



QUARTERLY LETTER | MARCH 31, 2026

Baron Focused Growth Fund[®]

Retail Shares: BFGFX | Institutional Shares: BFGIX | R6 Shares: BFGUX



David Baron
Co-President
Portfolio Manager

Ron Baron
CEO
Portfolio Manager

Dear Baron Focused Growth Fund[®] Shareholder,

Performance

Baron Focused Growth Fund[®] (the Fund) had a disappointing start to 2026, with a decline of 4.99% (Institutional Shares) compared with a 3.52% loss for the Russell 2500 Growth Index (the Benchmark). The quarterly underperformance was due to continued concerns about the effects of AI on many businesses held in the portfolio as well as worries about the impact of the Iran war on inflation, interest rates, and consumer spending. These declines were partially offset by **Space Exploration Technologies Corp.** (SpaceX) and its deal to acquire **X.AI Holdings Corp.** (xAI), which resulted in the revaluation of the combined business at a significantly higher enterprise value.

While we are disappointed with the start of the year, we continue to see opportunities throughout the portfolio. Our portfolio companies continue to do quite well and are generating strong growth and cash flow for additional investments in their businesses to accelerate growth further with excess cash being returned to shareholders through share buybacks and dividends.

All of our companies have strong balance sheets with many operating with financial leverage below their targeted levels, giving them additional liquidity to lever up and buy back more stock should they desire.

Valuations for many stocks in the portfolio are now trading at historically low levels, and we believe there is a disconnect between where these businesses trade today and what they can become over time. As a result, this past quarter we saw an accelerated rate of insider purchases from executives and directors at **Verisk Analytics, Inc.**, **Birkenstock Holdings plc**, **Vail Resorts, Inc.**, **FactSet Research Systems Inc.**, **MSCI Inc.**, **Figma, Inc.**, and

Annualized performance (%) for periods ended March 31, 2026

	Fund Retail Shares ^{1,2,3}	Fund Institutional Shares ^{1,2,3,4}	Russell 2500 Growth Index ¹	Russell 3000 Index ¹
QTD ⁵	(5.05)	(4.99)	(3.52)	(3.96)
1 Year	25.86	26.18	19.31	18.09
3 Year	18.65	18.96	10.61	17.86
5 Year	10.23	10.51	1.75	10.87
10 Year	20.14	20.45	10.46	13.72
15 Year	15.17	15.47	9.89	12.81
Since Conversion (6/30/2008)	13.84	14.11	9.78	11.46
Since Inception (5/31/1996)	13.68	13.84	8.10	9.79

CoStar Group, Inc. When we see these insider purchases, it gives us further confidence in our investment theses for these growth businesses and reinforces our belief that valuations are attractive. As a result, during the quarter we increased our positions in many of these stocks while adding a couple of new names as well. We are continuing to make sure the portfolio remains focused while being cognizant that positions are appropriately sized for risk in this concentrated Fund.

We believe this combination of strong revenue growth with well-positioned balance sheets and attractive valuations offers multiple avenues for potential returns for investors. As a result, we continue to view the portfolio as compelling, with a favorable risk/reward profile.

Performance listed in the above table is net of annual operating expenses. Annual expense ratio for the Retail Shares and Institutional Shares as of April 30, 2025, 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 Adviser may waive or reimburse 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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Further, we believe there is still a ton of capital remaining on the sidelines waiting to be invested, including private equity firms who continue to raise new funds. We believe as rates continue to move lower over the next year, public to private transactions and strategic acquisitions should accelerate, which should further support valuations and our investments. We continue to believe these businesses have strong competitive advantages with underpenetrated growth opportunities ahead of them and robust balance sheets to finance their growth.

In the near term, we continue to believe that inflation will remain at or below the historic 3% to 4% annualized level, and interest rates will approximate the rate of inflation. This has been the case since World War II. We believe that is a favorable environment for businesses that are growing significantly faster than the rate of inflation and the 5% nominal annualized growth rate of our economy last year according to the Bureau of Economic Analysis.

The Fund has continued to outperform its Benchmark over the prior 3-, 5-, and 10- year periods, generating significant excess returns with much less than market risk. Over the past 3-, 5-, and 10- year periods, the Fund has generated 835, 876, and 999 bps of outperformance, respectively, with volatility measured as the Beta of the Fund that is approximately 34%, 15%, and 5%, respectively, less than the market. As a result, the Fund's Sharpe ratio, a measure of risk-adjusted return, was significantly higher than the Benchmark for each of these periods.

We believe these strong returns with downside management of risk are due to our research-based investment process. Our research enables us to identify and understand businesses' competitive advantages, differentiation, long-term growth prospects, and exceptional people; and it allows us to invest in these businesses for the long term at what we believe are attractive valuations relative to what these businesses can become. As a result, as shown in the table below, the Fund has outperformed its Benchmark for all relevant periods, including since its inception on May 31, 1996. **Since its inception as a private partnership almost 30 years ago, the Fund has increased 13.84% annually. This compares to an 8.10% annualized return for the Benchmark and a 9.79% annualized return for the Russell 3000 Index that measures the performance of the broad U.S. equity market.**

Total returns by investment type for the quarter

	Percent of Net Assets (%)	Total Return (%)	Contribution to Return (%)
Disruptive Growth	36.4	4.24	1.49
Space Exploration Technologies Corp.	21.2	22.88	4.58
Neuralink Corp.	0.1	--	--
Samsara Inc.	1.8	(10.32)	(0.21)
Spotify Technology S.A.	3.9	(16.55)	(0.72)
Tesla, Inc.	6.0	(17.34)	(1.26)
Shopify Inc.	3.1	(26.19)	(0.78)
Figma, Inc.	0.4	(43.98)	(0.11)

Total returns by investment type for the quarter (continued)

	Percent of Net Assets (%)	Total Return (%)	Contribution to Return (%)
Russell 2500 Growth Index		(3.52)	
Financials	17.1	(9.06)	(1.43)
Interactive Brokers Group, Inc.	3.7	4.41	0.22
Morningstar, Inc.	0.4	0.29	0.00
Arch Capital Group Ltd.	2.5	0.07	0.02
MSCI Inc.	5.5	(5.85)	(0.28)
FactSet Research Systems Inc.	3.4	(25.02)	(0.99)
Jefferies Financial Group Inc.	1.6	(33.85)	(0.41)
Real/Irreplaceable Assets	21.3	(9.70)	(2.17)
Choice Hotels International, Inc.	3.0	8.68	0.24
Toll Brothers, Inc.	1.0	1.10	0.03
Vail Resorts, Inc.	3.4	(1.84)	(0.09)
Airbnb, Inc.	2.8	(7.50)	(0.09)
Hyatt Hotels Corporation	3.9	(10.32)	(0.37)
Wynn Resorts, Limited	1.1	(11.46)	(0.09)
Red Rock Resorts, Inc.	3.3	(12.03)	(0.40)
Las Vegas Sands Corporation	1.3	(16.47)	(0.25)
CoStar Group, Inc.	1.5	(40.50)	(1.15)
Core Growth	24.8	(11.21)	(2.66)
FIGS, Inc.	3.4	30.02	0.72
Live Nation Entertainment, Inc.	1.0	7.02	0.07
Gartner, Inc.	3.1	(0.42)	0.02
Birkenstock Holding plc	3.0	(12.27)	(0.34)
Verisk Analytics, Inc.	3.8	(15.32)	(0.43)
IDEXX Laboratories, Inc.	3.5	(16.95)	(0.71)
Guidewire Software, Inc.	3.5	(25.66)	(0.88)
On Holding AG	3.5	(26.57)	(1.10)
Cash and Cash Equivalents	0.4	--	0.02
Fees	--	(0.26)	(0.26)
Total	100.0*	(5.01)**	(5.01)**

* Individual weights may not sum to displayed total due to rounding.

** Represents the blended return of all share classes of the Fund.

Sources: Baron Capital, FTSE Russell, and FactSet PA.

Aside from two of our private investments, SpaceX and xAI successfully completing their combination at a valuation significantly higher than previous marks, performance in the first quarter was hurt by continued concerns about the introduction of AI into the economy and those businesses that could be impacted most from the new competition. These included our subscription-based software and platform investments such as **Spotify Technology S.A.**, **FactSet**, and **Guidewire Software, Inc.** However, while the increased competition hurt the valuation of these stocks in the quarter, it has not impacted financials, and these companies continue to generate strong revenue growth and margins in line with company and investor expectations.

Further losses were seen in our exposure to consumer-focused investments given worries about the escalation of the war in Iran and what that could mean for inflation, interest rates, and consumer spending. These included companies such as **Red Rock Resorts, Inc.**, **Hyatt Hotels Corporation**, and **On Holding AG**. However, despite worries about the war and its impact on the consumer, these companies continue to do quite well generating strong revenue growth with significant pricing power as the consumer continues to spend despite macro uncertainty.

Global digital music streaming platform Spotify declined by 16.6% in the first quarter and detracted 72 bps from performance as investors were concerned about the impact AI music could have on the conversion of free subscribers to paying subscribers as well as how it could impact time on the platform. In addition, further concerns about the timing of price increases and resulting margin expansion also frustrated investors. However, the company continues to institute price increases across multiple regions and complete negotiations with major record labels. User growth remains strong, growing at a double-digit rate with high engagement and low churn even with price increases. The company remains on a path to increase gross margins through its high-margin artist promotions marketplace, growing podcast contribution, and ongoing investments in advertising where revenue growth is expected to accelerate this year. We continue to view Spotify as a long-term winner in music streaming with potential to reach 1 billion-plus subscribers by 2030.

Property and casualty (P&C) insurance software vendor Guidewire declined 25.7% in the first quarter and detracted 88 bps from performance. However, the company continues to do quite well - after a multi-year transition period, the company's cloud transition is substantially complete, and insurers are upgrading to the cloud at an accelerated rate. We believe that cloud will be the sole path forward, with annual recurring revenue (ARR) benefiting from new customer wins and migrations of the existing customer base to the company's Insurance Suite Cloud. We also expect the company to shift R&D resources to product development from infrastructure investment, which should help drive cross-sales into its sticky installed base and potentially accelerate ARR over time. We are encouraged by Guidewire's subscription gross margin expansion, which improved by approximately 580 bps in its most recently reported quarter. We believe Guidewire will be the critical software vendor for the global P&C insurance industry, capturing 30% to 50% of its \$15 billion to \$30 billion total addressable market and generating margins above 40%.

Shares of global hotelier Hyatt declined 10.3% and hurt performance by 37 bps in the first quarter as investors were concerned with a potential deceleration in revenue per available room (RevPAR) growth due to the Middle East conflict as well as cartel uprisings in Mexico that could hurt travel to those parts of the world. However, according to Hyatt management, the Middle East is only 3% of total fees and Mexico while it is approximately 7% of global rooms, they are seeing travelers switch and rebook for other places. While they are seeing declines in Mexico bookings, this is being offset by an increase in bookings for its Caribbean

properties. There has been no impact on unit growth, and the company still expects to grow units between 6% and 7% this year. We believe this growth combined with low single-digit RevPAR growth and slight margin improvement should lead to double-digit EBITDA growth this year. This should generate strong free cash flow, which the company can use for further share buybacks and reinvestment back into the business. The company still has a strong investment grade balance sheet with 90% of the business coming through fees that should allow them to overcome any short-term outside disruptions to its business. Hyatt trades at a discount to peers despite a similar growth and mix of business. We believe this discount should narrow over time as investors see the continued growth and resilience of its business model.

Shares of Las Vegas Locals casino operator, Red Rock Resorts, declined 12.0% in the first quarter and hurt performance by 40 bps as investors were concerned with a potential slowdown in Las Vegas gaming revenue brought about by the macro uncertainty from the war in Iran. Combine this slowdown with construction disruption due to many renovation and expansion projects occurring at its properties and current earnings could decelerate. However, the company continues to invest in its resorts as management sees further opportunities for growth from continued population growth and a higher net worth individual coming to Las Vegas. The company continues to generate strong cash flow that should produce accelerated growth in the coming years. We continue to believe the stock remains attractively valued as the company's founders recently bought stock at current levels, giving us further confidence in the company's accelerated growth prospects.

Top contributors to performance for the quarter

	Year Acquired	Market Cap When Acquired (\$B)	Quarter End Market Cap (\$B)	Total Return (%)	Contribution to Return (%)
Space Exploration Technologies Corp.	2017	21.6	1,250.0	22.88	4.58
FIGS, Inc.	2022	1.5	2.5	30.02	0.72
Choice Hotels International, Inc.	2010	1.9	4.8	8.68	0.24
Interactive Brokers Group, Inc.	2023	33.8	114.0	4.41	0.22
Live Nation Entertainment, Inc.	2024	32.6	35.8	7.02	0.07

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.

FIGS, Inc. designs and sells scrubwear for health care professionals through a digitally native, direct-to-consumer strategy. Shares rose following robust fourth-quarter results and upbeat 2026 guidance. Revenue expanded 33% to \$201.9 million, reflecting broad-based momentum across categories and geographies and exceeding expectations. Holiday demand was strong throughout the season and remained elevated through quarter-end. U.S. revenue rose 28.7% to \$164.2 million, while international revenue accelerated 55% to \$37.7 million, with scrubs and non-scrubwear contributing gains of 35% and 26%, respectively. This topline strength translated to profitability, with EBITDA rising 29.8% to \$26.7 million. Building on this momentum, revenue is expected to grow in the low-20% range in the first quarter and 10% to 12% for the full year. Additional drivers include accelerating international expansion, new store openings (both the ramping 2025 cohort and four locations planned for 2026), and continued traction in TEAMS (FIGS' enterprise and group ordering business). The company maintains a strong balance sheet, with no debt and roughly \$300 million in cash and marketable securities.

Global hotel franchisor **Choice Hotels International, Inc.** contributed to performance during the quarter as the company saw a slight acceleration in revenue per available room across its portfolio. Choice continues to grow units at a low-single-digit rate and is benefiting from higher royalty rates on new franchise contracts, driving mid-single-digit growth in earnings and free cash flow. The company is using this cashflow to return capital through share repurchases. We continue to believe the stock offers compelling value, trading at a roughly five multiple-point discount to its historical average. Choice maintains a strong balance sheet, providing flexibility for additional share buybacks, particularly when the stock trades below the company's view of intrinsic value. Choice's steady growth profile, both domestically and internationally, should further support attractive shareholder returns over time.

Top detractors from performance for the quarter

	Year Acquired	Market Cap When Acquired (\$B)	Quarter End Market Cap (\$B)	Total Return (%)	Contribution to Return (%)
Tesla, Inc.	2014	31.2	1,395.0	(17.34)	(1.26)
CoStar Group, Inc.	2014	6.2	16.9	(40.50)	(1.15)
On Holding AG	2023	10.1	11.3	(26.57)	(1.10)
FactSet Research Systems Inc.	2008	2.5	8.1	(25.02)	(0.99)
Guidewire Software, Inc.	2013	2.7	12.7	(25.66)	(0.88)

Tesla, Inc. designs, manufactures, and sells fully electric vehicles (EVs), solar products, and energy storage solutions, while developing advanced real-world AI technologies. Following robust gains in late 2025, shares fell as investors awaited progress on robotaxis and assessed the company's sizable investments in manufacturing and AI. Operationally, Tesla delivered strong quarterly results amid a challenging EV environment. Automotive gross margins improved sequentially and beat expectations, the energy storage business maintained robust momentum with best-in-class margins, and battery cell production ramped. The company continues to advance its AI and autonomous driving initiatives at a rapid pace. Management anticipates meaningful robotaxi expansion in 2026 and continues to finalize the Optimus Gen 3 design and build out large-scale manufacturing capacity for humanoid robots. Tesla is also releasing major Full Self-Driving enhancements, scaling AI training compute, and deepening vertical integration in semiconductor design and production. These initiatives, while increasing near-term capital spending, underscore Tesla's pivot toward becoming a leader in physical AI.

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 AI fears. The market has come to view AI as an existential risk for a growing number of industries—including software, business services, information services, and video games—despite no evidence of any fundamental impact to these sectors. This “shoot first and ask questions later” dynamic has resulted in meaningful share price declines. We continue to own CoStar given its differentiated data assets and significant growth opportunities in providing enhanced real estate information, analytics, and marketplace offerings. CoStar boasts an enviable business model with high levels of recurring revenue and meaningful cash flow generation potential. While near-term cash flow is obscured by elevated investment in Homes.com, we expect spending to moderate and cash flow to improve over the next several years. The company also maintains a substantial cash balance, which we are hopeful will be used to aggressively repurchase shares at current depressed valuation levels.

Premium footwear and apparel brand **On Holding AG** detracted from performance as shares came under pressure from foreign-exchange headwinds and heightened uncertainty surrounding management changes. The recent devaluation of the U.S. dollar is expected to slow reported results, even as management reiterated its outlook for 2026 foreign-exchange-neutral revenue growth of 23%. Leadership turnover also weighed on sentiment, with co-founders David Allemann and Caspar Coppetti returning to serve as co-chief executive officers while Martin Hoffmann steps down. Despite these near-term pressures, the company continued to deliver strong fundamental results. In the fourth quarter of 2025, On generated constant-currency revenue growth of more than 30% as it continued to capture additional market share through its premium, differentiated product lineup, which is expanding beyond footwear into accessories and apparel. Margins also exceeded expectations. We maintain long-term conviction in On's ability to innovate and strengthen its position within the secularly attractive global sportswear market.

Investment Strategy and Portfolio Structure

We remain steadfast in our commitment to long-term investing in competitively advantaged, growth businesses. We continue to run a balanced portfolio of uncorrelated businesses to help reduce portfolio risk while generating strong excess returns over time. We believe this portfolio strategy is an effective way to mitigate risk and increase the purchasing power of your savings. While there will always be market volatility, we believe we can reduce that volatility via this portfolio that is approximately 80% as volatile as the market. This is due to the balanced nature of the portfolio as seen below with approximately 35% invested in high-growth disruptive investments that can generate revenue growth of as much as 20% to 30%; 20% of the portfolio in real irreplaceable assets that trade at significant discounts to replacement cost and where they would sell to private equity or another strategic buyer; between 15% and 20% in financial data businesses that have recurring revenue and earnings given the embedded nature of their products in the workflow of their customers; and the balance in core double-digit revenue growing businesses that are more mature in their lifecycle and generate earnings growth while using excess cash for dividend increases, share buybacks, and additional investments in the business to accelerate growth further.

As of March 31, 2026, the Fund owned 30 investments. From a quality standpoint, the Fund's investments have generally stronger long-term sales growth; higher EBITDA, operating, and free-cash-flow margins; and stronger returns on invested capital than the Benchmark. We believe these metrics help limit risk in this focused portfolio and are why the portfolio has generated such strong risk-adjusted returns over time.

While focused, the Fund is diversified by sector. The Fund's weightings are significantly different than those of the Benchmark. For example, the Fund is heavily weighted to Consumer Discretionary businesses with 35.7% of net assets in this sector versus 11.2% for the Benchmark. The Fund has no exposure to Energy, Materials, or Utilities. We believe companies in these sectors can be cyclical, linked to commodity prices, and/or have little if any competitive advantage. This compares to the Benchmark that had 5.8% aggregate exposure to these sectors. The Fund also has lower exposure to Health Care stocks at 3.6% versus 22.6% for the Benchmark. The performance of many stocks in the Health Care sector can change quickly due to exogenous events or binary outcomes (e.g., biotechnology and pharmaceuticals). As a result, we tend to limit our exposure to these stocks in this focused portfolio. In Health Care, we invest in competitively advantaged companies that are leaders in their industries such as **IDEXX Laboratories, Inc.**, the leading provider of diagnostics to the veterinary industry and who is benefiting from the increase in pets that people acquired during the COVID pandemic, especially as these pets age. The Fund is further diversified by investments in businesses at different stages of growth and development.

Disruptive Growth Companies

	Percent of Net Assets (%)	Year Acquired	Cumulative Return Since Date Acquired (%)
Space Exploration Technologies Corp.	21.2	2017	3,868.9
Tesla, Inc.	6.0	2014	2,126.9
Spotify Technology S.A.	3.9	2020	102.7
Shopify Inc.	3.1	2022	240.8
Samsara Inc.	1.8	2025	(7.1)
Figma, Inc.	0.4	2025	(81.7)
Neuralink Corp.	0.1	2025	0.0

Disruptive Growth firms accounted for 36.4% of the Fund's net assets. On current metrics, these businesses may appear expensive; however, we think they will continue to grow significantly and, if we are correct, they have the potential to generate exceptional returns over time. Examples of these companies include electric vehicle leader **Tesla, Inc.**, commercial satellite and launch company, **Space Exploration Technologies Corp.** and audio streaming service provider **Spotify Technology S.A.** These companies all have large underpenetrated addressable markets, are well financed with significant equity stakes by these founder-led companies, giving us further conviction in our investment.

Core Growth Investments

	Percent of Net Assets (%)	Year Acquired	Cumulative Return Since Date Acquired (%)
Verisk Analytics, Inc.	3.8	2022	12.2
On Holding AG	3.5	2023	6.7
IDEXX Laboratories, Inc.	3.5	2022	27.3
Guidewire Software, Inc.	3.5	2013	223.6
FIGS, Inc.	3.4	2022	61.2
Gartner, Inc.	3.1	2026	(0.2)
Birkenstock Holding plc	3.0	2023	(10.9)
Live Nation Entertainment, Inc.	1.0	2024	8.7

Core Growth investments, steady growers that continually invest in their businesses for growth and return excess cash-flow to shareholders, represented 24.8% of net assets. An example would be **FIGS, Inc.**, the largest provider of scrubs and other attire to health care workers. The company continues to add new customers and increase the level of spending per customer as they add new articles of clothing and open new stores both domestically and abroad. This has allowed them to grow its addressable market and improve client retention and cash flow. FIGS continues to invest its cash flow in its business to accelerate growth further, which we believe should generate strong returns over time.

Investments with Real/Irreplaceable Assets

	Percent of Net Assets (%)	Year Acquired	Cumulative Return Since Date Acquired (%)
Hyatt Hotels Corporation	3.9	2009	431.1
Vail Resorts, Inc.	3.4	2013	190.7
Red Rock Resorts, Inc.	3.3	2017	217.6
Choice Hotels International, Inc.	3.0	2010	425.9
Airbnb, Inc.	2.8	2024	10.2
CoStar Group, Inc.	1.5	2014	88.5
Las Vegas Sands Corporation	1.3	2023	24.2
Wynn Resorts, Limited	1.1	2026	(11.4)
Toll Brothers, Inc.	1.0	2025	27.2

Companies that own what we believe are **Real/Irreplaceable Assets** represent 21.3% of net assets. **Vail Resorts, Inc.**, owner of the premier ski resort portfolio in the world, upscale lodging brand **Hyatt Hotels Corporation**, and **Red Rock Resorts, Inc.**, the largest player in the Las Vegas Locals casino gaming market, are examples of companies we believe possess meaningful brand equity and barriers to entry that equate to pricing power over time.

Financials Investments

	Percent of Net Assets (%)	Year Acquired	Cumulative Return Since Date Acquired (%)
MSCI Inc.	5.5	2021	(13.4)
Interactive Brokers Group, Inc.	3.7	2023	240.9
FactSet Research Systems Inc.	3.4	2008	413.1
Arch Capital Group Ltd.	2.5	2003	2,672.2
Jefferies Financial Group Inc.	1.6	2023	46.4
Morningstar, Inc.	0.4	2026	0.0

Financials investments accounted for 17.1% of the Fund's net assets. These businesses generate strong recurring earnings through subscriptions and premiums that generate highly predictable earnings and cash flow. These businesses use cash flows to continue to invest in new products and services, while returning capital to shareholders through share buybacks and dividends. These companies include **Arch Capital Group Ltd.**, **FactSet Research Systems Inc.**, and **MSCI Inc.**

Portfolio Holdings

As of March 31, 2026, the Fund's top 10 holdings represented 58.4% of net assets. Many of these investments have been successful and were purchased when much smaller. We believe they continue to offer significant appreciation potential, although we cannot guarantee that will be the case.

The top five positions in the portfolio, **Space Exploration Technologies Corp.**, **Tesla, Inc.**, **MSCI Inc.**, **Hyatt Hotels Corporation**, and **Spotify Technology S.A.**, all have, in our view, significant competitive advantages due to irreplaceable assets, strong brand awareness, technologically superior industry expertise, or exclusive data that is integral to their operations. We think these businesses cannot be easily duplicated and have large market opportunities to penetrate further, which enhances their potential for superior earnings growth and shareholder returns.

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.	2017	21.6	1,250.0	821.1	21.2
Tesla, Inc.	2014	31.2	1,395.0	231.5	6.0
MSCI Inc.	2021	53.9	39.4	214.1	5.5
Hyatt Hotels Corporation	2009	4.2	13.6	151.3	3.9
Spotify Technology S.A.	2020	45.4	99.8	149.3	3.9
Verisk Analytics, Inc.	2022	27.4	26.2	146.6	3.8
Interactive Brokers Group, Inc.	2023	33.8	114.0	144.9	3.7
On Holding AG	2023	10.1	11.3	135.3	3.5
IDEXX Laboratories, Inc.	2022	36.5	44.7	134.2	3.5
Guidewire Software, Inc.	2013	2.7	12.7	133.9	3.5

Thank you for investing in Baron Focused Growth Fund®. We continue to work hard to justify your confidence and trust in our stewardship of your family's hard-earned savings. We also continue to try to provide you with information we would like to have if our roles were reversed. This is so you can make an informed judgment about whether the Fund remains an appropriate investment for your family.

Sincerely,



Ronald Baron
CEO
Portfolio Manager



David Baron
Co-President
Portfolio Manager

- ¹ Reflects the actual fees and expenses that were charged when the Fund was a partnership. The predecessor partnership charged a 15% performance fee through 2003 after reaching a certain performance benchmark. If the annual returns for the Fund did not reflect the performance fees for the years the predecessor partnership charged a performance fee, the returns would be higher. The Fund's shareholders will not be charged a performance fee. The performance is only for the periods before the Fund's registration statement was effective, which was December 31, 2008. During those periods, the predecessor partnership was not registered under the Investment Company Act of 1940 and was not subject to its requirements or the requirements of the Internal Revenue Code relating to registered investment companies, which, if it were, might have adversely affected its performance.
- ² The **Russell 2500™ Growth Index** measures the performance of small to medium-sized 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 2500™ 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.
- ³ The performance data does not reflect the deduction of taxes that a shareholder would pay on Fund distributions or redemption of Fund shares.
- ⁴ 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.
- 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: The Fund is non-diversified which means, in addition to increased volatility of the Fund's returns, it will likely have a greater percentage of its assets in a single issuer or a small number of issuers, including in a particular industry than a diversified fund. 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. Specific risks associated with investing in small and medium-sized companies include that the securities may be thinly traded and more difficult to sell during market downturns.

The Fund may not achieve its objectives. **Portfolio holdings are subject to change. Current and future 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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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. **Long-term sales growth** refers to the increase in a company's sales over a particular period of time. It is a metric that companies can use to identify the rate at which their sales revenue increases over time. **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.

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