



QUARTERLY LETTER | MARCH 31, 2026

Baron Growth Fund[®]

Retail Shares: BGRFX | Institutional Shares: BGRIX | R6 Shares: BGRUX



Neal Rosenberg
Portfolio Manager

Ron Baron
CEO, Portfolio Manager

Dear Baron Growth Fund[®] Shareholder,

Performance

Baron Growth Fund[®] (the Fund) declined 12.06% (Institutional Shares) for the quarter ended March 31, 2026. This trailed the return of the Fund's benchmark, the Russell 2000 Growth Index (the Benchmark), which declined 2.81% for the quarter. The Russell 3000 Index, which measures performance of the broad U.S. equity market, declined 3.96% for the quarter.

Our performance was negatively impacted by escalating concerns about the impact of AI on broad swaths of the economy. While we are confident that we have invested in AI beneficiaries, many of our holdings are being valued as if they will be negatively impacted by advances in AI. Performance improved in mid-February as investors showed some renewed enthusiasm for the businesses in which we have invested. We believe that the valuation of the portfolio is particularly compelling given the significant divergence between its consistent earnings growth and its recent performance.

Concerns about AI-driven disruption broadened and deepened to start the year, primarily catalyzed by a new Anthropic model release. Anthropic's newest model improved its prior software development skills and demonstrated enhanced agentic capabilities that can address traditionally white-collar use cases. Public statements from management teams at the largest AI labs have given rise to concern, however unfounded, that AI will ultimately disrupt every labor-based business.

Declines that started in software and information services spread to a diverse set of industries over the quarter. The speed and magnitude of this sell-off has been notable, with investors abandoning entire industries en masse out of concern that they will cease to exist in the future. For example, commercial real estate stocks declined due to fear that AI may replace white collar labor and erode the need for office space. Insurance brokers declined on fears that insurance will be sold by AI agents rather than humans.

Performance listed in the above table is net of annual operating expenses. Annual expense ratio for the Retail shares and Institutional shares as of February 26, 2026 was 1.60% and 1.34%, respectively (comprised of operating expenses of 1.30% and 1.04%, respectively, and interest expense of 0.30% and 0.30%, 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.

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

	Fund Retail Shares ^{1,2}	Fund Institutional Shares ^{1,2,3}	Russell 2000 Growth Index ¹	Russell 3000 Index ¹
QTD ⁴	(12.11)	(12.06)	(2.81)	(3.96)
1 Year	(21.38)	(21.18)	23.58	18.09
3 Years	(5.71)	(5.47)	12.27	17.86
5 Years	(3.63)	(3.39)	1.62	10.87
10 Years	7.36	7.63	9.79	13.72
15 Years	7.69	7.96	9.09	12.81
Since Inception (12/31/1994)	10.91	11.07	7.91	10.78

Contract research organizations, which support drug development, declined on concerns that AI-led drug development will reduce or eliminate the need for human testing. Finally, childcare service stocks declined due to concerns that overall employment will shrink, eroding or eliminating the demand for third-party childcare.

The declines in stock prices of companies in AI-impacted industries have been dramatic. Companies that reported modest earnings or guidance misses have generally declined 20% or more, as the market interprets the shortfall as AI-related disruption regardless of its true fundamental driver. This occurred in shares of syndicated research provider **Gartner, Inc.**, where a roughly 0.5% revenue shortfall led to a 37.3% decline in the stock price this quarter. As we have previously written, we believe that the shortfall was due to public sector cost cuts and not substitution from AI. We view Gartner as a net beneficiary of AI and are optimistic that benefits will begin to materialize this year.

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Even companies that are demonstrating accelerating growth, improving fundamentals, and growing barriers to entry were not immune from this sell-off. This quarter, **Guidewire Software, Inc.** reported outstanding financial results. Annual recurring revenue, its primary metric of future growth, grew 22%, the fastest rate of growth since its IPO in 2012. The world's largest insurance carriers are increasingly adopting Guidewire's core systems to power their businesses and are electing to make larger and longer commitments to Guidewire, as evidenced by a landmark 10-year deal with Liberty Mutual. The outstanding sales performance translated to revenue, earnings and free cash flow results well ahead of expectations. However, despite remarkable results, shares declined by 25.6% in the quarter due to broader fears about the impact of AI on software.

While the market views Guidewire as vulnerable to AI, we are confident that AI will be a significant tailwind for the company. Guidewire's InsuranceSuite platform serves as a core system of record for insurance carriers. Guidewire is the single source of truth for the policies written by an insurer, the claims that it needs to process, the premiums it needs to collect, and the payments it needs to make. Large language models (LLMs) have no ability to serve as such a system of record for various technical reasons. The complexity of insurance policies, their highly regulated nature, and the fact that they exclusively exist in Guidewire rather than in a physical form makes the system of record particularly critical, and therefore highly valuable. It is impossible to imagine a large carrier like State Farm betting its \$110 billion of annual recurring revenue in the hope that it can use AI to internally develop its own system of record that is better and cheaper than Guidewire. It is a similar stretch to imagine State Farm betting its 100-year old legacy on a system written by an AI lab founded within the last few years with zero insurance carrier customers. We believe the core system opportunity alone represents almost \$20 billion of annual recurring revenue, or close to 20 times Guidewire's current size.

We believe that AI will meaningfully expand this opportunity by enabling automation or intelligence on top of the core system of record. We believe that this will be completely incremental because it requires LLM capabilities to develop. Here, we expect to see AI labs and vendors bring rapid innovation to the market, and we are sure they will capture some market share. Guidewire has the same access to LLM tools and is already working aggressively to create new products to serve these use cases. We ultimately expect many carriers to select Guidewire's AI solutions wherever available since they will integrate seamlessly with the core system of record. We are already seeing Guidewire bring new AI-enabled capabilities to market and sign customers, and we expect adoption to grow rapidly over the year.

Finally, we expect Guidewire to benefit from the same internal productivity enhancements that AI is promising across businesses. We believe this will help the company support faster growth with lower costs, ultimately leading to better profitability. A similar efficiency benefit will be helping customers implement Guidewire's software faster and more cheaply. As this barrier to adoption declines, we expect Guidewire's growth to benefit.

We are confident that we own a high-quality portfolio that will generate attractive and consistent earnings growth. We see little-to-no evidence of AI negatively impacting fundamentals in any of the businesses in which we have invested. As such, we think that many of these stocks, particularly in software, information services, and business services, are extremely oversold. We believe they are extremely sticky and cash-generative and are trading at valuations that imply they will be out of business in the next 5 to 10 years. We believe that the examples of Gartner and Guidewire demonstrate that the majority of price declines have come from multiple compression. We think that the portfolio is extremely attractively valued and are optimistic that as sentiment on these impacted stocks improves the portfolio will benefit from multiple expansion that will enhance its go-forward returns.

The table below groups our portfolio based on our assessment of the attributes that best characterize each investment. While this does not perfectly correlate to the Global Industry Classification Standard, the industry standard nomenclature, we believe it provides added transparency into our thought process.

Total returns by investment type for the quarter

	Percent of Net Assets (%)	Total Return (%)	Contribution to Return (%)
Russell 2000 Growth Index		(2.81)	
Financials	68.6	(7.99)	(4.95)
Moelis & Company	0.0	8.51	0.05
Clearwater Analytics Holdings, Inc.	0.0	0.31	0.00
Arch Capital Group Ltd.	22.0	0.04	0.07
Primerica, Inc.	5.5	(2.74)	(0.18)
MSCI Inc.	18.4	(5.78)	(1.03)
Kinsale Capital Group, Inc.	11.3	(12.58)	(1.45)
Houlihan Lokey, Inc.	2.2	(17.21)	(0.34)
Morningstar, Inc.	3.5	(22.07)	(0.80)
FactSet Research Systems Inc.	5.6	(24.85)	(1.26)
Real/Irreplaceable Assets	23.5	(12.98)	(3.27)
Choice Hotels International, Inc.	10.9	8.90	0.66
Vail Resorts, Inc.	3.7	(1.77)	(0.08)
Red Rock Resorts, Inc.	4.8	(12.14)	(0.65)
CoStar Group, Inc.	4.1	(40.10)	(3.20)
Core Growth	22.0	(17.65)	(3.50)
FIGS, Inc.	7.0	30.02	1.18
IDEXX Laboratories, Inc.	4.3	(16.88)	(0.78)
Guidewire Software, Inc.	4.3	(25.60)	(0.93)
Gartner, Inc.	6.4	(37.25)	(2.97)
Cash and Cash Equivalents	(14.1)	--	0.00
Fees	--	(0.38)	(0.36)
Total	100.0*	(12.08)**	(12.08)**

* 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.

As of March 31, 2026, private investments held in the Disruptive Growth category represented less than 0.05% of net assets.

Our investments in **Real/Irreplaceable Assets**, **Core Growth**, and **Financials** companies represent 23.5%, 22.0%, and 68.6% of the Fund's net assets, respectively. We believe this balance appropriately reflects our goal to generate superior returns over time with less risk than the Benchmark.

Performance Characteristics: Millennium internet bubble to present.

	Millennium Internet to Financial Panic 12/31/1999 to 12/31/2008	Financial Panic to Present 12/31/2008 to 3/31/2026	Millennium Internet Bubble to Present 12/31/1999 to 3/31/2026	Inception 12/31/1994 to 3/31/2026
Alpha	5.05	1.25	3.42	5.08
Beta	0.58	0.79	0.70	0.71

Performance in Challenging Times: Millennium internet bubble to present. The impact of not losing money.

	Millennium Internet to Financial Panic 12/31/1999 to 12/31/2008		Financial Panic to Present 12/31/2008 to 3/31/2026		Millennium Internet Bubble to Present 12/31/1999 to 3/31/2026		Inception 12/31/1994 to 3/31/2026	
	Value of \$10,000	Annualized Return (%)	Value of \$10,000	Annualized Return (%)	Value of \$10,000	Annualized Return (%)	Value of \$10,000	Annualized Return (%)
Baron Growth Fund (Institutional Shares)	12,448	2.46	57,729	10.70	71,864	7.80	265,832	11.07
Russell 2000 Growth Index	6,476	(4.71)	69,889	11.93	45,257	5.92	107,955	7.91
Russell 3000 Index	7,634	(2.95)	97,321	14.10	74,299	7.94	244,901	10.78

Performance data quoted represents past performance. Past performance is no guarantee of future results. The indexes are unmanaged. Index performance is not Fund performance. Investors cannot invest directly in an index.

The Fund has meaningfully outperformed its Benchmark over the long term. The Fund has gained 11.07% on an annualized basis since its inception on December 31, 1994, which exceeds that of the Benchmark by 3.16% and the Russell 3000 Index by 0.29%. This represents robust absolute and relative returns across a variety of market environments, driven primarily by favorable stock selection. We attribute this result to not losing money during periods of significant market drawdowns. While the Fund did not make much money from December 31, 1999, through December 31, 2008, a period which includes the highs of the Internet Bubble and the lows of the Financial Panic, it did generate a positive annualized return of 2.46%. Conversely, a hypothetical investment in a fund designed to track the Fund's Benchmark would have declined in value by 4.71% on an annualized basis over the same time. Similarly, a hypothetical investment in a fund designed to track the Russell 3000 Index would have declined 2.95% annualized. (Please see the **Performance in Challenging Times** table IV–Millennium Internet Bubble to Financial Panic).

We believe that the power of compounding is better demonstrated by viewing these returns in dollar terms. A hypothetical investment of \$10,000 in the Fund at its inception on December 31, 1994 would be worth \$265,832 on March 31, 2026. This is approximately 2.5 times greater than the \$107,955 the same hypothetical investment made in a fund designed to track the Benchmark would be worth, and 9% more than a hypothetical investment in the Russell 3000 Index. Hypothetically, our returns were achieved with approximately 29% less volatility than the Benchmark, as represented by its beta. (Please see the **Performance in Challenging Times** and **Performance Characteristics** tables.) Importantly, we believe that the returns in the portfolio have come primarily through the compounded growth in the revenue and cash flow of the businesses in which we have invested rather than increases in valuation multiples.

Top contributors to performance for the quarter

	Year Acquired	Market Cap When Acquired (\$B)	Quarter End Market Cap (\$B)	Total Return (%)	Contribution to Return (%)
FIGS, Inc.	2022	1.7	2.5	30.02	1.18
Choice Hotels International, Inc.	1996	0.4	4.8	8.90	0.66
Arch Capital Group Ltd.	2002	0.4	34.2	0.04	0.07
Moelis & Company	2015	1.6	5.9	8.51	0.05

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.

Specialty insurer **Arch Capital Group Ltd.** contributed to performance as property and casualty (P&C) insurance stocks broadly outpaced the market amid heightened volatility. P&C insurance stocks tend to be resilient during turbulent markets and are less exposed to the AI-related concerns weighing on other sectors. In addition, Arch reported better-than-expected quarterly earnings, and management expects a continuation of double-digit growth in book value per share. 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.

Top detractors from performance for the quarter

	Year Acquired	Market Cap When Acquired (\$B)	Quarter End Market Cap (\$B)	Total Return (%)	Contribution to Return (%)
CoStar Group, Inc.	2004	0.7	16.9	(40.10)	(3.20)
Gartner, Inc.	2007	2.3	11.2	(37.25)	(2.97)
Kinsale Capital Group, Inc.	2016	0.6	7.9	(12.58)	(1.45)
FactSet Research Systems Inc.	2006	2.5	8.1	(24.85)	(1.26)
MSCI Inc.	2007	1.8	39.4	(5.78)	(1.03)

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.

Syndicated research provider **Gartner, Inc.** detracted from performance as valuation multiples compressed amid rising concerns around AI. Investors have increasingly viewed AI as a potential existential risk across a widening range 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 driven meaningful share price declines across the group. Against this backdrop, shares of Gartner came under pressure after the company reported contract value growth that was just 0.5% below expectations, underscoring the dramatic valuation compression at play. We continue to own Gartner given its large addressable market, significant competitive advantages, and robust free cash flow generation, which we expect management to deploy toward share repurchases at depressed valuation levels. We also view Gartner as an AI beneficiary, as it can leverage emerging tools to extract deeper insights from its vast trove of proprietary data and deliver it to customers in chatbot-type formats that meaningfully enhance its value proposition.

Shares of specialty insurer **Kinsale Capital Group, Inc.** fell due to concerns about moderating growth amid a cyclical slowdown in the property and casualty insurance industry. In the most recent quarter, gross premium growth slowed because of a drop in large property business, where competition and pricing pressure are most acute. Nevertheless, Kinsale reported quarterly earnings that exceeded Street expectations, driven by higher earned premiums, very low catastrophe losses, and favorable reserve development. We continue to own the stock because we believe Kinsale is well managed and has a long runway for growth in an attractive segment of the insurance market.

Portfolio Structure and Investment Strategy

We seek to invest in businesses with attractive fundamental characteristics and long-term growth prospects. These attributes include high barriers to entry, sustainable competitive advantages, large and growing addressable markets, and durable secular tailwinds. We invest in business models that have recurring or predictable revenue, generate attractive incremental margins, are cash generative, and are not dependent on third-party financing. We invest with management teams that seek to consistently reinvest into their businesses to raise barriers to entry and pursue long-term profitable growth. We work with our growing team of analysts to conduct iterative and holistic due diligence by interacting with representatives of all company stakeholders. In addition to visiting regularly with a company's management team, we join our analysts in speaking with a company's existing and potential customers, key suppliers, and large competitors. We use such findings to refine our understanding of a business and its industry, assess its growth trajectory, test the durability of its competitive advantages, and ultimately reinforce or refute our investment thesis. We do this in an iterative manner and ultimately spend as much time researching long-held positions as we do when researching new potential investments.

We hold investments for the long term. As of March 31, 2026, our weighted average holding period was 18.6 years. This strategy is dramatically longer than most other small-cap growth funds, which, according to Morningstar, turn over about 72% of their portfolios annually based on an average for the last three years. The Fund's portfolio is designed to significantly outperform over the long term. Accordingly, it is much different than other funds that align more closely to index compositions. The portfolio's 10 largest positions have a weighted average holding period of 18.4 years, ranging from an 3.6-year investment in **FIGS, Inc.** to an investment in **Choice Hotels International, Inc.** that exceeds 29 years. We have held 11 investments, representing 88.8% of the Fund's net assets, for more than 10 years. We have held 5 investments, representing 25.3% of the Fund's net assets, for fewer than 10 years. We believe that the two tables below quantify the merits of our long-term holding philosophy.

Top performing stocks owned more than 10 years

	Year Acquired	Cumulative Return Since Date Acquired (%)	Annualized Return Since Date Acquired (%)
IDEXX Laboratories, Inc.	2005	3,804.0	18.9
Arch Capital Group Ltd.	2002	3,430.7	16.0
Choice Hotels International, Inc.	1996	2,897.5	12.3
MSCI Inc.	2007	2,356.3	19.0
Primerica, Inc.	2010	1,427.9	18.6

The cohort of investments that we have held for more than 10 years earned a weighted average annualized rate of return of 14.9% since we first purchased them. This exceeded the performance of the Fund's Benchmark by 6.5% annualized. Two of these investments have achieved annualized returns that exceeded the Benchmark by more than 10% per year.

Top performing stocks owned less than 10 years

	Year Acquired	Cumulative Return Since Date Acquired (%)	Annualized Return Since Date Acquired (%)
Kinsale Capital Group, Inc.	2016	1,192.3	31.6
Houlihan Lokey, Inc.	2017	312.1	18.3
Red Rock Resorts, Inc.	2016	283.1	14.5

The cohort of investments that we have held for fewer than 10 years has returned 21.4% annually on a weighted average basis since our initial purchase, exceeding the Benchmark by 12.4% annualized. Two of these investments have achieved annualized returns that exceeded the Benchmark by more than 10% per year.

Portfolio Holdings

As of March 31, 2026, we owned 17 investments. The top 10 holdings represented 96.4% of the Fund's net assets, which have been held for a minimum of three years. All were small-cap businesses at the time of purchase and have become top 10 positions through stock appreciation. Our holdings in these stocks have returned 17.1% annually based on weighted average assets since our initial investment, exceeding the Benchmark by an average of 8.6% annually. We attribute much of this relative outperformance to the superior growth rates and quality exhibited by these businesses relative to the Benchmark average. We believe all our positions offer significant further appreciation potential individually.

Top 10 holdings

	Year Acquired	Market Cap When Acquired (\$B)	Quarter End Market Cap (\$B)	Quarter End Investment Value (\$M)	Percent of Net Assets (%)
Arch Capital Group Ltd.	2002	0.4	34.2	575.1	22.0
MSCI Inc.	2007	1.8	39.4	481.6	18.4
Kinsale Capital Group, Inc.	2016	0.6	7.9	295.2	11.3
Choice Hotels International, Inc.	1996	0.4	4.8	284.6	10.9
FIGS, Inc.	2022	1.7	2.5	182.7	7.0
Gartner, Inc.	2007	2.3	11.2	167.8	6.4
FactSet Research Systems Inc.	2006	2.5	8.1	146.5	5.6
Primerica, Inc.	2010	1.1	7.9	144.3	5.5
Red Rock Resorts, Inc.	2016	2.3	5.6	125.3	4.8
IDEXX Laboratories, Inc.	2005	1.9	44.7	112.4	4.3

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Thank you for joining us as fellow shareholders in Baron Growth Fund. We appreciate the confidence you have shown in us, and we will continue to work hard to justify that confidence.

Sincerely,



Ronald Baron
CEO
Portfolio Manager



Neal Rosenberg
Portfolio Manager

- ¹ The **Russell 2000® Growth Index** measures the performance of small-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 2000® 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 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: Specific risks associated with investing in smaller companies include that the securities may be thinly traded and 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.

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 manager 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.

This report does not constitute an offer to sell or a solicitation of any offer to buy securities of Baron Small Cap Fund by anyone in any jurisdiction where it would be unlawful under the laws of that jurisdiction to make such offer or solicitation.

The portfolio manager defines “**Quality**” 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. **Beta** measures a fund’s sensitivity to market movements. The beta of the market (Russell 2000 Growth Index) is 1.00 by definition.

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