



QUARTERLY LETTER | DECEMBER 31, 2025

Baron Health Care Fund®

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

Dear Baron Health Care Fund Shareholder,

Performance

During the quarter ended December 31, 2025, Baron Health Care Fund® (the Fund) increased 13.10% (Institutional Shares), compared with the 11.92% gain for the Russell 3000 Health Care Index (the Benchmark) and the 2.40% gain for the Russell 3000 Index (the Index). For the full year ended December 31, 2025, the Fund increased 10.28% compared with the 14.56% gain for the Benchmark and the 17.15% gain for the Index. Since inception (April 30, 2018), the Fund increased 10.75% on an annualized basis compared with the 9.99% gain for the Benchmark and the 14.33% gain for the Index.

The Fund appreciated 13.10% in the fourth quarter, outperforming the Benchmark, which increased 11.92%, by 118 basis points in a period where health care stocks drove the broader market higher. The Fund beat the Benchmark as solid stock selection more than offset the drag from cash exposure in a rising market.

Strong stock selection in biotechnology contributed the vast majority of relative gains in the period, with the main drivers being anti-infectives treatment platform **Cidara Therapeutics, Inc.** and **Abivax S.A.** We discuss Cidara in greater detail below. Abivax rose in response to takeover speculation continuing the move higher after the company reported strong Phase 3 data in ulcerative colitis in July 2025.

Underexposure to the lagging managed health care sub-industry and strong stock selection in health care equipment also added value during the period. Strength in health care equipment primarily came from not owning Index heavyweight Abbott Laboratories. Strong performance from medical device company **Penumbra, Inc.** further bolstered outperformance in the sub-industry. Penumbra reported strong quarterly financial results in which the company reported 16.9% constant currency revenue



Neal Kaufman
Portfolio Manager

Annualized performance (%) for period ended December 31, 2025[†]

	Fund Retail Shares ^{1,2}	Fund Institutional Shares ^{1,2}	Russell 3000 Health Care Index ¹	Russell 3000 Index ¹
QTD ³	12.99	13.10	11.92	2.40
1 Year	9.95	10.28	14.56	17.15
3 Years	5.75	6.03	6.84	22.25
5 Years	2.51	2.77	6.31	13.15
Since Inception (4/30/2018)	10.47	10.75	9.99	14.33

growth driven in part by 18.5% U.S. Thrombectomy revenue growth. In early January, the company announced it entered into an agreement to be acquired by Boston Scientific Corporation for approximately \$14.5 billion at a 19% premium to the closing price the day prior.

Within pharmaceuticals, positive stock selection, driven by **Teva Pharmaceutical Industries Limited**, was mostly offset by underexposure to this better performing sub-industry. Teva has historically been known for its large generics business but is increasingly focused on growing its innovative pharmaceutical business, which now represents roughly half of the company's profits. Austedo continues to see strong adoption in a significantly underpenetrated and underdiagnosed tardive dyskinesia market, Ajovy has gained share in chronic migraine, and Uzedry has launched successfully in schizophrenia. In addition, Teva is preparing to launch a long-acting formulation of olanzapine in the schizophrenia market. We are also encouraged by Teva's internally developed duvakitug, now partnered with Sanofi, which has 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.

potential to become a pipeline-in-a-product across multiple autoimmune conditions, including inflammatory bowel disease. Shares rose during the quarter as the outcome of Medicare drug price negotiations for Austedo proved more favorable than investors had feared, removing a meaningful overhang. We continue to believe Teva shares are undervalued relative to the long-term growth potential of its branded business.

Partially offsetting the gains above was cash exposure in a rising market and disappointing stock selection in health care technology and health care facilities. In health care technology, results were held back primarily by the medical professional networking platform **Doximity, Inc.**, while within health care facilities, nearly all of the stock-specific weakness stemmed from rehabilitative service provider **Encompass Health Corporation**. We discuss both companies in greater detail below.

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 (%)
Eli Lilly and Company	3.59
Cidara Therapeutics, Inc.	1.91
argenx SE	1.05
Insmed Incorporated	0.90
Teva Pharmaceutical Industries Limited	0.88

Eli Lilly and Company is a global pharmaceutical company currently best known for its GLP-1 treatments for diabetes and obesity. Shares rose during the quarter as Zepbound’s obesity launch continued to gain strong traction. In addition, investors welcomed the announcement of an agreement with the Trump administration that expands Medicare and Medicaid coverage for Lilly’s obesity drugs, offers lower pricing through Medicaid, and supports continued U.S. drug manufacturing investment. In exchange, Lilly was excluded from any near-term “Most Favored Nations” drug pricing programs or pharmaceutical sector tariffs, improving regulatory certainty. Long term, we view Lilly’s Mounjaro

and Zepbound GLP-1/GIP therapies, along with orforglipron, its oral GLP-1, as transformational for diabetic and non-diabetic obese patients, and we expect this drug class to become the standard of care for both diabetes and obesity, ultimately representing a \$150 billion-plus market opportunity. In our view, GLP-1 adoption is still in its early innings, and we believe continued uptake will drive a doubling of Lilly’s total revenues by 2030.

Biotechnology company **Cidara Therapeutics, Inc.** is developing CD388, a long-acting antiviral designed as a single-dose therapy to provide season-long protection against all influenza A and B strains. The stock contributed to performance as Cidara advanced CD388 in studies of high-risk and older individuals to prevent infection and reduce complications, with Phase 2 data released in September proving highly compelling. Shares rose further following Merck’s acquisition of the company in a \$9.2 billion all-cash deal announced in November 2025, representing a premium of more than 100% over the prior closing price.

Argenx SE is a biotechnology company best known for developing Vyvgart, the leading FcRn inhibitor for the treatment of autoimmune conditions. Shares rose as Vyvgart sales meaningfully exceeded investor expectations. 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 excited by argenx’s pipeline progress and upcoming Phase 3 readouts for Vyvgart in myositis and emipasiprubarb in multifocal motor neuropathy.

Top detractors from performance for the quarter

	Contribution to Return (%)
Arcellx, Inc.	(0.57)
Doximity, Inc.	(0.56)
Encompass Health Corporation	(0.27)
RadNet, Inc.	(0.17)
Stryker Corporation	(0.14)

Arcellx, Inc. is developing cell therapies for multiple myeloma, including lead candidate anito-cel in partnership with Gilead. Anito-cel is a BCMA-targeted CAR-T therapy similar to Legend Biotech and Johnson & Johnson’s Carvykti, showing comparable efficacy with a more benign neurological side-effect profile. Despite encouraging clinical results for anito-cel, Arcellx detracted from performance following Johnson & Johnson’s announcement of strong data for its Tecvayli (a BCMA bispecific) plus Darzalex combination in previously treated, Darzalex-naïve patients, suggesting increased competition for BCMA CAR-T therapies. Based on our discussions with myeloma specialists, we think BCMA CAR-T will remain the preferred treatment option in the second-line setting for a substantial portion of patients. We continue to believe Arcellx’s drug is meaningfully differentiated on safety and expect shares to appreciate ahead of a potential 2026 launch.

Doximity, Inc. is a leading digital platform and professional network for U.S. health care professionals. The stock detracted from performance as the company issued disappointing guidance for the next two quarters. Client discussions indicated uncertainty around how recent policy changes may affect annual budgets, prompting management to take a more measured approach to revenue yet to be booked. Given the limited visibility and increased competition from emerging peers, we exited the position.

Encompass Health Corporation is a national leader in post-acute health care services and the largest owner and operator of inpatient rehabilitation facilities (IRFs) in the U.S. Shares declined following disappointing third-quarter same-store discharges, which we attribute to difficult comparisons and the timing of new hospital openings. We believe this was an anomaly and expect trends to normalize with bed additions in the fourth quarter and into 2026. Notably, EBITDA increased 11% on relatively in-line revenue, reflecting strong cost control, with labor efficiency standing out. Results beat Street expectations, and management raised 2025 guidance. Given sustained demand for rehabilitation services, management increased its new-bed growth outlook to approximately 4% annually—adding more than 550 beds in 2026 and roughly 500 in 2027—and expressed confidence in achieving total volume growth of 6% to 8%. We remain constructive on Encompass Health given its positive fundamentals, driven by demographic tailwinds, a strong market position, expanding hospital joint-venture opportunities, and robust cash flow generation.

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 December 31, 2025, we held 43 stocks. This compares with 496 stocks in the Benchmark. International stocks represented 16.5% of the Fund's net assets. The Fund's 10 largest holdings represented 48.8% of net assets. Compared with the Benchmark, the Fund was overweight in biotechnology, life sciences tools & services, and health care distributors, roughly equal weight in health care services, health care technology, and health care facilities, and underweight in pharmaceuticals, managed health care, health care equipment, and health care supplies. The market cap range of the investments in the Fund was \$2.5 billion to \$1.0 trillion with a weighted average market cap of \$212 billion. This compared with the Benchmark's weighted average market cap of \$287 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 animal 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	1,016.0	16.4	11.4
argenx SE	2018	2.8	51.8	9.8	6.8
Thermo Fisher Scientific Inc.	2019	117.4	217.7	7.5	5.2
Insmed Incorporated	2024	12.3	37.1	6.6	4.6
AstraZeneca PLC	2021	188.4	285.1	5.7	4.0
AbbVie Inc.	2025	339.9	403.8	5.7	3.9
Mettler-Toledo International Inc.	2018	14.3	28.5	4.9	3.4
Intuitive Surgical, Inc.	2018	49.9	200.8	4.8	3.3
Boston Scientific Corporation	2023	73.4	141.4	4.5	3.1
Danaher Corporation	2022	202.9	161.7	4.5	3.1

Fund investments in GICS sub-industries

	Percent of Net Assets (%)
Biotechnology	33.2
Pharmaceuticals	19.8
Health Care Equipment	17.6
Life Sciences Tools & Services	14.2
Health Care Services	3.0
Health Care Distributors	2.8
Health Care Facilities	1.8
Managed Health Care	1.8
Health Care Reits	1.0
Health Care Technology	0.6
Cash and Cash Equivalents	4.3
Total	100.0*

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

Recent Activity

During the quarter, we added seven new positions and exited ten positions, bringing the number of positions in the Fund to 43. 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)
Thermo Fisher Scientific Inc.	217.7	2.3
Arcutis Biotherapeutics, Inc.	3.6	1.8
Elanco Animal Health Incorporated	11.2	1.8
Welltower Inc.	127.4	1.5
Repligen Corporation	9.2	1.5

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. We think the end markets for life sciences tools companies are improving. In recent months, biotechnology funding has been strong, biopharmaceutical R&D investment has been stable, and we think the agreements reached between the pharmaceutical industry and the Trump Administration on drug pricing reduces the risk of industry disruption, clearing the path for continued biopharmaceutical R&D investment. Last 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 long-term drivers of the life sciences tools industry remain compelling, 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.

We bought shares of **Arcutis Biotherapeutics, Inc.**, a biotechnology company that sells Zoryve cream and foam for the treatment of autoimmune dermatologic conditions. Topical Zoryve is used for patients with mild-moderate disease and can be used in combination with biologic treatments (such as Dupixent and Rinvoq) for moderate-severe disease. The standard of care for these patients today is intermittent courses of steroids. Zoryve appears to have similar efficacy to steroids, but has fewer side effects and can be used chronically in a simple daily regimen. Although topical dermatology drugs have historically had a tough time securing good insurance access, Arcutis launched Zoryve at a reasonable price and payers have recognized the value Zoryve provides, and 80% of patients with commercial insurance now have access. In total, Zoryve's current approved indications target

30 million patients in the U.S., of which 19 million have already been prescribed a topical medication. Assuming moderate adoption (20% to 25% share of topical prescriptions) within the segment of physicians that Arcutis targets gets us to \$3 billion-plus of peak sales. Arcutis is already free cash flow positive and should see meaningful operating leverage in the coming years. With 90% gross margins, Arcutis should ultimately generate very high operating margins.

We bought shares of **Welltower Inc.**, a healthcare REIT which owns and operates senior housing and medical office buildings in the U.S. and internationally. We believe Welltower is well-positioned to benefit from the favorable secular trends in the senior housing industry, most notably the supply/demand imbalance for senior housing. Underlying demand is supported by a demographics boom with the over 80 population growing at a 4% to 5% CAGR over the next five years versus annual growth below 2% coming out of the 2008 financial crisis. There is scarce new supply of senior housing due to unattractive developer economics, and there is a five-plus year timeline to entitle and build a new project. In addition, we believe there is upside opportunity with respect to both operating margins and occupancy through enhanced asset management, employing proprietary data analytics and introducing initiatives such as amenity-based pricing. Welltower has recruited top senior executives from the multi-family space to execute and deploy these initiatives that will drive operating margins and occupancy beyond typical industry levels. Further, the current capital constrained financing environment for senior housing with loans either coming due and/or interest rate caps coming off assets acquired during a period of low interest rates should provide an active and growing external growth pipeline where management will be able to invest at an attractive "cost basis" below replacement cost. Finally, management recently agreed to an "all in" compensation program which reflects their confidence in the shareholder value creation opportunity over the coming decade. The company's five named executive officers agreed to receive no other compensation for the period from 2026 through 2035 other than \$110,000 of annual base salary and a single, long-term equity-based incentive award in the form of units of the company's operating partnership. Management has an impressive track record creating shareholder value and their willingness to go "all in" gives us even greater confidence investing with them.

We bought shares of **Elanco Animal Health Incorporated**, which sells medicines used to prevent and treat diseases in pets (cats and dogs) and farm animals (cattle, poultry, swine, and sheep). We believe Elanco operates in an attractive industry with secular growth drivers, including greater pet ownership, increased spending on pets, higher consumption of animal protein, and more focus on food safety. We believe Elanco is at an inflection point and is well positioned for consistent mid-single-digit revenue growth, margin expansion, and double-digit EBITDA and EPS growth. Elanco's innovation portfolio is accelerating and becoming a larger percentage of the company's revenue mix which will drive growth and gross margin expansion. Management guidance calls for \$840 million to \$880 million innovation revenue in 2025 (18.5%

of total revenue) and \$1.1 billion in 2026 (over 22% of estimated revenue), up from \$461 million in 2024 (10.6% of total revenue). Key innovation products include, among others: Credelio Quattro, a monthly chewable tablet for dogs that protects against fleas, ticks, heartworms, roundworms, hookworms, and three different species of tapeworms; Zenrelia, a medicine for atopic dermatitis in dogs; Befrena, a monoclonal antibody targeting IL-31 for allergic dermatitis and atopic dermatitis, expected to launch in the first half of 2026; Bovaer, a methane-reducing feed ingredient for use in lactating dairy cattle; and Experior, a product used in cattle to reduce ammonia gas emissions. Further, the company’s innovation pipeline consists of five to six additional products expected to be approved 2026-2031 with potential unadjusted peak sales of \$2 billion. The innovation portfolio generates above corporate average gross margins and should drive gross margin expansion as these products become a bigger percentage of the overall mix. Management is targeting 200-350 bps of EBITDA margin expansion from 2025-2028. Management is targeting \$1 billion of cumulative free cash flow 2026-2028 which the company will use to pay down debt and lower net debt to EBITDA from 3.7 times to 3.8 times at the end of 2025 to 2.0 to 2.5 times at the end of 2028. We think management’s targets could be conservative and we see long-term upside in the stock.

We bought shares of **Repligen Corporation**, a life science tools supplier to the bioprocessing industry. The company offers a broad portfolio of tools involved in the production of biologic drugs. We believe Repligen operates in attractive end markets, historically targeting monoclonal antibodies (8% to 10% market growth) and moving into cell and gene therapies (over 30% market growth). Repligen has a strong track record of smart acquisitions and innovation, including the introduction of differentiated filters and development of in-line process analytics (real-time monitoring of the drug production process). Because drug production is a highly regulated industry, bioprocessing suppliers are embedded into workflows and their products have high stickiness. Repligen did not have a mature portfolio when the original biologics came to market, so those original biologics tended to be on legacy competitor platforms—now, with generic versions (biosimilars) coming to market, Repligen has a unique opportunity to become embedded into new drug manufacturing processes with their differentiated systems. We see the opportunity for Repligen to drive an attractive, recurring consumables stream in an increasing number of commercial processes. We also believe Repligen is one of the select life science tools companies that can leverage AI. Biologic drug production is still quite manual today, and Repligen is leading the charge on incorporating systems that have real-time data collection. This gives Repligen a unique position to build up a data moat over the next 5-plus years, which we believe can help generate insights that make drug production more efficient. Finally, the recent announcements from large pharmaceuticals on reshoring should open up a significant capital equipment opportunity for players like Repligen. We think Repligen can double its revenue base in five years while expanding EBITDA margins by 1000 bps.

Top net sales for the quarter

	Net Amount Sold (\$M)
Cidara Therapeutics, Inc.	4.4
Stryker Corporation	3.6
Masimo Corporation	2.4
Arcellx, Inc.	2.2
Boston Scientific Corporation	2.2

We sold **Cidara Therapeutics, Inc.** after the company announced it was being acquired by Merck for a substantial premium. We reduced the positions in **Stryker Corporation** and **Boston Scientific Corporation** due to valuation. We reduced the position in **Arcellx, Inc.** to manage risk in light of increasing competition and regulatory risk. We sold **Masimo Corporation** to raise cash for new ideas.

Outlook

After two and a half years of underperformance, the Health Care sector bounced back in the second half of 2025 and we believe the sector has positive momentum heading into 2026. Biotechnology funding surged 94% year-over-year in December, making it the strongest month in the last three years and continuing a trend of strong monthly biotechnology funding that began in September. Biopharmaceutical R&D spending is stable and improving. M&A activity has been accelerating, and we think this will continue as large pharmaceutical companies will lose patent protection over the next eight years on products which generate \$400 billion of sales and they need to replenish their pipelines (source: UBS report dated January 6, 2026). Government policy uncertainty has been lifting. The drug price negotiation deals reached between industry players and the Trump Administration appear to be manageable. Despite investor concerns about staff turnover at the FDA, approval/rejection rates were within historical norms in 2025, and the FDA is taking steps to speed approvals (for example, the FDA is shifting to a new policy where one pivotal Phase 3 trial, supported by other evidence, will become the default requirement for new drug and device approvals, moving away from the two-trial standard).

We remain optimistic about the long-term outlook for health care given favorable secular growth drivers, including the aging population, rising chronic diseases, advances in biotechnology, medical technology and diagnostics, and increased health care spending. We continue to follow our process for identifying attractive long-term 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. 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.

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