of the Portfolio to its shareholders. Therefore, no federal income tax provision is required.

Financial Accounting Standards Board Accounting Standards Codification 740 – Income Taxes ("ASC 740") requires the Portfolio to measure and recognize in its financial statements the benefit of a tax position taken (or expected to be taken) on an income tax return if such position will more likely than not be sustained upon examination based on the technical merits of the position. No tax years are currently under investigation. The Portfolio files income tax returns in the U.S. Federal jurisdiction, as well as the New York State and New York City jurisdictions. The statute of limitations on the Portfolio's tax returns remains open for the tax years 2010-2013. Management does not believe there are any uncertain tax positions that require recognition of a tax liability.

(i) Allocation Methods: The Fund accounts separately for the assets, liabilities and operations of the Portfolio. Expenses directly attributable to the Portfolio are charged to that Portfolio's operations; expenses which are applicable to all Portfolios are allocated among them based on net assets. Income, realized and unrealized gains and losses, and expenses of the Portfolio are allocated among the Portfolio's classes based on relative net assets, with the exception of distribution fees and transfer agency fees.

(j) Estimates: These financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America, which require using estimates and assumptions that affect the reported amounts therein. Actual results may differ from those estimates.

NOTE 3 — Investment Advisory Fees and Other Transactions with Affiliates:

(a) Investment Advisory Fees: The fees incurred by the Portfolio, pursuant to the provisions of the Fund's Investment Advisory Agreement with Fred Alger Management, Inc., are payable monthly and computed based on the following rates. The actual rate paid as a percentage of average daily net assets, for the year ended December 31, 2013, is set forth below under the heading "Actual Rate."

	Tier 1	Tier 2	Actual Rate
Alger Large Cap Growth Portfolio[(a)]	0.710%	0.600%	0.710%

(a) *Tier 1 rate is paid on assets up to $1 billion and Tier 2 rate is paid on assets in excess of $1 billion.*

(b) Administration Fees: Fees incurred by the Portfolio, pursuant to the provisions of the Fund's Administration Agreement with Fred Alger Management, Inc., are payable monthly and computed based on the average daily net assets of the Portfolio at the annual rate of 0.0275%.

(c) Distribution Fees: Class S shares—The Fund has adopted a Distribution Plan pursuant to which Class S shares of the Portfolio pays Fred Alger & Company, Incorporated, the Fund's distributor (the "Distributor" or "Alger Inc."), a fee at the annual rate of .25% of the respective average daily net assets of the Class S shares of the designated Portfolio to compensate the Distributor for its activities and expenses incurred in distributing the Class S shares. The fees paid may be more or less than the expenses incurred by Alger Inc.

(d) Brokerage Commissions: During the year ended December 31, 2013, the Portfolio paid Alger Inc. $241,043, in connection with securities transactions.

(e) Interfund Loans: The Portfolio, along with other funds advised by Alger Management, may borrow money from and lend money to each other for temporary or emergency purposes. To the extent permitted under its investment restrictions, the Portfolio may lend uninvested cash in an amount up to 15% of its net assets to other Funds. If the Portfolio has borrowed from other Funds and has aggregate borrowings from all sources that exceed 10% of the Portfolio's total assets, the Portfolio will secure all of its loans from other Funds. The interest rate charged on interfund loans is equal to the average of the overnight time deposit rate and bank loan rate available to the Portfolios. There were no interfund loans outstanding for the year ended December 31, 2013.

During the year ended December 31, 2013, the Portfolio incurred interest expense of $618 in connection with interfund loans.

(f) Shareholder Administrative Fees: The Fund has entered into a shareholder administrative services agreement with Alger Management to compensate Alger Management for its liaison and administrative oversight of Boston Financial Data Services, Inc., the transfer agent, and other related services. The Portfolio compensates Alger Management at the annual rate of 0.01% of the average daily net assets for these services.

(g) Trustee Fees: From January 1, 2013, through February 28, 2013, the Portfolio paid each trustee who is not affiliated with Alger Management or its affiliates $750 for each meeting attended, to a maximum of $3,000 per annum, plus travel expenses incurred for attending the meeting. The chairman of the Board of Trustees received an additional annual fee of $15,000 which was paid, pro rata by each Fund in the Alger Fund Complex. The term "Alger Fund Complex" refers to the Fund, The Alger Funds, The Alger Institutional Funds, Alger Global Growth Fund and The Alger Funds II, each of which is a registered investment company managed by Fred Alger Management, Inc. Additionally, each member of the audit committee received an additional $75 for each audit committee meeting attended, to a maximum of $300 per annum.

Effective March 1, 2013, the Portfolio pays each trustee who is not affiliated with Alger Management or its affiliates $880 for each meeting attended, to a maximum of $3,520 per annum, plus travel expenses incurred for attending the meeting. The Chairman of the Board receives an additional annual fee of $22,500 which is paid, pro rata by each Fund in the Alger Fund Complex. Additionally, each member of a Portfolios' audit committee receives $75 from the Portfolio for each audit committee meeting attended, to a maximum of $300 per annum.

(b) Other Transactions With Affiliates: Certain officers of the Fund are directors and officers of Alger Management and the Distributor.

NOTE 4 — Securities Transactions:

Purchases and sales of securities, other than U.S. Government and short-term securities, for the year ended December 31, 2013, were as follows:

	PURCHASES	SALES
Alger Large Cap Growth Portfolio	$629,255,245	$678,845,167

NOTE 5 — Borrowings:

The Portfolio may borrow from its custodian on an uncommitted basis. The Portfolio pays the custodian a market rate of interest, generally based upon the London Inter-Bank Offered Rate. The Portfolio may also borrow from other portfolios advised by Alger Management, as discussed in Note 3 (e). For the year ended December 31, 2013, the Portfolio had the following borrowings.

	AVERAGE DAILY BORROWING	WEIGHTED AVERAGE INTEREST RATE
Alger Large Cap Growth Portfolio	$ 70,025	1.33%

The highest amount borrowed during the year ended December 31, 2013, for the Portfolio was as follows:

	HIGHEST BORROWING
Alger Large Cap Growth Portfolio	$ 1,885,000

NOTE 6 — Share Capital:

The Portfolio has an unlimited number of authorized shares of beneficial interest of $.001 par value for each share class. During the year ended December 31, 2013 and the year ended December 31, 2012, transactions of shares of beneficial interest were as follows:

	FOR THE YEAR ENDED DECEMBER 31, 2013		FOR THE YEAR ENDED DECEMBER 31, 2012	
	SHARES	AMOUNT	SHARES	AMOUNT
Alger Large Cap Growth Portfolio				
Class I-2:				
Shares sold	304,607	$ 16,435,420	352,783	$ 16,395,249
Dividends reinvested	36,363	2,234,492	74,235	3,483,746
Shares redeemed	(1,277,198)	(67,846,745)	(1,486,128)	(68,599,986)
Net decrease	**(936,228)**	**$ (49,176,833)**	**(1,059,110)**	**$ (48,720,991)**
Class S:				
Shares sold	3,568	$ 176,667	4,274	$ 194,444
Dividends reinvested	183	11,175	280	13,010
Shares redeemed	(28,356)	(1,526,078)	(52,614)	(2,410,423)
Net decrease	**(24,605)**	**$ (1,338,236)**	**(48,060)**	**$ (2,202,969)**

NOTE 7 — Income Tax Information:

The tax character of distributions paid during the year ended December 31, 2013 and the year ended December 31, 2012 were as follows:

	FOR THE YEAR ENDED DECEMBER 31, 2013	FOR THE YEAR ENDED DECEMBER 31, 2012
Alger Large Cap Growth Portfolio		
Distributions paid from:		
Ordinary Income	$ 2,245,666	$ 3,496,933
Long-term capital gain	—	—
Total distributions paid	**$ 2,245,666**	**$ 3,496,933**

As of December 31, 2013 the components of accumulated gains (losses) on a tax basis were as follows:

Alger Large Cap Growth Portfolio	
Undistributed ordinary income	$ 440,094
Undistributed long-term gains	—
Net accumulated earnings	440,094
Capital loss carryforwards	(286,232)
Net unrealized appreciation	44,645,112
Total accumulated earnings	$ 44,798,974

At December 31, 2013, the Portfolio, for federal income tax purposes, had capital loss carryforwards which expire as set forth in the table below. These amounts may be applied against future net realized gains until the earlier of their utilization or expiration. The amount utilized in any given year may be limited by certain provisions of the Internal Revenue Code.

Expiration Dates	Alger Large Cap Growth Portfolio
2017	$ 286,232
Total	286,232

Net capital losses incurred after October 31 and within the taxable year are deemed to arise on the first business day of the Portfolio's next taxable year.

Under the Regulated Investment Company Modernization Act of 2010, capital losses incurred by the Portfolio on or after January 1, 2011 will not be subject to expiration. In addition, losses incurred on or after January 1, 2011 must be utilized prior to the utilization of capital loss carryforwards above.

During the year ended December 31, 2013 the Portfolio utilized $66,233,917, of its capital loss carryforwards.

The difference between book-basis and tax-basis unrealized appreciation (depreciation) is determined annually and is attributable primarily to the tax deferral of losses on wash sales, 988 currency transactions, the tax treatment of partnerships investments, the realization of unrealized appreciation of Passive Foreign Investment Companies, and return of capital from Real Estate Investment Trust investments.

Permanent differences primarily from net operating losses, real estate investment trusts and partnership investments sold by the Portfolio, resulted in the following reclassifications among the Portfolio's components of net assets at December 31, 2013:

Alger Large Cap Growth Portfolio		
Accumulated undistributed net investment income (accumulated loss)	$	(282,767)
Accumulated net realized gain (accumulated realized loss)	$	282,767
Paid-in Capital	$	–

NOTE 8 — Fair Value Measurements:

The major categories of securities and their respective fair value inputs are detailed in the Portfolio's Schedule of Investments. Based upon the nature, characteristics, and risks associated with its investments as of December 31, 2013, the Portfolio has determined that presenting them by security type and sector is appropriate.

Alger Large Cap Growth Portfolio	TOTAL FUND	LEVEL 1	LEVEL 2	LEVEL 3
COMMON STOCKS				
Consumer Discretionary	$ 64,110,978	$ 64,110,978	—	—
Consumer Staples	6,027,755	6,027,755	—	—
Energy	14,597,595	14,597,595	—	—
Financials	16,439,660	16,439,660	—	—
Health Care	44,792,543	44,792,543	—	—
Industrials	37,566,675	37,566,675	—	—
Information Technology	99,058,066	99,058,066	—	—
Materials	9,403,575	9,403,575	—	—
Telecommunication Services	3,216,234	3,216,234	—	—
TOTAL COMMON STOCKS	**$ 295,213,081**	**$ 295,213,081**	**—**	**—**
CONVERTIBLE NOTES				
Consumer Discretionary	102,423	—	—	102,423
MASTER LIMITED PARTNERSHIP				
Financials	12,421,431	12,421,431	—	—
TOTAL INVESTMENTS IN SECURITIES	**$ 307,736,935**	**$ 307,634,512**	**—**	**$ 102,423**

Alger Large Cap Growth Portfolio	FAIR VALUE MEASUREMENTS USING SIGNIFICANT UNOBSERVABLE INPUTS (LEVEL 3) Convertible Note
Opening balance at January 1, 2013	$ —
Transfers into Level 3	—
Transfers out of Level 3	—
Total gains or losses	
Included in net realized gain (loss) on investments	—
Included in net unrealized gain (loss) on investments	—
Purchases, issuances, sales, and settlements	
Purchases	102,423
Issuances	—
Sales	—
Settlements	—
Closing balance at December 31, 2013	102,423
The amount of total gains or losses for the period included in net realized and unrealized gain (loss) attributable to change in unrealized appreciation (depreciation) relating to investments still held at 12/31/2013	$ —

The following table provides quantitative information about our Level 3 fair value measurements of our investments as of December 31, 2013. In addition to the techniques and inputs noted in the table below, according to our valuation policy we may also use other valuation techniques and methodologies when determining our fair value

measurements. The table below is not intended to be all-inclusive, but rather provides information on the Level 3 inputs as they relate to our fair value measurements.

	Fair Value December 31, 2013	Valuation Methodology	Unobservable Input	Range
Alger Large Cap Growth Portfolio				
Convertible Note	$ 102,423	Market Approach	Revenue Multiple	0.90x to 1.8x
			EBITDA Multiple	7.6x to 14.2x

The significant unobservable inputs used in the fair value measurement of the company's securities are revenue and earnings before interest, taxes, depreciation and amortization ("EBITDA") multiples. Significant increases and decreases in these inputs in isolation and interrelationships between those inputs could result in significantly higher or lower fair value measurements as noted in the table above.

On December 31, 2013 there were no transfers of securities between Level 1 and Level 2.

Certain of the Portfolio's assets and liabilities are held at carrying amount or face value, which approximates fair value for financial statement purposes. As of December 31, 2013, such assets are categorized within the disclosure hierarchy as follows:

	TOTAL FUND	LEVEL 1	LEVEL 2	LEVEL 3
Cash, foreign cash and Cash equivalents:				
Alger Large Cap Growth Portfolio	$ 10,779,781	$ 10,779,781	—	—

NOTE 9 — Derivatives:

Financial Accounting Standards Board Accounting Standards Codification 815 – Derivatives and Hedging ("ASC 815") requires qualitative disclosures about objectives and strategies for using derivatives, quantitative disclosures about fair value amounts of and gains and losses on derivative instruments, and disclosures about credit-risk-related contingent features in derivative agreements.

Forward currency contracts—In connection with portfolio purchases and sales of securities denominated in foreign currencies, the Portfolio may enter into forward currency contracts. Additionally, the Portfolio may enter into such contracts to economically hedge certain other foreign currency denominated investments. These contracts are valued at the current cost of covering or offsetting such contracts, and the related realized and unrealized foreign exchange gains and losses are included in the statement of operations. In the event that counterparties fail to settle these currency contracts or the related foreign security trades, a Portfolio could be exposed to foreign currency fluctuations.

Options—The Portfolio seeks to capture the majority of the returns associated with equity market investments. To meet this investment goal, the Portfolio invests in a broadly diversified portfolio of common stocks, may also buy and sell call and put options on equities and equity indices. The Portfolio may purchase call options to increase its

exposure to stock market risk and also provide diversification of risk. The Portfolio may purchase put options in order to protect from significant market declines that may occur over a short period of time. The Portfolio may write covered call and cash secured put options to generate cash flows while reducing the volatility of the portfolio. The cash flows may be an important source of the Portfolio's return, although written call options may reduce the Portfolio's ability to profit from increases in the value of the underlying security or equity portfolio. The value of a call option generally increases as the price of the underlying stock increases and decreases as the stock decreases in price. Conversely, the value of a put option generally increases as the price of the underlying stock decreases and decreases as the stock increases in price. The combination of the diversified stock portfolio and the purchase and sale of options is intended to provide the Portfolio with the majority of the returns associated with equity market investments but with reduced volatility and returns that are augmented with the cash flows from the sale of options.

During the year ended December 31, 2013, the Portfolio had no derivative instruments.

NOTE 10 — Recent Accounting Pronouncements:

In June 2013, the FASB issued ASU 2013-08, Financial Services – Investment Companies (Topic 946): Amendments to the Scope, Measurement, and Disclosure Requirements ("ASU 2013-08"). The amendments in ASU 2013-08 include an accounting update that modifies the criteria used in defining an investment company under GAAP and sets forth certain measurement and disclosure requirements. This update requires an investment company to measure noncontrolling interests in another investment company at fair value and requires an entity to disclose the fact that it is an investment company, and provide information about changes, if any, in its status as an investment company. An entity will also need to include disclosures around financial support that has been provided or is contractually required to be provided to any of its investees. The new guidance is effective for annual reporting periods beginning on or after January 1, 2014. The Fund does not believe that this will have a material impact on the financial statements.

NOTE 11 — Subsequent Events:

Management of the Portfolio has evaluated events that have occurred subsequent to December 31, 2013 through the issuance date of the Financial Statements. No such events have been identified which require recognition and disclosure.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders of the Alger Large Cap Growth Portfolio and the Board of Trustees of The Alger Portfolios:

We have audited the accompanying statement of assets and liabilities, including the schedule of investments, of the Alger Large Cap Growth Portfolio (the "Fund"), one of the portfolios included in The Alger Portfolios as of December 31, 2013, and the related statement of operations for the year then ended, the statements of changes in net assets for each of the two years in the period then ended, and the financial highlights for each of the five years in the period then ended. These financial statements and financial highlights are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement. The Fund is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. Our procedures included confirmation of securities owned as of December 31, 2013, by correspondence with the custodian and brokers; where replies were not received from brokers, we performed other auditing procedures. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements and financial highlights referred to above, present fairly, in all material respects, the financial position of the Alger Large Cap Growth Portfolio of The Alger Portfolios as of December 31, 2013, the results of its operations for the year then ended, the changes in its net assets for each of the two years in the period then ended, and the financial highlights for each of the five years in the period then ended, in conformity with accounting principles generally accepted in the United States of America.

Deloitte & Touche LLP
New York, New York
February 25, 2014

Shareholder Expense Example

As a shareholder of a Portfolio, you incur two types of costs: transaction costs, if applicable; and ongoing costs, including management fees, distribution (12b-1) fees, if applicable, and other fund expenses. This example is intended to help you understand your ongoing costs (in dollars) of investing in a Portfolio and to compare these costs with the ongoing costs of investing in other mutual funds.

The example below is based on an investment of $1,000 invested at the beginning of the six-month period starting July 1, 2013 and ending December 31, 2013.

Actual Expenses

The first line for each class of shares in the table below provides information about actual account values and actual expenses. You may use the information in this line, together with the amount you invested, to estimate the expenses that you would have paid over the period. Simply divide your account value by $1,000 (for example, an $8,600 account value divided by $1,000 = 8.6), then multiply the result by the number in the first line under the heading entitled "Expenses Paid During the Period" to estimate the expenses you paid on your account during this period.

Hypothetical Example for Comparison Purposes

The second line for each class of shares in the table below provides information about hypothetical account values and hypothetical expenses based on the Portfolio's actual expense ratios for each class of shares and an assumed rate of return of 5% per year before expenses, which is not the Portfolio's actual return. The hypothetical account values and expenses may not be used to estimate the actual ending account balance or expenses you paid for the period. You may use this information to compare the ongoing costs of investing in a Portfolio and other funds. To do so, compare this 5% hypothetical example with the 5% hypothetical examples that appear in the shareholder reports of other funds.

Please note that the expenses shown in the table are meant to highlight your ongoing costs only and do not reflect any transaction costs or deduction of insurance charges against assets or annuities. Therefore, the second line under each class of shares in the table is useful in comparing ongoing costs only, and will not help you determine the relative total costs of owning different funds. In addition, if these transactional costs were included, your costs would have been higher.

		Beginning Account Value July 1, 2013	Ending Account Value December 31, 2013	Expenses Paid During the Six Months Ended December 31, 2013[a]	Annualized Expense Ratio For the Six Months Ended December 31, 2013[b]
Alger Large Cap Growth Portfolio					
Class I-2	Actual	$ 1,000.00	$ 1,243.50	$ 4.98	0.88%
	Hypothetical[c]	1,000.00	1,020.77	4.48	0.88
Class S	Actual	1,000.00	1,240.54	7.06	1.25
	Hypothetical[c]	1,000.00	1,018.90	6.36	1.25

(a) *Expenses are equal to the annualized expense ratio of the respective share class, multiplied by the average account value over the period, multiple by 184/365 (to reflect the one-half year period).*
(b) Annualized.
(c) 5% annual return before expenses.

Trustees and Officers of the Fund

Information about the trustees and officers of the Fund is set forth below. In the table the term "Alger Fund Complex" refers to the Fund, The Alger Funds, The Alger Institutional Funds, Alger Global Growth Fund and The Alger Funds II, each of which is a registered investment company managed by Fred Alger Management, Inc. ("Alger Management"). Each Trustee serves until an event of termination, such as death or resignation, or until his or her successor is duly elected; each officer's term of office is one year. Unless otherwise noted, the address of each person named below is 360 Park Avenue South, New York, NY 10010.

Name, Age, Position with the Fund	Principal Occupations	Trustee and/or Officer Since	Number of Funds in the Alger Fund Complex which are Overseen by Trustee
INTERESTED TRUSTEE			
Hilary M. Alger (52)	Director of Development, Pennsylvania Ballet since 2004; Associate Director of Development, College of Arts and Sciences and Graduate School, University of Virginia 1999-2003.	2003	25
NON-INTERESTED TRUSTEE			
Charles F. Baird, Jr. (60)	Managing Partner of North Castle Partners, a private equity securities group; Chairman of Leiner Health Products, Enzymatic Therapy and Caleel & Hayden (skincare business); former Chairman of Elizabeth Arden Day Spas, Naked Juice, Equinox (fitness company) and EAS (manufacturer of nutritional products). Formerly Managing Director of AEA Investors, Inc.	2000	25
Roger P. Cheever (68)	Associate Vice President for Principal Gifts, and Senior Associate Dean for Development in the Faculty of Arts and Sciences at Harvard University; Formerly Deputy Director of the Harvard College Fund.	2000	25
Lester L. Colbert Jr. (79)	Private investor since 1988; Formerly Chairman of the Board, President and Chief Executive Officer of Xidex Corporation (manufacturer of computer information media).	2000	25
Stephen E. O'Neil (81)	Attorney. Private Investor since 1981. Formerly of Counsel to the law firm of Kohler & Barnes.	1986	25
David Rosenberg (51)	Associate Professor of Law since January 2006 (Assistant Professor 2000-2005), Zicklin School of Business, Baruch College, City University of New York.	2007	25
Nathan E. Saint-Amand M.D. (76)	Medical doctor in private practice; Member of the Board of the Manhattan Institute (non-profit policy research) since 1988; Formerly Co-Chairman, Special Projects Committee, Memorial Sloan Kettering.	1986	25

Name, Age, Position with the Fund	Principal Occupations	Trustee and/or Officer Since	Number of Funds in the Alger Fund Complex which are Overseen by Trustee
OFFICERS			
Hal Liebes (49) President	Executive Vice President, Chief Operating Officer, Chief Legal Officer and Secretary of Alger Management and Alger Inc.; Director since 2006 of Alger Management, Alger Inc. and Resources.	2005	Hal Liebes (49) President
Lisa A. Moss (48) Assistant Secretary	Senior Vice President since 2009, and Vice President and Assistant General Counsel of Alger Management since June 2006.	2006	N/A
Michael D. Martins (48) Treasurer	Senior Vice President of Alger Management; Assistant Treasurer since 2004.	2005	N/A
Anthony S. Caputo (58) Assistant Treasurer	Employed by Alger Management since 1986, currently serving as Vice President.	2007	N/A
Sergio M. Pavone (52) Assistant Treasurer	Employed by Alger Management since 2002, currently serving as Vice President.	2007	N/A
Barry J. Mullen (60) Chief Compliance Officer	Senior Vice President and Chief Compliance officer for Alger Management since May 2006.	2006	N/A
Steven B. Levine (27) Assistant Secretary	Paralegal at Alger Management since 2012. Senior Paralegal at the Dreyfus Corporation from 2008 – 2012.	2012	N/A

Ms. Alger is an "interested person" (as defined in the Investment Company Act) of the Fund because of her affiliations with Alger Management. No Trustee is a director of any public company except as indicated under "Principal Occupations".

The Statement of Additional Information contains additional information about the Fund's Trustees and is available without charge upon request by calling (800) 992-3863.

Investment Management Agreement Renewal

At an in-person meeting held on September 24, 2013, the Trustees, including the Independent Trustees, unanimously approved renewal of the Investment Advisory Agreement (the "Agreement") between the Fund and Fred Alger Management, Inc. ("Alger Management"). The Independent Trustees were assisted in their review by independent legal counsel and met with such counsel in executive session separate from representatives of Alger Management.

In evaluating the Agreement, the Trustees drew on materials that they had requested and which were provided to them in advance of the meeting by Alger Management and by counsel. The materials covered, among other matters, (i) the nature, extent and quality of the services provided by Alger Management under the Agreement, (ii) the investment performance of each of the Fund's portfolios (each a "Portfolio"), (iii) the costs to Alger Management of its services and the profits realized by Alger Management and Fred Alger & Company, Incorporated ("Alger Inc.") from their relationship with the Fund, and (iv) the extent to which economies of scale would be realized if and as the Portfolios grow and whether the fee levels in the Agreement reflect these economies of scale. These materials included an analysis of the Portfolios and Alger Management's services by FUSE Research Network LLC ("FUSE"), an independent consulting firm selected by the Fund's Chief Compliance Officer and having no other material relationship with Alger Management or its affiliates. FUSE's specialties include, among other things, assistance to fund trustees and directors in their review of advisory contracts pursuant to section 15(c) of the Investment Company Act of 1940, as amended. At the September meeting of the Trustees, senior FUSE personnel reviewed with the Trustees a presentation covering all of the Portfolios.

In deciding whether to approve renewal of the Agreement, the Trustees considered various factors, including those enumerated above. They also considered other direct and indirect benefits to Alger Management and its affiliates from their relationship with the Fund.

Nature, Extent and Quality of Services. In considering the nature, extent and quality of the services provided by Alger Management pursuant to the Agreement, the Trustees relied on their prior experience as Trustees of the Fund, their familiarity with the personnel and resources of Alger Management and its affiliates, and the materials provided at the meeting. They noted that under the Agreement Alger Management is responsible for managing the investment operations of the Portfolios. The Trustees reviewed the background and experience of Alger Management's senior investment management personnel, including the individuals currently responsible for the investment operations of the Portfolios. They also considered the resources and practices of Alger Management in managing each Portfolio, as well as Alger Management's overall investment management business. They noted especially Alger Management's established expertise in managing portfolios of "growth" stocks and that, according to an analysis provided by FUSE, the characteristics of each equity Portfolio had been consistent with those of a fund that holds itself out to investors as growth-oriented. They also took notice of the ability of the manager of the fixed-income portion of the Balanced Portfolio to manage fixed-income instruments across the credit and credit quality spectra. The Trustees concluded that Alger Management's experience, resources and strength in the

areas of importance to the Fund are considerable. The Trustees considered the level and depth of Alger Management's ability to execute portfolio transactions to effect investment decisions, including those through Alger Inc. They also noted that certain administrative, compliance, reporting and accounting services necessary for the conduct of the Fund's affairs are provided by Alger Management under a separate Administration Agreement. The Trustees also considered the control and compliance environment at Alger Management and within the Fund.

Investment Performance of the Portfolios. Drawing upon information provided at the meeting by Alger Management as well as FUSE and upon reports provided to the Trustees by Alger Management throughout the preceding year, the Trustees reviewed each Portfolio's returns for the year-to-date (at 6/30/13), second-quarter of 2013, 1-, 3-, and 5-year and longer periods to the extent available (and its year-by-year returns), together with supplemental data through 8/31/13, and compared them with benchmark and peer-group data for the same periods. They noted that while the performance for the year to date of the Mid Cap, Growth & Income and Capital Appreciation Portfolios had equaled or surpassed the medians of their peer groups, the Large Cap, SMid Cap, Small Cap and Balanced Portfolios had fallen short of their peer medians, and all Portfolios had underperformed their benchmarks for that period; furthermore, all Portfolios had failed against their peer medians and benchmarks for the second quarter of 2013 and year ended 6/30/13, except that the Balanced Portfolio surpassed its benchmark for the second quarter of 2013 and the Capital Appreciation Portfolio equaled or surpassed its peer median and benchmark for the one-year period. For the longer (3-, and 5-year) periods, the Capital Appreciation Portfolio surpassed its peer medians for both periods and the Growth & Income Portfolio equaled or surpassed peer medians and benchmarks for both periods; otherwise Portfolio performance failed to meet peer medians or benchmarks. The Trustees noted that the Capital Appreciation strategy had strong long-term performance, while the Small Cap strategy had consistently outperformed its benchmark in the past. The SMid Cap strategy had exhibited periods of good performance. Representatives of Alger Management discussed with the Trustees the recent performance of each Portfolio and the measures that the firm had instituted or was in the process of instituting to improve the performance of Portfolios that had consistently underperformed. On the basis of these discussions and their review, the Trustees determined that the performance of the Portfolios was acceptable.

Fund Fees and Expense Ratios; Profitability to Alger Management and its Affiliates. The Trustees reviewed each Portfolio's management fee and expense ratio and compared them with a group of comparable funds. In order to assist the Trustees in this comparison, FUSE had provided the Trustees with comparative information with respect to the advisory fees and expense ratios of relevantly similar funds. That information indicated that the fees of the Large Cap, SMid Cap, Small Cap and Growth & Income Portfolios were at or below the median for the applicable FUSE reference groups, while those of the Mid Cap, Capital Appreciation and Balanced Portfolios exceeded the applicable median, as did all of the expense ratios except those of the SMid Cap Portfolio and the Small Cap Portfolio. The Trustees noted, however, that the highest expense ratios were for Funds with low asset levels that suffered thereby in comparison with their peers. The Trustees determined that such information should be taken into account in weighing the size of the fee against the nature, extent and quality of the services provided. The

Trustees also considered fees paid to Alger Management by three other types of clients, specifically mutual funds for which Alger Management was sub-adviser, separately managed institutional accounts, and wrap programs. The Trustees determined that in all three cases the fees were of doubtful relevance for purposes of comparison with those of the Portfolios because of the differences in services provided by Alger Management to those types of clients as opposed to the Portfolios, but that to the extent that meaningful comparison was practicable, the differences in services adequately explained the differences in the fees. The Trustees then considered the profitability of the Investment Advisory Agreement to Alger Management and its affiliates, and the methodology used by Alger Management in determining such profitability. The Trustees reviewed previously-provided data on each Portfolio's profitability to Alger Management and its affiliates for the year ended June 30, 2013. After discussing with representatives of the Adviser and FUSE the expense-allocation practices used in computing the costs that formed the bases of the profitability calculations, the Trustees turned to the profitability data provided. After analysis and discussion, they concluded in each case that, to the extent that Alger Management's and its affiliates' relationships with the Portfolio had been profitable, the profit margin was not unacceptable.

Economies of Scale. On the basis of their discussions with management and their analysis of information provided at the meeting, the Trustees determined that the nature of the Portfolios and their operations is such that Alger Management is likely to realize economies of scale in the management of each Portfolio at some point as (and if) it grows in size. In that connection they noted that in 2012 they and Alger Management had revised the advisory fee schedules in the Agreement to reflect fee reductions for each Portfolio at specified Portfolio asset levels ("breakpoints") in the expectation that such a measure would have the effect of lowering a Portfolio's overall management fee as the Portfolio grew past a breakpoint, thus sharing with the Portfolio's shareholders the economies of scale achieved by Alger Management in managing the growing Portfolio.

Other Benefits to Alger Management. The Trustees considered whether Alger Management benefits in other ways from its relationship with the Fund. They noted that Alger Management maintains soft-dollar arrangements in connection with the equity Portfolios' brokerage transactions, reports on which are regularly supplied to the Trustees at their quarterly meetings and summaries of which, listing soft-dollar commissions by Portfolio for the twelve months through June 30, 2013, had been included in the materials supplied prior to the meeting. The Trustees also noted that Alger Management receives fees from the Portfolios under the Administration Agreement and the Shareholder Administrative Services Agreement and that Alger Inc. provides a considerable portion of the Portfolios' equity brokerage and receives shareholder servicing fees from the Portfolios as well. The Trustees had been provided with information regarding, and had considered, the administration fee, shareholder administrative services fee, brokerage and shareholder servicing fee benefits in connection with their review of the profitability to Alger Management and its affiliates of their relationships with the Fund. As to other benefits received, the Trustees decided that none were so significant as to render Alger Management's fees excessive.

Conclusions and Determinations. At the conclusion of these discussions, each of the Independent Trustees expressed the opinion that he had been furnished with sufficient information to make an informed business decision with respect to renewal of the

Investment Advisory Agreement. Based on its discussions and considerations as described above, the Board made the following conclusions and determinations in respect of each Portfolio:

- The Board concluded that the nature, extent and quality of the services provided to the Portfolio by Alger Management are adequate and appropriate.
- The Board determined that the Portfolio's performance was acceptable.
- The Board concluded that the advisory fee paid to Alger Management by the Fund was reasonable in light of comparative performance and expense and advisory fee information, costs of the services provided and profits to be realized and benefits derived or to be derived by Alger Management and its affiliates from the relationship with the Portfolio. In the case of the SMid Cap Portfolio, the Trustees also noted that Alger Management had voluntarily undertaken to cap the Portfolio's expenses through expense reimbursements and fee waivers, thus in effect lowering the fees it actually received from that Portfolio.
- The Board accepted Alger Management's acknowledgement that economies of scale were likely to be achieved in the management of the Portfolio and determined that the recently-adopted fee breakpoints provided a means by which Alger Management would share the benefits of such economies with Portfolio shareholders.

The Board considered these conclusions and determinations and, without any one factor being dispositive, determined with respect to each Portfolio that renewal of the Investment Advisory Agreement was in the best interests of the Portfolio and its shareholders.

Privacy Policy

U.S. Consumer Privacy Notice Rev. 01/2011 3/31/11

FACTS	WHAT DOES ALGER DO WITH YOUR PERSONAL INFORMATION?
Why?	Financial companies choose how they share your personal information, which, under Federal law, means personally identifiable information. Federal law gives consumers the right to limit some but not all sharing. Federal law also requires us to tell you how we collect, share, and protect your personal information. Please read this notice carefully to understand what we do.
What?	The types of personal information we collect and share depend on the product or service you have with us. This information can include: • Social Security number • account balances, transaction history and credit information
How?	All financial companies need to share customers' personal information to run their everyday business. In the section below, we list the reasons financial companies can share their customers' personal information; the reasons Alger chooses to share; and whether you can limit this sharing.

Reasons we can share your personal information	Does Alger share?	Can you limit this sharing?
For our everyday business purposes — such as to process your transactions, maintain your account(s), respond to court orders and legal investigations, or report to credit bureaus	**Yes**	**No**
For our marketing purposes — with service providers we use to offer our products and services to you	**Yes**	**No**
For joint marketing with other financial companies	**No**	**We don't share**
For our affiliates' everyday business purposes—information about your transactions and experiences	**Yes**	**No**
For our affiliates' everyday business purposes—information about your creditworthiness	**No**	**We don't share**
For nonaffiliates to market to you — for all credit card accounts	**No**	**We don't share**
For nonaffiliates to market to you — for accounts and services endorsed by another organization	**No**	**We don't share**
For nonaffiliates to market to you — for accounts other than credit card accounts and Sponsored Accounts, such as insurance, investments, deposit and lending	**No**	**We don't share**

Who we are	
Who is providing this notice?	Alger includes Fred Alger Management, Inc. and Fred Alger & Company, Incorporated as well as the following funds: The Alger Funds, The Alger Funds II, The Alger Institutional Funds, The Alger Portfolios, and Alger Global Growth Fund.

What we do	
How does Alger protect my personal information?	To protect your personal information from unauthorized access and use, we use security measures that comply with federal law. These measures include computer safeguards and secured files and buildings. For more information visit alger.com.
How does Alger collect my personal information?	We collect your personal information, for example, when you: • open an account or perform transactions • seek advice about your investments We also collect your personal information from others, such as credit bureaus, affiliates, or other companies.
Why can't I limit all sharing?	Federal law gives you the right to limit some but not all sharing related to: • sharing for affiliates' everyday business purposes — information about your creditworthiness • affiliates from using your information to market to you • sharing for nonaffiliates to market to you State laws and individual companies may give you additional rights to limit sharing.

Definitions	
Affiliates	Companies related by common ownership or control. They can be financial and nonfinancial companies. • Our affiliates include Fred Alger Management, Inc. and Fred Alger & Company, Incorporated as well as the following funds: The Alger Funds, The Alger Funds II, The Alger Institutional Funds, The Alger Portfolios, and Alger Global Growth Fund.
Nonaffiliates	Companies not related by common ownership or control. They can be financial and nonfinancial companies
Joint marketing	A formal agreement between nonaffiliated financial companies that together market financial products or services to you.

Proxy Voting Policies

A description of the policies and procedures the Fund uses to determine how to vote proxies relating to portfolio securities and the proxy voting record is available, without charge, by calling (800) 992-3863 or online on the Fund's website at http://www.alger.com or on the SEC's website at http://www.sec.gov

Fund Holdings

The Board of Trustees has adopted policies and procedures relating to disclosure of the Portfolios' securities. 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 Portfolio.

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 Portfolio) are acceptable.

The Portfolio makes its full holdings 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. The Portfolios Forms N-Q are available online on the SEC's website at www.sec.gov or 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 1-800-SEC-0330.

In addition, the Portfolio makes publicly available its 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 and through other marketing communications (including printed advertising/sales literature and/or shareholder telephone customer service centers). No compensation or other consideration is received for the non-public disclosure of portfolio holdings information.

In accordance with the foregoing, the Portfolio provides portfolio holdings information to service providers who provide necessary or beneficial services when such service providers 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 Fund will communicate with these service providers to confirm that they understand the Portfolios' policies and procedures regarding such disclosure. This agreement must be approved by the Portfolio's Chief Compliance Officer.

The Board of Trustees periodically reviews a report disclosing the third parties to whom the Portfolios 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 Portfolio routinely provides to shareholders, the Manager may, upon request, make additional statistical information available regarding the Portfolio. Such information will include, but not be limited to, relative weightings and characteristics of the Fund's portfolio versus its respective index and security specific impact on overall portfolio performance. Please contact the Fund at (800) 992-3863 to obtain such information.

THE ALGER PORTFOLIOS

360 Park Avenue South
New York, NY 10010
(800) 992-3862
www.alger.com

Investment Advisor

Fred Alger Management, Inc.
360 Park Avenue South
New York, NY 10010

Distributor

Fred Alger & Company, Incorporated
360 Park Avenue South
New York, NY 10010

Transfer Agent and Dividend Disbursing Agent

Boston Financial Data Services, Inc.
P.O. Box 8480
Boston, MA 02266

This report is submitted for the general information of the shareholders of The Alger Large Cap Growth Portfolio. It is not authorized for distribution to prospective investors unless accompanied by an effective Prospectus for the Trust, which contains information concerning the Trust's investment policies, fees and expenses as well as other pertinent information.

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Inspired by Change, Driven by Growth.

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