



QUARTERLY LETTER | SEPTEMBER 30, 2025

Baron Opportunity Fund®

Retail Shares: BIOPX | Institutional Shares: BIOIX | R6 Shares: BIOUX



Michael Lippert
Portfolio Manager

Dear Baron Opportunity Fund Shareholder,

Performance

During the third quarter, Baron Opportunity Fund® (the Fund) posted a positive return of 5.44% (Institutional Shares) but underperformed the Russell 3000 Growth Index (the Benchmark), which gained 10.41%, and the S&P 500 Index, which advanced 8.12%. For the year-to-date period, the Fund appreciated 14.42%, trailing the Benchmark, which rose 16.82%, and roughly matching the S&P 500 Index, which gained 14.83%.

Review and Outlook

Market Backdrop

U.S. equities were broadly higher in the third quarter, building on gains from the prior period. The S&P 500 and NASDAQ Composite Indexes set new record highs throughout the quarter, most recently on September 22.

The dominant driver of market strength was the increased likelihood of Federal Reserve (the Fed) rate cuts, prompted by signs of weakness in the labor market and more dovish Fed commentary. Fed rate-cut expectations rose in early August following a much weaker than expected July non-farm payrolls report and significant downward revisions to prior payroll numbers. Dovish Fed speak intensified as the month wore on, with Chairman Powell hinting a possible interest rate cut while delivering remarks at the Fed's annual Jackson Hole conference. The Fed ultimately resumed its rate-cutting cycle at the September meeting, lowering its policy rate by 25 basis points to a range of 4% to 4.25%, after being on hold since last December. Robust corporate earnings, a lull in trade uncertainties, a resilient consumer, increased M&A and IPO activity, and sustained AI optimism also contributed to market gains during the period.

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

	Fund Retail Shares ^{1,2}	Fund Institutional Shares ^{1,2,3}	Russell 3000 Growth Index ¹	S&P 500 Index ¹
QTD ⁴	5.36	5.44	10.41	8.12
YTD ⁴	14.22	14.42	16.82	14.83
1 Year	27.76	28.07	24.79	17.60
3 Years	31.62	31.96	30.76	24.94
5 Years	13.42	13.71	17.03	16.47
10 Years	20.19	20.50	18.26	15.30
15 Years	16.32	16.63	16.95	14.64
Since Inception (2/29/2000)	10.33	10.52	8.11	8.40

The Magnificent Seven dominated market returns for a second consecutive quarter, accounting for 73% of the Benchmark's third quarter gains and 62% of the S&P 500 Index's. The group appreciated 15.2% in the period, outperforming by almost a double-digit margin all other securities in Benchmark, which increased 5.8%. Tesla (up 40.0%), Alphabet (up 38.1%), Apple (up 24.2%), and NVIDIA (up 18.1%) posted the largest gains. Microsoft rose modestly (up 4.3%), and Meta and Amazon were essentially flat in the period.

Most sectors closed higher, with Information Technology (IT), Communication Services, and Consumer Discretionary being the only sectors to outperform the broader market due to the heavy influence of the Magnificent Seven.

Performance listed in the above table is net of annual operating expenses. Annual expense ratio for the Retail Shares and Institutional Shares as of January 28, 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.

Performance

The Fund posted positive gains but underperformed the Benchmark during the quarter. Relative underperformance was stock specific owing to a combination of poor performance of certain stocks owned in the portfolio and strong performance of mega caps we did not own. Investments in IT and Communication Services were entirely responsible for the Fund's underperformance in the period.

In the IT sector, solid gains and relative performance from **Shopify Inc.** (e-commerce platform leader), **Taiwan Semiconductor Manufacturing Company Limited** (TSMC) (the world's advanced-semiconductor manufacturing champion), **GDS Holdings Limited** (leading China and pan-Asia data center operator), and **Broadcom Inc.** (AI networking and custom accelerator winner) were offset by sharp pullbacks in **Gartner, Inc.** (syndicated research leader), **PAR Technology Corporation** (restaurant technology provider), and **Atlassian Corporation** (software development and team collaboration tools leader), which are addressed below. The Fund's non-ownership of Apple, which remained a Magnificent Seven laggard on a year-to-date basis but rebounded sharply during the quarter, accounted for 43% of our IT sector underperformance.

In the Communication Services sector, the Fund's investments in **Spotify Technology S.A.** (global streaming music and content leader) and **The Trade Desk** (digital advertising platform provider), discussed below, negatively impacted relative performance. Spotify, which remained a top performer on a year-to-date basis (up 57%) but retreated somewhat during the period, impacted relative performance because it is one of the largest overweight positions in the portfolio. The Fund's non-ownership of Alphabet, which posted meaningful gains during the quarter (and trailed only **NVIDIA Corporation** in the Magnificent Seven on a year-to-date basis), accounted for 37% of our Communication Services underperformance.

Other notable relative outperformers included electric vehicle (EV) and autonomous driving pioneer **Tesla, Inc.** and autoimmune disease innovator **argenx SE**.

Regarding Apple and Alphabet, both stocks rallied significantly after a U.S. court issued a favorable remedy in the Department of Justice's antitrust case against Google, alleviating market fears of a worst-case scenario. The ruling was a near best-case outcome for Apple, preserving its more than \$25 billion high-margin traffic-acquisition revenue stream from Google and other search providers, and leaving the door open for potential future AI-related payments. For Google, the decision was beneficial as it did not require the forced divestiture of key assets like Chrome or Android. This news, along with positive early data on iPhone 17 demand, drove both stocks to outperform.

Despite this positive legal development, we remain underweight both companies. For Apple, we see continued regulatory risk to its App Store business and await tangible evidence that its AI initiatives can drive a meaningful product upgrade cycle. Regarding Alphabet, while the company possesses the scale and technical advantages to likely be a long-term AI winner, it is confronting a classic innovator's dilemma. It has already ceded

ground in informational queries to competitors like OpenAI (800 million monthly active users) and risks cannibalizing its highly profitable commercial search business with new AI products. Even in a scenario where Google succeeds, we are concerned its market share in the emerging paradigm of AI-commerce⁵ may be considerably lower than the near-90% commercial-search share it holds today and are evaluating whether higher monetization of AI commerce will offset lower market share. These challenges create uncertainty for Alphabet's long-term growth and margin profile. Until we have greater clarity, we believe our current investments—including NVIDIA, Broadcom, TSMC, Shopify, **Meta Platforms, Inc.**, and Tesla—provide more compelling exposure to the AI theme.

AI Update

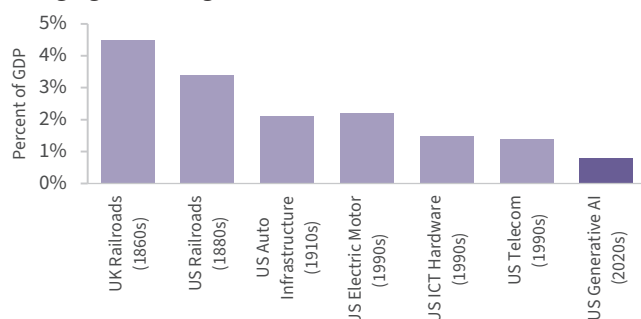
The market has recently absorbed a surge of activity around AI infrastructure buildouts. OpenAI is at the center of these developments, announcing partnerships with NVIDIA, Broadcom, and Advanced Micro Devices for 10 gigawatts (GW), 10 GW, and 6 GW of compute capacity respectively, along with more than 5 GW of commitments to Oracle for cloud infrastructure as part of the Stargate project (one or more of these vendors' compute equipment will power Oracle-Stargate data centers). In addition, NVIDIA CEO Jensen Huang proclaimed in September that global AI-infrastructure spending could total \$3 trillion to \$5 trillion by 2030.

To be clear, in our industry and individual company models/estimates, we do not assume the underlying AI infrastructure market hits the figures implied by the announced partnerships or Jensen's 2030 target, nor do we need the market to hit these levels to earn our targeted long-term returns. We assess announcements and projections like these and others across the broader AI ecosystem from first principles, conducting intensive research to measure the addressable markets and understand technical architectures and differences; talking to everybody (as Ron says), including business leaders, other investors and analysts, and industry experts; analyzing from top-down and bottom-up perspectives; and, as I always say, trying to separate the signal from the noise and focusing on what's real rather than what's said. With an appreciation that history does not repeat itself but often rhymes, we are rigorously examining the parallels and distinctions between today's AI disruptions and inflections of today and past technology paradigm shifts (such as the "Dot-Com" era) and their broader economic implications, alongside lessons from historical infrastructure expansions. At the same time, we are quantifying the many AI addressable markets across sectors, while critically evaluating the usefulness and value of AI to real-world industries, businesses, workflows, and tasks. We remain attuned to ongoing debates around AI's return on investment and potential bubbles and are closely monitoring pathways to monetization and value creation, including through cost efficiencies. We invite our shareholders to watch Michael Lippert's recent appearance on Wealthtrack, "The State of the AI Investment Boom," for further discussion of many of these topics.

From a top-down perspective, while even the low end of Jensen's forecast and the announced compute programs seem mammoth at first blush, the global economy is expected to reach \$140

trillion by 2030, meaning this \$3 trillion market estimate would be just about 2% of the global economy. This strikes us as not unrealistic for the most critical infrastructure of the 21st century, and reasonably consistent with historical infrastructure builds that have generally peaked at 2% to 5% of GDP.

Peak Historical Investment Impulse, Emerging Technologies in Frontier Economies



Source: Goldman Sachs Global Investment Research, Bureau of Economic Analysis. 10/15/2025.

Moreover, as we have written before, technology spending today accounts for just 5% of global GDP. We live in a digital age. Every digital interaction from today forward, across business and consumer applications, will have AI at the core of the intelligence layer of the application. Much of incremental GDP growth will incorporate AI and technologies like agentic AI will displace large swaths of existing GDP. If AI innovations propel technology spending towards just 10% of global GDP by 2030, we're talking about \$14 trillion, quite a reasonable justification for large-scale AI infrastructure investments.

From a more bottom-up perspective, we attempt to break this down further and identify the true unlocks required from AI models and systems to justify the trillions of dollars that the leading AI labs now plan to deploy. The most immediate opportunities for AI are not in expanding the economic pie but in redistributing it across existing large markets. For example, the global e-commerce market is estimated to hit \$6.4 trillion this year, representing about 20.5% of global retail sales. We find ourselves on the edge of the first holiday season where consumers will put AI commerce to the test, with such features as OpenAI's Instant Checkout.⁵ Over the remainder of this decade, AI should influence and monetize a growing share of this massive consumer market. The global digital advertising market, projected to approach \$850 billion this year, should also continue to see share shifts as AI reshapes consumer engagement. Similarly, the global software market, covering enterprise, productivity, and application software, is estimated to reach over \$800 billion in 2025. AI features and services are already disrupting this market—AI user interfaces, AI predictive intelligence, AI agentic workflows assisting and replacing humans in code development and customer service, etc.—and are expected to drive future software spending and capture a large share of the market opportunity.

The second growth vector, labor replacement, is more transformative in theory but likely to be slower in practice. Human labor represents 45% to 50% of the global economy. Optimists believe AI agents will eventually replace significant portions of knowledge work, and physical AI like autonomous vehicles and robots will begin to displace a broad array of human labor. We are carefully monitoring product announcements and user adoption, but we do appreciate that this transition will evolve over the remainder of the decade and face social, political, and regulatory hurdles.

The most compelling long-term vector is innovation itself. Human progress and GDP growth have historically been driven by research and development, which in turn depends on the number of people with the requisite intelligence and creativity in each field. This is the essence of the Artificial General Intelligence and Artificial Super Intelligence narratives: once machines reach or exceed human-level intelligence, we could, in principle, run millions, or even billions, of R&D agents and experiments in parallel inside AI data centers, accelerating discovery and unlocking entirely new drivers of global growth. As Elon Musk explained during the Grok 4 Livestream, “we’re at the beginning of an immense intelligence explosion...[w]e’re at the intelligence big bang,” but the “real test” for AI is “reality.” Will AI “invent a new technology...improve the design of a car or a rocket or create a new medication...Does the rocket get to orbit? Does the car drive? Does the medicine work?”

Here's just one real-world example already in Baron portfolios. Earlier this year we participated in the IPO of **Heartflow, Inc.**, a health care innovator that uses AI to analyze a coronary CT (computed tomography) angiogram scan, creating a personalized 3D model of heart arteries. The AI, combined with computational fluid dynamics and human analysts, simulates blood flow through this model to assess the impact of blockages and provide doctors with a “CT-derived fractional flow reserve” value, which helps diagnose coronary artery disease and personalize treatments. We are carefully monitoring the long-term AI innovation flywheel.

We remain optimistic about the broad trajectory of AI-driven progress but disciplined in distinguishing real, measurable advances from speculative ambition. Our focus is on identifying the best positioned players to capture enduring value amid this fast-moving, high-potential world of intelligence creation.

Below is a partial list of the secular megatrends we focus on:

- AI
- Semiconductors
- Cloud computing
- Software-as-a-service
- Digital media/entertainment
- Targeted digital advertising
- E-commerce
- Targeted medicine/therapies
- Minimally invasive surgical procedures
- Cybersecurity
- EVs/autonomous driving
- Electronic payments
- Robotics
- Space technology

We continue to run a high-conviction portfolio with an emphasis on the secular trends cited and listed. Among others, during the third quarter we initiated or added to the following positions:

- Networking: **Arista Networks, Inc.**
- Technology and business research/advice: **Gartner, Inc.**
- Digital/other health care: **Eli Lilly and Company, Heartflow, Inc., and Exact Sciences Corporation**
- Software: **Synopsys, Inc., GitLab Inc., Via Transportation, Inc., Netskope, Inc., and Samsara Inc.**
- Digital language learning: **Duolingo, Inc.**
- Digital media/entertainment: **Spotify Technology S.A.**

Top Contributors

Top contributors to performance for the quarter

	Contribution to Return (%)
NVIDIA Corporation	2.13
Tesla, Inc.	1.78
Broadcom Inc.	1.19
argenx SE	0.66
Space Exploration Technologies Corp.	0.65

NVIDIA Corporation is a semiconductor and systems company specializing in compute and networking platforms for accelerated computing. NVIDIA has captured a dominant position in AI infrastructure with a comprehensive portfolio spanning semiconductor accelerators, networking solutions, modular and rack-scale systems, and software. Shares rose during the quarter as investor confidence in AI infrastructure expansion grew. For its July 2025 quarter, NVIDIA reported 56% total and data center revenue growth. Looking forward, NVIDIA disclosed near-term visibility of tens of GWs in AI buildouts, including the 10 GW agreement with OpenAI, with each GW representing an estimated \$35 billion total addressable market. During its August earnings call, NVIDIA’s management declared: “We are at the beginning of an industrial revolution that will transform every industry. We see \$3 trillion to \$4 trillion in AI infrastructure spend by the end of the decade.” As AI infrastructure investment accelerates, NVIDIA’s leadership continues to strengthen through durable moats across compute silicon, networking, systems, software, and supply chain. We remain confident in AI’s potential to transform the global economy and in NVIDIA’s pivotal role as the leading enabler of that transformation, positioning it to capture significant long-term value in the AI era.

Tesla, Inc. designs, manufactures, and sells EVs, related software and components, solar products, and energy storage solutions. Tesla shares contributed to our quarterly performance due to three key catalysts. First, Tesla’s core automotive business saw an uplift in sentiment and growth. The company announced record third quarter results for both vehicle deliveries and energy storage deployment, surpassing strong expectations. While the expiration

of U.S. consumer EV tax credits likely positively influenced domestic sales, investors also identified enthusiastic consumer response to a new Model Y variant in China, elevating expectations for this variant’s traction. Second, investor confidence in the company’s ambitious long-term vision and in Elon Musk’s leadership was reinforced by a newly proposed CEO compensation package and nearly \$1 billion in personal share purchases by Musk. To fully benefit from the compensation plan, Elon and Tesla will need to achieve close to an 8-fold increase in market cap and over a 25-fold expansion in adjusted EBITDA. Alongside these financial goals, the company must also deliver on its revolutionary AI initiatives. Over the coming decade the company will need to deploy one million robotaxis in commercial operations, sell one million humanoid robots, reach 10 million active Full-Self-Driving (FSD) subscribers, while continuing to sell millions of cars to consumers each year. Finally, Tesla’s AI initiatives continue to advance rapidly. Tesla’s Austin robotaxi network saw its operational footprint grow from 20 to over 170 square miles in just two months after its June 2025 launch, with further expansion on the horizon, including in new cities. Additionally, the forthcoming FSD Version 14 is anticipated to be a critical step toward broader autonomous capabilities. Elon Musk previously stated that V14 “is the second biggest update to Tesla AI/Autopilot ever after V12. It feels alive,” noting that “With FSD V14, we’re on track to enable unsupervised driving in select areas by the end of the year, assuming regulatory approval.” In addition, Tesla’s humanoid robot is expected to transition from design to volume production next year as Tesla finalizes its latest Optimus design.

Broadcom Inc. is a leading semiconductor and enterprise software company, generating approximately 60% of revenue from semiconductors and 40% from software. The company is strategically positioned at the intersection of high-performance AI compute and networking infrastructure, while also demonstrating disciplined execution in software. Broadcom has extended its leadership in networking silicon from the cloud era into the AI era and is regarded as the most reliable silicon partner for AI foundational model builders designing custom chips to train frontier models. Shares rose during the quarter on accelerating momentum in Broadcom’s AI product lines and strong business visibility into next year. In its July quarter, Broadcom reported almost \$16 billion in total revenue, up 22%; \$5.2 billion in AI revenue, up 63%; and \$6.8 billion in software revenue, up 17%. Broadcom continued to demonstrate excellent profitability, with EBITDA margins over 67% and free cash flow margins at 44%. While Broadcom continues to execute with its key custom AI accelerator customer, Google, it is on track for volume production with two additional customers (likely Meta and ByteDance), has secured a fourth customer with orders worth \$10 billion next year, and announced a 10 GW deal with a notable fifth customer, OpenAI. Beyond AI, Broadcom is advancing its VMware integration, while its non-AI semiconductor businesses appear to be bottoming and may gradually recover in the coming quarters. We retain our long-term conviction in Broadcom’s position within the AI ecosystem.

Top Detractors

Top detractors from performance for the quarter

	Contribution to Return (%)
The Trade Desk	(0.74)
Gartner, Inc.	(0.52)
Spotify Technology S.A.	(0.50)
PAR Technology Corporation	(0.35)
Atlassian Corporation	(0.31)

The Trade Desk, a leading digital-advertising demand-side platform (DSP), detracted from performance this quarter after reporting results and guidance that fell short of expectations. This frustrated investors amid strength in the broader advertising market and following strong first quarter results that exceeded both Baron and consensus forecasts. We believe several factors contributed to second quarter revenue growth decelerating more than anticipated: (i) a slower-than-anticipated rollout of the company's new platform, Kokai (which has since re-accelerated); (ii) broad macro uncertainty around tariffs that impacted larger brand advertisers, who appear to have pulled-forward advertising spending into the first quarter in front of the administration's April tariff roll out; and (iii) the company's restructuring of sales and account coverage, particularly focused on its largest clients. Importantly, our conversations with industry participants suggest that Amazon's competing DSP has not yet taken meaningful share from Trade Desk and that most advertiser interest in Amazon appears limited to its exclusive Prime Video inventory. That said, we are closely monitoring Amazon's push to scale its offering by undercutting Trade Desk on fees and signing new publishing partners like Roku, Netflix, and Spotify. Despite these issues, our research supports our view that Trade Desk remains the product leader in the DSP space and is well positioned to benefit from strengthening brand advertising trends in the second half of 2025. Trade Desk no longer commands a premium valuation, trading more in line with peers and reflecting tempered growth expectations. The company remains financially stout, with over \$1.7 billion in cash on its balance sheet, strong free cash flow generation, and the capacity to aggressively repurchase a significant portion of its market cap. We continue to hold our position in Trade Desk, while keeping a close eye on the evolving competitive landscape.

Gartner, Inc. shares declined significantly after the company reported second quarter results. Contract value growth, a leading indicator of the company's future revenue, decelerated to 4.9% from 6.7% in the prior quarter. We attribute most of the slowdown to ongoing cost cutting in the U.S. public sector, which represents around 5% of revenue, as well as more challenging business conditions in industries dependent on public-sector funding, such as education. We also believe companies with meaningful exposure to tariffs have tightened cost controls, resulting in longer sales cycles and slightly higher attrition for Gartner. While the market has linked Gartner's growth deceleration to concerns about the impact of AI on its business, we see no compelling evidence that this is negatively impacting its value proposition. We believe Gartner has a vast and

growing set of proprietary data, generated by hundreds of thousands of interactions with buyers, sellers, and consumers of technology. Gartner's proprietary insight extends to corporate technological roadmaps, enabling the company to assess future trends. Gartner also delivers a tangible return on investment for its customers through its contract review program; we estimate that for every dollar spent with Gartner, a customer can save up to \$10 on lower procurement costs. In addition, we estimate that almost 95% of Gartner's research business comes from customers that want in-person interactions with an analyst or former CIO to serve as a partner to help guide decisions. We believe AI is presently a tailwind for Gartner, as every company in the world seeks insights and assistance in understanding the risks and opportunities poised by AI. As a result, we expect growth trends to improve next year as U.S. public sector headwinds abate and sales force productivity strengthens. Moreover, we expect the company to be aggressive in repurchasing stock to capitalize on its discounted valuation. We estimate that Gartner repurchased approximately \$800 million in July and August and added an additional \$1 billion to its outstanding share repurchase authorization in early September. Given approximately \$2 billion of cash on its balance sheet, ample debt capacity, and ongoing free cash flow generation, we believe the company could potentially repurchase nearly 20% of its market cap over the next 18 months.

As stated above, global streaming music and content leader **Spotify Technology S.A.** remained a top performer on a year-to-date basis (up almost 57%) but retreated somewhat during the period. It is reported as a third quarter detractor because of its large weight in the portfolio.

PAR Technology Corporation is a leading software, hardware, and service provider to the food service industry. Shares of PAR fell during the quarter as the company lowered its annual recurring revenue (ARR) growth outlook for the year to 15% (from prior 20% expectations) due to weak macro conditions for its restaurant customers and the purposeful delay of some new rollouts to focus on winning late-stage opportunities with some of the largest restaurants in the industry. Additionally, management indicated that it believes the right core ARR growth rate for the business going forward is now 15%, not the prior 20% target. Despite the weaker start to the year and lower "core" growth outlook, for the next 12 months the company remains confident it can deliver 20% ARR growth supported by a strong pipeline of contracted customers, including its rollout to Burger King. Additionally, we have confidence that the company is well positioned to win at least one of its three late stage "mega deals," which would meaningfully improve the growth outlook for 2026 and 2027, given they are sized as equal to or multiples of the Burger King deal, which is PAR's largest deal to date. In general, as more enterprise-scale restaurants look to upgrade their technology stacks, PAR remains well positioned to win outsized share as the leading cloud-based multi-product platform in the industry. Also, despite the lower growth outlook the company can manage expenses in lockstep, which means our estimates for rapidly scaling profitability in the coming years remain virtually unchanged. At its current valuation, we believe PAR's stock is set up well to outperform in the coming years, driven by durable growth, inflecting profitability, and strong customer momentum.

Atlassian Corporation is a leading team collaboration and productivity software vendor. The company initially focused on serving software engineers (over 20 million worldwide), but its newer products, features, and use cases address a much larger set of users, including business teams engaged in product development (over 100 million worldwide) and the much broader group of knowledge workers (over 1 billion globally). Despite solid results and guidance, shares declined on continued fears that AI software code development tools would pressure the number of software developers and Atlassian’s own growth from this segment. Our research indicates that AI will spark more software code to be written and applications to be adopted, resulting in more—not less—demand for Atlassian’s portfolio of products. We believe these products will be monetized through a combination of both seats and consumption elements. We are carefully monitoring all risks related to AI but have yet to see any impact on the company’s business. On the other hand, Atlassian continues to innovate rapidly—introducing Atlassian Rovo, which is an AI conversational interface powered by its proprietary Teamwork Graph that connects data from all Atlassian tools—positioning it to continue to show strong growth for many years to come.

Portfolio Structure

We invest in secular growth and innovative businesses across all market capitalizations, with the bulk of the portfolio landing in the large-cap zone. Morningstar categorizes the Fund as U.S. Large Growth. As of the end of the third quarter, the largest market cap holding in the Fund was \$4.5 trillion and the smallest was \$500 million. The median market cap of the Fund was \$44.6 billion, and the weighted average market cap was \$1.4 trillion.

To end the quarter, the Fund had \$1.8 billion of assets under management. We had investments in 48 unique companies. The Fund’s top 10 positions accounted for 58.0% of net assets.

The Fund has had positive inflows year-to-date.

Top 10 holdings

	Quarter End Market Cap (\$B)	Quarter End Investment Value (\$M)	Percent of Net Assets (%)
NVIDIA Corporation	4,533.9	231.6	13.2
Microsoft Corporation	3,850.0	131.6	7.5
Broadcom Inc.	1,558.0	112.8	6.4
Amazon.com, Inc.	2,341.7	106.6	6.1
Tesla, Inc.	1,478.8	106.4	6.0
Spotify Technology S.A.	145.5	85.5	4.9
Meta Platforms, Inc.	1,844.9	80.4	4.6
Space Exploration Technologies Corp.	400.1	79.7	4.5
Eli Lilly and Company	722.1	43.7	2.5
argenx SE	45.1	42.9	2.4

Recent Activity

Top net purchases for the quarter

	Quarter End Market Cap (\$B)	Net Amount Purchased (\$M)
Arista Networks, Inc.	183.1	14.1
Gartner, Inc.	19.9	9.9
Synopsys, Inc.	91.6	8.8
ODDITY Tech Ltd.	3.5	8.3
Duolingo, Inc.	14.7	7.5

This quarter, we re-established a position in **Arista Networks, Inc.**, a leading provider of high-performance networking solutions for data centers, cloud providers, and enterprises. Arista’s advanced switching and routing platforms, powered by its proprietary software, offer enhanced scalability, automation, and flexibility. The company generates revenue through hardware sales bundled with software and post-contract support services, serving major cloud players like Microsoft, Meta and Oracle, along with a growing range of enterprise customers. We are witnessing an unprecedented buildout of AI infrastructure, where networking is becoming an increasingly critical component. While NVIDIA offers a comprehensive technology stack for AI data centers, Arista stands out as the leading networking company with best-in-class Ethernet solutions. Its products not only interconnect servers within data centers and link multiple data centers together but will also extend to emerging architectures that connect AI accelerators within the rack. We believe Arista is well positioned to capture a meaningful share of the data center networking stack as AI cluster builders prioritize performance optimization and vendor diversification.

As stated above, we added to our **Gartner, Inc.** position on weakness during the quarter.

Synopsys, Inc. is a market-leading electronic design automation (EDA) software vendor serving the global semiconductor and systems markets. It operates in a global duopoly with Cadence Design Systems—like Visa and Mastercard in payments—with sizable competitive moats. Synopsys recently closed its acquisition of ANSYS, a long-time Baron investment. This acquisition should enable Synopsys to: (i) strengthen its simulation offering through a fully integrated platform across planning, designing, simulating, and testing chips—increasingly important for helping customers manage complexity and reduce costs; (ii) expand into adjacent markets like automotive and industrials, supporting long-term growth; and (iii) realize substantial cost synergies that will drive operating leverage. With low double-digit organic revenue growth and significant operating leverage from ANSYS synergies, we believe Synopsys can more than double its earnings by 2030.

We initiated a starter position in Synopsys after shares sold off following the company’s third quarter earnings report and our in-person meeting with management. The company disclosed weakness in its intellectual property (IP) business, which represents about 18% of total revenue, causing it to miss consensus expectations and lower full-year guidance. IP weakness stemmed

from two primary sources: (i) lower sales to Chinese customers after the U.S. Government banned, then lifted, sales restrictions into China, creating uncertainty that led customers to pause or delay purchases; and (ii) weakness from heightened uncertainty around Intel, the company's largest customer, which saw reduced demand for its leading-edge fabrication platform and associated Synopsys IP sales. Management's guidance assumed worst-case scenarios for both issues. More importantly, management argued convincingly that both headwinds are temporary, caused by factors outside the company's control, and neither structural nor due to market share loss. IP remains a long-term secular growth business.

Meanwhile, the rest of Synopsys' business—both EDA and simulation from the ANSYS acquisition—continues to perform well. Given ever-increasing chip complexity and surging demand from AI, we believe the company is well positioned for steady improvement across its entire business in the coming years.

Top net sales for the quarter

	Quarter End Market Cap or Market Cap When Sold (\$B)	Net Amount Sold (\$M)
CyberArk Software Ltd.	19.9	21.1
Shopify Inc.	193.0	9.8
Datadog, Inc.	49.7	9.3
Broadcom Inc.	1,558.0	9.1
Cloudflare, Inc.	74.8	6.4

We exited our **CyberArk Software Ltd.** position after its acquisition by Palo Alto Networks was announced.

Sales of **Shopify Inc.**, **Datadog, Inc.**, **Broadcom Inc.**, and **Cloudflare, Inc.** were merely trims of portfolio weights as all the stocks have delivered strong returns for the Fund.

I remain confident in and committed to the strategy of the Fund: durable growth based on powerful, long-term, innovation-driven secular growth trends. We continue to believe that non-cyclical, durable, and resilient growth should be part of investors' portfolios and that our strategy will deliver solid long-term returns for our shareholders.



Michael A. Lippert
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® Growth Index** measures the performance of the broad growth segment of the U.S. equity universe. The **S&P 500 Index** measures the performance of 500 widely held large-cap U.S. companies. 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® Growth 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.

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.

⁵ In late September, OpenAI announced Instant Checkout—enabling shoppers to go from chat to checkout inside of ChatGPT in just a few taps—and partnerships with many leading e-commerce players, including Shopify and Walmart. According to OpenAI's website here's how Instant Checkout works: "When someone asks a shopping question—'best running shoes under \$100'— ChatGPT shows the most relevant products from across the web. Product results are organic and...ranked purely on relevance to the user. If a product supports Instant Checkout, users can tap 'Buy,' confirm their order, shipping, and payment details, and complete the purchase without ever leaving the chat. Existing ChatGPT subscribers can pay with their card on file, or other card and express payment options. Orders, payments, and fulfillment are handled by the merchant using their existing systems. ChatGPT simply acts as the user's AI agent..., just like a digital personal shopper would. Merchants pay a small fee on completed purchases, but the service is free for users."

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: Securities issued by small and medium-sized companies may be thinly traded and may be more difficult to sell during market downturns. Companies propelled by innovation, including technology advances and new business models, may present the risk of rapid change and product obsolescence, and their success may be difficult to predict for the long term. 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 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.

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

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).