



QUARTERLY LETTER | DECEMBER 31, 2025

Baron Global Opportunity Fund[®]

Retail Shares: BGAFX | Institutional Shares: BGAIX | R6 Shares: BGLUX



Alex Umansky
Portfolio Manager

Dear Baron Global Opportunity Fund Shareholder,

Performance

We had a good fourth quarter and another excellent year.

Baron Global Opportunity Fund[®] (the Fund) was up 6.5% (Institutional Shares) during the fourth quarter, compared to the 3.3% gain for the MSCI ACWI Index (the Index), and the 2.8% gain for the MSCI ACWI Growth Index, the Fund's benchmarks. For the year, the Fund gained 27.5%, outperforming the 22.3% and 22.4% returns for the benchmarks, respectively.

It was another interesting year with plenty of plot twists along the way. After staging a nice recovery in 2023 and 2024, global equity markets continued to grind higher and more than halfway through the first quarter, the Index was up 5.5%, while the Fund enjoyed double-digit gains. Then we started hearing about the new tariff policy with the President posting on social media that "Trade wars are good and easy to win" and the market promptly reversed course. The Index ended the first quarter down 1.3%, MSCI ACWI Growth Index was down 6.8%, and the Fund lost over 9%. The headwinds from de-globalization that we had talked about for the last two years were now coming front and center. The Liberation Day announcement with its "reciprocal" tariff policy based on difficult to understand formulas was not well received by the markets and by April 8, the Index had experienced a 16% correction from its February peak, while MSCI ACWI Growth was down 20%. But the policy was quickly adjusted with most tariffs suspended while the government entered into direct negotiations with most relevant and important countries. By midsummer, no one believed in the Administration's 120% tariffs on China anymore. The 25% tariffs on Mexico and Canada only hit a limited number of goods not covered by the USMCA, which President Trump negotiated in

Annualized performance (%) for periods ended December 31, 2025[†]

	Fund Retail Shares ^{1,2}	Fund Institutional Shares ^{1,2}	MSCI ACWI Index ¹	MSCI ACWI Growth Index ¹
QTD ³	6.47	6.52	3.29	2.84
1 Year	27.46	27.53	22.34	22.44
3 Years	26.27	26.50	20.65	26.54
5 Years	(0.43)	(0.22)	11.19	11.12
10 Years	13.71	13.95	11.72	13.99
Since Inception (4/30/2012)	12.57	12.81	10.62	12.59

his first term. Tariffs on EU products settled at 15% (with carve-outs for pharmaceuticals and essentials), while everyone else in general is at 10%. Currently, there is a 30% tariff on imports from China, although there are 178 exclusions on Chinese goods until at least November 10, 2026. These adjustments were well received by the markets, with the Index posting an 11.5% second quarter gain, the MSCI ACWI Growth Index gaining 17.3%, while the Fund appreciated 22.7%. By the end of the summer everyone forgot about the tariffs and the AI boom took over. Helped by the first rate cut of the year in September, the Index and the Fund posted 7% to 8% gains and "Are we in an AI bubble?" became the topic DuJour. A good portion of our last letter was devoted to opining that when everyone is worried about a bubble, we are unlikely to be in one. The fourth quarter saw more of the back and forth with the indexes eking out around a 3% gain and the Fund posting a 6.5% return. We would summarize the year as a struggle between the

Performance listed in the table above is net of annual operating expenses. The gross annual expense ratio for the Retail Shares and Institutional Shares as of April 30, 2025 was 1.22% and 0.96%, respectively, but the net annual expense ratio was 1.16% and 0.91% (net of the Adviser's fee waivers, comprised of operating expenses of 1.15% and 0.90%, respectively, and interest expense of 0.01% and 0.01%, respectively), 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 Adviser waives and/or reimburses certain Fund expenses pursuant to a contract expiring on August 29, 2036, unless renewed for another 11-year term and 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.

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headwinds of de-globalization and the tailwinds from the easing Federal Reserve (we got three cuts), the early stages of the AI investment cycle, and of course, our investment in **SpaceX**. In the end, we experienced a favorable outcome with the Fund recording a third straight year of 25%-plus returns, posting a gain of 102.4%, cumulatively, since the start of 2023, outperforming the Index by 26.8% and the Morningstar Global Large-Stock Category (the Peer Group) average by 37.0%.*

From a quarterly performance attribution perspective, stock selection contributed 394bps to relative returns, while sector allocation detracted 72bps. The outperformance was driven by SpaceX's new funding round, leading our fair value committee to revalue the stock significantly higher. Positive stock selection within Health Care further contributed to results. This strong performance was partially offset by Consumer Discretionary, Information Technology (IT), and Financials, which cost us 668bps combined. Within Consumer Discretionary, performance was negatively impacted by the correction in the stocks of our e-commerce platforms, **Coupang** in Korea, and **MercadoLibre** in Latin America – Coupang was negatively impacted by an accelerated investment cycle to support the Taiwanese expansion as well as a highly publicized cyber-security breach. MercadoLibre was negatively impacted by short-term margin headwinds due to a reduction in free-shipping threshold in Brazil and a rise in short-term competitive intensity. Multiple contraction drove over 100% of the decline in Coupang and nearly 90% of the decline in MercadoLibre. Poor stock selection in IT was impacted by our overexposure to software, as investors continue to be concerned over the long-term impact of AI.

Looking at 2025 as a whole, while U.S. stocks continued their march higher, with a third consecutive year of double-digit returns, driven by the AI buildout, and a resilient economy with GDP growth accelerating to 4.3% in the third quarter, markets outside the U.S. had a banner year after underperforming for quite some time. Emerging Markets were up 34% (China was up 31%, Taiwan 39%, Brazil 50%, and Korea up a whopping 100%). Europe was up in the same ballpark (Germany was up 36%, the U.K. 35%, Netherlands 37%, Switzerland 33%, and France 28%) and Japan was up 25% – all outperforming the 17% gain for the U.S. Overall, U.S. companies were responsible for 51% of the Index's returns in 2025 compared to 87% in 2024 and 72% in 2023 (78% for 2023 and 2024 combined), and U.S. stocks now comprise 63.9% of the Index.

While the Fund was underweight the U.S. by 19.8% (on average), stock selection drove most of the outperformance with our U.S. holdings up 53.4%, contributing 1,549bps to relative returns, which was further aided by 121bps due to the Fund's underweight. Unfortunately, the 11.2% overweight to Emerging Markets was less helpful, as the Fund's largest overweight was India, which was one of the worst performing markets in 2025, up only 2.6%, even though our Indian holdings were up 14.2%, significantly outperforming their counterparts in the Index. From a market-capitalization lens, small and mid-caps underperformed once again in 2025, by 22.6% and 8.7%, respectively (after underperforming the Index by 13%, and 7%, respectively, in 2024). The Fund was overweight small and mid-cap stocks by 10%, which detracted from relative returns.

For calendar year 2025 overall, the Fund's outperformance was driven by stock selection, which contributed 806bps while sector allocation detracted 298bps. Similarly to the fourth quarter, our top two sectors were Industrials and Health Care. Industrials was our best sector for the year contributing 873bps to relative returns, driven by the revaluation of SpaceX, though this was partially offset by declines in the stocks of the aerospace and defense parts supplier, **Loar**, the freelance platform, **Fiverr**, and the out-of-home European logistics company, **InPost**. Health Care added 104bps to relative results, driven by biotechnology company, **argenx**, which had another great year, up 37.8%. These strong results were partially offset by Financials, Communication Services, and Consumer Discretionary, which detracted 312bps combined.

From a stock specific perspective, we had 29 contributors against 16 detractors in 2025. As mentioned above, SpaceX was our biggest gainer, contributing an impressive 1,191bps to absolute returns. **Cloudflare**, **NVIDIA**, and **Shopify** contributed over 300bps each, while MercadoLibre, **Snowflake**, **Taiwan Semiconductor (TSMC)**, **Bajaj**, **ASML**, argenx, and **Nu Holdings** added over 100bps each. On the other side of the ledger, **Globant**, **Wix**, and **BILL Holdings**, cost over 100bps each, while **Endava** detracted 212bps, costing the Fund 663bps combined.

The inherent tension between process and flexibility

Professional money managers must develop and follow an investment process. On the one hand, a repeatable process is critically important to an investment manager's long-term ability to generate excess returns. On the other hand, when too rigidly enforced, it can lead to missed opportunities, inability to recognize mistakes in a timely manner, and delay the benefits from lessons learned. And so, *a balance is required*. A balance between confidence required to execute your process, but not so much that it turns into arrogance and hubris. A balance between being patient and having the courage to wait for your process to succeed, but not so much that it turns into complacency and inability to recognize a mistake. A balance between striving to learn everything you can about the investment you made, but not so much that you forget how much is unknowable or you still do not know. Finding this balance is key. We think the same is true for the companies we own. A repeatable process enables large systems and enterprises to scale and run smoothly and efficiently. But it typically comes with a cost of lack of agility and slower decision making. Adaptability, which is intrinsic in successful early-stage ventures and smaller companies, enables rapid innovation and quick decision making based on the founder's vision and changing circumstances. This usually comes at the cost of repeatability and less specialization and as a result lower efficiency.

The importance of being able to adapt to disruptive change in the world of AI is obvious. Those companies unwilling or unable to do so will be left behind. To succeed, businesses will need to overcome the innovators' dilemma, be willing to challenge conventional wisdom, and avoid "but this is how we always did it" type of thinking. They need to embrace change and make sure decision makers on AI aren't the ones whose jobs are at risk (as they would fight it), and make sure they are creating the right culture to

accelerate innovation, take risks, try and fail. Jeff Bezos introduced the "one-way door" decision framework at **Amazon** where the goal is to apply deep analysis to truly consequential, one-way decisions while moving quickly on reversible ones, preventing indecision and ensuring agility⁴. The companies that make it would be the ones that adapt a similar mindset. However, we would argue that balance would also be key for those companies that succeed in crossing the chasm – while being adaptable to change, they can't lose sight of what made them successful thus far – maintaining high quality talent even as the disruption from AI accelerates, retaining a focus on solving real problems for customers and continuing to pull the levers that make them special.

We believe our companies have both the adaptability to change as well as the balance necessary to succeed. NVIDIA started out as a graphics-card supplier for gamers. Over time, the company has evolved into the leading AI infrastructure company in the world. It continues to evolve constantly, accelerating its innovation cycles to an annual cadence, moving to extreme co-design where it designs half a dozen chips simultaneously from networking to CPUs, GPUs, racks, and full AI data centers, while continuously challenging its pre-existing beliefs. At the same time, the company remains true to what we believe makes it unique – a focus on the ecosystem, investing for the long term, and focusing on solving hard problems that others cannot. NVIDIA's Co-Founder and CEO, Jensen Huang, described it best in the company's recent CES investor meeting⁵:

"We like to solve insanely hard problems we are uniquely positioned to solve... I like these things that take a long time, but when you finally get there, it's very likely you'll be quite alone... NVIDIA is powering just about every quantum computer in the world and everybody goes 'zero, zero, zero.'"

"Models change all the time... that's why NVIDIA is the right answer - because we're flexible... versatile... You have finite power... Have to utilize that finite power for the overall consumption of the data center. And the more flexible it is, the better it is... We are constantly trying to come up with a new way to do better... I'm trying to disrupt myself all the time."

Another great example is Shopify, which was able to adapt multiple times over the years. Shopify started out with a mission of democratizing online commerce by targeting small domestic online merchants. Today it offers solutions for offline merchants, large merchants, business-to-business (B2B) merchants, and merchants located everywhere in the world. Along the way, Shopify tried to become a logistics business with the Shopify fulfillment network, but decided to pivot when it saw that its time was better spent focusing on its "main quests"⁶, cutting over 20% of its workforce. Despite cutting its workforce, it accelerated its innovation velocity and remained obsessed with solving more and more problems for merchants by expanding the set of vertical solutions it offers. Today it includes solutions for taking payments across geographies, instant checkout, working capital loans, tax management, merchant-of-record solutions for cross-border commerce, offline commerce, Shopify Campaigns for end-consumer acquisition, solutions for agentic-commerce, an AI Sidekick to help merchants optimize how they manage their

business, and so on, making them much more successful over time. We focus on identifying and investing in companies like NVIDIA and Shopify. Companies that thrive on innovation and have proven track records of being adaptable to disruptive change.

Who ARE the real beneficiaries of AI and how much of the portfolio is invested in them?

Well... who were the real beneficiaries of... electricity, semiconductors, the internet? Of course, we know the names of the leading manufacturers or smart phones and the hyperscalers that pioneered cloud computing, but the true beneficiaries of those inventions are surely much wider than that. Here is how we think about this question:

- Builders of AI infrastructure – the companies that are benefiting directly from the AI investments and buildout today. They include *NVIDIA*, which stands at the epicenter of the AI paradigm, *TSMC*, which is a key supplier to AI fabless companies like *NVIDIA* or *Broadcom*, making all of their accelerators and many of their networking chips that go into AI data centers, and *ASML*, the leading lithography wafer-fab equipment supplier and a key supplier to *TSMC*.
- Providers of AI infrastructure for others – the hyperscalers or companies that rent AI data centers to others. *Amazon*, which offers an AI full-stack, including GPUs for rent in the cloud through Amazon Web Services (AWS), *GDS*, a leading Chinese data center provider, and *Cloudflare*, a leading provider of cloud networking and security solutions, which recently introduced a solution for AI inference at the edge.
- Companies that already adopted AI in their core business – this category includes our e-commerce platforms: *Amazon*, *MercadoLibre*, *Coupang*, *Eternal*, and *PDD*. They benefit from using AI to improve their recommendation engines, showing products that are more relevant for consumers, which increases conversion rates and improves their advertising algorithms, increasing Return on Ad Spend (ROAS) for advertisers. Adopting AI for customer support has lowered the cost of services and improved the optimization of logistics. Payment and banking companies *Adyen*, *Block*, *Shopify*, *Bajaj*, and *Nu Holdings* have been using AI to improve a variety of fintech algorithms such as fraud detection or loan underwriting. This category also includes many of our security focused software companies like *Cloudflare*, *Datadog*, *Zscaler*, *Netskope*, *SailPoint*, and *CrowdStrike* – all use AI in their core algorithms to better identify anomalies and block malicious or unwanted traffic or cyber-attacks. *Heartflow* utilizes AI as part of its core offering to improve the accuracy of its coronary artery disease diagnostic, increase gross margins and reduce test turnaround times (as AI reduces the need for human involvement), taking advantage of its large proprietary data set of more than 100 million annotated CT images and 10-plus years of time spent training AI algorithms.
- Longer-term productivity gains in knowledge work – this category includes all companies that rely on knowledge workers and includes the productivity gains from agentic AI across functions. From software development agents and customer service agents in the nearer term, to finance, marketing,

and sales agents longer term. This is a broad category that includes most of our companies that rely on knowledge workers. It includes companies that build AI solutions to help their own customers become more productive. *Shopify* with its Sidekick solution is a great example, as Sidekick is an always-on “business partner” to Shopify’s merchants, helping them become more productive and sell more to their end consumers. Another example is *Snowflake*, which is expanding its core data warehouse solution to enable running first and third-party AI solutions on top of the data, while maintaining full control over data residency and governance, which is key for many enterprises.

- Longer-term opportunity from AI generating new revenue streams – in this category we would include agentic commerce, where *Shopify* could be a prime beneficiary as a connective tissue between its millions of merchants and the few large AI chat-bots, enabling agentic commerce. *Amazon* and other e-commerce platforms should also be beneficiaries. *InPost*, the leading European out-of-home delivery service provider, can also be a beneficiary of agentic commerce, utilizing its large end consumer base to vertically expand into a commerce offering. *SpaceX*, with the potentially large new opportunity from providing AI data centers in space. Lastly, even a company like *Illumina*, whose gene sequencing platform should benefit from the growing impact of AI in biology and drug discovery.
- Longer-term opportunity from physical AI – this category includes *Tesla*, with its significant opportunity in Autonomous driving and Humanoid Robots. It also includes companies with significant physical operations such as our e-commerce platforms. *Amazon*, for example, employs over 1.5 million people and operates one of the largest logistics networks globally. As AI matures, we can envision a future in which many of these jobs are either augmented or replaced through autonomous driving and robotics, which would help *Amazon* drive margins higher over time, while continuously improving the speed and robustness of its logistics network.

After a decade of a very favorable investing environment spurred by globalization and record low interest rates, the early 2020s have proven to be a challenge for global investors. A spike in inflation, partly caused by the COVID-19 pandemic, triggered an unprecedented tightening cycle by the global monetary authorities which prompted a significant drawdown for equity markets worldwide in 2022. Once the tightening cycle ended, the markets stabilized and began to recover. Despite increased geopolitical tensions and wars in Europe and the Middle East, the MSCI ACWI Index gained 75.6% over the last three years, on a cumulative basis. While impressive on the surface, the gains were driven by a narrow group of U.S. companies with giant market capitalizations leaving most international and non-giant-cap stocks still in the correction territory. We were significantly underweight the U.S and not being in those few narrow stocks that drove the Index’s returns proved to be a meaningful headwind. Still, the Fund returned 102.4% over the last three years, outperforming the Index by a cumulative 26.8%, or 5.9% per year. While we struggled mightily in 2021 and 2022, which impaired our 5-year numbers, our long-term results are once again rounding into shape. The Fund has compounded at

14.0% over the last 10 years and at 12.8% since its inception in April 2012, outperforming the Index by 2.2% and 2.2%, respectively, and the Peer Group by 2.3% and 2.4%, respectively.*

With that, we are excited about what is to come!

Top contributors to performance for the quarter

	Quarter End Market Cap (\$B)	Contribution to Return (%)
Space Exploration Technologies Corp.	800.0	10.26
Shopify Inc.	209.9	0.61
argenx SE	51.8	0.57
Illumina, Inc.	20.0	0.51
Taiwan Semiconductor Manufacturing Company Limited	1,576.1	0.45

Space Exploration Technologies Corp. (SpaceX) is a high-profile private company founded by Elon Musk. The company's primary focus is on developing and launching advanced rockets, satellites, and spacecrafts, with the ambitious long-term goal of making life multi-planetary. SpaceX is generating significant value with the rapid expansion of its Starlink broadband service. The company is successfully deploying a vast constellation of Starlink satellites in Earth's orbit, reporting substantial growth in active users, and regularly deploying new and more efficient hardware technology. Furthermore, SpaceX has established itself as a leading launch provider by offering highly reliable and cost-effective launches, leveraging the company's reusable launch technology. SpaceX capabilities extend to strategic services such as human spaceflight missions. Moreover, SpaceX is making tremendous progress on its newest rocket, Starship, which is the largest, most powerful rocket ever flown. This next-generation vehicle represents a significant leap forward in reusability and space exploration capabilities. We value SpaceX using prices of recent financing transactions.

Shopify Inc. is a cloud-based software provider for multi-channel commerce. Shares rose 8.3% in the fourth quarter, finishing 2025 up 51.1% on strong financial results that outperformed Street expectations. The company is demonstrating rapid growth at scale with gross merchandise value (GMV) and revenues each growing over 30% year-on-year. Business fundamentals are strong across geographies, customer types, verticals, channels, and commerce categories. In the third quarter, Shopify grew international GMV by 41%, offline by 31%, and B2B by 98% (all year-over-year). They signed Estee Lauder for Shopify Plus, a significant win for their enterprise strategy, which provides further evidence of the scalability of their platform. The company continues to make progress on its vertical total addressable market (TAM) expansion as well by deepening the solutions it offers merchants including ongoing success with their accelerated checkout (Shop Pay), growing adoption of Shopify payments, expansion of Shopify Capital, and other newer solutions such as their advertising solution, Shopify Campaigns, which is off to a strong start, with a 9 times increase in budget commitments from merchants year-over-year. Shopify has also emerged as a leading enabler in the nascent AI-commerce category (shopping within Large Language Models

(LLMs) chat-bots such as ChatGPT). We continue to own the stock and believe Shopify is a rare platform business that has many call options on future growth verticals, as the company's culture and merchant obsession drives rapid product innovation, helping sustain growth for years to come.

Shares of **argenx SE** contributed to performance, rising 14.0% during the fourth quarter and finishing 2025 up 37.8%. Argenx is a leading biotechnology company best known for developing Vyvgart, the leading FcRn inhibitor for the treatment of autoimmune conditions. Sales of Vyvgart continue to progress well in Generalized Myasthenia Gravis (Generalized MG) while the Chronic Inflammatory Demyelinating Polyneuropathy (CIDP) launch is also off to a strong start. Shares outperformed as Vyvgart sales this year have meaningfully beat investor expectations, on track to over \$4 billion in 2025. Our conversations with management and with treating neurologists continue to suggest that Vyvgart is an important treatment option for MG and CIDP patients and we expect its adoption to continue expanding. Over time, we expect Vyvgart to demonstrate efficacy in an ever-expanding range of autoantibody-driven autoimmune conditions and we're happy with argenx's progress with their upcoming pipeline products. Specifically, we are excited about the upcoming Phase 3 readouts of Vyvgart in Myositis and Empasiprubarb in Multifocal Motor Neuropathy.

Top detractors to performance for the quarter

	Quarter End Market Cap (\$B)	Contribution to Return (%)
Coupage, Inc.	43.1	(1.43)
MercadoLibre, Inc.	102.1	(1.12)
Wix.com Ltd.	5.8	(1.03)
Zscaler, Inc.	35.9	(0.67)
Eternal Limited	29.9	(0.58)

Shares of **Coupage, Inc.**, Korea's largest e-commerce platform, declined 26.7% in the fourth quarter (though up 7.3% in 2025). The weakness was initially driven by elevated upfront investments in its new market, Taiwan, where aggressive customer acquisition, supplier onboarding and product procurement, and logistics infrastructure buildout weighed on near-term profitability, as the company is expanding into a large new TAM underpinned by positive early data points. Investor sentiment was further pressured by a recent customer data breach incident, which raised short-term concerns around compliance costs, reputational risk, and potential regulatory scrutiny. A softer domestic consumption backdrop in Korea toward year-end also contributed to a more cautious market positioning. These dynamics drove a material multiple contraction, which was responsible for over 100% of the decline in the shares during the quarter. Despite these headwinds, our conviction in Coupage remains intact. We view the data security issue as operational rather than structural, with no evidence of lasting customer attrition or erosion in competitive positioning. Over the longer term, we believe that Coupage will continue to gain market share in its core business while leveraging

its differentiated fulfillment infrastructure and technology to scale new services and expand into new markets. We remain invested.

MercadoLibre, Inc. is the leading e-commerce marketplace across Latin America. Shares of MercadoLibre declined 13.8% in the quarter (though finished the year up 18.5%) on near-term concerns of margin pressure and longer-term concerns over competition. Competitive intensity in Brazil has increased during the second half of the year, as Amazon and Shopee ramped up promotional activity, prioritizing growth over margins. In parallel, MercadoLibre decided to expand free shipping thresholds, and increased marketing spend, driving fears of near-term margin compression. Investors also became increasingly worried that agentic AI could slow GMV growth and pressure take rates by reducing marketplace product discovery and high-margin advertising revenue growth. Continued volatility in Argentina, one of MercadoLibre's higher-margin and fastest-growing markets, further prompted worries that slower economic growth would lead to slower growth in profits. While these factors drove near-term stock weakness, as nearly all of the underperformance in the quarter was driven by multiple contraction, we maintain conviction in MercadoLibre's long-term opportunity as the company is positioned to capture a large share of Latin America's underpenetrated e-commerce and fintech markets, with superior logistics capabilities, brand trust, and a powerful ecosystem that provides significant competitive advantages.

Wix.com Ltd. is a leading provider of cloud-based web-development platform for micro-businesses. Shares of Wix declined 41.5% during the fourth quarter and ended the year down 51.9% due to a quarterly earnings report that emphasized greater-than-expected investment behind their new acquisition, the vibe-coding startup, Base44, which stirred investor concerns over the company's margin trajectory in the short term, after three consecutive years of significant margin expansion. While investors initially responded positively to the acquisition, the short-term impact on margins, the uncertainty around Base44 cohort lifetime-values, and the uncertain potential impact of vibe-coding and AI on Wix's core web-development platform, caused investor concerns leading to the decline in the stock price. While there is a range of outcomes of how successful it could become in a crowded space, Base44 opens a new opportunity for Wix, and if it succeeds, it could become fairly material, expanding Wix's TAM. Apart from Base44, the stock remains attractively valued for the opportunity despite the wider than normal range of outcomes on the evolution of Wix's core business with FCF margins around 30%, and a mid-teens growth profile, trading at an 11% current FCF yield.

Portfolio Structure

The portfolio is constructed on a bottom-up basis with the quality of ideas and conviction level having the most significant roles in determining the size of each individual investment. Sector and country weights are an outcome of the stock selection process and are not meant to indicate a positive or a negative "view."

As of December 31, 2025, the top 10 positions represented 62.5% of the Fund's net assets, and the top 20 represented 85.0% (this compares to 61.2% and 85.6% at the end of 2024, respectively).

We ended 2025 with 42 investments compared to 38 at the end of 2024, though our largest 35 names accounted for 99.3% of the Fund's net assets. Our investments in the IT, Industrials, Consumer Discretionary, Financials, and Health Care sectors, as classified by GICS, represented 99.9% of the Fund's net assets.

Investments in non-U.S. companies represented 46.2% of net assets, and our holdings in emerging markets and other non-developed countries (Argentina) totaled 29.3%.

The Fund's active share was 89.3% (it averaged 93.9% over the last 3 years) and its turnover was 8.9% in 2025 (it averaged 6.4% and 10.9% over the last 3 and 5 years, respectively).

Top 10 holdings

	Quarter End Market Cap (\$B)	Quarter End Investment Value (\$M)	Percent of Net Assets (%)
Space Exploration Technologies Corp.	800.0	137.8	18.7
NVIDIA Corporation	4,532.0	66.6	9.0
MercadoLibre, Inc.	102.1	46.1	6.2
Shopify Inc.	209.9	41.5	5.6
Taiwan Semiconductor Manufacturing Company Limited	1,576.1	37.6	5.1
Amazon.com, Inc.	2,467.5	29.6	4.0
argenx SE	51.8	27.3	3.7
Coupang, Inc.	43.1	26.2	3.6
Bajaj Finance Limited	68.3	25.0	3.4
Eternal Limited	29.9	23.0	3.1

Percentage of securities by country

	Percent of Net Assets (%)
United States	53.7
Netherlands	8.2
India	6.5
Argentina	6.2
Canada	5.6
Taiwan	5.1
Brazil	3.6
Korea	3.6
China	2.9
Israel	1.8
Spain	1.4
Poland	1.3
Cash and Cash Equivalents	0.0 [†]

[†] Less than 0.1%

Recent Activity

During the fourth quarter, we participated in the IPO of the health care diagnostics company, **BillionToOne**. We also bought back **Amazon**, as we believe that developments in AI increase the likelihood of the company becoming a big idea going forward. We took advantage of inflows and share price volatility during the quarter to add to 12 existing positions led by the leading global semiconductor manufacturer, **TSMC**, followed by the leading cloud-based cyber-security platform, **CrowdStrike**, the cloud networking provider **Netskope**, and our two Indian holdings – **Bajaj** and **Eternal**, Chinese data center operator **GDS**, the aerospace and defense aftermarket parts supplier, **Loar**, the auto-focused semiconductor provider, **indie Semiconductor**, the leading cloud-based software provider for the trades, **ServiceTitan**, the leading Latin-American neobank, **Nu Holdings**, the identity management and governance software provider, **SailPoint**, and the heart disease diagnostics company, **Heartflow**. We funded some of the purchases by reducing several of our existing holdings, in which we saw a less favorable risk/reward following the run up in shares. We also suffered permanent losses of capital in **Endava** and **BILL Holdings** after losing conviction and exiting both holdings.

Top net purchases for the quarter

	Quarter End Market Cap (\$B)	Net Amount Purchased (\$M)
Amazon.com, Inc.	2,467.5	29.7
Taiwan Semiconductor Manufacturing Company Limited	1,576.1	8.3
CrowdStrike Holdings, Inc.	118.2	4.3
Netskope, Inc.	6.9	3.3
Bajaj Finance Limited	68.3	2.7

Our biggest purchase during the fourth quarter was **Amazon.com, Inc.** We have owned the stock in the past and bought it back as we believe that AI is likely to improve Amazon's growth profile, create margin tailwinds over time, and increase the likelihood of the stock becoming a Big Idea once again. CEO Andy Jassy has emphasized that we are at a key inflection point with AI⁷: *"Generative AI is going to reinvent virtually every customer experience we know, and enable altogether new ones about which we've only fantasized... It's moving faster than almost anything technology has ever seen."*

First, we believe that AWS will be able to utilize its leading positioning in the cloud services market to generate substantial revenues from AI-related business. AWS described how it's *"aggressively investing in capacity because we see the demand⁸"* for AI infrastructure, adding 3.8 gigawatts of capacity in the last 12 months, doubling its capacity compared with 2022, and they intend to double it again by 2027. Amazon's full-stack strategy from infrastructure through models and applications, will allow enterprises and startups to build AI solutions fully on AWS, with the data gravity of existing customers serving as an additional incentive to stay on AWS. AWS is focused on offering cost-effective AI infrastructure with both in-house custom AI chips (Trainium 2 is already a *"multi-billion dollar business and growing 150%*

sequentially” with Trainium 3 expected to be “40% better than Trainium 2”) and NVIDIA chips for stronger performance. Next, AWS provides an accessible inference platform via Amazon Bedrock, offering access to leading AI models from partners like Anthropic to over 100,000 customers who already have their data stored within the AWS ecosystem. Finally, AWS offers crucial tooling and algorithms like AgentCore and Amazon Q to help customers build useful AI agents with the necessary security guardrails. All together, we believe AWS growth can accelerate to over 20% CAGR for the next five years.

Amazon is also leveraging AI internally for the benefit of its massive retail business. On the top line, Jassy noted that *“AI and agentic commerce solutions are going to expand the amount of shopping that happens online”* as only 20% of commerce is done online today, by leveraging Amazon’s advantages in selection and delivery speed. Early signs of this include the AI-powered shopping assistant Rufus, which is on track to deliver over \$10 billion in incremental annualized sales as customers are *“60% more likely to complete a purchase”* when they use Rufus. Amazon is also taking advantage of AI to improve its recommendation algorithms and increase the ROAS for its advertising customers. Longer term, productivity improvements in knowledge work will benefit Amazon across functions – from customer support, through software engineering, sales, and general and administrative. Also, longer term, physical AI is set to significantly benefit profitability. The company has over 1 million robots in its fulfillment network today, as it plans to save an incremental \$0.30 per item by 2027, and has a reported goal to automate 75% of its operations longer term. Autonomous driving also presents a big opportunity for cost reduction in Amazon’s extensive shipping network as America’s largest private carrier. Across these AI improvements and broader cost discipline, we believe operating margins could expand from roughly 14% today to over 20% in five years. Outside of its core businesses, Amazon also has immense opportunities in large adjacent fields like pharmacy and grocery that represent massive addressable markets. Lastly, despite the significant opportunity, Amazon is trading near the lowest P/E multiple it has ever traded at, both on an absolute basis and on a relative basis.

We participated in the IPO of the prenatal and oncology diagnostics solutions provider, **BillionToOne, Inc.** The company is disrupting the market with more accurate prenatal and oncology genetic tests via its innovative Quantitative Counting Template (QCT) technology, which allows the company to accurately count the number of mutation copies at a single-gene level.

Co-Founder & CEO Oguzhan Atay said in a recent interview:⁹ *“We want to truly bring personalized medicine into reality. We want to solve really big problems. Not just prenatal genetics, but prenatal epigenetics, preterm birth, pre-eclampsia, and also to make the biggest impact in oncology care in a century. And you know that is possible, that is essentially within reach. Our goal in the next five years is to help millions of patients, both in prenatal and oncology, and become a generational company. We want to be the first molecular diagnostics company to become an S&P 500 company.”*

BillionToOne generates the vast majority of its revenue today from UNITY, which is a differentiated prenatal genetic test. Traditional prenatal tests check for chromosomal abnormalities like Down Syndrome but are less accurate for single gene inherited disorders. The standard of care screening for recessive monogenic disorders requires a DNA sample from the father (which is operationally challenging to obtain and only happens 38% of the time) and/or defaults to a chorionic villus sampling test or amniocentesis (which carries a low but real miscarriage rate). In contrast, UNITY is a single blood draw from the mother that screens for both chromosomal problems and recessive single-gene disorders and can accurately assess the fetus’s risk of inheriting a recessive condition without requiring a sample from the father. BillionToOne has thus far captured 15% of the \$2 billion-plus U.S. prenatal screening market in a short period of time, and we expect it to continue to gain share.

BillionToOne is making early headways in oncology, which represents a \$50 billion-plus TAM. The same QCT technology powers the company’s NORTHSTAR SELECT therapy selection test, which can find 51% to 109% more actionable mutations than competitor tests. The test has a superior lower-limit-of-detection compared to competitors, being able to detect driver mutations even when the allele copy number is low (an allele is a version of a DNA at a specific spot, like eye color – blue or brown – which are two different alleles; a low number of allele copies means that the mutation is rare and hard to find). BillionToOne also offers NORTHSTAR RESPONSE, which is a new type of test that can detect subtle changes in tumor burden and can track whether the patient is responding to therapy. 95% of oncology clients order both SELECT and RESPONSE, since RESPONSE is creating a new category of tests. We are optimistic that more data about RESPONSE this year will drive broad Medicare reimbursement for the test. BillionToOne’s launch in oncology is still nascent, but we think product differentiation will help the company capture share in this large and growing market. Longer term, we are hopeful that BillionToOne’s QCT technology will enable the company to develop an ultra-sensitive tumor-naïve minimal residual disease test and ultimately ultra-sensitive cancer screening tests.

Impressively, BillionToOne has accomplished all of this while maintaining financial discipline. The company has 70% gross margins and has already achieved GAAP profitability and positive free cash flow.

During the fourth quarter, we also added to 12 existing positions.

- **Taiwan Semiconductor Manufacturing Company Limited** (TSMC) was our largest add during the quarter. Once again TSMC raised its 2025 revenue growth guidance from “close to mid-20s%” year-on-year in the first quarter to “around 30%” in the second quarter and now to “close to mid-30s%” (in USD terms) as *“AI demand continues to be very strong, even stronger than we thought three months ago.”* We believe that TSMC’s competitive position in leading-edge semiconductor manufacturing remains unmatched with a 90% market share (and 65% overall). TSMC’s unique positioning in the market is underlined with the company’s ability to raise prices as demand for its next generation nodes continues to be robust.

We also believe that TSMC will benefit from a long duration of growth as the adoption of AI continues to accelerate. Note that TSMC will benefit regardless of the ultimate market share split between NVIDIA, Advanced Micro Devices, OpenAI, or Anthropic and whether application-specific integrated circuits would garner any significant market share. It's the ultimate picks and shovels supplier to AI.

- **CrowdStrike Holdings, Inc.** - A year and a half since the famous outage that grounded planes and impacted a broad array of the company's customers, we can conclude that management has done an excellent job in the aftermath of the outage. The company is now seeing a reacceleration in net new annualized recurring revenues (ARR), which accelerated to 73% growth year-on-year in the third quarter driven by strong adoption of its new Flacon Flex offering, which enables customers to use multiple modules from CrowdStrike without having to go back to procurement. At the company's 2025 Investor Day, Co-Founder and CEO George Kurtz described AI as *"the best opportunity I've seen in my career."* And where CrowdStrike's right to win comes from the large scale, real-time data it has with trillions of events seen globally.
- **Netskope, Inc.** - We continued to build our new position in the leading cybersecurity company specializing in Secure Access Service Edge (SASE). Netskope delivered a strong first quarter as a public company. The company beat consensus across all metrics, ARR growth of 34% year-on-year accelerated for the fifth straight quarter, and margins continue to inflect up as the company is getting a return on its infrastructure and salesforce investments over the past year. The company continues to increase its SASE market share driven by new logo wins, announcing several large competitive multiproduct deals with new enterprise customers, driving the strongest landed ARR from new logos in seven quarters while reaffirming 80%-plus win rates in deals that go to a technical proof of concept.
- **Bajaj Finance Limited** - We added to our position in the Indian lender Bajaj, which continues to report solid financial results. The company reported 24% growth in assets under management, 22% growth in profit before tax, a 19.1% ROE, booked 12.2 million new loans in the quarter, added 4.1 million new customers, and with improving cost (opex) to total income ratio of 32.6% (compared to 33.2% last year) as AI starts to positively impact productivity. We believe that Bajaj remains an attractive investment thanks to the company's trusted brand, prudent lending, innovative culture, well-diversified balance sheet, and a long runway for growth as Bajaj still has a low single-digit share of total credit in India, which by itself has a long runway for expansion.

Top net sales for the quarter

	Quarter End Market Cap or Market Cap When Sold (\$B)	Net Amount Sold (\$M)
Cloudflare, Inc.	69.2	6.8
Datadog, Inc.	47.7	5.7
ASML Holding N.V.	420.3	5.2
Block, Inc.	39.6	4.6
BILL Holdings, Inc.	4.5	1.5

Outlook

As we do every year, to better understand the Fund's performance, we again deconstructed it into its two components - change in multiples and change in the fundamentals. During the fourth quarter, the weighted average multiple¹⁰ contracted by 11.1% and declined 3.9% over the full year. Since the Fund was up 6.5% in the quarter and up 27.5% during 2025, **once again the entirety of our performance in 2025 was driven by growth in fundamentals** as opposed to the more unpredictable and volatile change in multiple - **a positive data point for the Fund's prospective returns.** The fundamentals of our businesses also continued to improve throughout the year with consensus revenue expectations for 2026 increasing by 5.8% during the fourth quarter and by 13.0% during 2025¹¹, and operating income expectations rising by 3.1% in the quarter and 4.3% over the year.

As disruptive change investors, we continue to be excited about the possibilities and opportunities ushered in by the rapid development of AI. The pace of innovation and progress made is unlike anything we have seen before. Over the last year, LLMs have become increasingly more intelligent across a wider variety of tasks, with costs declining rapidly - by a factor of roughly 10 times per year. Agentic AI is becoming real, with task duration being handled by AI continuing to double every 6 to 7 months¹². *GPT 4*, which was released in March of 2023, could complete a 5-minute task. OpenAI's first reasoning model, the o1, released in December of 2024, could accomplish a 41-minute task. Grok 4, released by xAI in July of 2025, was able to perform a 1 hour and 49 minute task, while Anthropic's Claude Opus 4.5, released in November of 2025, completed tasks 4 hours and 49 minutes long. Andrej Karpathy, one of the co-founders of OpenAI, called it a *"powerful alien tool"*¹³, while Boris Cherny, the lead developer of Claude Code, said that all of his software development is now being written by Claude Code itself¹⁴, potentially describing the early days of a virtuous exponential development cycle where AI develops AI.

Shopify's Co-Founder and CEO, Tobi Lutke, speaking of the rapid progress in AI coding agents, said that he *"shipped more code in the last 3 weeks than the decade before. The top AI models/ agentic systems right now are an entirely different thing to what people used until the beginning of December."*¹⁵ Finally, NVIDIA at the 2026 CES conference described how the demand for its GPUs continues to skyrocket, while announcing that its next-generation Vera Rubin architecture (which has just entered production) would enable training large models with a quarter of the GPUs, while increasing the token throughput of AI factories by a whopping 10 times (or reducing the cost per token by 10 times)¹⁶. *We sure live in exciting times...*

Every day we live and invest in an uncertain world. Well-known conditions and widely anticipated events, such as Federal Reserve rate changes, ongoing trade disputes, government shutdowns, and the unpredictable behavior of important politicians the world over, are shrugged off by the financial markets one day and seem to drive them up or down the next. We often find it difficult to know why market participants do what they do over the short term. The constant challenges we face are real and serious, with clearly uncertain outcomes. History would suggest that most will prove passing or manageable. The business of capital allocation (or investing) is the business of taking risk, managing the uncertainty, and taking advantage of the long-term opportunities that those risks and uncertainties create.

We are optimistic about the long-term prospects of the companies in which we are invested and continue to search for new ideas and investment opportunities while remaining patient and investing only when we believe the target companies are trading at attractive prices relative to their intrinsic values.

Sincerely,



Alex Umansky
Portfolio Manager

- ¹ The Fund's historical performance was impacted by gains from IPOs and there is no guarantee that these results can be repeated or that the Fund's level of participation in IPOs will be the same in the future.
- ¹ The **MSCI ACWI Index Net (USD)** is designed to measure the equity market performance of large and midcap securities across 23 Developed Markets (DM) and 24 Emerging Markets (EM) countries. The **MSCI ACWI Growth Index Net (USD)** is designed to measure the equity market performance of large and mid cap securities exhibiting overall growth style characteristics across 23 DM countries and 24 EM countries. MSCI is the source and owner of the trademarks, service marks and copyrights related to the MSCI Indexes. The indexes and the Fund include reinvestment of dividends, net of foreign withholding taxes, which positively impact 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 Not annualized.
- ⁴ <https://aws.amazon.com/executive-insights/content/how-amazon-defines-and-operationalizes-a-day-1-culture/>
- ⁵ <https://video.ibm.com/GTC-Financial-Analyst-QA>
- ⁶ <https://www.shopify.com/news/important-team-and-business-changes#>
- ⁷ <https://www.aboutamazon.com/news/company-news/amazon-ceo-andy-jassy-2024-letter-to-shareholders>
- ⁸ Amazon's 3Q 2025 earnings conference call
- ⁹ <https://blog.neotribe.vc/from-first-meeting-to-ipo-reflections-on-billiontoones-journey/>
- ¹⁰ We calculate the change in P/E multiple (based on FactSet consensus expectations for EPS for the next 12 months) for each holding as long as the starting P/E is below 100x (and positive). Otherwise, we use an EV/Revenues multiple. For GDS we use an EV/EBITDA multiple. We then use the ending weights of each position in the Fund to calculate the weighted average change in the Fund's multiple (and exclude our private holdings).
- ¹¹ We calculate the change in FactSet consensus expectations for 2026 estimated revenues and operating income for our holdings and calculated the weighted average using weights as of 12/31/2025. We use Gross Profit for Block (since revenues include the volatile impact of crypto prices).
- ¹² <https://metr.org/blog/2025-03-19-measuring-ai-ability-to-complete-long-tasks/>
- ¹³ <https://x.com/karpathy/status/2004607146781278521>
- ¹⁴ <https://x.com/bcherny/status/2004897269674639461>
- ¹⁵ <https://x.com/tobi/status/200931188253765914>
- ¹⁶ <https://www.nvidia.com/en-us/events/ces/>
- * As of 12/31/2025, the annualized returns of the Morningstar Global Large-Stock Growth Category average were 15.46%, 6.84%, and 11.61% for the 1-, 5-, and 10-year periods, respectively.

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.

As stated within the Supplement to the Summary Prospectus, Prospectus and Statement of Additional Information dated April 30, 2025, effective October 1, 2025, Baron Global Advantage Fund® has changed its name to Baron Global Opportunity Fund®. For additional information please refer to the Supplement.

Risks: Growth stocks can react differently to issuer, political, market and economic developments than the market as a whole. Non-U.S. investments may involve additional risks to those inherent in U.S. investments, including exchange-rate fluctuations, political or economic instability, the imposition of exchange controls, expropriation, limited disclosure and illiquid markets, resulting in greater share price volatility. Securities of small and medium-sized companies may be thinly traded and more difficult to sell.

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

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Active Share is a term used to describe the share of a portfolio's holdings that differ from that portfolio's benchmark index. It is calculated by comparing the weight of each holding in the Fund to that holding's weight in the benchmark. Positions with either a positive or negative weighting versus the benchmark have Active Share. An Active Share of 100% implies zero overlap with the benchmark. **EBITDA**, short for earnings before interest, taxes, depreciation, and amortization, is an alternate measure of profitability to net income. It's used to assess a company's profitability and financial performance. **Enterprise Value (EV)** is a measure of a company's total value, often used as a more comprehensive alternative to equity market capitalization. EV includes in its calculation the market capitalization of a company but also short-term and long-term debt as well as any cash on the company's balance sheet. **EPS Growth Rate (3-5-year forecast)** indicates the long term forecasted EPS growth of the companies in the portfolio, calculated using the weighted average of the available 3-to-5 year forecasted growth rates for each of the stocks in the portfolio provided by FactSet Estimates. The EPS Growth rate does not forecast the Fund's performance. **Free Cash Flow (FCF)** represents the cash that a company generates after accounting for cash outflows to support operations and maintain its capital assets. **Free Cash Flow (FCF) Margin** is a measure of profitability for a business. FCF Margin takes the free cash flow that a business generates and compares it against the revenue they earned during the same period. **Operating Margin** is a company's profit for every dollar of sales after deducting production costs like wages and raw materials but before accounting for interest and taxes. **Price/Earnings Ratio or P/E (next 12-months)** is a valuation ratio of a company's current share price compared to its mean forecasted 4 quarter sum earnings per share over the next twelve months. If a company's EPS estimate is negative, it is excluded from the portfolio-level calculation.

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