



QUARTERLY LETTER | JUNE 30, 2026

Baron Asset Fund®

Retail Shares: BARAX | Institutional Shares: BARIX | R6 Shares: BARUX



Andrew Peck
Portfolio Manager

Dear Baron Asset Fund® Shareholder,

Performance

After selling off in March, largely in response to the U.S.-Iran conflict, U.S. equities rallied to record highs during the second quarter. Market returns were driven primarily by a relatively narrow group of stocks that investors believe will be outsized beneficiaries of an AI-driven transformation of the global economy. Sector performance reflected this one-sided market dynamic. Information Technology (IT) stocks, and semiconductor stocks in particular, outperformed all other sectors by a wide margin. In fact, the iShares Semiconductor ETF (SOXX) gained nearly 100% during the quarter.

Against this backdrop, Baron Asset Fund® (the Fund) rose 18.98% (Institutional Shares) in the quarter, outperforming the Russell Midcap Growth Index (the Index) by 443 basis points. According to MSCI's Barra factor attribution, the Fund's positive stock selection offset significant headwinds from certain style factors, principally Beta and Momentum. The Fund's longstanding investment approach left the portfolio underexposed to Beta, and this underweight was detrimental given this factor's outstanding performance.

In fact, the Beta factor posted its best three-month performance on record during the quarter. This showing rivaled Beta's exceptional performance during previous sharp market rallies that followed bear markets, such as "Black Monday," the dotcom collapse, the Great Recession, and the COVID pandemic. The Fund's underexposure to Momentum was also problematic as this factor continued its run of strong performance during the quarter, driven by investor enthusiasm for AI.

We are encouraged that the Fund managed to overcome a challenging backdrop during the past 12 months. Index performance was driven by stocks with characteristics (Beta and

Annualized performance (%) for periods ended June 30, 2026†

	Fund Retail Shares ^{1,2}	Fund Institutional Shares ^{1,2,3}	Russell Midcap Growth Index ¹	Russell 3000 Index ¹
QTD ⁵	18.90	18.98	14.55	15.44
YTD ⁵	9.54	9.68	7.27	10.88
1 Year	13.04	13.33	6.17	22.82
3 Years	11.93	12.22	15.61	20.36
5 Years	3.44	3.70	6.03	12.31
10 Years	12.05	12.34	13.04	15.06
15 Years	11.28	11.58	12.01	13.89
Since Inception (6/12/1987)	11.25	11.38	10.51 ⁴	10.79

Momentum) that the Fund's investment approach leads us to underweight. In addition, Earnings Quality has mostly been out of favor, especially in the latter half of 2025, presenting a further headwind to relative performance.

We are optimistic that the Fund is positioned to continue to outperform. In particular, we believe that the Fund's overexposure to software and services businesses should become a positive tailwind. As shown in the chart on the following page, the Fund's holdings in this area have performed poorly and weighed meaningfully on overall performance. Despite a material improvement in these businesses' prospects, they are presently trading at exceptionally attractive valuations. We expect valuations of these stocks to re-rate higher, as market leadership broadens beyond the existing "AI beneficiaries."

Performance listed in the above table is net of annual operating expenses. Annual expense ratio for the Retail Shares and Institutional Shares as of January 28, 2026 was 1.31% and 1.05%, respectively. The performance data quoted represents past performance. Past performance is no guarantee of future results. The investment return and principal value of an investment will fluctuate; an investor's shares, when redeemed, may be worth more or less than their original cost. The Fund's transfer agency expenses may be reduced by expense offsets from an unaffiliated transfer agent, without which performance would have been lower. Current performance may be lower or higher than the performance data quoted. For performance information current to the most recent month end, visit BaronCapitalGroup.com or call 1-800-99-BARON.

Baron Asset Fund - Software and Services Losses Driven by Multiple Compression, Not Fundamentals

1-Year Ended 6/30/2026											
Returns: Fund +13.33% vs. Russell Midcap Growth Index +6.17%											
	Weight as of 6/30/2026 (%)	Average Weight (%)	Stock Total Return (%)	Contribution to Return (%)	Multiple Used	Valuation Multiple 6/30/2025 (x)	Valuation Multiple 6/30/2026 (x)	Change in Multiple (%)	10-Year Average Multiple (x)	Discount to 10-Year Average Multiple (%)	Growth Rate ¹ (%)
Software and Services	22.9	35.7	(37.6)	(21.86)				(46)		47	27
Gartner, Inc.	1.7	3.6	(68.0)	(5.13)	P/FCF	25	7	(71)	25	72	12
CoStar Group, Inc.	1.3	3.2	(64.8)	(3.25)	P/FCF	113	20	(82)	154	87	100
FactSet Research Systems Inc.	0.9	1.2	(47.7)	(1.04)	P/E	25	12	(51)	25	52	5
Guidewire Software, Inc.	2.7	4.5	(47.7)	(3.01)	P/FCF	65	25	(61)	189	87	35
Verisk Analytics, Inc.	3.0	3.8	(41.8)	(2.60)	P/E	42	22	(47)	32	30	9
Procore Technologies, Inc.	0.4	0.8	(41.1)	(0.42)	EV/FCF	46	18	(62)	433	96	58
Booz Allen Hamilton Holding Corporation	0.3	0.7	(40.4)	(0.36)	EV/EBITDA	12	9	(28)	14	38	(8)
Spotify Technology S.A.	1.0	1.5	(40.1)	(0.88)	EV/FCF	40	20	(51)	141	86	15
Roper Technologies, Inc.	1.4	2.1	(39.8)	(1.30)	EV/EBITDA	22	13	(39)	20	36	7
Veeva Systems Inc.	0.7	1.4	(39.1)	(0.84)	EV/FCF	33	13	(59)	41	67	30
Fair Isaac Corporation	0.8	2.1	(37.4)	(1.24)	P/E	53	23	(56)	39	40	49
ServiceTitan, Inc.	0.5	0.6	(34.5)	(0.33)	EV/Sales	10	5	(46)	8	37	24
LPL Financial Holdings Inc.	0.4	0.5	(24.6)	(0.15)	P/E	18	11	(40)	14	25	25
SS&C Technologies Holdings, Inc.	0.6	0.9	(24.0)	(0.25)	P/E	13	9	(36)	14	40	17
CDW Corporation	0.6	0.8	(20.1)	(0.26)	P/E	18	13	(30)	18	29	12
Samsara Inc.	0.6	0.7	(18.9)	(0.18)	EV/Sales	13	8	(35)	12	32	28
TransUnion	0.9	1.4	(17.9)	(0.36)	P/E	20	14	(30)	23	38	17
Willis Towers Watson Public Limited Company	0.5	0.7	(13.8)	(0.11)	P/E	17	13	(27)	16	21	17
CBRE Group, Inc.	1.7	2.0	(3.9)	(0.15)	P/E	21	16	(24)	16	1	27
MSCI Inc.	1.0	0.8	(1.7)	(0.02)	P/E	32	27	(18)	35	25	18
The Charles Schwab Corporation	2.0	2.5	2.2	0.02	P/E	19	14	(30)	19	28	44
Other Holdings	77.7	59.2	112.4	37.62				(3)		(7)	37
Cash and Cash Equivalents	(0.5)	0.9									
Total (Weighted Averages)	100.0	95.9	13.3					(18)		5	33

Holdings as of 6/30/2026. The Fund sold Bio-Techne Corporation, Dayforce, Inc., Duolingo, Inc., Floor & Decor Holdings, Inc., Morningstar, Inc., SailPoint, Inc., The Trade Desk, and VeriSign, Inc. over the last year.

¹ The growth rate for the one-year period ended 6/30/2026 is based on the fundamental item used to value each company in the table above.

Sources: Baron Capital, FactSet Estimates, and FactSet PA.

During the quarter, many of the top contributors in the Index were stocks that the market deemed “AI winners” with elevated exposure to the Momentum and Beta factors, as well as extended valuations. The Fund managed to overcome style-related headwinds because of strong stock selection associated with the Fund’s sizable position in rocket, satellite, and spacecraft manufacturer **Space Exploration Technologies Corp.** (SpaceX), which completed its highly successful public offering during the quarter.

From a sector perspective, stock selection in Communication Services contributed the majority of relative gains, stemming

from the Fund’s significant position in SpaceX, which is discussed in detail below. Partially offsetting the above was adverse stock selection in IT, Financials, Real Estate, and Industrials, where concerns about AI-driven disruption remained an overhang for several of the Fund’s holdings.

A portion of the weakness in IT was attributable to double-digit losses from property and casualty (P&C) insurance software vendor **Guidewire Software, Inc.** and syndicated research provider **Gartner, Inc.** Both companies underperformed as investors continued to rotate out of stocks perceived as at

risk of being disrupted by AI. As discussed below, we believe this characterization is misplaced and that AI will ultimately benefit both businesses. Disappointing stock selection in IT was exacerbated by having minimal exposure to semiconductor stocks, which nearly doubled in the Index during the quarter.

Stock-specific losses in Financials were driven by specialty insurer **Arch Capital Group Ltd.** and brokerage firm **The Charles Schwab Corporation**. Arch's stock failed to participate in the market rally during the quarter, reflecting a rotation away from resilient insurance stocks as market volatility eased. Soft pricing trends in the insurance industry also pressured shares. Rates for property insurance are falling due to strong profitability and elevated capital levels following last year's benign hurricane season. This cyclicity is normal, and we continue to own the stock due to Arch's strong management team and our expectation of continued growth in earnings and book value over time. Schwab fell on concerns about the potential disruptive impact of AI on brokerage businesses, which we believe is misplaced.

Performance in Real Estate and Industrials was hindered by losses from real estate data and marketing platform **CoStar Group, Inc.** and data and analytics vendor **Verisk Analytics, Inc.**, whose share prices were pressured by the broader market rotation out of information services names amid industry-wide AI fears. A softening P&C insurance pricing backdrop also weighed on Verisk's stock price.

Top contributors to performance for the quarter

	Year Acquired	Contribution to Return (%)
Space Exploration Technologies Corp.	2020	13.97
Amphenol Corporation	2019	1.99
Quanta Services, Inc.	2023	1.47
Hyatt Hotels Corporation	2009	0.81
Forgent Power Solutions, Inc.	2026	0.79

Space Exploration Technologies Corp. develops and launches advanced rockets, satellites, and spacecraft, with the long-term goal of making humanity multi-planetary. Shares rose as the company successfully completed the largest initial public offering in history, raising more than \$85 billion. The proceeds are expected to accelerate the company's growth across multiple massive addressable markets, including connectivity, launch, terrestrial and space infrastructure, and AI. The company's fundamental business momentum was further reinforced by its signing landmark compute hosting deals totaling tens of billions of dollars annually, including agreements with market leaders Anthropic and Google. SpaceX also announced its acquisition of Cursor, a premier enterprise AI-powered coding platform. Integrating Cursor's technology, talent, and customer base provides another strategic steppingstone into the vast opportunities within AI applications and agentic systems. Lastly, the company conducted a successful test flight of the latest version of its Starship rocket, demonstrating meaningful advancements in rapid and full reusability. We believe these developments support sustained long-term revenue and profit growth well beyond current levels.

Amphenol Corporation is a leading provider of high-technology interconnect, sensor, and antenna solutions serving a diverse set of end markets. The company operates a highly decentralized, entrepreneurial model, with more than 140 general managers exercising autonomy over their individual business units. Amphenol is also highly acquisitive, having completed more than 50 acquisitions over the past decade. Shares rose during the quarter after selling off in the prior period amid concerns that copper interconnect products, where Amphenol maintains a strong competitive position, could eventually be displaced by optical interconnects, where its market position is less established today. Nevertheless, management remains confident that the company can capture more than its fair share of the optical market, just as it did in copper, aided by the recent acquisition of CommScope's connectivity and cable solutions business. We believe Amphenol is well positioned to maintain a leading role even as interconnect technologies evolve from copper to optical, reinforcing our conviction in the company's long-term growth opportunity.

Quanta Services, Inc. is a leading specialty contracting company that provides comprehensive infrastructure solutions across the electric and gas utility, renewable energy, communications, pipeline, and energy industries. Shares rose during the quarter, driven by broad optimism around AI, data center and power infrastructure construction, as well as strong first quarter earnings that exceeded expectations across the board and prompted management to substantially raise full-year guidance. Management reiterated its view that the business can grow its earnings at a mid-to-high teens rate or better through at least the end of the decade, supported by secular trends including grid modernization, electrification, the energy transition, industrial reshoring, and communications infrastructure upgrades. We continue to believe this level of growth is achievable and take further comfort in Quanta's 25% earnings CAGR since 2015, a period during which the market backdrop was considerably less favorable than it is today. We remain long-term shareholders in Quanta and continue to see compelling growth prospects for the business.

Top detractors from performance for the quarter

	Year Acquired	Contribution to Return (%)
CoStar Group, Inc.	2016	(0.68)
Guidewire Software, Inc.	2013	(0.61)
Gartner, Inc.	2007	(0.38)
Rollins, Inc.	2016	(0.30)
Procore Technologies, Inc.	2024	(0.24)

CoStar Group, Inc. is the leading provider of information and marketing services to the commercial and residential real estate industries. Shares fell due to multiple compression driven by rising fears related to AI's impact on CoStar's business. The market has increasingly come to view AI as an existential risk for a growing number of industries, including software, business services, information services, and video games. While there is little evidence of any fundamental impact on these sectors, investors

have largely adopted a “shoot first and ask questions later” approach, leading to significant stock price declines. We continue to own CoStar due to its enviable business model, differentiated data assets, and meaningful growth opportunities in providing enhanced real estate information, analytics, and marketplace offerings. The company also maintains a substantial cash balance, which we are hopeful will be used to aggressively repurchase shares at current depressed valuation levels.

Shares of P&C insurance software vendor **Guidewire Software, Inc.** declined after a handful of new sales slipped from the fiscal third quarter into the fiscal fourth quarter. We believe this is purely a timing issue, with these deals having since closed in the current period. Guidewire’s InsuranceSuite platform serves as the core system of record for P&C insurance carriers, functioning as the single source of truth for the policies an insurer writes, the claims it processes, the premiums it collects, and the payments it makes. We think the core-system opportunity alone represents nearly \$20 billion of annual recurring revenue, or roughly 20 times Guidewire’s current size. In our view, AI will meaningfully expand this opportunity by enabling automation and intelligence on top of the core system of record. Guidewire is already bringing new AI-enabled capabilities to market and signing customers, and we expect adoption to accelerate over the coming year. Finally, we expect Guidewire to benefit from the same internal productivity enhancements AI is driving across enterprises, which should help it grow faster with lower costs and ultimately improve profitability.

Syndicated research provider **Gartner, Inc.** detracted from performance due to multiple compression driven by rising AI fears. We continue to own Gartner given its large addressable market, significant competitive advantage, and robust free cash flow generation, which we expect management to deploy toward ongoing, significant share repurchases at valuations that approach historically low levels.

Portfolio Structure

As of June 30, 2026, the Fund held 51 positions. The Fund’s 10 largest holdings represented 65.2% of net assets, and the 20 largest represented 79.4%. The Fund’s largest weighting was in the Communication Services sector at 35.8% of net assets. This sector includes our investment in SpaceX. The Fund held 16.8% of its net assets in the Industrials sector, which includes investments in construction and engineering firms, research & consulting companies, and electrical components & equipment businesses. The Fund held 15.3% of its net assets in the IT sector, which includes application software companies, electronic components businesses, and IT consulting firms. The Fund held 9.5% of its net assets in Financials, which includes investments in P&C insurance companies, financial exchanges & data providers, and investment banking & brokerage businesses. The Fund also had significant weightings in Health Care at 9.4% and Consumer Discretionary at 7.1%.

As the chart below shows, the Fund’s largest investments have mostly been owned for significant periods – 6 of the 10 largest holdings have been owned for longer than a decade. This is consistent with our approach of investing for the long term in companies benefiting from secular growth trends with significant competitive advantages and best-in-class management teams.

Top 10 holdings

	Year Acquired	Market Cap When Acquired (\$B)	Quarter End Market Cap (\$B)	Quarter End Investment Value (\$M)	Percent of Net Assets (%)
Space Exploration Technologies Corp.	2020	47.0	2,248.4	1,370.5	34.3
Amphenol Corporation	2019	26.2	216.9	236.0	5.9
Quanta Services, Inc.	2023	21.8	108.0	181.1	4.5
Arch Capital Group Ltd.	2003	0.9	33.9	145.4	3.6
IDEXX Laboratories, Inc.	2006	2.5	41.5	136.4	3.4
Mettler-Toledo International Inc.	2008	2.4	25.8	120.9	3.0
Verisk Analytics, Inc.	2009	4.0	23.5	120.7	3.0
Guidewire Software, Inc.	2013	2.8	10.2	106.1	2.7
Vertiv Holdings Co	2025	35.0	128.6	97.1	2.4
Hyatt Hotels Corporation	2009	4.2	18.3	92.1	2.3

Recent Activity

Top net purchases for the quarter

	Quarter End Market Cap (\$B)	Net Amount Purchased (\$M)
Cerebras Systems Inc.	49.2	29.9
Vulcan Materials Company	38.3	25.6
Edwards Lifesciences Corporation	52.1	15.2
Tradeweb Markets Inc.	21.7	13.6
Axon Enterprise, Inc.	45.2	12.1

We initiated a position in **Cerebras Systems Inc.**, a semiconductor design company building accelerators for AI that completed its IPO during the quarter. We believe that Cerebras has developed one of the most differentiated architectures in this rapidly growing market. We are amidst a “Big Bang” of new applications for and experiments with AI models, and this surge is leading an increasing proportion of AI infrastructure to be used for inference. The market for fast inference is growing more quickly than the overall inference market, and we believe this niche is on track to become a sizable portion of the broader market.

Fast inference refers to the response time of an AI model, and it is a function of token (the popular atomic unit of AI intelligence) usage per second. As developers build applications and agents requiring complex permutations and combinations of underlying models feeding into one another, the demand for tokens per second is growing by orders of magnitude. Cerebras has designed a specialized semiconductor chip with characteristics that are especially well suited to serve this purpose.

For most of its history, Cerebras sold AI systems built around its semiconductor accelerator, but it has since transitioned to offering cloud services to drive customer adoption of those systems. For now, Cerebras is pursuing both business models, though it will likely settle into becoming a semiconductor systems company. Unlike most semiconductor firms, we believe that Cerebras holds a genuine performance advantage for a specific set of workloads that require fast inference.

While the popular benchmarks serve as good proxies for how Cerebras' offering differs from other AI accelerators in the market, it is the customer engagements that speak loudest. A \$20 billion contract with OpenAI for a 750 megawatt Cerebras data center, with the optionality to extend by another 1.25 gigawatts, reflects OpenAI's confidence in the fast inference market and in the differentiated value of Cerebras as a key partner. The company's ongoing discussions with hyperscalers and its announced engagement with Amazon Web Services further validate the opportunity ahead.

We continue to believe that the AI infrastructure buildout will sustain its strong momentum and that a large portion of workloads will require fast inference. As the leader in this market, Cerebras should benefit from this massive demand tailwind, and we believe it will keep innovating to maintain its lead over other players.

We initiated a position in **Edwards Lifesciences Corporation**, a leading manufacturer of heart valve replacement and repair products. Edwards has dominant market share in transcatheter aortic valve replacement (TAVR), a minimally invasive procedure used to treat aortic stenosis, a disease that obstructs the flow of blood throughout the body and strains the heart. If left untreated, the condition can lead to death. Edwards' position in this market is supported by a robust body of positive clinical evidence and widespread physician familiarity with Edwards' product and workflow.

We believe that today's \$7 billion market for TAVR can grow to more than \$10 billion as approved indications expand to allow TAVR to cover a broader patient population. In addition, Edwards' competitor Boston Scientific recently exited the TAVR market, and another competitor, Medtronic, released poor data about its product that we expect will drive additional market share to Edwards. Furthermore, recent policies implemented by Medicare should expand the number of medical centers that can perform TAVR procedures.

Edwards also manufactures products used to treat the heart's mitral and tricuspid valves (TMTT). When these valves are dysfunctional, the heart can be forced to work harder, becoming strained and possibly leading to death. Edwards is in the unique position of offering patients options for both valve repair and replacement. The company has devoted more than a decade of research to develop its TMTT portfolio. Addressing TMTT issues is structurally much more complex than TAVR, and the barrier to developing effective solutions is extremely high. We believe that today's \$1.5 billion TMTT market can grow to as much as \$8 billion over time.

With a combined addressable market of nearly \$20 billion, we believe Edwards has meaningful opportunity to compound growth. The company also has an attractive and improving margin structure, with 78% gross margins and 27% operating margins. With a more stable competitive landscape in TAVR and large greenfield opportunity in TMTT, we believe Edwards can compound its revenues at low double digit rates and its earnings per share in the mid-teens for an extended period.

We added to about a dozen positions during the quarter, with the largest being construction aggregates producer **Vulcan Materials Company**, electronic trading platform **Tradeweb Markets Inc.**, and public safety technology company **Axon Enterprise, Inc.**

Top net sales for the quarter

	Quarter End Market Cap or Market Cap When Sold (\$B)	Net Amount Sold (\$M)
Fair Isaac Corporation	27.7	23.1
Floor & Decor Holdings, Inc.	5.2	14.3
Booz Allen Hamilton Holding Corporation	7.3	9.7
Amphenol Corporation	216.9	8.9
Gartner, Inc.	8.7	7.5

We reduced our position in **Fair Isaac Corporation**, which produces the FICO score that is widely used by lenders to evaluate consumers' creditworthiness, in response to ongoing uncertainty about potential regulatory changes in the mortgage market. We sold our position in **Floor & Decor Holdings, Inc.**, a retailer of home flooring, over concerns that market demand trends will remain depressed for longer than we had expected. We reduced our position in **Booz Allen Hamilton Holding Corporation**, which primarily provides technology consulting and implementation services to the U.S. defense establishment, over concerns about the looming impact of AI on their business. We managed down the Fund's weightings in several long-held positions, including **Amphenol Corporation**, **Gartner, Inc.**, **IDEXX Laboratories, Inc.**, and **Hyatt Hotels Corporation**.

Outlook

Index returns continue to be driven primarily by a small set of stocks that investors have deemed to be near-certain, long-term beneficiaries of an AI-driven transformation of the global economy. This investor euphoria has caused IT stocks, particularly semiconductor stocks (an area in which the Fund has limited direct exposure), to outperform all other sectors. We believe that much of the buying behind these stock movements has been from “investors” chasing momentum and exciting stories without doing the work needed to understand these businesses’ valuations and any looming long-term competitive risks.

We believe the Fund’s large SpaceX investment gives it exposure to many of the most compelling long-term market opportunities stemming from AI. The Fund was a meaningful investor in SpaceX before the company’s recent IPO, and as of June 30 this position had appreciated by **more than 3,000%**. We remain extremely excited about SpaceX’s future prospects, and the company remains an outsized holding in the Fund. 25% of the Fund’s shares in SpaceX are subject to a staggered six-month lockup commencing after its June 12 IPO, as detailed in the company’s IPO documents. The remaining 75% of its shares are subject to a staggered lockup during the subsequent six-month period. We expect to manage the Fund’s SpaceX position size in a manner that reflects our enthusiasm for its business prospects, while also being sensitive to the Fund’s objective to remain appropriately diversified among securities and industry sectors, as well as its mid-cap growth investment mandate.

As discussed above, we continue to believe that many of the Fund’s other holdings have been unfairly penalized by AI-driven disruption concerns. As the market has ascribed ever-higher valuations to perceived AI beneficiaries, fearful investors have sold companies across an array of industries that they perceive to be at risk of “disruption.” These include many businesses that the Fund owns in software, IT consulting, business services, real estate brokerage, insurance brokerage, and wealth management.

We believe this sell-off has been indiscriminate, severely penalizing the stocks of many high-quality, competitively advantaged businesses. As a result, the portfolio holdings that have been deemed “at risk” of disruption currently trade at or near historically low valuation levels, even though financial results continue to demonstrate the resilience of these businesses. We remain optimistic that these strong results will continue. We believe the market will soon appreciate that these companies are, in fact, utilizing AI in ways that should continually improve their products, lower their cost structures and enhance, rather than undermine, their competitive positions.

We are further encouraged that, throughout most of July we have witnessed evidence of a sustained reversal of the “AI winners” trade, leading previously neglected software and services stocks to outperform. The Fund’s software and services holdings are up **12%** on a weighted average basis since the Index peaked on June 30, while the Index is down 6.1% and semiconductors have corrected by almost 30% over the same period.

Thank you for investing alongside me.

Sincerely,



Andrew Peck
Portfolio Manager

[†] Historical performance was impacted by gains from IPOs. There is no guarantee that these results can be repeated or the level of IPO participation will be the same in the future.

¹ The **Russell Midcap® Growth Index** measures the performance of medium-sized U.S. companies that are classified as growth. The **Russell 3000® Index** measures the performance of the largest 3,000 U.S. companies representing approximately 98% of the investable U.S. equity market, as of the most recent reconstitution. All rights in the FTSE Russell Index (the “Index”) vest in the relevant LSE Group company which owns the Index. Russell® is a trademark of the relevant LSE Group company and is used by any other LSE Group company under license. Neither LSE Group nor its licensors accept any liability for any errors or omissions in the indexes or data and no party may rely on any indexes or data contained in this communication. The Fund includes reinvestment of dividends, net of withholding taxes, while the Russell Midcap® Growth and Russell 3000® Indexes include reinvestment of dividends before taxes. Reinvestment of dividends positively impacts the performance results. The indexes are unmanaged. Index performance is not Fund performance. Investors cannot invest directly in an index.

² The performance data in the table does not reflect the deduction of taxes that a shareholder would pay on Fund distributions or redemption of Fund shares.

³ Performance for the Institutional Shares prior to May 29, 2009 is based on the performance of the Retail Shares, which have a distribution fee. The Institutional Shares do not have a distribution fee. If the annual returns for the Institutional Shares prior to May 29, 2009 did not reflect this fee, the returns would be higher.

⁴ For the period December 31, 1987 to June 30, 2026.

⁵ Not annualized.

Investors should consider the investment objectives, risks, and charges and expenses of the investment carefully before investing. The prospectus and summary prospectus contain this and other information about the Funds. You may obtain them from the Funds’ distributor, Baron Capital, Inc., by calling 1-800-99-BARON or visiting BaronCapitalGroup.com. Please read them carefully before investing.

Risks: Securities issued by medium-sized companies may be thinly traded and may be more difficult to sell during market downturns. Even though the Fund is diversified, it may establish significant positions where the Adviser has the greatest conviction. This could increase volatility of the Fund’s returns. Single issuer risk is the possibility that factors specific to an issuer to which the Fund is exposed will affect the market prices of the issuer’s securities and therefore the net asset value of the Fund.

The Fund may not achieve its objectives. **Portfolio holdings are subject to change. Current and future portfolio holdings are subject to risk.**

The discussions of the companies herein are not intended as advice to any person regarding the advisability of investing in any particular security. The views expressed in this report reflect those of the respective portfolio managers only through the end of the period stated in this report. The portfolio manager’s views are not intended as recommendations or investment advice to any person reading this report and are subject to change at any time based on market and other conditions and Baron has no obligation to update them.

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The portfolio manager defines “**Best-in-class**” as well-managed, competitively advantaged, faster growing companies with higher margins and returns on invested capital and lower leverage that are leaders in their respective markets. Note that this statement represents the manager’s opinion and is not based on a third-party ranking. MSCI Barra’s **Earnings Quality** factor explains stock return differences due to uncertainty around company operating fundamentals (sales, earnings, cash flows) and the accrual components of their earnings. Positive exposure indicates low balance sheet and cash flow accruals, and low variability of company fundamentals. Negative exposure indicates high accruals and high variability of fundamental. **Beta** explains common variation in stock returns due to different stock sensitivities to market or systematic risk that cannot be explained by the US Country factor. Positive exposure indicates high beta stock. Negative exposure indicates low beta stock. **Earnings per share (EPS)** is a commonly used measure of a company’s profitability. It indicates how much profit each outstanding share of common stock has earned. **Free Cash Flow (FCF)** represents the cash that a company generates after accounting for cash outflows to support operations and maintain its capital assets.

Investment Products: NOT FDIC INSURED | MAY LOSE VALUE | NOT BANK GUARANTEED

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