



QUARTERLY LETTER | SEPTEMBER 30, 2025

Baron FinTech Fund®

Retail Shares: BFINX | Institutional Shares: BFIIX | R6 Shares: BFIUX

Dear Baron FinTech Fund Shareholder,

Performance

In the quarter ended September 30, 2025, Baron FinTech Fund® (the Fund) fell 4.29% (Institutional Shares) compared with a 1.90% decline for the FactSet Global FinTech Index (the Benchmark). Since inception, the Fund has risen at an 11.10% annualized rate compared with 4.00% for the Benchmark.

U.S. equities were broadly higher in the third quarter, building on gains from the prior quarter. The resumption of Federal Reserve (the Fed) rate cuts and AI optimism were the key drivers of market strength. Following signs of labor market weakness, the Fed resumed its rate-cutting cycle in September, lowering its policy rate by a quarter point after being on hold since its previous cut last December. Robust corporate earnings, narrowing trade uncertainty, resilient consumer spending, and greater capital markets activity also contributed to market gains during the quarter.

The Magnificent Seven complex dominated market returns for a second consecutive quarter, accounting for nearly two-thirds of the S&P 500 Index's third quarter gains. The group appreciated 15.5%, significantly outperforming the 4.6% gain for all other securities in the index. Small caps outperformed in the third quarter, up more than 12%, which narrowed the gap with mid- and large-cap stocks this year. Performance was mixed between growth and value for the quarter, with growth outperforming for large caps and value outperforming for mid- and small-caps. Outside the U.S., emerging market stocks outperformed due to a tech-driven rally in Chinese equities while performance in developed markets was held back by weakness in continental Europe.

The Fund trailed the Benchmark and the S&P 500 Index during the third quarter. Underperformance versus the Benchmark was driven by stock selection in Enterprise Software, Information



Josh Saltman
Portfolio Manager

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

	Fund Retail Shares ^{1,2}	Fund Institutional Shares ^{1,2}	FactSet Global FinTech Index ¹	S&P 500 Index ¹	MSCI ACWI Index ¹
QTD ³	(4.35)	(4.29)	(1.90)	8.12	7.62
YTD ³	3.01	3.20	3.26	14.83	18.44
1 Year	8.39	8.66	7.74	17.60	17.27
3 Years	19.02	19.31	14.79	24.94	23.12
5 Years	6.92	7.19	2.44	16.47	13.54
Since Inception (12/31/2019)	10.84	11.10	4.00	15.26	11.94

Services, and Tech-Enabled Financials. Challengers outperformed Leaders for a second consecutive quarter (up 1.1% versus down 6.0%, respectively), which weighed on relative performance given the Fund's lower exposure to Challengers. International stocks outperformed U.S. stocks (up 2.3% versus down 4.9%, respectively), which also weighed on relative performance given the Fund's more domestic skew. The Fund's lack of exposure to the Magnificent Seven was a headwind to performance against the S&P 500 Index as was the Fund's high exposure to Financials given the sector trailed the broader Index by nearly 5% in the period.

Style factors also worked against relative performance this quarter. The best performing stocks had high beta, high volatility, and high earnings variability, while the worst performing stocks were mid-caps with strong profitability and high earnings quality. In other words, we experienced a junk rally in the third quarter where riskier stocks outperformed and quality stocks

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 1.56% and 1.13%, respectively, but the net annual expense ratio was 1.20% and 0.95% (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.

underperformed. Relative to the Benchmark, the Fund skews much higher quality with wider profit margins, better free cash flow characteristics, and higher returns on capital. Quality stocks have historically outperformed over time but not all the time. We believe this quarter's underperformance will prove to be anomalous and short-lived.

Performance in Enterprise Software was hindered by double-digit declines from accounting software leader **Intuit Inc.** and financial data and analytics provider **FactSet Research Systems Inc.** Intuit's share price was pressured by perceived threats from generative AI and a softer growth outlook for its QuickBooks franchise. Despite reporting solid quarterly results, FactSet's stock was impacted by concerns about AI, a recent CEO transition, higher investment spending, and cautious commentary from industry peers. There has been no indication that AI disintermediation is happening to any of our software holdings. Consensus estimates for 2026 revenue have been stable for FactSet and rising for Intuit, so their share price declines have been driven by changing sentiment rather than fundamentals. However, the AI risk case is difficult to disprove, and higher spending on AI tools is weighing on near-term margins with limited visibility on any potential revenue uplift. While some valuation multiple compression is understandable, we expect generative AI represents more of an opportunity than a threat for our software investments as these companies use AI to launch new products and operate more efficiently.

Within Information Services, data and analytics companies **Fair Isaac Corporation (FICO)** and **Verisk Analytics, Inc.** hampered performance for a second consecutive quarter. Despite reporting strong quarterly results and raising full-year guidance, FICO's shares underperformed due to regulatory pressure from the Federal Housing Finance Agency, with director Bill Pulte advocating for greater credit score competition in the mortgage market. We expect FICO to retain its dominant market position and continue growing earnings per share at a rapid rate from price increases, a rebound in mortgage originations, and continued growth in non-mortgage consumer lending. Verisk's stock detracted from performance due to a slower near-term growth outlook, modest earnings dilution from a recent acquisition, softer industry pricing for property and casualty insurance, and perceived threats from generative AI. Nonetheless, Verisk reported strong quarterly earnings and management sounded upbeat on the company's growth potential. We maintain conviction in the competitive positioning, long-term growth, margin expansion, and capital deployment prospects for the business.

Weakness in Tech-Enabled Financials was driven by declines from our insurance holdings, as softer industry pricing and lower interest rates weigh on growth. We trimmed our insurance exposure at higher prices earlier in the year in anticipation of this industry slowdown. Leading independent broker-dealer **LPL Financial Holdings Inc.** was responsible for most of the remaining relative losses in the category. Expectations for faster interest rate cuts weighed on the stock since LPL earns less interest income on client cash as rates fall. However, the market's long-term rate forecast was stable, leaving the company's earnings potential unchanged. LPL is also digesting a sizable acquisition of Commonwealth Financial Network, an independent broker-dealer that caters to affluent investors. Although the deal should drive stronger growth over time, it currently offers limited near-term

earnings upside and requires significant management attention to ensure a successful integration. While investor sentiment has cooled given the lack of near-term catalysts and expectations for lower rates, we believe LPL's long-term fundamentals and earnings power remain intact.

Somewhat offsetting the above was unique exposure to Capital Markets, where online brokerage firms **Robinhood Markets, Inc.** and **Interactive Brokers Group, Inc.** contributed most of the relative gains. Robinhood's stock performed well due to strong retail trading activity and new product announcements. Interactive Brokers benefited from strong account growth and favorable market conditions, as rising asset prices and elevated trading volumes drove rapid growth in trading commissions.

Top contributors to performance for the quarter

	Contribution to Return (%)
Robinhood Markets, Inc.	1.42
Interactive Brokers Group, Inc.	0.77
Shopify Inc.	0.53
Nu Holdings Ltd.	0.42
Houlihan Lokey, Inc.	0.35

Robinhood Markets, Inc., a provider of commission-free trading and investing tools, contributed to performance. Shares rose due to higher customer engagement and new product launches. The company continues to gain share in a large and growing market, with customer assets of \$304 billion as of August 31, up 112% from a year ago. Trading activity remains robust across equities, options, and cryptocurrencies. During the third quarter, Robinhood expanded its prediction market offering with over 2 billion contracts traded, doubling the total from last quarter. The company also announced new features, such as a social trading platform aimed at boosting user engagement. Robinhood's young customer base and expanding feature set support multiple avenues for increasing revenue per user over time. We continue to own the stock due to its long-term earnings potential, driven by strong account growth, rising client assets, and rapid pace of innovation.

Leading online brokerage firm **Interactive Brokers Group, Inc.** contributed to performance, driven by strong earnings growth and market tailwinds. In the third quarter, revenue grew 21% and earnings per share grew 41%, both exceeding Street expectations. Customer accounts grew 32% to 4.1 million, reflecting strong international demand for access to U.S. markets and the attractiveness of the company's low-cost offering. Interactive Brokers is also benefiting from favorable market conditions, as rising asset prices and elevated trading activity contribute to growth in trading commissions and asset-based fees. We continue to own the stock due to the company's long runway for growth and automation-driven cost advantages.

Shopify Inc. is a cloud-based software provider that helps merchants sell online. Shares rose during the quarter as the company continued to deliver solid results, with second quarter revenue up 30% and gross merchandise volume up 29%. Growth

was widespread across Shopify's merchant base and supported by successful expansion into offline, international, and business-to-business channels. Shares also benefited from progress in agentic commerce (AI-powered online shopping), underscored by Shopify's partnership with OpenAI. We believe Shopify's product suite is becoming increasingly attractive to merchants of all sizes and nationalities, further expanding its addressable market. We remain shareholders due to Shopify's strong competitive positioning, innovative culture, and long runway for growth, as it still holds less than a 2% share of the global commerce market.

Top detractors from performance for the quarter

	Contribution to Return (%)
Tradeweb Markets Inc.	(0.88)
FactSet Research Systems Inc.	(0.65)
Morningstar, Inc.	(0.57)
Intuit Inc.	(0.57)
Fair Isaac Corporation	(0.56)

Tradeweb Markets Inc. operates electronic marketplaces for trading fixed income securities. Shares declined due to a slowdown in trading activity amid lower market volatility and challenging comparisons against last year's elevated growth. Nevertheless, business trends remain solid, with trading volumes up 12% in the third quarter, which we anticipate will drive double-digit revenue growth. We continue to own the stock due to Tradeweb's strong network effects, long track record of innovation, and significant growth opportunities tied to the ongoing electrification of capital markets.

FactSet Research Systems Inc. is a leading provider of data and analytics tools for the financial services industry. Shares fell during the quarter due to concerns about potential threats from generative AI, a recent CEO transition, investment-driven margin pressure, and cautious commentary from industry peers. FactSet nevertheless reported solid fiscal fourth quarter 2025 financial results with record-high new sales, and management expressed confidence that AI creates compelling growth opportunities for the company. We retain conviction in FactSet given its large addressable market, entrenched competitive positioning, new product development, and attractive financial characteristics.

Morningstar, Inc. is a leading data provider for the investment community. Shares declined alongside a broad-based pullback in information services stocks due to perceived threats from generative AI and a market rotation away from high-quality companies. AI concerns were likely amplified by a modest slowdown in PitchBook, Morningstar's private markets data and research platform, which still grew revenue by 10% in the recent quarter. We believe these concerns are overdone and expect that Morningstar's investment data and PitchBook's proprietary insights will remain highly valuable to clients. We continue to own the stock and expect faster revenue growth with continued margin expansion over time.

Portfolio Structure

We seek to invest in competitively advantaged, growing fintech companies for the long term. We invest in companies across all market capitalizations and geographies. As of September 30, 2025, the Fund held 46 positions (36 excluding those smaller than 1%). The Fund's 10 largest holdings represented 41.2% of net assets, and the 20 largest holdings represented 68.6% of net assets. International stocks represented 12.2% of net assets. The market capitalization range of our holdings was \$950 million to \$672 billion with a median of \$35 billion and a weighted average of \$127 billion.

We segment the Fund's holdings into investment themes. As of September 30, 2025, Tech-Enabled Financials represented 29.3% of net assets, Information Services represented 19.7%, Capital Markets represented 16.7%, Enterprise Software represented 14.3%, Payments represented 11.6%, and E-Commerce represented 6.9%. Relative to the Benchmark, the Fund remains underweight in Payments and Enterprise Software, and has overweight positions in Tech-Enabled Financials, Capital Markets, Information Services, and E-Commerce.

We also segment the Fund's holdings between Leaders and Challengers. Leaders are generally larger, more established companies with stable growth rates, higher margins, and moderate valuation multiples. Challengers are generally smaller, earlier-stage companies with higher growth rates, lower margins, and higher valuation multiples. As of September 30, 2025, Leaders represented 69.3% of net assets and Challengers represented 29.2%, with the remainder in cash.

Top 10 holdings

	Year Acquired	Market Cap When Acquired (\$B)	Quarter End Market Cap (\$B)	Quarter End Investment Value (\$M)	Percent of Net Assets (%)
Mastercard Incorporated	2020	306.1	514.2	3.3	4.6
Visa Inc.	2020	376.2	672.4	3.2	4.6
MercadoLibre, Inc.	2020	53.7	118.5	3.1	4.4
S&P Global Inc.	2020	67.9	152.1	3.1	4.3
Robinhood Markets, Inc.	2024	35.0	127.2	3.0	4.2
Guidewire Software, Inc.	2020	9.1	19.4	2.9	4.1
Interactive Brokers Group, Inc.	2023	33.8	117.0	2.9	4.1
Intuit Inc.	2020	69.3	190.4	2.7	3.8
LPL Financial Holdings Inc.	2021	12.9	26.6	2.7	3.7
KKR & Co. Inc.	2024	88.9	115.8	2.4	3.3

Fund investments in GICS sub-industries

	Percent of Net Assets (%)
Financial Exchanges & Data	18.0
Investment Banking & Brokerage	17.6
Transaction & Payment Processing Services	15.1
Application Software	14.8
Property & Casualty Insurance	5.7
Asset Management & Custody Banks	5.1
Research & Consulting Services	4.6
Broadline Retail	4.4
Diversified Banks	2.9
Diversified Financial Services	2.9
Internet Services & Infrastructure	2.5
Insurance Brokers	1.6
Consumer Finance	1.2
Life & Health Insurance	1.1
Real Estate Services	1.0
Cash and Cash Equivalents	1.5
Total	100.0*

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

Recent Activity

Top net purchases for the quarter

	Quarter End Market Cap (\$B)	Net Amount Purchased (\$K)
Capital One Financial Corporation	135.9	892.4
Accelerant Holdings	3.3	382.1
Clearwater Analytics Holdings, Inc.	5.3	58.4
Equifax Inc.	31.8	53.3
The Charles Schwab Corporation	178.2	47.6

During the quarter, we invested in **Capital One Financial Corporation**, a leading credit card issuer. We believe Capital One's acquisition of Discover is a game-changer that will create significant value through network ownership and market share gains.

Founded in 1994 by Chairman/CEO Richard Fairbank and Nigel Morris, Capital One pioneered the use of data and analytics to market credit cards and underwrite loans. Instead of treating credit cards as a homogenous product like the rest of the industry, Fairbank and Morris used vast amounts of data paired with quantitative analysis to offer the right product to the right customer at the right price. Fairbank is an adept operator having made several important strategic decisions over the years, such as acquiring retail banks with stable consumer deposit franchises to eliminate the company's dependence on the fickle wholesale funding market. In 2012, the company launched a comprehensive digital transformation initiative that, according to management, would "build a technology company that does banking instead of

a bank that just uses technology." By 2020, Capital One became the first major U.S. bank to fully exit its legacy data centers and move to the public cloud, enabling faster innovation and the use of machine learning and AI. Management recognized the importance of building their own applications, so they brought application development in-house and massively expanded the technology team to over 12,000 software engineers. Management's strategic vision and tech-led approach have led to significant growth, with assets growing by 9 times over the last 20 years.

This past May, Capital One completed a landmark acquisition of Discover. Discover's key asset is a payment network that competes with Visa, Mastercard, and American Express. While Discover is much smaller than Visa and Mastercard, this combination provides Capital One with a closed-loop payment network and the ability to earn higher interchange fees by shifting Capital One's debit cards over to the Discover network to avoid the Durbin regulated debit interchange cap. We estimate this additional revenue and other cost synergies will lift earnings by 15% within two years. Longer term, Capital One's ownership of the card infrastructure could unlock other monetization opportunities, such as adding card issuers to the Discover network and becoming a more comprehensive fintech enabler. In addition, we believe Capital One is significantly overcapitalized with an estimated \$17 billion of excess capital, representing 12% of the company's market capitalization. We expect accelerated capital returns through higher dividends and a faster pace of share repurchases.

We purchased the stock at less than 10 times our estimate of pro forma earnings power. Credit risk can weigh on the valuation multiple, but credit trends are healthy with delinquency and charge-off rates declining on a year-over-year basis. We think Capital One's data-driven strategy, ownership of scarce assets, and leadership by a visionary founder-CEO will sustain strong earnings growth over the long run.

Top net sales for the quarter

	Quarter End Market Cap (\$B)	Net Amount Sold (\$K)
The Progressive Corporation	144.8	342.9
LPL Financial Holdings Inc.	26.6	202.6
Arch Capital Group Ltd.	33.9	177.0
Interactive Brokers Group, Inc.	117.0	146.1
Guidewire Software, Inc.	19.4	139.1

We trimmed **The Progressive Corporation** and **Arch Capital Group Ltd.** to limit our insurance industry exposure in a softening market cycle. We trimmed **LPL Financial Holdings Inc.**, **Interactive Brokers Group, Inc.**, and **Guidewire Software, Inc.** following strong recent performance to manage the position sizes and fund purchases elsewhere. We eliminated our small remaining Digital IT Services positions (**Accenture plc**, **Globant S.A.**, and **CI&T, Inc.**) due to slow growth and longer-term concerns about the impact of generative AI on the consulting and outsourced software development industry.

Outlook

We are optimistic about the fundamentals and return prospects for the Fund. Economic trends remain favorable despite persistent uncertainty. Economists expect GDP growth to exceed 2% in the third quarter, and the unemployment rate remains low by historical standards. Inflation has been stable around 3%, which has enabled the Fed to resume its rate-cutting cycle. Trade policy remains a wildcard, but tensions have eased as negotiations continue. Earnings prospects remain bright for our holdings, so a pullback in valuations has increased the expected returns.

At the start of the fourth quarter, there has been greater focus on credit quality across the traditional lending and private capital markets. The bankruptcies of automotive-related companies First Brands and Tricolor have raised concerns about additional risk following an extended period of benign credit conditions. A colorful quote from Jamie Dimon on JPMorgan's recent earnings call ("When you see one cockroach, there are probably more") gained significant attention in the general press, even though he was talking about JPMorgan's own underwriting standards given its unfortunate participation in the defaulted Tricolor loan. Our more credit-sensitive holdings, such as **KKR & Co. Inc.** and **Apollo Global Management, Inc.**, saw their share prices pull back as investors extrapolated negative headlines to the broader private credit industry. So far, the recent string of credit issues has been characterized as one-off and idiosyncratic in more cyclical parts of the economy and where fraud occurred. It's also notable that the two large auto industry bankruptcies were from loans made by traditional banks instead of private credit lenders. While it's fair to question if this is the beginning of a broader credit cycle, we have yet to see any notable change in fundamentals for our financial services companies or any material shift in underlying credit quality. Commentary from most other lenders suggest that credit conditions remain stable even as consumers feel pressure from the accumulated effects of elevated inflation and higher interest rates. The Fund has leaned into investor fears to add to positions at attractive valuations.

Thank you for investing in the Fund. We remain significant shareholders alongside you.

Sincerely,



Josh Saltman
Portfolio Manager

Fund Action

On or about **December 12, 2025**, **Baron FinTech Fund®** (the “Fund”) will convert from a mutual fund into an exchange-traded fund (ETF) and will be renamed Baron Financial ETF. We are converting the Fund to an ETF to provide shareholders with greater flexibility, lower costs, and increased transparency.

Upon conversion, Baron Financials ETF will invest primarily in financials and financials-related companies of any market cap. These companies are defined as businesses that provide banking, lending, capital markets, financial data analytics, insurance, payments, asset management or wealth management; or develop, use, or rely on innovative technologies or services in a significant way for these activities. A new fee structure will go into effect where a unitary management fee of 0.80% will be adopted. Josh Saltman will remain the portfolio manager of Baron Financials ETF.

All shareholders will receive a direct notification.

- **If shares are held in a brokerage account that can hold ETFs:**

Shares will automatically convert—no action is needed.

- **If shares are held in accounts that cannot hold ETFs:**

Shares need to be transferred to an existing or new brokerage account that allows ETF investments before the conversion date. If no transfer is made, shares will be **liquidated** at the time of conversion, and proceeds will be paid in cash (net of any applicable fees and expenses).

For questions, please call the Baron Capital customer service line at **1-844-673-0984** Monday through Friday from 9:00 a.m. to 6:00 p.m. EST.

¹ The Fund’s historical performance was impacted by gains from IPOs and there is no guarantee that these results can be repeated or that the Fund’s level of participation in IPOs will be the same in the future.

² The **FactSet Global Fintech Index™** is an unmanaged and equal-weighted index that measures the equity market performance of companies engaged in Financial Technologies, primarily in the areas of software and consulting, data and analytics, digital payment processing, money transfer, and payment transaction-related hardware, across 30 developed and emerging markets. The **S&P 500 Index** measures the performance of 500 widely held large-cap U.S. companies. The **MSCI ACWI Index Net (USD)** is designed to measure the equity market performance of large and midcap securities across 23 Developed Markets and 24 Emerging Markets countries. MSCI is the source and owner of the trademarks, service marks and copyrights related to the MSCI Indexes. The MSCI ACWI Index and the Fund include reinvestment of dividends, net of withholding taxes, while the FactSet Global Fintech Index™ and S&P 500 Index 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 in the table does not reflect the deduction of taxes that a shareholder would pay on Fund distributions or redemptions of Fund shares.

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 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, FinTech Companies may be adversely impacted by government regulations, economic conditions and deterioration in credit markets. Companies in the information technology sector are subject to rapid changes in technology product cycles; rapid product obsolescence; government regulation; and increased competition, both domestically and internationally, including competition from foreign competitors with lower production costs. The IT services industry can be significantly affected by competitive pressures, such as technological developments, fixed-rate pricing, and the ability to attract and retain skilled employees, and the success of companies in the industry is subject to continued demand for IT services. The Fund invests in companies of all sizes, including 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.

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 FinTech Fund by anyone in any jurisdiction where it would be unlawful under the laws of that jurisdiction to make such offer or solicitation.

Beta explains common variation in stock returns due to different stock sensitivities to market or systematic risk that cannot be explained by the US Country factor. Positive exposure indicates high beta stock. Negative exposure indicates low beta stock. **Active Share** a term used to describe the share of a portfolio’s holdings that differ from that portfolio’s benchmark index. It is calculated by comparing the weight of each holding in the Fund to that holding’s weight in the benchmark. Positions with either a positive or negative weighting versus the benchmark have Active Share. An Active Share of 100% implies zero overlap with the benchmark.

BAMCO, Inc. is an investment adviser registered with the U.S. Securities and Exchange Commission (SEC). Baron Capital, Inc. is a broker-dealer registered with the SEC and member of the Financial Industry Regulatory Authority, Inc. (FINRA).