



QUARTERLY LETTER | DECEMBER 31, 2025

Baron Partners Fund®

Retail Shares: BPTRX | Institutional Shares: BPTIX | R6 Shares: BPTUX



Ron Baron
CEO
Portfolio Manager

Michael Baron
Co-President
Portfolio Manager

Dear Baron Partners Fund Shareholder,

Performance

Baron Partners Fund® (the Fund) appreciated substantially in the quarter. Over the prior three months, the Fund increased in value 19.07% (Institutional Shares), exceeding both its primary benchmark, the Russell Midcap Growth Index (the Index), and the broader Russell 3000 Index (the Market Index). The Index declined 3.70% while the Market Index rose 2.40%. The Fund's performance also meaningfully exceeded peers in the Morningstar Large Growth Category (the Peer Group), which were up modestly (+0.55%)* for the quarter.

Over the entire calendar year, the Fund returned 24.86%, significantly outpacing the Index, Market Index, and Peer Group's returns of 8.66%, 17.15%, and 16.10%, respectively.

The Fund's returns exceeded those of the Index in 4 out of the last 5 calendar years and 8 of the last 10. It is ranked in the 7th percentile for its 1-year ranking, and its 3-year ranking is in the 13th percentile. Longer-term rankings remain outstanding, with the Fund ranked in the **top percentile** for the 10-year, 15-year, 20-year, and since conversion periods. The Fund has performed well on both an absolute and relative basis over many important time periods.

But there are occasional periods where the Fund's relative returns are not as strong. The Fund is ranked in the 40th percentile for the prior 5-year period. In 2022, inflation spiked, interest rates rose, and geopolitical uncertainty intensified. Investors drastically rotated away from growth stocks that had been in favor during the

Annualized performance (%) for periods ended December 31, 2025

	Fund Retail Shares ^{1,2,3}	Fund Institutional Shares ^{1,2,3,4}	Russell Midcap Growth Index ²	Russell 3000 Index ²
QTD ⁵	19.00	19.07	(3.70)	2.40
1 Year	24.55	24.86	8.66	17.15
3 Years	33.24	33.59	18.64	22.25
5 Years	12.29	12.58	6.65	13.15
10 Years	24.05	24.37	12.49	14.29
15 Years	19.78	20.09	12.17	13.58
Since Conversion (4/30/2003)	17.71	17.94	11.71	11.37
Since Inception (1/31/1992)	15.79	15.93	10.22	10.68

height of the COVID pandemic and into value-oriented, steadier businesses. The Fund's low turnover and high active share made it temporarily susceptible to this sudden change in market sentiment. But these rapid and short-lived market shifts that caused a finite period of underperformance have historically had much less impact on the Fund's long-term absolute and relative returns. Since its conversion to a mutual fund over 22 years ago, the Fund's annualized return of 17.94% far exceeded the Index's

As of December 31, 2025, the Morningstar Large Growth Category consisted of 1,080, 936, and 755, share classes for the 1-, 5-, and 10-year periods. Morningstar ranked Baron Partners Fund® in the 7th, 40th, 1st, 1st, and 1st percentiles for the 1-, 5-, 10-, 15-year, and since conversion periods, respectively. The Fund converted into a mutual fund on April 30, 2003, and the category consisted of 666 share classes.

Morningstar calculates the Morningstar Large Growth Category Average performance and rankings using its Fractional Weighting methodology. Morningstar rankings are based on total returns and do not include sales charges. Total returns do account for management, administrative, and 12b-1 fees and other costs automatically deducted from fund assets.

Performance listed in the above table is net of annual operating expenses. Annual expense ratio for the Retail Shares as of April 30, 2025 was 2.24% (comprised of operating expenses of 1.30% and interest expense of 0.94%) and Institutional Shares was 1.99% (comprised of operating expenses of 1.04% and interest expense of 0.95%). 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.

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return of 11.71%. We are very proud of these achievements and long-term investors have been rewarded.

The Fund is non-diversified with much of its assets concentrated in the top 10 positions. We aim to achieve diversification, despite this concentration, by investing in companies with unique characteristics that perform differently in different market environments. We categorize investments as **Disruptive Growth**, **Core Growth**, **Financials**, and **Real/Irreplaceable Assets**. Much of the positive performance in 2025 was driven by the Fund's Disruptive Growth holdings, which includes two private companies, **Space Exploration Technologies Corp.** and **X.AI Holdings Corp.** Both companies more than doubled in value over the last twelve months. The segment also contains three companies that appreciated double digits for the year, including the Fund's largest position by average weight, **Tesla, Inc.**

While these holdings facilitated substantial absolute and relative returns, we believe the returns could have been even greater. A sizable section of the portfolio is currently reinvesting back into its business or perceived to potentially suffer from AI disruption. Many companies held in the portfolio are penalizing near-term earnings for longer-term potential. Investors have attributed lower valuation multiples to these businesses given the perceived uncertainty of success. It's a double impact to equity values. This group includes companies across Financials (**FactSet Research Systems Inc.**), Core Growth (**Gartner, Inc.**) and Real/Irreplaceable Assets (**CoStar Group, Inc.**⁶). A few examples:

FactSet, a leading provider of investment management tools, declined due to a combination of industry-wide concerns about AI and cautious commentary from several financial data and software peers. We maintain conviction in FactSet due to the large addressable market, sticky customer base (95%-plus retention rates), consistent execution on both new product development and financial results, and robust free cash flow generation. We believe that new CEO Sanoke Viswanathan is a highly capable leader who is focused on reaccelerating growth and driving a stronger sense of urgency across the organization. A key part of Sanoke's plan is to enhance the company's product development efforts with areas of emphasis on completing the portfolio lifecycle, embedding AI functionality across the product suite, deep sector data, real-time data, and front-office capabilities like order/execution management.

Gartner, a provider of syndicated research, declined following decelerating contract value (CV) growth. We attribute most of the slowdown in CV growth to cost cutting in the U.S. public sector, which is around 5% of revenue. Industries that are dependent on public sector funding, such as education, also saw a more challenging business environment. The significant reduction in contract renewals is unsustainable, in our opinion. We believe many of these contracts will be reinstated in the coming quarters and years.

The market is also concerned about the impact of AI on Gartner's Insights business. We do not see any indication that this is negatively impacting the company's value proposition. We believe that 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 insights extend to corporate technological roadmaps, enabling the company to assess future trends. Gartner also delivers tangible ROI for its customers through its contract review program. AI should be an accelerant for future contracts, and Gartner's proprietary data is well insulated from AI displacement, in our opinion. We expect growth trends to improve as public sector headwinds abate and the company's sales force productivity improves. Gartner is repurchasing stock to take advantage of the discounted valuation.

CoStar is the leading provider of information and marketing services to the commercial and residential real estate industries. The stock has been weighed down by significant growth investment in CoStar's residential product, where sales performance has remained modest. We are encouraged by improving momentum as the company builds out its dedicated residential sales force, enhances its customer targeting, and potentially benefits from changes in Multiple Listing Service practices. We also expect growth in CoStar's non-residential business to accelerate as sales productivity ramps and the sales team refocuses on core offerings, a trend likely to be amplified by 20% sales force growth in 2025 alone. We believe the value of CoStar's core non-residential business exceeds the current share price of the stock, suggesting that investors are ascribing little value to the long-term residential opportunity.

The Fund has held investments that have endured similar periods of investments and been subject to investors questioning the long-term thesis. When those issues are resolved, the stocks tend to perform extremely well. Some recent examples:

Brokerage firm **The Charles Schwab Corporation** has embarked on a multi-year program to improve funding costs. Net new asset trends have strengthened as the company completes the multi-stage migration of TD Ameritrade accounts to the Schwab platform. Reflecting these positive developments, full-year guidance was raised for revenue, net interest margin, and earnings per share. After several years of downward earnings revisions, investors are rewarding Schwab's improving fundamentals and upward estimates as the company returns to its normal double-digit earnings growth trajectory. We believe Schwab has a dominant position in retail brokerage and an ability to drive earnings growth through both organic expansion in assets under management and improved funding efficiency. The stock increased 36.6% in 2025.

Property and casualty (P&C) insurance software vendor **Guidewire Software, Inc.** spent billions of dollars over four years to migrate its on-premises SAAS product to the cloud for insurance customers. New deals have recently accelerated, with more customers signing up for additions to their product suites. The success is best exemplified by Guidewire's landmark 10-year agreement with Liberty Mutual to migrate to the cloud. Liberty Mutual is the fifth largest U.S. insurer with \$45 billion in direct written premiums. The deal should also help drive adoption among other Tier 1 carriers; now that Liberty Mutual has fully embraced the cloud, we believe others are likely to follow. We believe that Guidewire will be the critical software vendor for the \$2.5 trillion global P&C insurance

industry, capturing 30% to 50% of its \$15 billion to \$30 billion total addressable market and generating margins above 40%. Over the past two years, the stock has appreciated 84.3%.

Veterinary diagnostics leader **IDEXX Laboratories, Inc.** spent years developing new tests. One was released in 2025, and another is expected to come to market in 2026. Utilization of new tests has exceeded expectations. The company contributed to performance after again reporting better-than-expected financial results. We believe IDEXX's competitive trends are outstanding, and we expect new proprietary innovations, such as InVue, MultiCue, and CancerDX to be meaningful contributors to growth in the years ahead. We also see increasing evidence that long-term secular trends around pet ownership and pet care spending have structurally accelerated, which should help support IDEXX's long-term growth rate. The stock appreciated 63.6% in 2025.

Finally, **Red Rock Resorts, Inc.**, a casino owner and operator focused on the Las Vegas Locals market, spent over \$800 million developing a new elite property, Durango, for this market. It successfully completed Durango and is now generating robust returns alongside strengthening performance across six core Las Vegas Locals casinos. The company continues to report strong visitation and robust slot and table game play, along with improving activity from uncarded and non-rewards customers. The company's initiative of opening its Durango property is generating robust returns, and performance across the company's six core casinos has strengthened as the Las Vegas Locals market absorbs Durango's extra supply. Given the strength of the market, management continues to ramp up capital investment, which we believe should support ongoing revenue and EBITDA growth over the next several years. The stock appreciated 39.4% in 2025.

While the Fund performed well over the year due to select Disruptive Growth type investments, we feel increasingly confident that depressed investments will contribute to performance in the coming years once investments that are penalizing earnings are realized and negative sentiment shifts.

Total returns by category for the year

	Percent of Total Investments (%)	Total Return (%)	Contribution to Return (%)
Disruptive Growth	58.0	50.51	28.23
X.AI Holdings Corp.	1.4	666.82	1.84
Space Exploration Technologies Corp.	28.6	127.57	22.94
Spotify Technology S.A.	1.2	29.80	0.61
Figma, Inc.	0.2	13.24	0.06
Tesla, Inc.	26.7	11.59	2.92
Iridium Communications Inc.	—	5.47	(0.13)
Northvolt AB	0.0	—	(0.00)
Russell Midcap Growth Index		8.66	
Financials	17.2	1.05	0.08
The Charles Schwab Corporation	4.0	36.65	2.05
Arch Capital Group Ltd.	5.4	3.86	0.18
MSCI Inc.	4.2	(2.87)	(0.11)
FactSet Research Systems Inc.	3.5	(39.26)	(2.04)
Core Growth	10.1	(0.28)	(0.25)
IDEXX Laboratories, Inc.	3.9	63.62	3.05
HEICO Corporation	0.6	36.05	0.33
Guidewire Software, Inc.	1.6	19.24	0.64
Eli Lilly and Company	—	(12.87)	(0.10)
Birkenstock Holding plc	1.0	(28.18)	(0.36)
Iridium Communications Inc.	—	(41.63)	(0.09)
Gartner, Inc.	2.9	(46.62)	(3.12)
StubHub Holdings, Inc.	0.1	(73.38)	(0.59)
Real/Irreplaceable Assets	14.7	(3.63)	(1.02)
Red Rock Resorts, Inc.	1.1	39.43	0.52
Hyatt Hotels Corporation	4.9	2.56	(0.14)
Gaming and Leisure Properties, Inc.	0.7	(0.81)	(0.05)
CoStar Group, Inc.	4.2	(6.09)	(0.06)
Choice Hotels International, Inc.	1.8	(22.72)	(0.18)
Vail Resorts, Inc.	1.9	(24.93)	(1.12)
Fees	—	(2.32)	(2.32)
Total	100.0*	24.74**	24.74**

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

** Represents the blended return of all share classes of the Fund.

Sources: Baron Capital, FTSE Russell, and FactSet PA.

Portfolio holdings are subject to change. Current and future portfolio holdings are subject to risk. Past performances is not a guarantee of future results.

Top contributors to performance for the quarter

	Year Acquired	Market Cap When Acquired (\$B)	Quarter End Market Cap (\$B)	Total Return (%)	Contribution to Return (%)
Space Exploration Technologies Corp.	2017	21.6	800.0	98.58	19.36
X.AI Holdings Corp.	2022	30.6	230.0	106.40	1.08
Hyatt Hotels Corporation	2009	4.2	15.2	13.06	0.93
Tesla, Inc.	2014	21.9	1,495.7	1.12	0.56
IDEXX Laboratories, Inc.	2013	4.7	54.0	5.89	0.52

Space Exploration Technologies Corp. (SpaceX) is a high-profile private company founded by Elon Musk. The company's primary focus is on developing and launching advanced rockets, satellites, and spacecrafts, with the ambitious long-term goal of making life multi-planetary. SpaceX is generating significant value with the rapid expansion of its Starlink broadband service. The company is successfully deploying a vast constellation of Starlink satellites in Earth's orbit, reporting substantial growth in active users, and regularly deploying new and more efficient hardware technology. Furthermore, SpaceX has established itself as a leading launch provider by offering highly reliable and cost-effective launches, leveraging the company's reusable launch technology. SpaceX capabilities extend to strategic services such as human spaceflight missions. Moreover, SpaceX is making tremendous progress on its newest rocket, Starship, which is the largest, most powerful rocket ever flown. This next-generation vehicle represents a significant leap forward in reusability and space exploration capabilities. We value SpaceX using prices of recent financing transactions.

X.AI Holdings Corp. (xAI) was formed in early 2025 through the merger of X (formerly Twitter) and xAI, an AI company founded by Elon Musk in March 2023 with the mission to "understand the true nature of the universe." This strategic union paired xAI's large language models with X's real-time data and worldwide distribution, speeding Grok's development while providing X with transformative AI tools for search, personalization, and user engagement. Shortly after its founding, xAI released its AI model, Grok, which swiftly emerged as a top-tier contender. Fueling Grok's performance was the rapid deployment of xAI's data centers: Colossus 1 became operational in just 122 days with 100,000 GPUs, while Colossus 2's first 100,000 GPUs deployed even faster, positioning xAI to pioneer a 1-gigawatt training facility. The upcoming 5th version of Grok will use Colossus 2's expanded resources and is expected to mark further improvement in the model's capabilities. Such early results demonstrate xAI's innovation prowess and its prospects for enduring leadership in the highly competitive AI field. We value the stock based on material transaction in shares, leading to stock appreciation.

Shares of global hotelier **Hyatt Hotels Corporation** increased during the quarter as the company delivered strong revenue per available room and unit growth despite concerns around a weakening macroeconomic environment. Hyatt also reached an agreement with Chase to extend its credit card partnership on

improved economic terms, reflecting continued growth in World of Hyatt membership. The company continues to sell owned assets at accretive rates and is redeploying the proceeds through share repurchases. Hyatt maintains an investment-grade balance sheet, and approximately 90% of earnings are generated from fees. Yet the stock trades at a discount to peers despite a comparable growth profile and business mix. We believe this valuation gap should narrow over time as investors gain greater confidence in the durability and resilience of Hyatt's business model.

Top detractors from performance for the quarter

	Year Acquired	Market Cap When Acquired (\$B)	Quarter End Market Cap (\$B)	Total Return (%)	Contribution to Return (%)
CoStar Group, Inc.	2005	0.7	28.5	(20.30)	(1.75)
Spotify Technology S.A.	2020	22.6	121.1	(16.80)	(0.44)
Guidewire Software, Inc.	2017	6.0	17.1	(12.55)	(0.35)
Gartner, Inc.	2013	5.7	18.2	(4.03)	(0.32)
Vail Resorts, Inc.	2008	1.6	4.8	(8.46)	(0.23)

CoStar Group, Inc. is the leading provider of information and marketing services to the commercial and residential real estate industries. Shares fell as the company's net new sales came in below expectations. The stock has been weighed down by significant growth investment in CoStar's residential product, where sales performance has remained modest. That said, we are encouraged by improving momentum as the company builds out its dedicated residential sales force, enhances its customer targeting, and potentially benefits from changes in Multiple Listing Service practices. We also expect growth in CoStar's non-residential business to accelerate as sales productivity ramps and the sales team refocuses on core offerings, a trend likely to be amplified by 20% sales force growth in 2025 alone. We believe the value of CoStar's core non-residential business exceeds the current share price of the stock, suggesting that investors are ascribing little value to the long-term residential opportunity.

Spotify Technology S.A. is a leading global digital music service, offering on-demand audio streaming through paid premium subscriptions and an ad-supported model. Shares of Spotify fell as richly valued stocks across a similar peer basket broadly underperformed. In our view, the company's fundamentals remain intact. Despite recent price hikes, user growth has continued at a double-digit year-over-year pace, with engagement remaining high. Spotify has proven to be a sticky subscription product with relative resilience in times of consumer uncertainty. The company has been on a path to structurally increase gross margins on an annual basis, aided by its high-margin artist promotions marketplace, growing contribution from podcasts, and ongoing investments in advertising. Spotify also continues to innovate across its platform, improving advertising, expanding into video, developing a Super Premium tier, and taking more market share. We still view Spotify as a long-term winner in music streaming with potential to reach 1 billion-plus monthly active users.

Shares of P&C insurance software vendor **Guidewire Software, Inc.** declined during the quarter following strong gains earlier in the year, as the broader software sector came under pressure. After a multi-year transition period, we think Guidewire's cloud migration is largely complete. We believe cloud will be the sole path forward, with annual recurring revenue benefiting from new customer wins and migrations of the existing customer base to InsuranceSuite Cloud. This progress is best exemplified by Guidewire's landmark 10-year agreement with Liberty Mutual, the fifth-largest U.S. insurer with \$45 billion in direct written premiums, to migrate its entire on-premise deployment of ClaimCenter and adopt PolicyCenter in the cloud. The deal should also help drive adoption among other Tier 1 carriers; now that Liberty Mutual has fully embraced the cloud, others are likely to follow. We believe that Guidewire will be the critical software vendor for the \$2.5 trillion global P&C insurance industry, capturing 30% to 50% of its \$15 billion to \$30 billion total addressable market and generating margins above 40%.

Investment Strategy and Portfolio Structure

We seek to invest in businesses we believe can double in value within five or six years. We invest for the long term in a focused portfolio of appropriately capitalized, well-managed growth businesses at attractive prices across market capitalizations. We attempt to create a portfolio of no more than 30 securities diversified by GICS sectors, but with the top 10 positions representing a significant portion of net assets. These businesses are identified by our analysts and portfolio managers using our proprietary research. We think these well-managed businesses have sustainable competitive advantages and strong, long-term growth opportunities. We use leverage to enhance returns, which increases the Fund's volatility.

As of December 31, 2025, we held 22 investments. The median market capitalization of these growth companies was \$18.4 billion. The top 10 positions represented 88.3% of total investments. Leverage was 12.3%.

In 2025, we exited 30.5% of our position in **Tesla, Inc.** We are extremely confident in the company's prospects and ability to become a significantly more valuable business. The Fund completed its purchase of Tesla shares in 2016 with an ending portfolio weight of 9.6% of total investments. Its average cost of all purchases in the Fund was only \$14.22 per share. Due to significant appreciation in the stock, the position increased to 26.7% of the portfolio's total investments at the end of 2025. Despite offsetting some of the volatility caused by the position's weight with more stable and uncorrelated investments, Tesla's stock movements caused increased variability in the entire portfolio. We entered into agreements with a large investment bank to dispose of a portion of the holdings through a redemption in-kind because, we believe, it would have minimal impact on the share price and low transaction costs. Tesla remains a top holding of the Fund. The disposition was a portfolio construction decision and not reflective of reduced confidence in the business.

Performance Breakdown

The long-term absolute and relative performance of the Fund has been very good. The Fund has returned 17.94% annualized since conversion to a mutual fund on April 30, 2003, exceeding the Index by 6.23% per year.

The Fund's performance has also meaningfully exceeded the Index over the prior 3-, 5-, 10-, 15-, and 20-year periods.

But in addition to viewing the Fund's returns over these various SEC mandated trailing annual periods, we believe it is helpful to understand how the Fund has performed over economic cycles.

Performance in Good Times: Outpaced the Index

	Fund's Inception to Internet Bubble 1/31/1992 to 12/31/1999		Post-Financial Panic to COVID Pandemic 12/31/2008 to 12/31/2019	
	Annualized Return (%)	Value of \$10,000	Annualized Return (%)	Value of \$10,000
Baron Partners Fund (Institutional Shares)	22.45	49,685	17.44	58,586
Russell Midcap Growth Index	19.26	40,316	16.84	55,380
Russell 3000 Index	19.29	40,402	14.70	45,195

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

The Fund has appreciated considerably in good times...

There have been two distinct periods over the life of the Fund with significant economic growth. The nearly 8-year period from the Fund's inception through the Internet Bubble (1/31/1992 to 12/31/1999) and the more recent 11-year period Post-Great Recession to the start of the COVID Pandemic (12/31/2008 to 12/31/2019). During both periods, the Index had strong returns; however, the Fund's returns were even better. The Fund's annualized return during the most recent robust economic period was 17.44% compared to the Index's 16.84%. The Russell 3000 Index had an annual return of 14.70% during that time.

Performance in Challenging Times: Protected Capital

	Internet Bubble to Financial Panic 12/31/1999 to 12/31/2008		COVID Pandemic to Macro-Downturn 12/31/2019 to 12/31/2022	
	Annualized Return (%)	Value of \$10,000	Annualized Return (%)	Value of \$10,000
Baron Partners Fund (Institutional Shares)	1.54	11,479	23.65	18,903
Russell Midcap Growth Index	(4.69)	6,488	3.85	11,200
Russell 3000 Index	(2.95)	7,634	7.07	12,273

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

The Fund has retained value in challenging times...

We believe what especially sets the Fund apart from other growth funds is its historic ability to outperform in more challenging economic periods. The nine-year period from the Internet Bubble collapse through the Great Recession (12/31/1999 to 12/31/2008) saw lower returns for the Fund. It had annualized returns of 1.54%. However, the Index declined substantially, an annualized return of -4.69%. A \$10,000 hypothetical investment in the Fund at the start of this period would have been worth \$11,479 after those nine years. A \$10,000 hypothetical investment in a fund designed to track the Index would be worth only \$6,488, more than a 35% cumulative decline. The Fund preserved (and slightly grew) capital during this difficult economic time because its investments in a diverse set of high-quality growth businesses could weather the environment and enhance their competitive positioning.

The COVID pandemic and its lingering macroeconomic issues have caused excessive market volatility. Over the course of three years, there were two sizable market corrections during which most major indexes fell more than 25%. But the Fund has performed admirably in both protecting and growing clients' capital. During the COVID pandemic and its aftermath (12/31/2019 to 12/31/2022), the Fund had an annualized return of 23.65%. The Index's annualized return was significantly lower at only 3.85%.

Current Period and Since Inception: Significant Outperformance

	Macro-Downturn to Present		Since Inception	
	12/31/2022 to 12/31/2025		1/31/1992 to 12/31/2025	
	Annualized Return (%)	Value of \$10,000	Annualized Return (%)	Value of \$10,000
Baron Partners Fund (Institutional Shares)	33.59	23,839	15.93	1,505,705
Russell Midcap Growth Index	18.64	16,699	10.22	270,920
Russell 3000 Index	22.25	18,268	10.68	312,550

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

The Fund is off to a good start in the current period...

Since the COVID pandemic and subsequent market downturn ended, the Fund has performed even better on an absolute and relative basis. Since December 31, 2022, the Fund has an annualized return of 33.59% compared to the Index's annualized return of 18.64%. The Russell 3000 Index had an annualized return of 22.25% during that time. While this is only a partial cycle, we believe we are off to a good start.

Over the longer term, this combination of exceeding the Index in various market environments has been rewarding for clients. A \$10,000 hypothetical investment at the inception of the Fund on January 31, 1992, would have been worth \$1,505,705 on December 31, 2025. That same \$10,000 hypothetical investment in a portfolio designed to track the Index would now be worth \$270,920, only approximately 18% of what it would have been worth if invested in the Fund.

Top 10 holdings

	Year Acquired	Market Cap When Acquired (\$B)	Quarter End Market Cap (\$B)	Quarter End Investment Value (\$M)	Percent of Total Investments (%)
Space Exploration Technologies Corp.	2017	21.6	800.0	3,110.2	28.6
Tesla, Inc.	2014	21.9	1,495.7	2,902.9	26.7
Arch Capital Group Ltd.	2002	0.6	34.8	592.3	5.4
Hyatt Hotels Corporation	2009	4.2	15.2	530.7	4.9
CoStar Group, Inc.	2005	0.7	28.5	461.6	4.2
MSCI Inc.	2018	12.5	43.1	459.0	4.2
The Charles Schwab Corporation	1992	1.0	182.6	439.6	4.0
IDEXX Laboratories, Inc.	2013	4.7	54.0	419.4	3.9
FactSet Research Systems Inc.	2007	2.7	10.9	377.2	3.5
Gartner, Inc.	2013	5.7	18.2	310.3	2.9

Thank you for joining us as fellow shareholders in Baron Partners Fund®. We continue to work hard to justify your confidence and trust in our stewardship of your hard-earned savings. We remain dedicated to giving you the information we would want if our roles were reversed. We hope this letter enables you to make an informed decision about whether this Fund remains an appropriate investment.

Sincerely,



Ronald Baron
CEO
Portfolio Manager



Michael Baron
Co-President
Portfolio Manager

- ¹ Reflects the actual fees and expenses that were charged when the Fund was a partnership. The predecessor partnership charged a 20% performance fee after reaching a certain performance benchmark. If the annual returns for the Fund did not reflect the performance fees the returns would be higher. The Fund's shareholders will not be charged a performance fee. The predecessor partnership's performance is only for periods before the Fund's registration statement was effective, which was April 30, 2003. During those periods, the predecessor partnership was not registered under the Investment Company Act of 1940 and was not subject to its requirements or the requirements of the Internal Revenue Code relating to registered investment companies, which, if it were, might have adversely affected its performance.
- ² The **Russell Midcap® Growth Index** measures the performance of medium-sized U.S. companies that are classified as growth. The **Russell 3000® Index** measures the performance of the largest 3,000 U.S. companies representing approximately 98% of the investable U.S. equity market, as of the most recent reconstitution. All rights in the FTSE Russell Index (the "Index") vest in the relevant LSE Group company which owns the Index. Russell® is a trademark of the relevant LSE Group company and is used by any other LSE Group company under license. Neither LSE Group nor its licensors accept any liability for any errors or omissions in the indexes or data and no party may rely on any indexes or data contained in this communication. The Fund includes reinvestment of dividends, net of withholding taxes, while the Russell Midcap® Growth and Russell 3000® Indexes include reinvestment of dividends before taxes. Reinvestment of dividends positively impacts the performance results. The indexes are unmanaged. Index performance is not Fund performance. Investors cannot invest directly in an index.
- ³ 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.
- ⁴ 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.
- ⁵ Not annualized.
- ⁶ CoStar Group, Inc. has historically been viewed as Core Growth, but we are listing under Real/Irreplaceable Assets for the purposes of this letter given the company's near-term prospects are tied to the health of the real estate market.
- * As of December 31, 2025, the annualized returns of the Morningstar Large Growth Category Average were 16.10%, 11.28%, 15.25%, and 14.18% for the 1-, 5-, 10, and 15- year periods, respectively.

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: The Fund is non-diversified which means, in addition to increased volatility of the Fund's returns, it will likely have a greater percentage of its assets in a single issuer or a small number of issuers, including in a particular industry than a diversified fund. Single issuer risk is the possibility that factors specific to an issuer to which the Fund is exposed will affect the market prices of the issuer's securities and therefore the net asset value of the Fund. As of the most recent quarter-end, about 26.7% of the Fund's assets are invested in Tesla stock. Therefore, the Fund is exposed to the risk that were Tesla stock to lose significant value, which could happen rapidly, the Fund's performance would be adversely affected. Specific risks associated with leverage include increased volatility of the Fund's returns and exposure of the Fund to greater risk of loss in any given period.

The Fund may not achieve its objectives. Portfolio holdings are subject to change. Current and future portfolio holdings are subject to risk. Diversification does not guarantee a profit or protect against a loss.

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Active Share is 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. **EBITDA**, short for earnings before interest, taxes, depreciation, and amortization, is an alternate measure of profitability to net income. It's used to assess a company's profitability and financial performance. **Free Cash Flow (FCF)** represents the cash that a company generates after accounting for cash outflows to support operations and maintain its capital assets. **Return on Investment (ROI)** is a performance measure used to evaluate the efficiency or profitability of an investment or compare the efficiency of a number of different investments.

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