



QUARTERLY LETTER | SEPTEMBER 30, 2025

Baron Health Care Fund®

Retail Shares: BHCFX | Institutional Shares: BHCHX | R6 Shares: BHCUX

Dear Baron Health Care Fund Shareholder,

Performance

In the quarter ended September 30, 2025, Baron Health Care Fund® (the Fund) increased 5.39% (Institutional Shares), compared with the 5.05% gain for the Russell 3000 Health Care Index (the Benchmark) and the 8.18% gain for the Russell 3000 Index (the Index). Since inception (April 30, 2018), the Fund increased 9.30% on an annualized basis compared with the 8.68% gain for the Benchmark and the 14.48% gain for the Index.

The Fund performed similarly to the Benchmark in the quarter. Solid stock selection was mostly offset by adverse impacts from active sub-industry weights and cash exposure in an up market.

Strong stock selection in biotechnology contributed the vast majority of relative gains in the period, with the main drivers being **argenx SE** and **Insmed Incorporated**. Argenx is best known for developing Vyvgart, the leading FcRn inhibitor for the treatment of autoimmune conditions. The company's shares rose after second-quarter Vyvgart sales meaningfully exceeded investor expectations, rebounding from prior weakness linked to seasonal factors (such as insurance reverification) and higher Medicare Part D utilization and associated discounts. Insmed has three lead pulmonology drugs that could collectively generate over \$8 billion of peak sales. One of the three drugs, Brinsupri for non-cystic fibrosis bronchiectasis, represents a \$5-plus billion opportunity. The company's shares rose sharply after Brinsupri was approved in August. We offer additional thoughts on argenx and Insmed later in the letter. Other notable contributors in the sub-industry were **Arcellx, Inc.** (developing cell therapy for multiple myeloma), **Ionis Pharmaceuticals, Inc.** (developing RNA-targeted therapeutics), **Cidara Therapeutics, Inc.** (developing a long-acting anti-viral to prevent influenza), and **Xenon Pharmaceuticals Inc.** (developing novel medicines to treat epilepsy, depression, and pain).



Neal Kaufman
Portfolio Manager

Annualized performance (%) for period ended September 30, 2025[†]

	Fund Retail Shares ^{1,2}	Fund Institutional Shares ^{1,2}	Russell 3000 Health Care Index ¹	Russell 3000 Index ¹
QTD ³	5.36	5.39	5.05	8.18
YTD ³	(2.69)	(2.49)	2.36	14.40
1 Year	(12.04)	(11.83)	(7.62)	17.41
3 Years	4.51	4.75	6.71	24.12
5 Years	3.23	3.48	5.96	15.74
Since Inception (4/30/2018)	9.03	9.30	8.68	14.48

Investments in health care services and health care technology also added value, with outpatient diagnostic imaging centers operator **RadNet, Inc.** and AI-driven coronary artery disease management platform **Heartflow, Inc.** leading the way in these sub-industries. RadNet's shares rose on quarterly results that exceeded expectations, reflecting strong volume trends, and raised 2025 guidance. We retain long-term conviction in RadNet given the aging U.S. population, the shift towards lower-cost outpatient settings, the growth of advanced imaging procedures, and the benefits that AI and new technologies are having on the company's operations.

Heartflow's shares performed exceptionally well after the company's August IPO was well received by investors. The company's solution provides a minimally invasive way to diagnose blockages in the heart vessels, reducing both false negatives and false positives relative to the standard of care today. The

Performance listed in the above table is net of annual operating expenses. The gross annual expense ratio for the Retail Shares and Institutional Shares as of April 30, 2025 was 1.18% and 0.87%, respectively, but the net annual expense ratio was 1.10% and 0.85% (net of the Adviser's fee waivers), 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.

company has a strong competitive moat, with a repository of 110 million images supplemented by human-aided training that has taken over 10 years to build. We like the asset-light nature of the business, along with the margin expansion opportunity as the AI algorithm improves with scale and data, enabling Heartflow to reduce the number of employee hours involved in real-time workflows. Heartflow has over 600 peer-reviewed publications, its solution has been approved by the FDA, and its core product has 99% insurance coverage. We remain excited about Heartflow’s prospects given the company is in the early innings of its growth ramp.

Partially offsetting the above was poor stock selection in health care equipment coupled with higher exposure to this lagging sub-industry, which was a 160 basis point drag on performance. Weakness in health care equipment was broad based, led by declines from **Masimo Corporation** and **Boston Scientific Corporation**. Masimo is a medical device company that manufactures and sells a range of non-invasive patient monitoring technologies, best known for its pulse oximeters that measure blood oxygen levels. Shares fell after the company reported quarterly results that raised concerns about a steep decline in incremental contract value. However, this metric is inherently uneven, as it depends on deal timing and when contracts come up for bid. By contrast, unrecognized contract revenue (the backlog) remains strong. We believe stable compounding in Masimo’s core health care business, together with cost rationalization and disciplined spending, should allow the company to achieve its goal of more than doubling earnings per share within five years.

Boston Scientific is a global manufacturer of medical devices used in a broad range of interventional medical specialties. While the company continues to execute well, particularly with its Watchman device and pulsed field ablation (PFA) offerings, shares fell during the quarter amid rising competition in the attractive PFA space for treating arrhythmia. We maintain conviction and discuss Boston Scientific in greater detail later in the letter.

Apart from cash, disappointing stock selection in life sciences tools & services and pharmaceuticals also weighed heavily on performance. Performance in life sciences tools & services was hindered by **Waters Corporation**, a leader in providing quality control instruments and consumables for biopharmaceutical drug manufacturing. Shares fell after Waters announced the acquisition of Becton, Dickinson’s biosciences and diagnostics assets, a move that we thought would dilute the company’s growth rate and margins. Management’s rationale for the transaction was that they believed they could turn around an underperforming business. In our view, this fundamentally changed our original investment thesis, and we exited our position in favor of other opportunities.

Within pharmaceuticals, the Fund’s large position in **Eli Lilly and Company** accounted for a portion of the stock-specific weakness in the sub-industry. Lilly’s stock price fell modestly after Phase 3 data for the company’s oral drug orforglipron in obesity fell short of elevated investor expectations. Investors had anticipated roughly 13% to 14% placebo-adjusted weight loss, while the trial

showed 11.5%. The stock was also pressured by broader regulatory uncertainty related to potential sector tariffs and drug pricing risks. Lilly remains the largest position in the Fund, and we continue to be excited about the company’s long-term prospects. Poor stock selection in pharmaceuticals was exacerbated by not owning Benchmark heavyweight Johnson & Johnson, whose share price rose 22.3% in the period, detracting 116 basis points from relative results. We did not think Johnson & Johnson would meet our growth hurdle of achieving at least double-digit earnings growth over the long term but clearly other investors saw something we missed. We have been evaluating whether this move in the stock reflected a short-term recovery from a discounted valuation or a change in the long-term growth outlook versus our prior expectations.

Our strategy is to identify competitively advantaged growth companies that we can own for years. Similar to other Baron Funds, we remain focused on finding businesses that we believe have secular growth opportunities, durable competitive advantages, and strong management teams. We conduct independent research and take a long-term perspective. We are particularly focused on businesses that solve problems in health care, whether by reducing costs, enhancing efficiency, and/or improving patient outcomes.

We continue to think the Health Care sector will offer attractive investment opportunities over the next decade and beyond. Health Care is one of the largest and most complex sectors in the U.S. economy, accounting for an estimated 17.6% of GDP in 2023 and encompassing a diverse array of sub-industries. Health Care is also a dynamic sector undergoing changes driven by legislation, regulation, and advances in science and technology. We think navigating these changes requires investment experience and sector expertise, which makes the Health Care sector particularly well suited for active management.

Top contributors to performance for the quarter

	Contribution to Return (%)
argenx SE	2.58
Insmed Incorporated	1.29
RadNet, Inc.	0.92
Arcellx, Inc.	0.73
AbbVie Inc.	0.59

Argenx SE is a biotechnology company best known for developing Vyvgart, the leading FcRn inhibitor for the treatment of autoimmune conditions. Shares rose after second-quarter Vyvgart sales meaningfully exceeded investor expectations, rebounding from prior weakness linked to seasonal factors (such as insurance reverification) and higher Medicare Part D utilization and associated discounts. Our conversations with management and neurologists continue to reinforce Vyvgart’s value as an important treatment option with strong long-term growth potential. The drug continues to launch well in generalized myasthenia gravis, and its launch in chronic inflammatory demyelinating polyneuropathy is off to a

strong start. Over time, we expect Vyvgart to demonstrate efficacy across an expanding range of autoantibody-driven autoimmune conditions, and we are encouraged by argenx's progress with its next pipeline candidate, ARGX-119, in neuromuscular diseases.

Insmed Incorporated is a biotechnology company developing therapies for serious pulmonary diseases, with three lead drug candidates that collectively have the potential to generate more than \$8 billion in peak sales. Shares rose during the quarter following the U.S. approval of Brinsupri for non-cystic fibrosis bronchiectasis, a condition affecting an estimated 500,000 patients in the U.S. that is often misdiagnosed as asthma or chronic obstructive pulmonary disease, representing a \$5 billion-plus opportunity given the lack of approved treatments. We are also optimistic about treprostinil palmitil inhalation powder (TPIP), a once-daily prostanoid in development for pulmonary arterial hypertension and pulmonary hypertension associated with interstitial lung disease. Unlike existing inhaled prostanoids—currently a \$2 billion-plus market requiring four daily doses—TPIP can be administered once a day at higher doses, which we think will result in improved efficacy with fewer side effects.

RadNet, Inc. is the largest operator of outpatient diagnostic imaging services and related solutions in the U.S. Shares rose on quarterly results that exceeded expectations, reflecting strong volume trends, and raised 2025 guidance. Revenue grew 8.4% and EBITDA rose 12.3%, beating consensus by 2% and 6%, respectively, supported by total imaging volume growth of 4.9%. Same-store advanced imaging growth accelerated 300 basis points sequentially to 6.6%, while routine imaging increased 1.9%. Adjusted EBITDA margin reached 16.4%. Higher-revenue advanced procedures (CT, PET/CT, MRI) now represent 27.5% of total screenings. The Digital Health segment also outperformed, with revenue up roughly 31% and adjusted EBITDA up 4.1%. Management cited positives such as an expected 3.3% Medicare rate hike in 2026, expanded MRI and ultrasound capacity through AI-enabled software upgrades, a strong de novo pipeline (11 new sites in both 2025 and 2026), and potential cost savings from improved call center efficiency. We retain long-term conviction in RadNet given the aging U.S. population, the shift towards lower-cost outpatient settings, and the company's operational scale and AI capabilities.

Top detractors from performance for the quarter

	Contribution to Return (%)
Intuitive Surgical, Inc.	(0.87)
Eli Lilly and Company	(0.57)
Boston Scientific Corporation	(0.56)
Waters Corporation	(0.56)
Masimo Corporation	(0.51)

Intuitive Surgical, Inc. manufactures the da Vinci Surgical System, a robotic surgical system used for minimally invasive surgical procedures. The stock detracted from performance amid investor concerns about financial pressure on hospital customers

following Medicaid cuts included in the One Big Beautiful Bill Act. Additional concerns emerged regarding the potential use of third-party reprocessed instruments with Intuitive's robotic systems. We believe hospitals are likely to be cautious about adopting reprocessed instruments given potential quality, reliability, and liability risks. Looking ahead, we see a long runway for growth as adoption of Intuitive's robotic systems continues to expand across a growing range of surgical procedures.

Eli Lilly and Company is a global pharmaceutical company currently best known for its GLP-1 treatments for diabetes and obesity. Shares declined after Phase 3 data for Lilly's oral orforglipron in obesity fell short of elevated investor expectations. Investors had anticipated roughly 13% to 14% placebo-adjusted weight loss, while the trial showed 11.5%. The stock was also pressured by broader regulatory uncertainty related to potential sector tariffs and drug pricing risks. We view these risks as manageable and believe Lilly is among the least exposed pharmaceutical companies to both. We continue to believe orforglipron will be an important treatment option, as physicians and patients are likely to value the convenience of a daily oral therapy. Long term, we expect the GLP-1 drug class to become the standard of care for diabetes and obesity, ultimately representing a \$150 billion-plus market, and believe Lilly possesses the leading portfolio in this category. In our view, GLP-1 adoption remains in the early stages, and continued uptake should drive a near doubling of Lilly's total revenues by 2030.

Boston Scientific Corporation is a global manufacturer of medical devices used in a broad range of interventional medical specialties. While the company continues to execute well, particularly with its Watchman device and pulsed field ablation (PFA) offerings, shares fell during the quarter amid rising competition in the attractive PFA space for treating arrhythmia. Medtronic has launched its Affera system, Johnson & Johnson markets Varipulse, and Abbott offers its Volt system—all large-scale rivals with significant sales forces and established electrophysiology footprints. Despite this competitive backdrop, we believe Boston Scientific remains a strong compounder. Coupled with cost discipline and more than 50 basis points of annual operating margin expansion, we think the company's double-digit earnings per share growth profile makes it a compelling name within the large-cap medical device universe.

Portfolio Structure

We build the portfolio from the bottom up, one stock at a time, using the Baron investment approach. We do not try to mimic an index, and we expect the Fund to look very different than the Benchmark. We loosely group the portfolio into three categories of stocks: earnings compounders, high-growth companies, and biotechnology companies. We define earnings compounders as companies that we believe can grow revenue at least mid-single digits and compound earnings at double-digit rates over the long term. We define high-growth stocks as companies we believe can generate double-digit or better revenue growth. They may not be profitable today, but we believe they can be highly profitable

in the future. We expect the portfolio to have a mix of earnings compounders, high-growth, and biotechnology companies.

We may invest in stocks of any market capitalization and may hold both domestic and international stocks. As of September 30, 2025, we held 46 stocks. This compares with 500 stocks in the Benchmark. International stocks represented 14.8% of the Fund's net assets. The Fund's 10 largest holdings represented 47.8% of net assets. Compared with the Benchmark, the Fund was overweight in biotechnology, health care equipment, health care distributors, health care technology, and health care services, roughly market weight in life sciences tools & services and health care facilities, and underweight in pharmaceuticals, managed health care, and health care supplies. The market cap range of the investments in the Fund was \$2.4 billion to \$722.1 billion with a weighted average market cap of \$149.9 billion. This compared with the Benchmark's weighted average market cap of \$224.2 billion.

We continue to invest in multiple secular growth themes in Health Care, such as genomics/genetic testing/genetic medicine, innovative medical devices that improve outcomes and/or lower costs, minimally invasive surgery, anti-obesity medications, *picks and shovels* life sciences tools providers, the shift to lower cost sites of care, beneficiaries of AI, and pet health care, among others. To be clear, this list is not exhaustive: we own stocks in the portfolio that do not fit neatly into these themes and there are other themes not mentioned here that are in the portfolio. We evaluate each stock on its own merits.

Top 10 holdings

	Year Acquired	Market Cap When Acquired (\$B)	Quarter End Market Cap (\$B)	Quarter End Investment Value (\$M)	Percent of Net Assets (%)
Eli Lilly and Company	2021	187.4	722.1	12.5	9.2
argenx SE	2018	2.8	45.1	9.2	6.8
Boston Scientific Corporation	2023	73.4	144.7	6.8	5.1
Stryker Corporation	2023	98.8	141.3	6.7	4.9
Insmid Incorporated	2024	12.3	30.4	5.5	4.1
Arcellx, Inc.	2023	1.9	4.6	4.9	3.6
AbbVie Inc.	2025	339.9	409.0	4.9	3.6
Intuitive Surgical, Inc.	2018	49.9	160.3	4.8	3.5
AstraZeneca PLC	2021	188.4	237.9	4.8	3.5
RadNet, Inc.	2024	3.4	5.9	4.6	3.4

Fund investments in GICS sub-industries

	Percent of Net Assets (%)
Biotechnology	31.8
Health Care Equipment	24.0
Pharmaceuticals	15.2
Life Sciences Tools & Services	10.5
Health Care Services	4.1
Health Care Distributors	3.0
Health Care Facilities	2.2
Health Care Technology	2.1
Managed Health Care	1.8
Cash and Cash Equivalents	5.2
Total	100.0

Recent Activity

During the quarter, we added 16 new positions and exited five positions, bringing the number of positions in the Fund to 46, roughly in line with historical levels, as we took advantage of attractive valuations given recent underperformance of many stocks in the sector. Below we discuss some of our top net purchases and sales.

Top net purchases for the quarter

	Quarter End Market Cap (\$B)	Net Amount Purchased (\$M)
AbbVie Inc.	409.0	4.1
UnitedHealth Group Incorporated	312.7	1.5
Roivant Sciences Ltd.	10.3	1.4
Cidara Therapeutics, Inc.	2.4	1.4
Thermo Fisher Scientific Inc.	183.1	1.3

We bought shares of **AbbVie Inc.**, a large biopharmaceutical company with a product portfolio across immunology, oncology, aesthetics, neurosciences, and eye care. Two key growth drivers are Skyrizi, a biologic therapy for plaque psoriasis, psoriatic arthritis, Crohn's disease, and Ulcerative colitis; and Rinvoq, an oral, once daily treatment for multiple inflammatory diseases. After having recently settled litigation with generic manufacturers regarding the generic entry for Rinvoq which pushed out the expected date of competition to 2037, AbbVie has no major patent expirations until the mid-2030s. We expect AbbVie to generate high single-digit top-line growth and low double-digit bottom-line growth for many years. We also expect the company to continue to use its strong balance sheet for small tuck-in acquisitions to expand the company's pipeline and drive future growth.

We repurchased shares of **UnitedHealth Group Incorporated**, a leading managed health care company. After a series of setbacks, the company now has new management in place and has reset earnings guidance for 2025. Although many challenges remain,

including persistently high medical cost trends, rate pressure, the threat of Pharmacy Benefit Manager reform, and ongoing government investigations, the company continues to have competitive advantages including scale, data, vertical integration with service providers, and leadership in Medicare Advantage and value-based care. We see an attractive business trading at close to a 10-year low relative valuation with potential for valuation expansion as earnings recover from depressed levels.

We bought shares of **Roivant Sciences Ltd.**, a biotechnology company which builds subsidiaries or “Vants” to develop specific pipeline drugs. The company’s Vants are set up to be highly focused and very nimble. Roivant has proven the model with success with Telavant, a Roivant subsidiary that developed a TL1A antibody for inflammatory bowel disease and which was sold to Roche in 2023 for \$7.1 billion. In our view, the most interesting current Vants include Immunovant Inc., Priovant, and Genevant. Immunovant (publicly traded as IMVT and Roivant owns 51% of the company on a fully diluted basis) is developing IMVT-1402, an FcRn antibody that will compete with argenx’s Vyvgart. We think IMVT-1402 has the potential to be first-in-class in Graves disease and difficult-to-treat rheumatoid arthritis, which could drive substantial upside. Most recently, Priovant reported positive Phase 3 results for brepocitinib in dermatomyositis, setting it up to become a blockbuster oral drug in this hard-to-treat condition. We think brepocitinib will likely also work in its Phase 3 non-invasive uveitis study. Genevant conducts research on lipid nanoparticle (LNP) drug delivery technology, and together with Arbutus (another Roivant subsidiary) owns foundational intellectual property in this area. Genevant and Arbutus are involved in litigation with Moderna and BioNTech around their use of LNP in covid vaccines. We think Genevant has a reasonable argument against Moderna and await results from the jury trial next spring. If successful, this could result in a multi-billion-dollar award which would further bolster Roivant’s balance sheet (\$4.5 billion of cash) that the company can use to continue to support its pipeline and ongoing business development. Overall, we expect several data readouts in the coming years to de-risk multiple blockbuster opportunities, further proving the Roivant business model and generating upside.

We bought shares of **Cidara Therapeutics, Inc.**, a biotechnology company that is developing an antiviral drug to prevent flu. Cidara’s drug is not a vaccine. Rather, it’s a long-acting antiviral with the potential to be a single-dose, universal preventative against all flu strains. The drug acts by binding to a target on the virus cell surface, inhibiting the virus from replicating. In June, Cidara announced positive top-line results from its 5,000-plus person Phase 2b clinical trial evaluating its drug for the prevention of seasonal flu in healthy unvaccinated adults. A single dose of the antiviral gave up to 76% protection from symptomatic influenza over 24 weeks compared to placebo. The drug was also well-tolerated with no safety issues. By comparison, on average, flu vaccines cut infections by only about 40%, depending on the season, and vaccine efficacy is just 10% to 20% in the immunocompromised population. Cidara recently started enrolling a Phase 3 trial in adults over age 65

and in people over the age of 12 with high risk co-morbidities or immune compromised status. The company’s addressable market consists of more than 100 million people in the U.S. Management also believes the cost of manufacturing the drug will enable the company to achieve an attractive gross margin.

We added to the position in **Thermo Fisher Scientific Inc.**, a life sciences tools company that offers instruments and consumables for research, tools for bioproduction, specialty diagnostics, and contract research and manufacturing services. During the quarter, management provided a reasonable framework for thinking about how the business could grow over the next few years. Management thinks end markets will gradually build from the lower growth environment that the company has been navigating, leading to a 2026 and 2027 scenario where the company will deliver 3% to 6% organic revenue growth. In that scenario, through strong cost management, management believes the company can deliver mid-to-high single-digit adjusted operating income growth, and with capital deployment, even better earnings growth. Beyond 2027, given the positive long-term drivers of the life sciences tools industry, management believes the company can deliver 7%-plus organic revenue growth. We think Thermo Fisher is a competitively advantaged business trading at a reasonable valuation with growth expected to accelerate after a challenging multi-year period.

Top net sales for the quarter

	Net Amount Sold (\$M)
argenx SE	6.3
Eli Lilly and Company	5.5
Waters Corporation	4.2
The Cooper Companies, Inc.	3.7
Masimo Corporation	1.9

We reduced the position in **argenx SE** and **Eli Lilly and Company** to manage risk as their relative position sizes increased from outflows and share price appreciation, though we retain conviction in both investments and continue to hold large absolute positions in both. We sold **Waters Corporation** for the reasons discussed earlier. We sold **The Cooper Companies, Inc.** because growth continued to decelerate in both segments of the business. We reduced the position in **Masimo Corporation**. Although the backlog remains strong and we retain conviction in the long-term outlook, we opted to manage risk in light of a potential growth slowdown presaged by the decline in incremental contract value.

Outlook

On September 30, Pfizer Inc. announced an agreement with the Trump Administration in which the company agreed to offer most-favored-nation (MFN) pricing to Medicaid participants, offer MFN pricing for new drug launches, provide direct-to-consumer (DTC) access to drugs at discounted prices through a new TrumpRx website, and invest \$70 billion in U.S. manufacturing and R&D in exchange for three years of tariff relief. The agreement with Pfizer likely serves as a blueprint for future deals between the Trump Administration and the other industry players. The market responded positively to the announcement. Pharmaceutical stocks and life sciences tools stocks rose sharply in the days following the announcement because investors concluded that the financial impact to the sector will be limited and manageable. This is because Medicaid net prices are already close to MFN prices (and for many companies Medicaid represents a small percentage of sales); for new drug launches, the industry is likely to raise ex-U.S. prices versus lowering their U.S. prices; and several companies have already started DTC sales at close to net prices anyway. In addition, many pharmaceutical companies have already announced billions of dollars of new investments in the U.S., which puts them in position to be exempt from tariffs.

In addition to the MFN announcement at the end of September, the third quarter saw several positive biotechnology clinical data readouts, a strong rebound in biotechnology funding, and an acceleration in M&A activity.

We remain optimistic about the long-term outlook for health care given several favorable secular growth drivers, including the aging population, rising chronic diseases (diabetes, obesity, and heart disease), advances in biotechnology, medical technology, and diagnostics, and increased health care spending.

We continue to follow our process for identifying investment opportunities and creating a portfolio of competitively advantaged growth companies with strong management teams. Thank you for investing in the Fund. I remain an investor in the Fund, alongside you.

Sincerely,



Neal Kaufman
Portfolio Manager

[†] 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 **Russell 3000® Health Care Index** is an unmanaged index representative of companies involved in medical services or health care in the Russell 3000 Index, which is comprised of the 3,000 largest U.S. companies as determined by total market capitalization. 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 3000® Health Care 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 redemptions of Fund shares.

³ Not annualized.

Investors should consider the investment objectives, risks, and charges and expenses of the investment carefully before investing. The prospectus and summary prospectus contains 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: In addition to general market conditions, the value of the Fund will be affected by investments in health care companies which are subject to a number of risks, including the adverse impact of legislative actions and government regulations. The Fund is non-diversified, which means it may have a greater percentage of its assets in a single issuer than a diversified fund. The Fund invests in small and medium sized companies whose 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 portfolio holdings are subject to risk.

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