



QUARTERLY REPORT | MARCH 31, 2026

Baron Funds[®]

EST 1987

Letter from Ron

Baron First Principles ETF is among the first six Active Baron ETFs. "*First Principles Thinking*," according to GROK, is a physics term used by Aristotle. It means first breaking down an idea or problem to its most basic and undeniable truths. Those concepts, grounded in physics, logic or observable facts, then become the starting point that everything else builds upon. *Aristotle treatises and lecture notes.* (350-322 BCE)

Elon Musk explains that "first principles" is "a physics way of looking at the world..." According to GROK, that means Elon disregards "that's how it's always been done" thinking. GROK is an LLM, Large Language Model, owned by xAI, a Musk business that was acquired by SpaceX. David, Michael and I are sooo excited about Baron's first ACTIVE ETF, **Baron First Principles ETF** that the three of us manage. We are also excited about the five other Baron Active ETFs. Baron's "moat" is our Firm's 44-year, exceptional track record. Since their respective inceptions as mutual funds, 15 funds, representing 96.2% of Baron Funds' AUM have outperformed their benchmarks and 13 Funds, representing 95.4% of Baron Funds' AUM, rank in the **top 20%** of their respective Morningstar categories. Six funds, representing **53.9%** of Baron Funds' AUM, rank in the **top 5%** of their categories... and **Baron Partners Fund** is the **number one** performing mutual fund in the United States since its inception as a mutual fund in 2003.*

MISSION: Changing Lives.

Principles:

"Question Everything"

"Invest in People"

"OWN IT!"

"Exceptional Takes Time"

"Building Legacy"

Before writing this **Letter from Ron**, I skimmed Goldman Sachs' former CEO Lloyd Blankfein's recently published "Streetwise" autobiography. At a glance, Lloyd's life story is inspiring. I can't wait to read it all. I have been friendly with Lloyd for many years. From the few paragraphs I read, you would definitely conclude his talent, leadership skills, integrity and hard work are what enabled his success.

Perhaps the most important factor we consider before investing in a business is the character of its CEO. One anecdote in Lloyd's story, I think is relevant. In 2008, in the midst of the Great Financial Crisis, Lloyd asked Warren Buffett to invest \$5 billion in Goldman Sachs. That was to be certain there could be no question Goldman would survive the crisis.

Warren told Lloyd he would purchase equity in Goldman with one condition. He did not want any senior Goldman executive to sell their shares after Buffett's investment was announced. That was since Goldman stock would certainly rally on the news. Lloyd quickly agreed and promised Goldman



*NYSE Bell Ringing Ceremony. Ron and the Baron Capital team rang the opening bell to mark the launch of the first of our Firm's six new **ACTIVE** ETFs. We considered this a notable event for our Firm that measures time in decades, not trading days. Baron was joined by Lynn Martin, President of the NYSE. The ETFs use the same investment managers, analysts, and process that have produced outstanding performance for our mutual funds... private clients... institutions... and proprietary accounts. My wife was "blown away" by the massive banners hanging outside the exchange welcoming us!!! Thanks, Lynn. December 15, 2025.*

executives would contractually agree as well. **"I don't need any writings, Lloyd... just your word." So... investing \$5 billion to assure the survival of Goldman on a handshake...** Speaks volumes of how Warren, an executive renowned for judging people, thinks of Lloyd... as we believe anyone who either knows Lloyd or has read about him would feel. Lloyd sure fits our Firm's algorithm that "We Invest in People."

I also read, at the suggestion of one of Amazon's AWS senior executives, Amazon CEO Andy Jassy's 2025 Letter to shareholders. Jassy described his personal career journey after graduating college as anything but a "straight line." In fact, he described it as a "squiggly line"... since he tried at least seven jobs before graduating business school and joining Amazon. Jassy then outlined the many opportunities Amazon pursued far afield from its original digital bookstore business... and the successful ones Amazon leaned into... and the ones not so successful that were terminated. Further validating the concept that "not a straight line" often produces exceptional results.



A long time ago, in a galaxy not so far away—Central Park, circa 1982—the first Baron Shareholder meeting. Attendees: Ron, David, Michael.

"Long and Winding Road." The Beatles. 1970.

I moved to New York City in the summer of 1969. That was after four years working as a biochemistry teaching fellow at Georgetown University... and then as a "critical skills," Vietnam draft exempt, Patent Examiner at the United States Patent Office... while attending George Washington Law School in the evenings on scholarship. I dropped out of GW Law after seven semesters with just one to go. My parents were beside themselves. This was because while a patent examiner... and having never taken a college business course... I

became interested in a Wall Street securities analyst career. When I moved to NYC, I was unemployed... \$15,000 in debt... had \$600 in cash... and lived in a high school friend's basement for three months in New Jersey. This while my "day job" was interviewing for a Wall Street analyst position for which I was not qualified. I earned room and board performing errands for my friend's wife on weekends... until I persuaded Tony Tabell at Delafield Harvey Tabell in Princeton that I could learn to be an analyst. *Talk about Andy Jassy's straight lines!*

The Dow Jones Industrial Average first reached 1,000 in 1966. On March 15, 1982, the Ides of March, which was not so lucky for Caesar... but since challenging historic lore is an element of my optimistic persona... it was lucky for us. After we founded investment firm Baron Capital in the spring of 1982, in August the Dow Jones Average fell to 880! So... investing in an index over discrete periods does not always provide strong performance in every period. One more thing. Baron Capital's book value in 1982 was \$100,000... it now is almost \$4 billion. My business had just \$10 million assets under management in 1982... \$100 million in 1992 ... and \$54.7 billion at present! We have earned approximately \$61 billion profits for our clients... employees... and our proprietary accounts since. This is before SpaceX's initial public offering at a price likely to be significantly higher than its current private value!!! I try to walk around our office every day and speak with as many of the 231 incredible employees we have

hired... trained... and retained. When I do, I am confident that 44 years after our founding... we are just getting started!!! ... and the profits we have earned to date will be exponentially larger in coming decades.

"Buy this... sell that..." Took me a while to learn... not a great idea...

During the 1970s, I earned brokerage commissions as an analyst for my research from hedge funds... mutual funds... business executives... and family offices. Among my stock recommendations then were Federal Express... Nike... McDonald's... Disney... Tropicana... Golden Nugget... Hyatt... Hyatt International... Manor Care... Choice Hotels... Sea Containers... and Johnson Controls. I learned an important life changing lesson from my investment in the Handy Dan home improvement business owned by Daylin. The two CEOs of Handy Dan, whom I thought were terrific, were fired by Daylin's CEO. Soon afterwards, supported by the prodigious capital raising ability of Ken Langone, the two executives founded Home Depot!!!! But, after doubling or tripling our money in just a few years, I had already sold and missed investing in Home Depot at its formation. Ugh!

Unlike the passive indexes which were essentially flat for sixteen years, share prices of businesses I recommended increased significantly during the 1970s... and afterwards... but since I had trimmed or sold those positions, missed huge opportunities like Handy Dan.

Since I was the original "buy this... sell that" guy... like the investment advisor who advertises on CNBC every week... I was compensated based on commissions in the 1970s. After ten years, the big learning was that wealth is created by buying and holding great growth businesses... not by "buying this and selling that..."

My clients in the 1970s made a lot... and starting from a negative net worth, so did I. Vanguard founder John C. Bogle believed it was not likely individuals could outperform markets and "find a needle in the haystack"... so the best idea, in his opinion, was "buy the haystack." The haystack in this case is the U.S. economy, which is reflected in a passive index fund's portfolio. I did not aspire to be "average" though and have always tried to research special businesses and executives in which to invest. So being a passive investor had no appeal for me.

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Just like the 1970s, the passive benchmarks from 2000 immediately before the "Internet Bubble" burst until the lows of the Great Financial Crisis in 2008, **declined** about 30%! We didn't earn great returns during those eight years... but our returns were positive... Which proved to me that there is a role for managers who "actively" choose businesses in which to invest. One of my original clients was a famous and highly regarded fund manager. His lesson? "If you discover a great business, it is not possible to own as much as you should." Which is a lesson I try to impart to the individuals younger than I am with whom I work every day. Sure has worked in the case of SpaceX where we have earned 54% CAGR since 2017... and we expect after its IPO to earn 10x-20x-30x its IPO price over the next 15 years! That's from the price of its IPO.

"A contrarian approach is just as foolish as a follow-the-crowd strategy. What's required is thinking rather than polling."
Warren Buffett

I am not aware of other mutual funds or investment partnerships with holding periods so extraordinarily lengthy as ours. As a result, other money managers do not often include information about businesses in which they invest in their literature. That's because their portfolio turnover is generally so frequent that by the time their brochures have been printed, their portfolio companies are no longer owned. We instead treat investments as partial ownership of businesses... not as pieces of paper... or bitcoin... or commodities that you should trade to earn short-term profits.

"Stock prices don't tell you a lot about a business' long-term growth prospects and whether it is likely to achieve its goals. They only tell you the price at which you can purchase or sell securities on a specific day. In the long term the value of a business will be reflected in its share price." Ben Graham. Circa 1950s.

Baron Capital's research is driven by "Baron AI"... our proprietary Analyst Intelligence... Baron AI has been built from decades of firsthand research and tens of thousands of executive interviews. This AI reflects our unique investment philosophy, focused on long-term growth, competitive advantage, and exceptional leadership. Unlike traditional LLMs trained on public

data, Baron AI is grounded in proprietary data gathered by our experienced team of analysts. It includes qualitative assessments of management teams' character, talent and ability. This differentiated dataset enables us to infer what businesses can become over decades. Just as we invest in great CEOs, we invest in our own people, continuously developing and retaining talent whose insights power Baron AI.

Our approach is neither "contrarian" nor "follow the crowd..." According to Bloomberg, "over more than four decades managing money, Ron Baron has heard all the advice. Diversify. Cut losers. Let valuation guide you. He's taken virtually none of it and has achieved a record of success that's the envy of Wall Street."

Baron's **Mission to "Change Lives"** of our clients and employees by improving their financial circumstances is overriding. We educate individuals to invest for the long term in enduring growth businesses... and to never be afraid. Fundamental research on businesses is determinative. Baron investment decisions are not based on "macro" factors like war... elections... commodity prices... and news ... The only "macro" we consider is... inflation... That is since we regard the continuing devaluation of the dollar as a certainty... which has been the case my entire life. *See Table III. Inflation According To Ron.*

Baron's analysts attempt to understand the impact of AI to reduce businesses' costs... increase revenues... simplify workflow... and reduce or improve competitive advantages... This research is proprietary and includes company visits and comprehensive analyst conversations with executives. We do not attempt to predict market trends in the short term... nor precisely how AI will change all of our lives. But we do believe it will be a lot.

"Proprietary data is the deepest moat of all." Henry Fernandez, Founder and CEO of MSCI Inc.

During the second half of 2025 through the first quarter of 2026, share prices of many non-cyclical, recurring revenue, software businesses in which we have significant investments fell substantially. This was as brokerage analysts and hedge funds concluded nearly all software businesses would be disrupted by incredibly fast

growing LLM startup businesses... and many consistently growing very profitable businesses with very valuable proprietary data that could not be easily replicated would cease to exist. Those investors believed software businesses would ultimately fail whether or not they own **unique and proprietary operational data...** their executives are **talented...** they provide **mission critical services...** and their businesses' **growth rates are increasing...** They believe this is due to AI boosting revenues and lowering costs. Further, their clients are signing long contracts... as long as ten years... at progressively higher rates!

This was as traders propagated a narrative that AI would disintermediate profitable consistently growing software businesses... whose valuable proprietary data was 100% accurate. For highly regulated financial businesses, including insurance, historical data with no "hallucinations permitted"... is super important.

During the past several months we have spent a significant amount of time speaking with and visiting executives and engineers of these software businesses... researching and challenging our prior assumptions. We have also spent a lot of hours prompting GROK... Anthropic... and Gemini foundation models about near- and long-term prospects for these businesses. When short sellers made substantial bets against these businesses believing they *might not even exist* in the not-too-distant future... valuations fell dramatically. Since we reached favorable conclusions about their prospects we joined those businesses which were in the process of significant share repurchases and increased our holdings materially. Those investments now represent about 20% to 25% of several Baron funds' portfolios. Those investments were purchased at what we believe were very attractive prices.

Among them... Verisk... Guidewire... Morningstar... MSCI... Interactive Brokers... Spotify... Shopify... Gartner... FactSet and CoStar.

"You knew more about our businesses and their prospects than any other analyst... and I'm not talking about our earnings for the next quarter." Steve Wynn. Founder Wynn Resorts and Golden Nugget.

Letter from Ron

"In the 1980s, you were the most curious shareholder of Wynn Resorts. You always asked questions that no one else asked... and were attentive. You really wanted to get into it. No one else was as inquisitive or asked as many questions that were so unusual and interesting to me... which I suppose is why you were so successful investing in my business... and made more than \$1 billion profits.

"Ron remained an investor in Wynn for more than 27 years as we expanded in Las Vegas, New Jersey, China, and Boston. Few other investors had the patience and foresight. His firm's investment in Wynn was not swayed by market volatility and 'macro' news." **Steve Wynn. Founder and Former CEO. Wynn Resorts. Speaking at the 16th Annual Baron Investment Conference. 2008.**

Baron Capital News

1. **April 1, 2026 SpaceX filed a "confidential S1" with the SEC.** This filing, according to historical precedent, contemplates SpaceX' initial public offering before mid-summer. The financial press has reported that lead underwriters Goldman Sachs, JP Morgan, Morgan Stanley, Citi, and BAML have publicly suggested a \$1.75 to \$2 trillion business value at the company's IPO. It's current value as a privately owned business approximates \$1.25 trillion. Reportedly, SpaceX could raise more than \$70 billion on this offering. This would be the most ever raised on an IPO. If the offering is as successful as speculated, Baron's SpaceX holdings, currently valued at \$15 billion, according to Bloomberg and others, could reach \$24 billion at the time of its IPO!!!! Remarkably, we believe we could earn 10-20-30X the value of those investments in the 10-15 years post the company's planned IPO.

2. **Baron Generational Growth Fund..."The Mutual Fund formerly known as Baron Growth Fund" is a nod to the Artist formerly known as Prince..."** Baron Generational Growth Fund is a high conviction strategy invested in founder-led, family-controlled, entrepreneur-managed business that are initially small- and mid-sized growth companies. Like Baron, also a family-owned business, Baron Generational Growth Fund has outperformed since inception by OWNING businesses for the long

term... not trying to time markets by buying and selling those securities. We believe the businesses in this portfolio will endure for generations. They are not being run by professional managers who scrimp on investing in their businesses to boost short-term profits, upon which their compensation is often based.

As of June 1, we will have the ability to continue to invest in these businesses as they grow beyond the small- and mid-cap range which better aligns with our philosophy as long-term investors and our mission of Changing Lives.

3. **On March 30, 2026, I was one of three portfolio managers nominated by Morningstar for the 2025 US Morningstar Award for Investing Excellence: Outstanding Equity Manager.** We consider this an Academy Award for investing. Very cool. When I was informed that a Causeway portfolio manager, one of the other two nominees was the winner, it made me think of the real Academy Awards. "May I have the envelope please"... which is then opened on stage and the winner announced. The cameras then zoom in on the nominees who lost and who are expected to applaud and smile. To console me, one of my friends emailed, "Don't worry, Ron, I still think you have a bright future."



Ron at SpaceX launch. Boca Chica, Texas.

4. The 2026 Baron Conference will take place on November 6, 2026, at The Met Opera House on the Lincoln Center Campus in New York City. **Gwynne Shotwell**, President and **COO of SpaceX**, will visit for the third time to discuss on stage with me the prospects for SpaceX and then answer questions from some of our 5,000 attendees. The goal is a *teach-in* for the latest and newly public Elon Musk business. SpaceX, due to its

54% annual appreciation since 2017, has become Baron's largest holding... and we believe will become dramatically bigger in the next 10 to 15 years. We've made \$13 billion from our \$1.75 billion SpaceX investment, which we initiated in 2017. We believe, in public markets, SpaceX will become orders of magnitude larger. Elon, by the way, has appeared at our annual meeting three times also. Once physically. Twice virtually.

5. \$20 billion of the \$61 billion profits we've earned have come from our investments in Tesla... SpaceX... and xAI... all businesses founded and led by Elon Musk. Our investment in Tesla, currently valued at \$4.7 billion, could appreciate at least five times in the next 10 to 15 years... and Baron's SpaceX investment presently valued for \$15 billion as a private company... could be valued many multiples higher and become at least 10 to 20 times its IPO price within 10-15 years. We invested in SpaceX before rockets were re-flyable... before 10,000 Starlink satellites... before Starshield which protects the Homeland... before the dream of one million compute AI data centers in space... and before communication from your mobile phones to satellite was possible... We purchased most of our Tesla holdings 2014-2016... when it was just beginning to produce Tesla cars... before FSD autonomous driving... before its robotaxis... before Tesla Optimus robots. I thought it was so cool in 2014 when Tesla told me how to have my car park itself when I wasn't behind the wheel. I couldn't imagine that the car would ultimately be able to drive all by itself. Tesla is now Baron's second largest holding. It has increased in value by about 40X since our original purchases.

Thank you.

Ron Baron
CEO

April 24, 2026



IMAGE: JAMES WEBB SPACE TELESCOPE—NASA, ESA, CSA, STScI.

TABLE I. Baron Funds and Select Accounts Holdings in SpaceX and Tesla

As of 3/31/2026

Fund	SpaceX			Tesla			Fund Returns (%)				
	Cost (\$M)	Value (\$M)	% of Net Assets	Cost (\$M)	Value (\$M)	% of Net Assets	YTD	Since Inception Annualized	Since Inception Cumulative	Inception Date	Net Assets (\$M)
Baron Partners Fund	110.2	3,890.3	37.4	95.9	2,399.6	23.1	(5.3)	15.6	14,154.4	1/31/1992	10,394.5
Baron Focused Growth Fund	105.0	821.1	21.2	11.1	231.5	6.0	(5.0)	13.8	4,681.1	5/31/1996	3,872.1
Baron Asset Fund	78.5	844.7	25.5	—	—	—	(7.8)	11.0	5,559.5	6/12/1987	3,312.7
Baron Opportunity Fund	41.0	248.4	15.4	15.5	87.4	5.4	(8.9)	10.1	1,130.9	2/29/2000	1,617.0
Baron Global Opportunity Fund	15.0	172.4	20.5	6.6	10.4	1.2	(4.8)	12.2	394.4	4/30/2012	839.3
Baron Fifth Avenue Growth Fund	16.0	50.4	7.5	16.0	27.6	4.1	(10.4)	10.1	722.1	4/30/2004	669.7
Baron First Principles ETF	25.0	30.0	12.6	43.3	37.8	13.6	(8.5)	—	(9.2)	12/12/2025	238.5
BaronX	919.4	4,506.8	99.4	—	—	—	24.6	61.0	707.6	12/1/2021	4,531.9
BaronX II	441.5	1,027.8	98.1	—	—	—	(0.2)	170.3	519.1	6/11/2024	1,047.7
Baron USA Partners Fund	26.5	413.6	79.2	2.6	77.2	14.8	11.2	21.6	54,012.8	12/1/1993	522.3
Baron Capital Group Holdings	2,043.7	14,930.3	28.9	321.9	4,436.3	8.6					51,729.7



IMAGE: JAMES WEBB SPACE TELESCOPE—NASA, ESA, CSA, STScI.

TABLE II. Baron Capital's Top 25 Holdings*

As of 4/15/2026

Rank	Ticker	Security Name	Year of First Purchase ¹	Market Value (\$M)	Percent of Total Assets ² (%)	Total Realized and Unrealized Gains (\$M)	Cumulative Total Return ³ (%)	Total Return Multiple (X)	Annualized Total Return (%)
1	N/A	Space Exploration Technologies Corp.	2017	14,930	27.2	12,952 ⁴	3,901.1	40.0	53.7
2	TSLA	Tesla, Inc.	2014	4,695	8.6	7,375	3,195.9	33.0	33.2
3	ACGL	Arch Capital Group Ltd.	2002	1,607	2.9	2,331	3,485.2	35.9	16.1
4	MSCI	MSCI Inc.	2007	1,544	2.8	1,388	2,452.2	25.5	19.2
5	H	Hyatt Hotels Corporation	2009	1,070	2.0	724	503.7	6.0	11.6
6	IT	Gartner, Inc.	2007	964	1.8	1,404	498.5	6.0	9.9
7	GWRE	Guidewire Software, Inc.	2012	950	1.7	642	490.2	5.9	13.6
8	IDXX	IDEXX Laboratories, Inc.	2005	942	1.7	2,385	3,935.2	40.4	19.1
9	FIGS	FIGS, Inc.	2022	923	1.7	475	68.0	1.7	14.4
10	CHH	Choice Hotels International, Inc.	1996	919	1.7	12	3,283.4	33.8	12.7
11	FDS	FactSet Research Systems Inc.	2006	889	1.6	788	458.3	5.6	9.2
12	SCHW	The Charles Schwab Corporation	1992	886	1.6	1,823	16,374.5	164.7	16.5
13	TSM	Taiwan Semiconductor Manufacturing Company Limited	2013	857	1.6	992	2,639.8	27.4	29.4
14	KNSL	Kinsale Capital Group, Inc.	2016	795	1.5	647	1,913.5	20.1	36.2
15	RRR	Red Rock Resorts, Inc.	2016	781	1.4	403	306.2	4.1	15.1
16	SPOT	Spotify Technology S.A.	2020	713	1.3	103	337.4	4.4	27.7
17	SHOP	Shopify Inc.	2020	682	1.2	(7)	30.4	1.3	5.0
18	MTN	Vail Resorts, Inc.	1997	664	1.2	815	739.7	8.4	7.6
19	CSGP	CoStar Group, Inc.	2001	658	1.2	1,034	2,165.7	22.7	13.6
20	NVDA	NVIDIA Corporation	2018	579	1.1	737	2,908.4	30.1	57.0
21	VRSK	Verisk Analytics, Inc.	2009	517	0.9	345	581.6	6.8	12.3
22	ONON	On Holding AG	2022	393	0.7	(17)	38.7	1.4	8.6
23	AMZN	Amazon.com, Inc.	2009	366	0.7	231	6,236.6	63.6	28.1
24	BIRK	Birkenstock Holding plc	2023	366	0.7	(68)	(5.9)	0.9	(2.4)
25	IBKR	Interactive Brokers Group, Inc.	2023	326	0.6	233	324.1	4.2	59.6

* Baron Capital holdings include client managed and Firm accounts.

¹ First purchase date is based on date first purchased in a mutual fund or in an ETF.

² Represented as a percentage of the Firm's long only holdings.

³ Reflects security performance from the date of Baron's first purchase until 04/15/2026. This performance may be lower or higher than the performance of the security in Baron's portfolios, depending on Baron's purchases and sales over the period.

⁴ On 2/2/2026, Space Exploration Technologies Corp. acquired X.AI Holdings Corp. ("X.AI Holdings"). The total realized and unrealized gains and losses of Space Exploration Technologies Corp. accounts for the gains and losses of X.AI Holdings Corp.

Investors should consider the investment objectives, risks, and charges and expenses of the investment carefully before investing. The prospectus and summary prospectuses 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.

The performance data quoted represents past performance. Past performance is no guarantee of future results. Current performance may be lower or higher than the performance data quoted.

Risks: All investments are subject to risk and may lose value.

Portfolio holdings as a percentage of net assets as of March 31, 2026 for securities mentioned are as follows:

Space Exploration Technologies Corporation - Baron Asset Fund (25.5%), Baron Fifth Avenue Growth Fund (7.5%), Baron Focused Growth Fund (21.2%), Baron Global Opportunity Fund (20.5%), Baron Opportunity Fund (15.4%), Baron Partners Fund (33.0%*), Baron First Principles ETF (12.6%); **Tesla, Inc.** - Baron Fifth Avenue Growth Fund (4.1%), Baron Focused Growth Fund (6.0%), Baron Global Opportunity Fund (1.2%), Baron Opportunity Fund (5.4%), Baron Partners Fund (20.4%*), Baron Technology ETF (3.5%), Baron First Principles ETF (13.6%); **Arch Capital Group Ltd.** - Baron Asset Fund (4.4%), Baron Durable Advantage Fund (1.3%), Baron Focused Growth Fund (2.5%), Baron Growth Fund (22.0%), Baron International Growth Fund (2.2%), Baron Partners Fund (5.0%*), Baron Financials ETF (2.1%), Baron First Principles ETF (2.3%); **MSCI Inc.** - Baron Asset Fund (0.9%), Baron Durable Advantage Fund (3.1%), Baron Focused Growth Fund (5.5%), Baron Growth Fund (18.4%), Baron Partners Fund (4.1%*), Baron Financials ETF (3.4%), Baron First Principles ETF (6.6%), Baron SMID Cap ETF (2.1%), Baron Global Durable Advantage ETF (2.5%); **Hyatt Hotels Corporation** - Baron Asset Fund (2.2%), Baron Focused Growth Fund (3.9%), Baron Partners Fund (4.1%*), Baron Real Estate Fund (2.8%), Baron First Principles ETF (4.6%); **Gartner, Inc.** - Baron Asset Fund (2.8%), Baron Focused Growth Fund (3.1%), Baron Growth Fund (6.4%), Baron Opportunity Fund (0.8%), Baron Partners Fund (3.2%*), Baron Small Cap Fund (2.2%), Baron First Principles ETF (4.2%); **Guidewire Software, Inc.** - Baron Asset Fund (3.9%), Baron Discovery Fund (2.8%), Baron Focused Growth Fund (3.5%), Baron Growth Fund (4.3%), Baron Opportunity Fund (1.4%), Baron Partners Fund (2.2%*), Baron Small Cap Fund (4.2%), Baron Financials ETF (2.4%), Baron Technology ETF (1.8%), Baron First Principles ETF (3.7%), Baron SMID Cap ETF (3.2%); **IDEXX Laboratories, Inc.** - Baron Asset Fund (4.6%), Baron Focused Growth Fund (3.5%), Baron Growth Fund (4.3%), Baron Health Care Fund (2.3%), Baron Partners Fund (3.0%*), Baron First Principles ETF (1.9%); **FIGS, Inc.** - Baron Focused Growth Fund (3.4%), Baron Growth Fund (7.0%), Baron First Principles ETF (2.5%); **Choice Hotels International, Inc.** - Baron Asset Fund (1.2%), Baron Focused Growth Fund (3.0%), Baron Growth Fund (10.9%), Baron Partners Fund (2.2%*), Baron First Principles ETF (2.9%); **FactSet Research Systems Inc.** - Baron Asset Fund (1.0%), Baron Focused Growth Fund (3.4%), Baron Growth Fund (5.6%), Baron Partners Fund (3.5%*), Baron Financials ETF (0.4%), Baron First Principles ETF (4.4%); **The Charles Schwab Corporation** - Baron Asset Fund (2.5%), Baron Opportunity Fund (0.6%), Baron Partners Fund (3.9%*), Baron Financials ETF (4.4%), Baron First Principles ETF (4.7%); **Taiwan Semiconductor Manufacturing Company Limited** - Baron Durable Advantage Fund (8.0%), Baron Emerging Markets Fund (13.9%), Baron Fifth Avenue Growth Fund (7.0%), Baron Global Opportunity Fund (5.0%), Baron International Growth Fund (5.4%), Baron Opportunity Fund (2.6%), Baron Technology ETF (8.8%), Baron Global Durable Advantage ETF (7.0%); **Kinsale Capital Group, Inc.** - Baron Discovery Fund (1.6%), Baron Growth Fund (11.3%), Baron Partners Fund (1.1%*), Baron Small Cap Fund (4.7%), Baron Financials ETF (0.9%), Baron First Principles ETF (2.9%); **Red Rock Resorts, Inc.** - Baron Focused Growth Fund (3.3%), Baron Growth Fund (4.8%), Baron Partners Fund (1.4%*), Baron Real Estate Fund (1.7%), Baron Small Cap Fund (5.0%), Baron First Principles ETF (3.6%); **Spotify Technology S.A.** - Baron Asset Fund (1.3%), Baron Focused Growth Fund (3.9%), Baron Opportunity Fund (4.0%), Baron Partners Fund (2.2%*), Baron Technology ETF (4.5%), Baron First Principles ETF (4.3%); **Shopify Inc.** - Baron Fifth Avenue Growth Fund (4.7%), Baron Focused Growth Fund (3.1%), Baron Global Opportunity Fund (5.1%), Baron Opportunity Fund (1.5%), Baron Partners Fund (2.0%*), Baron Financials ETF (1.7%), Baron Technology ETF (3.6%), Baron First Principles ETF (5.4%); **Vail Resorts, Inc.** - Baron Asset Fund (1.2%), Baron Focused Growth Fund (3.4%), Baron Growth Fund (3.7%), Baron Partners Fund (2.0%*), Baron Real Estate Fund (1.5%), Baron Real Estate Income Fund (1.7%), Baron First Principles ETF (2.7%); **CoStar Group, Inc.** - Baron Asset Fund (2.3%), Baron Focused Growth Fund (1.5%), Baron Growth Fund (4.1%), Baron Opportunity Fund (1.1%), Baron Partners Fund (2.5%*); **NVIDIA Corporation** - Baron Durable Advantage Fund (8.3%), Baron Fifth Avenue Growth Fund (13.5%), Baron Global Opportunity Fund (7.4%), Baron Opportunity Fund (13.3%), Baron Technology ETF (11.5%), Baron Global Durable Advantage ETF (6.3%); **Verisk Analytics, Inc.** - Baron Asset Fund (3.6%), Baron Focused Growth Fund (3.8%), Baron Partners Fund (1.2%*), Baron Financials ETF (2.5%), Baron First Principles ETF (4.7%); **On Holding AG** - Baron Asset Fund (1.2%), Baron Discovery Fund (0.9%), Baron Focused Growth Fund (3.5%), Baron International Growth Fund (0.6%), Baron Opportunity Fund (0.8%), Baron Partners Fund (0.9%*), Baron First Principles ETF (2.3%); **Amazon.com, Inc.** - Baron Durable Advantage Fund (7.0%), Baron Fifth Avenue Growth Fund (8.8%), Baron Global Opportunity Fund (5.0%), Baron Opportunity Fund (6.3%), Baron Technology ETF (6.9%), Baron Global Durable Advantage ETF (6.0%); **Birkenstock Holding plc** - Baron Asset Fund (0.6%), Baron Discovery Fund (1.9%), Baron Focused Growth Fund (3.0%), Baron Partners Fund (1.1%*), Baron First Principles ETF (1.8%); **Interactive Brokers Group, Inc.** - Baron Focused Growth Fund (3.7%), Baron Financials ETF (3.6%), Baron First Principles ETF (3.0%).

*% of Long Positions.

Portfolio holdings are subject to change. Current and future portfolio holdings are subject to risk.

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).

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IMAGE: JAMES WEBB SPACE TELESCOPE—NASA, ESA, CSA, STScI.

TABLE III. Inflation According To Ron Baron

Did you know that the price of most goods and services doubles every 14 years?

Inflation, a general increase in prices over time, has a significant impact on the purchasing power of our money. One effective way to outpace inflation and preserve or even grow our wealth is by investing in assets that have the potential to generate returns higher than the rate of inflation.

As of 3/31/2026	Year	Cost	March 2026	Multiple	CAGR
Ron's Home 1948-1955 1122 Grassmere Avenue, Wanamassa, NJ (Asbury Park, NJ "suburb")	1948	\$5,000	\$633,600 ¹	126.7x	6.5%
Ron's Home 1955-1975 542 Deal Parkway, West Allenhurst, NJ (Asbury Park, NJ "suburb")	1955	\$20,000	\$1,391,100 ¹	69.6x	6.2%
Minimum Wage (New York)	1957	\$1 hour	\$16.00 ² hour	16.0x	4.2%
Golf Caddy Fees	1957	\$4 18 holes	\$160 18 holes	40.0x	5.6%
Gallon of Gasoline	1960	\$0.31 gallon	\$3.99 ³ gallon	12.9x	4.0%
Ron's Annual Tuition at Bucknell University	1965	\$3,500	\$72,600 ⁴	20.7x	5.2%
Ron's U.S. Patent Examiner Annual Salary	1966	\$7,729	\$138,728 ⁵	17.9x	5.0%
Ford Mustang (starting price)	1966	\$2,500	\$32,640 ⁶	13.1x	4.4%
Sirloin Steak	1966	\$0.67 pound	\$14.12 ⁷ pound	21.1x	5.3%
NYC Top Law Firm – First Year Associate Annual Salary	1970	\$15,000	\$225,000 ⁸	15.0x	5.0%
Gold	1974	\$188 ounce	\$4,700 ⁹ ounce	25.0x	6.5%
Dow Jones Industrial Average	1982	795	\$46,342 ¹⁰	58.3x*	9.7%*
S&P 500 Index	1982	107	\$6,529 ¹⁰	60.8x*	9.8%*
Gross Domestic Product (GDP)	1968	\$968 billion	\$31,423 ¹¹ billion	32.5x	6.3%

Gross Domestic Product (GDP) information is as of December 31, 2025.

* Returns for indexes listed do not include dividends which add an estimated 1.5% to 2.0% annually to such returns.

Sources:

¹ www.zillow.com

² <https://dol.ny.gov/minimum-wage-0>

³ www.energy.gov/eere/vehicles/fact-741-august-20-2012-historical-gasoline-prices-1929-2011
fred.stlouisfed.org/series/GASREGW

⁴ www.bucknell.edu/admissions-aid/tuition-fees-financial-aid/information-about-tuition-fees

⁵ www.federalpay.org/employees/occupations/patent-examining

⁶ www.ford.com/cars/mustang/

⁷ <https://fred.stlouisfed.org/series/APU0000703613>

⁸ <https://www.reuters.com/legal/legalindustry/cravath-announces-raises-upping-pay-ante-large-law-firms-2023-11-28/>

⁹ <https://www.macrotrends.net/1333/historical-gold-prices-100-year-chart>

¹⁰ FactSet.

¹¹ <https://fred.stlouisfed.org/series/GDP>

Risk: All investments are subject to risk and may lose value.

The **Dow Jones Industrial Average** is a price-weighted measure of 30 U.S. blue-chip companies. It covers all industries with the exception of Transportation and Utilities. The **S&P 500 Index** measures the performance of 500 widely held large-cap U.S. companies. The indexes include reinvestment of dividends which positively impact the performance results. The indexes are unmanaged. Index performance is not Fund performance. Investors cannot invest directly in an index.

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).

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Baron Funds Performance

Baron Funds (Institutional Shares) and Benchmark Performance 3/31/2026

Fund/Benchmark	Inception Date	Annualized Returns (%)					Since Inception	Annual Expense Ratio (%)	Net Assets
		1 Year	3 Years	5 Years	10 Years				
Small Cap									
Baron Discovery Fund® (BDFIX)	9/30/2013	5.66	8.31	-2.20	13.41	11.34	1.05 ⁽⁶⁾	\$1.62 billion	
Russell 2000 Growth Index		23.58	12.27	1.62	9.79	8.37			
Baron Growth Fund® (BGRIX)	12/31/1994	-21.18	-5.47	-3.39	7.63	11.07	1.34 ^(6,7)	\$2.61 billion	
Russell 2000 Growth Index		23.58	12.27	1.62	9.79	7.91			
Baron Small Cap Fund® (BSFIX)	9/30/1997	0.61	6.50	0.56	10.39	9.49	1.06 ⁽⁶⁾	\$2.70 billion	
Russell 2000 Growth Index		23.58	12.27	1.62	9.79	6.50			
Small-Mid Cap									
Baron Focused Growth Fund® (BFGIX) ⁽¹⁾	5/31/1996	26.18	18.96	10.51	20.45	13.84	1.05 ⁽⁸⁾	\$3.87 billion	
Russell 2500 Growth Index		19.31	10.61	1.75	10.46	8.10			
Baron SMID Cap ETF™ (BCSM) (NAV)	12/12/2025					(12.24)*	0.75 ⁽⁹⁾	\$26.08 million	
Baron SMID Cap ETF™ (BCSM) (Market Price)	12/12/2025					(12.13)*			
Russell 2500 Growth Index						(5.73)*			
Mid Cap									
Baron Asset Fund® (BARIX)	6/12/1987	2.73	7.17	2.10	10.71	10.96	1.05 ⁽⁶⁾	\$3.31 billion	
Russell Midcap Growth Index		9.56	12.74	5.37	11.69	10.20			
Large Cap									
Baron Durable Advantage Fund® (BDAIX)	12/29/2017	14.06	19.13	13.61		14.56	0.70/0.73 ^(6,10)	\$482.63 million	
S&P 500 Index		17.80	18.32	12.06		13.26			
Baron Fifth Avenue Growth Fund® (BFTIX)	4/30/2004	22.34	24.32	5.16	14.24	10.09	0.75/0.76 ^(6,11)	\$669.67 million	
Russell 1000 Growth Index		18.81	21.18	12.76	16.83	12.07			
All Cap									
Baron First Principles ETF™ (RONB) (NAV)	12/12/2025					-9.19*	1.00 ⁽⁹⁾	\$238.52 million	
Baron First Principles ETF™ (RONB) (Market Price)	12/12/2025					-8.88*			
Russell 3000 Growth Index						-9.20*			
Baron Opportunity Fund® (BIOIX)	2/29/2000	23.93	24.84	7.87	20.00	10.10	1.05 ⁽⁶⁾	\$1.62 billion	
Russell 3000 Growth Index		18.75	20.64	12.05	16.38	7.58			
Baron Partners Fund® (BPTIX) ^(3,4)	1/31/1992	43.06	22.29	11.44	24.02	15.62	1.99 ^(8,12)	\$10.39 billion	
Russell Midcap Growth Index		9.56	12.74	5.37	11.69	9.93			
Non-U.S./Global									
Baron Emerging Markets Fund® (BEXIX)	12/31/2010	26.94	14.16	1.29	6.82	5.05	1.11 ⁽⁸⁾	\$3.43 billion	
MSCI Emerging Markets Index		29.55	14.84	3.69	7.80	3.74			
MSCI Emerging Markets IMI Growth Index		29.63	13.86	1.79	8.06	4.40			
Baron Global Durable Advantage ETF™ (BCGD) (NAV)	12/12/2025					-6.20*	0.75 ⁽⁹⁾	\$7.27 million	
Baron Global Durable Advantage ETF™ (BCGD) (Market Price)	12/12/2025					-6.40*			
MSCI ACWI Index						-2.60*			
Baron Global Opportunity Fund™ (BGAIX)†	4/30/2012	34.00	20.77	-0.83	13.97	12.17	0.91/0.96 ^(8,13)	\$839.30 million	
MSCI ACWI Index		20.01	16.58	9.49	11.33	10.16			
MSCI ACWI Growth Index		21.33	18.03	9.30	13.12	11.71			
Baron India Fund® (BINDX)	7/30/2021	-12.59	0.92			-5.05	1.20/6.86 ^(8,14)	\$22.88 million	
MSCI AC Asia ex Japan/India Linked Index		-13.43	-4.78			-7.34			
MSCI India Index		-13.43	6.42			3.18			
MSCI Emerging Markets Index		29.55	14.84			4.42			
Baron International Growth Fund® (BINIX)	12/31/2008	19.07	9.08	1.00	7.80	9.14	0.96/1.04 ^(8,15)	\$290.91 million	
MSCI ACWI ex USA Index		24.91	14.49	7.02	8.38	7.87			
MSCI ACWI ex USA IMI Growth Index		19.91	10.36	3.27	7.54	7.99			
Sector									
Baron Financials ETF™ (BCFN) (Market Price) ⁽¹⁹⁾	12/31/2019	-14.22	8.18	0.40		6.50	0.80 ⁽⁹⁾	\$45.90 million	
Baron Financials ETF™ (BCFN) (NAV) ⁽¹⁹⁾	12/31/2019	-14.08	8.23	0.71		6.76			
MSCI USA Financials Index		1.53	17.71	9.59		9.62			
MSCI ACWI Index		20.01	16.58	9.49		10.93			
FactSet Global FinTech Index		-17.25	-0.12	-7.68		-1.18			
Baron Health Care Fund® (BHCHX)	4/30/2018	5.27	4.81	1.18		9.39	0.85/0.87 ^(8,16)	\$115.83 million	
Russell 3000 Health Care Index		4.91	6.24	4.81		8.97			
Baron Real Estate Fund® (BREIX)	12/31/2009	6.65	9.34	2.31	10.59	12.53	1.05 ⁽⁸⁾	\$2.16 billion	
MSCI USA IMI Extended Real Estate Index		7.22	11.23	5.96	8.34	10.53			
Baron Real Estate Income Fund® (BRIIX)	12/29/2017	5.93	10.73	4.43		8.67	0.80/0.90 ^(8,17)	\$264.64 million	
MSCI US REIT Index		5.48	7.79	4.57		4.61			

Baron Funds (Institutional Shares) and Benchmark Performance 3/31/2026

Fund/Benchmark	Inception Date	Annualized Returns (%)				Since Inception	Annual Expense Ratio (%)	Net Assets
		1 Year	3 Years	5 Years	10 Years			
Sector (continued)								
Baron Technology ETF™ (BCTK) (Market Price) ⁽¹⁹⁾	12/31/2021	27.30	28.85			9.29	0.75 ⁽⁹⁾	\$143.51 million
Baron Technology ETF™ (BCTK) (NAV) ⁽¹⁹⁾	12/31/2021	28.20	29.15			9.47		
MSCI ACWI Index		20.01	16.58			8.02		
MSCI ACWI Information Technology Index		33.41	24.83			11.93		
S&P 500 Index		17.80	18.32			9.28		
Equity Allocation								
Baron WealthBuilder Fund® (BWBIX)	12/29/2017	10.75	11.32	3.42		11.71	1.18/1.21 ^(8,18)	\$499.98 million
S&P 500 Index		17.80	18.32	12.06		13.26		
Broad-Based Benchmarks⁵								
S&P 500 Index		17.80	18.32	12.06	14.16			
MSCI ACWI Index		20.01	16.58	9.49	11.33			
MSCI Emerging Markets Index		29.55	14.84	3.69	7.80			
MSCI ACWI ex USA Index		24.91	14.49	7.02	8.38			
Russell 3000 Index		18.09	17.86	10.87	13.72			

¹ Performance reflects the actual fees and expenses that were charged when the Fund was a partnership. The predecessor partnership charged a 15% performance fee through 2003 after reaching a certain performance benchmark. If the annual returns for the Fund did not reflect the performance fee for the years the predecessor partnership charged a performance fee, 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 June 30, 2008. 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 impacted its performance.

² The since inception date for Russell Midcap Growth Index is 6/30/1987.

³ Performance 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 fee for the years the predecessor partnership charged a performance fee, 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 impacted its performance.

⁴ While the Fund may invest in securities of any market capitalization, 42.5% of the Fund's long holdings were invested in SMID, Mid and Mid/Large-Cap securities (as defined by Russell, Inc.) as of 3/31/2026 (SMID represents 18.2% of the portfolio and has market capitalizations between \$5.4 – \$16.7 billion; Mid represents 16.3% and has market capitalizations between \$16.7 – \$58.0 billion; Mid /Large represents 8.0% and has market capitalizations between \$58.0 – \$208.4 billion).

⁵ The Broad-Based Benchmark for Baron Discovery Fund, Baron Growth Fund, Baron Small Cap Fund, Baron Focused Growth Fund, Baron Asset Fund, Baron Partners Fund, and Baron Health Care Fund is Russell 3000 Index. The Broad-Based Benchmark for Baron Durable Advantage Fund, Baron Fifth Avenue Growth Fund, Baron Opportunity Fund, Baron FinTech Fund, Baron Real Estate Fund, Baron Real Estate Income Fund, Baron Technology Fund, and Baron WealthBuilder Fund is S&P 500 Index. The Broad- Based Benchmark for Baron Emerging Markets Fund is MSCI Emerging Markets Index. The Broad-Based Benchmark for Baron International Growth Fund is MSCI ACWI ex USA Index. The Broad-Based Benchmark for Baron Global Opportunity Fund, Baron FinTech Fund, Baron Technology Fund, and Baron WealthBuilder Fund is MSCI ACWI Index.

⁶ As of 1/28/2026.

⁷ Comprised of operating expenses of 1.04% and interest expense of 0.30%.

⁸ As of 4/30/2025.

⁹ As of 12/5/2025.

¹⁰ Gross annual expense ratio was 0.73%, but the net annual expense ratio was 0.70% (net of Adviser's fee waivers).

¹¹ Gross annual expense ratio was 0.76%, but the net annual expense ratio was 0.75% (net of Adviser's fee waivers).

¹² Comprised of operating expenses of 1.05% and interest expense of 0.94%.

¹³ Gross annual expense ratio was 0.96%, but the net annual expense ratio was 0.91% (net of Adviser's fee waivers, including interest expense of 0.01%).

¹⁴ Gross annual expense ratio was 6.86%, but the net annual expense ratio was 1.20% (net of Adviser's fee waivers and expense reimbursements).

¹⁵ Gross annual expense ratio was 1.04%, but the net annual expense ratio was 0.96% (net of Adviser's fee waivers).

¹⁶ Gross annual expense ratio was 0.87%, but the net annual expense ratio was 0.85% (net of Adviser's fee waivers).

¹⁷ Gross annual expense ratio was 0.90%, but the net annual expense ratio was 0.80% (net of Adviser's fee waivers).

¹⁸ Gross annual expense ratio was 1.21%, but the net annual expense ratio was 1.18% (includes acquired fund fees and expenses, net of the expense reimbursements).

¹⁹ On December 12, 2025, Baron FinTech Fund® and Baron Technology Fund® were converted from mutual funds into exchange-traded funds, Baron Financials ETF™ and Baron Technology ETF™, respectively. For additional information please refer to the prospectus. NAV and Market Price returns include returns of the Institutional Shares of the predecessor mutual fund prior to the ETF's commencement of operations. Prior to the ETFs listing on 12/15/2025 the NAV returns of the Institutional Shares of the predecessor mutual fund are used as proxy market price returns. If the predecessor mutual fund had been structured as an ETF, its performance may have differed.

* Not annualized

If a Fund's historical performance was impacted by gains from IPOs there is no guarantee that these results can be repeated or that the Funds' level of participation in IPOs will be the same in the future.

† Formerly, Baron Global Advantage Fund

Baron Funds Performance

Investors should consider the investment objectives, risks, and charges and expenses of the investment carefully before investing. The prospectus and summary prospectuses 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.

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, or may waive or reimburse, certain Funds' expenses pursuant to a contract expiring on August 29, 2036, unless renewed for another 11-year term and the Funds' 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 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.

Historical performance was impacted by gains from IPOs. There is no guarantee that these results can be repeated or the level of IPO participation will be the same in the future.

Performance for **Baron Partners Fund** and **Baron Focused Growth Fund** reflect the actual fees and expenses that were charged when the Funds were partnerships. The predecessor partnerships charged a 20% performance fee (**Baron Partners Fund**) or a 15% performance fee (**Baron Focused Growth Fund**) after reaching a certain performance benchmark. If the annual returns for the Funds did not reflect the performance fee for the years the predecessor partnerships charged a performance fee, returns would be higher. The Funds' shareholders are not charged a performance fee. During these periods, the predecessor partnerships were not registered under the Investment Company Act of 1940 and were not subject to its requirements or the requirements of the Internal Revenue Code relating to registered investment companies, which, if they were, might have adversely affected its performance.

Risks: All investments are subject to risk and may lose value.

Effective June 1, 2026, Baron Growth Fund's name will change to Baron Generational Growth Fund.

Investors generally incur the cost of the spread between the prices at which shares are bought and sold. Buying and selling shares may result in brokerage commissions which will reduce returns.

Prior to trading in the secondary market, shares of the fund are "created" at NAV by market makers, large investors and institutions only in block-size Creation Units. Each "creator" or "Authorized Participant" enters into an authorized participant agreement with Baron Capital, Inc. Only an Authorized Participant may create or redeem Creation Units directly with the fund.

Investors buy and sell shares of ETFs at market price (not NAV) in the secondary market throughout the trading day. These shares are not individually available for purchase or redemption directly from the ETF. Baron Capital, Inc. serves as the distributor of the Creation Units for the ETFs on an agency basis. Baron Capital does not maintain a secondary market in Fund's shares.

* This is a hypothetical ranking created by Baron Capital using Morningstar extended performance data of the U.S. equity funds included in the Morningstar Style Box™ categories (the "peer group") as of 3/31/2026. As of 3/31/2026, Baron Partners Fund remains ranked as the number one performing U.S. equity mutual fund since its conversion. There were 665 share classes in the peer group from 4/30/2003 to 3/31/2026.

Note, the peer group used for this analysis includes all U.S. equity share classes of the funds in the Morningstar Style Box categories domiciled in the U.S., including obsolete funds, index funds, and ETFs. The individual Morningstar Categories used for this analysis are the Morningstar Large Blend, Large Growth, Large Value, Mid-Cap Blend, Mid-Cap Growth, Mid-Cap Value, Small Blend, Small Growth, and Small Value Categories.

As of 3/31/2026, the Morningstar Large Growth Category consisted of 1,077, 937, and 763 share classes for the 1-, 5-, and 10-year periods. Morningstar ranked Baron Partners Fund (Institutional Shares) in the 2nd, 27th, 1st, and 1st percentiles for the 1-, 5-, 10-year, and since conversion periods, respectively. The Fund converted into a mutual fund on 4/30/2003, and the category consisted of 665 share classes. On an absolute basis, Morningstar ranked Baron Partners Fund Institutional Share Class as the 10th, 178th, 1st, and 1st best performing share class in its Category, for the 1-, 5-, 10-year, and since conversion periods, respectively.

The Morningstar Awards for Investing Excellence recognize portfolio managers and asset-management firms that demonstrate excellent investment skill, the courage to differ from the consensus to benefit investors, and a commitment to aligning their interests with those of their investors. One of the awards, **Morningstar Outstanding Portfolio Manager Award**, recognizes an individual or team who has produced exceptional returns over the long term. To qualify, a manager's strategy must currently earn a Morningstar Medalist Rating of Gold or Silver for at least one vehicle and/or share class in the appropriate asset class (equity, fixed income, or allocation).

Ranking information provided is calculated for the Institutional Share Class and is as of 03/31/2026. The number of share classes in each category may vary depending on the date that Baron downloaded information from Morningstar Direct. Morningstar calculates its 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 account for management, administrative, and 12b-1 fees and other costs automatically deducted from fund assets. The Morningstar Large Growth Category consisted of 1077, 937, and 763, share classes for the 1-, 5-, and 10-year periods. Morningstar ranked Baron Opportunity Fund in the 17th, 71st, 2nd, and 3rd percentiles for the 1-, 5-, 10-year, and since inception periods, respectively. The Fund launched 2/29/2000, and the category consisted of 539 share classes. Morningstar ranked Baron Partners Fund in the 2nd, 27th, 1st, and 1st percentiles for the 1-, 5-, 10-year, and since conversion periods, respectively. The Fund converted into a mutual fund 4/30/2003, and the category consisted of 665 share classes. Morningstar ranked Baron Fifth Avenue Growth Fund in the 22nd, 87th, 54th, and 71st percentiles for the 1-, 5-, 10-year, and since inception periods, respectively. The Fund launched 4/30/2004, and the category consisted of 696 share classes. Morningstar ranked Baron Durable Advantage Fund in the 65th, 5th, and 29th percentiles for the 1-, 5-year, and since inception periods, respectively. The Fund launched 12/29/2017, and the category consisted of 929 share classes. The Morningstar Mid Cap Growth Category consisted of 486, 448, and 374, share classes for the 1-, 5-, and 10-year periods. Morningstar ranked Baron Asset Fund in the 83rd, 53rd, 42nd, and 12th percentiles for the 1-, 5-, 10-year, and since inception periods, respectively. The Fund launched 6/12/1987, and the category consisted of 63 share classes. Morningstar ranked Baron Growth Fund in the 100th, 95th, 91st, and 17th percentiles for the 1-, 5-, 10-year, and since inception periods, respectively. The Fund launched 12/31/1994, and the category consisted of 154 share classes. Morningstar ranked Baron Focused Growth Fund in the 12th, 3rd, 2nd, and 1st percentiles for the 1-, 5-, 10-year, and since conversion periods, respectively. The Fund converted into a mutual fund 6/30/2008, and the category consisted of 379 share classes. The Morningstar Small Cap Growth Category consisted of 536, 500, and 399, share classes for the 1-, 5-, and 10-year periods. Morningstar ranked Baron Small Cap Fund in the 88th, 61st, 48th, and 14th percentiles for the 1-, 5-, 10-year, and since inception periods, respectively. The Fund launched 9/30/1997, and the category consisted of 212 share classes. Morningstar ranked Baron Discovery Fund in the 82nd, 84th, 11th, and 9th percentiles for the 1-, 5-, 10-year, and since inception periods, respectively. The Fund launched 9/30/2013, and the category consisted of 456 share classes. The Morningstar Real Estate Category consisted of 207, 190, and 149, share classes for the 1-, 5-, and 10-year periods. Morningstar ranked Baron Real Estate Fund in the 10th, 83rd, 1st, and 1st percentiles for the 1-, 5-, 10-year, and since inception periods, respectively. The Fund launched 12/30/2009, and the category consisted of 153 share classes. Morningstar ranked Baron Real Estate Income Fund in the 15th, 32nd, and 2nd percentiles for the 1-, 5-year, and since inception periods, respectively. The Fund launched 12/29/2017, and the category consisted of 185 share classes. The Morningstar Foreign Large Growth Category consisted of 382, 332, 225, share classes for the 1-, 5-, and 10-year periods. Morningstar ranked Baron International Growth Fund in the 28th, 71st, 45th, and 24th percentiles for the 1-, 5-, 10-year, and since inception periods, respectively. The Fund launched 12/31/2008, and the category consisted of 219 share classes. The Morningstar Diversified Emerging Markets Category consisted of 735, 617, and 461, share classes for the 1-, 5-, and 10-year periods. Morningstar ranked Baron Emerging Markets Fund in the 76th, 82nd, 74th, and 15th percentiles for the 1-, 5-, 10-year, and since inception periods, respectively. The Fund launched 12/31/2010, and the category consisted of 331 share classes. The Morningstar Health Category consisted of 171 and 151 share classes for the 1- and

5-year periods. Morningstar ranked Baron Health Care Fund in the 71st, 68th, and 16th percentiles for the 1-, 5-year, and since inception periods, respectively. The Fund launched 04/30/2018, and the category consisted of 133 share classes. The **Morningstar Aggressive Allocation Category** consisted of 88 and 87 share classes for the 1- and 5-year periods. Morningstar ranked Baron WealthBuilder Fund in the 75th, 99th, and 1st percentiles for the 1-, 5-year, and since inception periods, respectively. The Fund launched 12/29/2017, and the category consisted of 86 share classes. The **Morningstar Global Large-Stock Growth Category** consisted of 314, 274, and 193, share classes for the 1-, 5-, and 10-year periods. Morningstar ranked Baron Global Opportunity Fund in the 4th, 93rd, 7th, and 16th percentiles for the 1-, 5-, 10-year, and since inception periods, respectively. The Fund launched 12/29/2017, and the category consisted of 199 share classes. The **Morningstar Technology Category** consisted of 254 share classes for the 1-year period. Morningstar ranked Baron Technology ETF in the 55th, and 33rd percentiles for the 1-year, and since inception periods, respectively. The Fund launched 12/31/2021, and the category consisted of 222 share classes. The **Morningstar Financials Category** consisted of 99 and 89 share classes for the 1- and 5-year periods. Morningstar ranked Baron Financials ETF in the 95th, 95th, and 69th percentiles for the 1-, 5-year, and since inception periods, respectively. The Fund launched 12/31/2019, and the category consisted of 89 share classes.

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Portfolio holdings as a percentage of net assets as of March 31, 2026 for securities mentioned are as follows: Hyatt Hotels Corporation - Baron Asset Fund (2.2%), Baron Focused Growth Fund (3.9%), Baron Partners Fund (4.1%*), Baron Real Estate Fund (2.8%), Baron First Principles ETF (4.6%); Choice Hotels International, Inc. - Baron Asset Fund (1.2%), Baron Focused Growth Fund (3.0%), Baron Growth Fund (10.9%), Baron Partners Fund (2.2%*), Baron First Principles ETF (2.9%); Space Exploration Technologies Corporation - Baron Asset Fund (25.5%), Baron Fifth Avenue Growth Fund (7.5%), Baron Focused Growth Fund (21.2%), Baron Global Opportunity Fund (20.5%), Baron Opportunity Fund (15.4%), Baron Partners Fund (33.0%*), Baron First Principles ETF (12.6%); Tesla, Inc. - Baron Fifth Avenue Growth Fund (4.1%), Baron Focused Growth Fund (6.0%), Baron Global Opportunity Fund (1.2%), Baron Opportunity Fund (5.4%), Baron Partners Fund (20.4%*), Baron Technology ETF (3.5%), Baron First Principles ETF (13.6%); Gartner, Inc. - Baron Asset Fund (2.8%), Baron Focused Growth Fund (3.1%), Baron Growth Fund (6.4%), Baron Opportunity Fund (0.8%), Baron Partners Fund (3.2%*), Baron Small Cap Fund (2.2%), Baron First Principles ETF (4.2%); FactSet Research Systems Inc. - Baron Asset Fund (1.0%), Baron Focused Growth Fund (3.4%), Baron Growth Fund (5.6%), Baron Partners Fund (3.5%*), Baron Financials ETF (0.4%), Baron First Principles ETF (4.4%); Guidewire Software, Inc. - Baron Asset Fund (3.9%), Baron Discovery Fund (2.8%), Baron Focused Growth Fund (3.5%), Baron Growth Fund (4.3%), Baron Opportunity Fund (1.4%), Baron Partners Fund (2.2%*), Baron Small Cap Fund (4.2%), Baron Financials ETF (2.4%), Baron Technology ETF (1.8%), Baron First Principles ETF (3.7%), Baron SMID Cap ETF (3.2%); Morningstar, Inc. - Baron Focused Growth Fund (0.4%), Baron Growth Fund (3.5%); Verisk Analytics, Inc. - Baron Asset Fund (3.6%), Baron Focused Growth Fund (3.8%), Baron Partners Fund (1.2%*), Baron Financials ETF (2.5%), Baron First Principles ETF (4.7%); Shopify Inc. - Baron Fifth Avenue Growth Fund (4.7%), Baron Focused Growth Fund (3.1%), Baron Global Opportunity Fund (5.1%), Baron Opportunity Fund (1.5%), Baron Partners Fund (2.0%*), Baron Financials ETF (1.7%), Baron Technology ETF (3.6%), Baron First Principles ETF (5.4%); MSCI Inc. - Baron Asset Fund (0.9%), Baron Durable Advantage Fund (3.1%), Baron Focused Growth Fund (5.5%), Baron Growth Fund (18.4%), Baron Partners Fund (4.1%*), Baron Financials ETF (3.4%), Baron First Principles ETF (6.6%), Baron SMID Cap ETF (2.1%), Baron Global Durable Advantage ETF (2.5%); Spotify Technology S.A. - Baron Asset Fund (1.3%), Baron Focused Growth Fund (3.9%), Baron Opportunity Fund (4.0%), Baron Partners Fund (2.2%*), Baron Technology ETF (4.5%), Baron First Principles ETF (4.3%); Wynn Resorts, Limited - Baron Discovery Fund (2.2%), Baron Focused Growth Fund (1.1%), Baron Real Estate Fund (3.4%), Baron Real Estate Income Fund (2.3%), Baron SMID Cap ETF (2.1%).

*% of Long Positions

Top 10 holdings

Baron First Principles ETF

3/31/2026

	Percent of Net Assets (%)
Tesla, Inc.	13.6
Space Exploration Technologies Corp.	12.6
MSCI Inc.	6.6
Shopify Inc.	5.4
Verisk Analytics, Inc.	4.7
The Charles Schwab Corporation	4.7
Hyatt Hotels Corporation	4.6
FactSet Research Systems Inc.	4.4
Spotify Technology S.A.	4.3
Gartner, Inc.	4.2
Total	64.9

Portfolio holdings are subject to change. Current and future portfolio holdings are subject to risk.

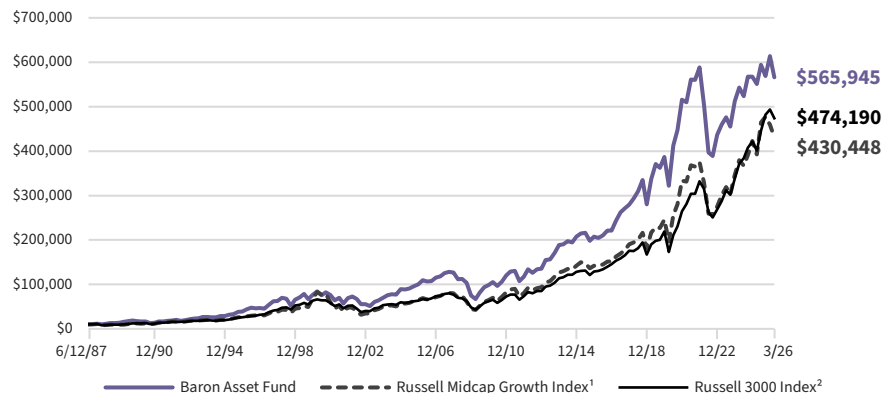
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Baron Funds Performance

Growth of \$10,000 Investment (Institutional Shares)[^]

Baron Asset Fund[®] (Inception Date: 6/12/1987)

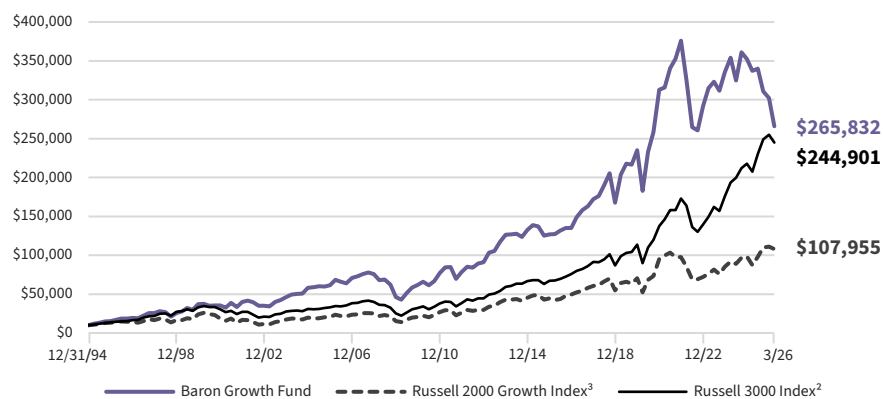


Annualized Returns (%)

	BARIX	Russell Midcap Growth Index ¹	Russell 3000 Index ²
3 Months*	(7.81)	(6.35)	(3.96)
1 Year	2.73	9.56	18.09
3 Years	7.17	12.74	17.86
5 Years	2.10	5.37	10.87
10 Years	10.71	11.69	13.72
Since Inception	10.96	10.20	10.46
Net Assets	\$3.31B	—	—

M Mid Cap

Baron Growth Fund[®] (Inception Date: 12/31/1994)

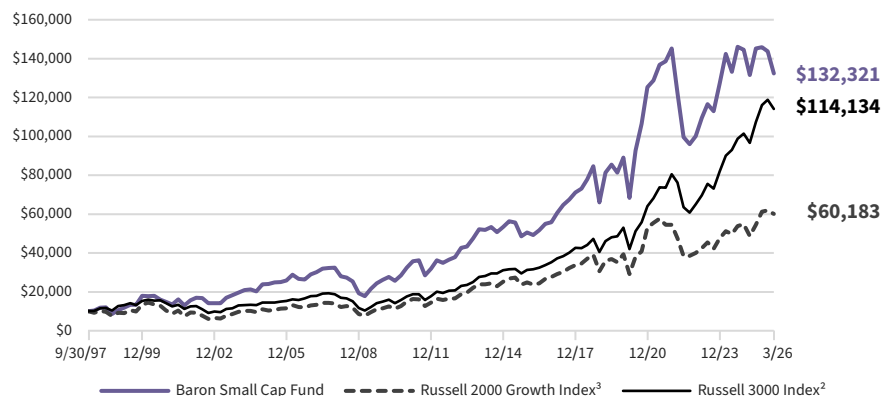


Annualized Returns (%)

	BGRIX	Russell 2000 Growth Index ³	Russell 3000 Index ²
3 Months*	(12.06)	(2.81)	(3.96)
1 Year	(21.18)	23.58	18.09
3 Years	(5.47)	12.27	17.86
5 Years	(3.39)	1.62	10.87
10 Years	7.63	9.79	13.72
Since Inception	11.07	7.91	10.78
Net Assets	\$2.61B	—	—

S Small Cap

Baron Small Cap Fund[®] (Inception Date: 9/30/1997)



Annualized Returns (%)

	BSFIX	Russell 2000 Growth Index ³	Russell 3000 Index ²
3 Months*	(7.90)	(2.81)	(3.96)
1 Year	0.61	23.58	18.09
3 Years	6.50	12.27	17.86
5 Years	0.56	1.62	10.87
10 Years	10.39	9.79	13.72
Since Inception	9.49	6.50	8.92
Net Assets	\$2.70B	—	—

S Small Cap

The Funds include reinvestment of dividends, net of foreign withholding taxes, while the Russell Midcap Growth Index, Russell 2000 Growth Index, and Russell 3000 Index include reinvestment of dividends before taxes. Reinvestment of dividends positively impacts performance results. The indexes are unmanaged. Index performance is not Fund performance. Investors cannot invest directly into an index.

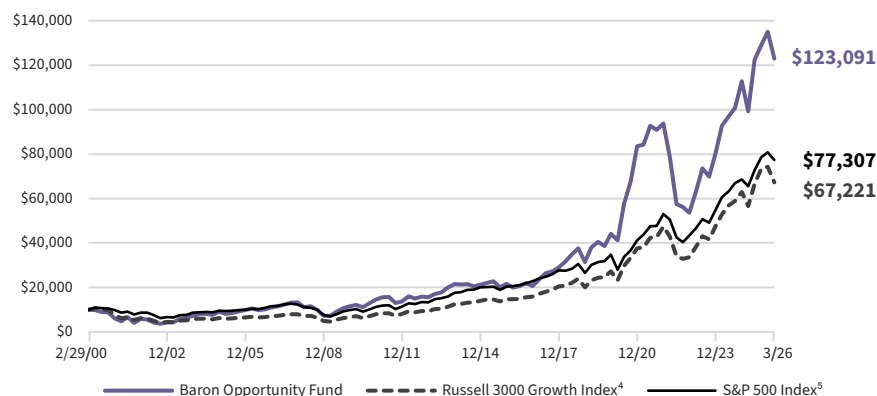
[†] For the period June 30, 1987 to March 31, 2026.

* Not annualized.

[^] 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. See index footnotes on page 21.

Growth of \$10,000 Investment (Institutional Shares)^

Baron Opportunity Fund® (Inception Date: 2/29/2000)

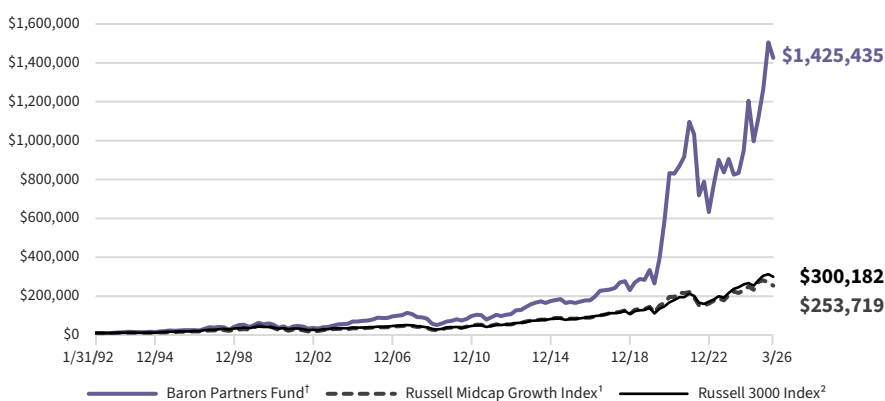


Annualized Returns (%)

	BIOIX	Russell 3000 Growth Index ⁴	S&P 500 Index ⁵
3 Months*	(8.88)	(9.54)	(4.33)
1 Year	23.93	18.75	17.80
3 Years	24.84	20.64	18.32
5 Years	7.87	12.05	12.06
10 Years	20.00	16.38	14.16
Since Inception	10.10	7.58	8.16
Net Assets	\$1.62B	—	—

A All Cap

Baron Partners Fund® (Inception Date: 1/31/1992)

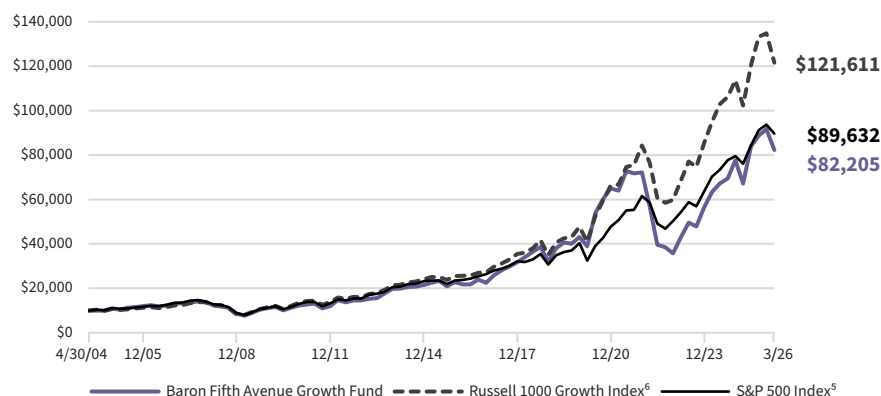


Annualized Returns (%)

	BPTIX	Russell Midcap Growth Index ¹	Russell 3000 Index ²
3 Months*	(5.33)	(6.35)	(3.96)
1 Year	43.06	9.56	18.09
3 Years	22.29	12.74	17.86
5 Years	11.44	5.37	10.87
10 Years	24.02	11.69	13.72
Since Inception	15.62	9.93	10.47
Net Assets	\$10.39B	—	—

A All Cap

Baron Fifth Avenue Growth Fund® (Inception Date: 4/30/2004)



Annualized Returns (%)

	BFTIX	Russell 1000 Growth Index ⁶	S&P 500 Index ⁵
3 Months*	(10.36)	(9.78)	(4.33)
1 Year	22.34	18.81	17.80
3 Years	24.32	21.18	18.32
5 Years	5.16	12.76	12.06
10 Years	14.24	16.83	14.16
Since Inception	10.09	12.07	10.52
Net Assets	\$669.67M	—	—

L Large Cap

The Funds include reinvestment of dividends, net of foreign withholding taxes, while the Russell 3000 Growth Index, Russell Midcap Growth Index, Russell 1000 Growth Index, Russell 3000 Index, and S&P 500 Index include reinvestment of dividends before taxes. Reinvestment of dividends positively impacts performance results. The indexes are unmanaged. Index performance is not Fund performance. Investors cannot invest directly into an index.

* Not annualized.

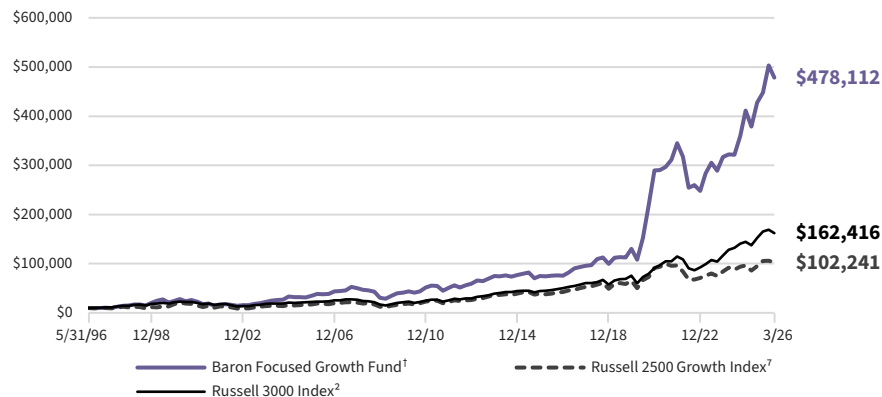
[^] Performance for the Institutional Shares prior to May 29, 2009 is based on the performance of the Retail Shares, which have a distribution fee. The Institutional Shares do not have a distribution fee. If the annual returns for the Institutional Shares prior to May 29, 2009 did not reflect this fee, the returns would be higher.

[†] 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 for the years the predecessor partnership charged a performance fee, 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. See index footnotes on page 21.

Baron Funds Performance

Growth of \$10,000 Investment (Institutional Shares)[^]

Baron Focused Growth Fund[®] (Inception Date: 5/31/1996)

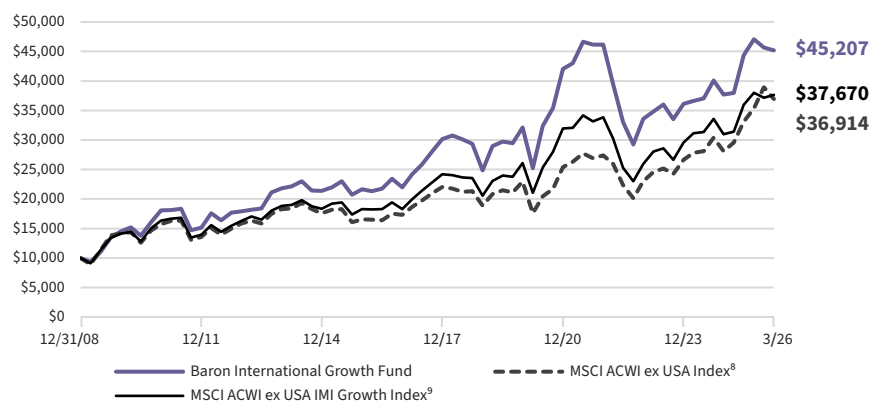


Annualized Returns (%)

	BFGIX	Russell 2500 Growth Index ⁷	Russell 3000 Index ²
3 Months [*]	(4.99)	(3.52)	(3.96)
1 Year	26.18	19.31	18.09
3 Years	18.96	10.61	17.86
5 Years	10.51	1.75	10.87
10 Years	20.45	10.46	13.72
Since Inception	13.84	8.10	9.79
Net Assets	\$3.87B	—	—

S-M Small-Mid Cap

Baron International Growth Fund[®] (Inception Date: 12/31/2008)

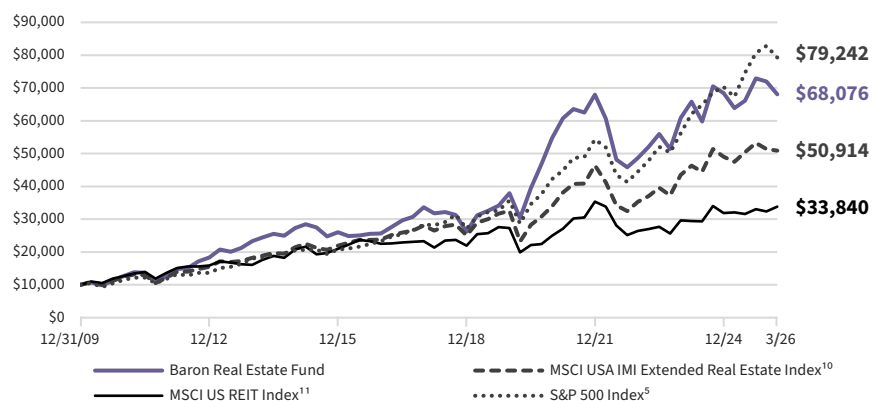


Annualized Returns (%)

	BINIX	MSCI ACWI ex USA Index ⁸	MSCI ACWI ex USA IMI Growth Index ⁹
3 Months [*]	(1.03)	(0.71)	(3.24)
1 Year	19.07	24.91	19.91
3 Years	9.08	14.49	10.36
5 Years	1.00	7.02	3.27
10 Years	7.80	8.38	7.54
Since Inception	9.14	7.87	7.99
Net Assets	\$290.91M	—	—

non US Non-U.S./Global

Baron Real Estate Fund[®] (Inception Date: 12/31/2009)



Annualized Returns (%)

	BREIX	MSCI USA IMI Extended Real Estate Index ¹⁰	MSCI US REIT Index ¹¹	S&P 500 Index ⁵
3 Months [*]	(5.39)	(0.96)	4.52	(4.33)
1 Year	6.65	7.22	5.48	17.80
3 Years	9.34	11.23	7.79	18.32
5 Years	2.31	5.96	4.57	12.06
10 Years	10.59	8.34	4.29	14.16
Since Inception	12.53	10.53	7.79	13.58
Net Assets	\$2.16B	—	—	—

SCT Sector

The Funds, MSCI ACWI ex USA Index, MSCI ACWI ex USA IMI Growth Index, MSCI USA IMI Extended Real Estate Index, and MSCI US REIT Index include reinvestment of dividends, net of foreign withholding taxes, while the Russell 2500 Growth Index, Russell 3000, and S&P 500 Index include reinvestment of dividends before taxes. Reinvestment of dividends positively impacts performance results. The indexes are unmanaged. Index performance is not Fund performance. Investors cannot invest directly into an index.

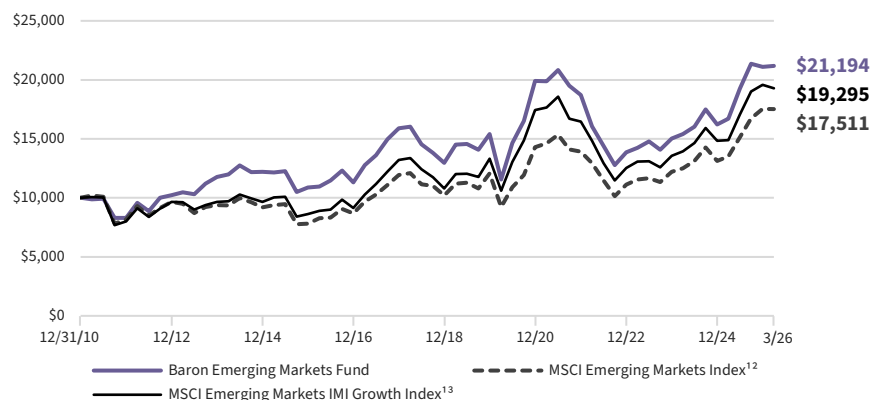
* Not annualized.

[^] 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.

[†] Reflects the actual fees and expenses that were charged when the Fund was a partnership. The predecessor partnership charged a 15% performance fee through 2003 after reaching a certain performance benchmark. If the annual returns for the Fund did not reflect the performance fees for the years the predecessor partnership charged a performance fee, the returns would be higher. The Fund's shareholders will not be charged a performance fee. The predecessor partnership's performance is only for the periods before the Fund's registration statement was effective, which was June 30, 2008. 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. See index footnotes on page 21.

Growth of \$10,000 Investment (Institutional Shares)

Baron Emerging Markets Fund® (Inception Date: 12/31/2010)

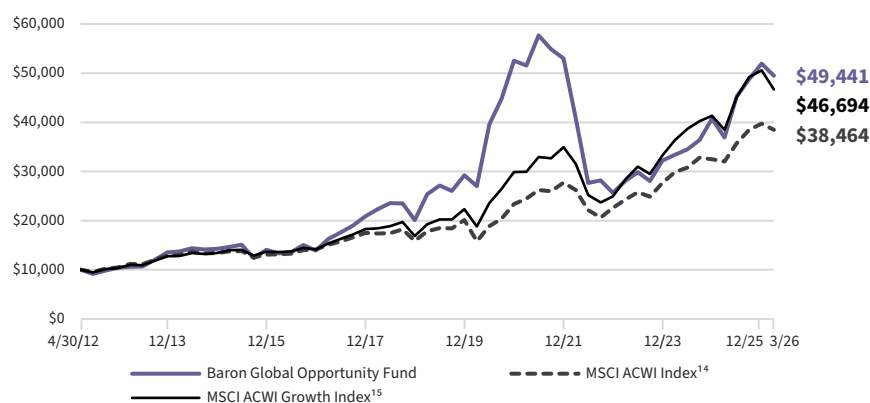


Annualized Returns (%)

	BEXIX	MSCI Emerging Markets Index ¹²	MSCI Emerging Markets IMI Growth Index ¹³
3 Months*	0.47	(0.17)	(1.45)
1 Year	26.94	29.55	29.63
3 Years	14.16	14.84	13.86
5 Years	1.29	3.69	1.79
10 Years	6.82	7.80	8.06
Since Inception	5.05	3.74	4.40
Net Assets	\$3.43B	—	—

Non-U.S./Global

Baron Global Opportunity Fund®† (Inception Date: 4/30/2012)

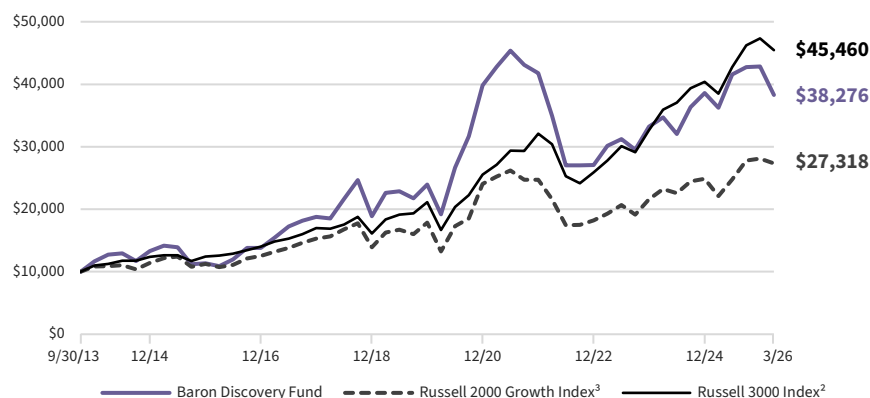


Annualized Returns (%)

	BGAIX	MSCI ACWI Index ¹⁴	MSCI ACWI Growth Index ¹⁵
3 Months*	(4.80)	(3.20)	(7.67)
1 Year	34.00	20.01	21.33
3 Years	20.77	16.58	18.03
5 Years	(0.83)	9.49	9.30
10 Years	13.97	11.33	13.12
Since Inception	12.17	10.16	11.71
Net Assets	\$839.30M	—	—

Non-U.S./Global

Baron Discovery Fund® (Inception Date: 9/30/2013)



Annualized Returns (%)

	BDFIX	Russell 2000 Growth Index ³	Russell 3000 Index ²
3 Months*	(10.65)	(2.81)	(3.96)
1 Year	5.66	23.58	18.09
3 Years	8.31	12.27	17.86
5 Years	(2.20)	1.62	10.87
10 Years	13.41	9.79	13.72
Since Inception	11.34	8.37	12.88
Net Assets	\$1.62B	—	—

Small Cap

The Funds, MSCI Emerging Markets Index, MSCI Emerging Markets IMI Growth Index, MSCI ACWI Index, and MSCI ACWI Growth Index include reinvestment of dividends, net of foreign withholding taxes, while the Russell 2000 Growth Index, and Russell 3000, include reinvestment of dividends before taxes. Reinvestment of dividends positively impacts performance results. The indexes are unmanaged. Index performance is not Fund performance. Investors cannot invest directly into an index.

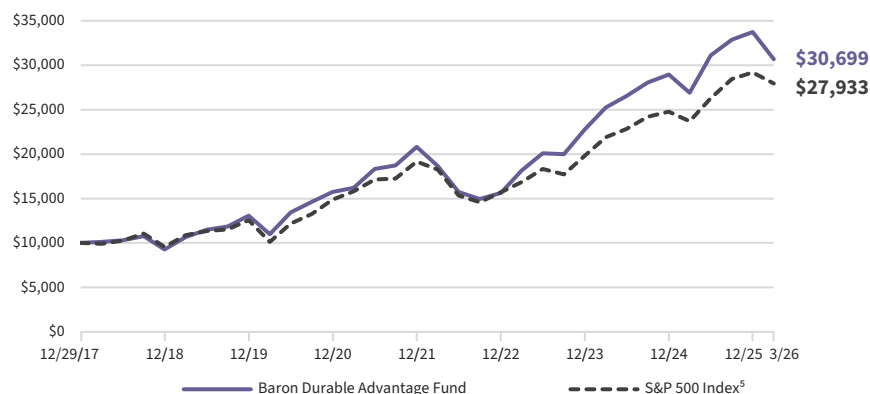
* Not annualized.

† As stated within the Supplement to the Prospectus and Statement of Additional Information dated April 30, 2025, effective October 1, 2025, Baron Global Advantage Fund® has changed its name to Baron Global Opportunity Fund®. For additional information please refer to the Supplement. See index footnotes on page 21.

Baron Funds Performance

Growth of \$10,000 Investment (Institutional Shares)

Baron Durable Advantage Fund® (Inception Date: 12/29/2017)

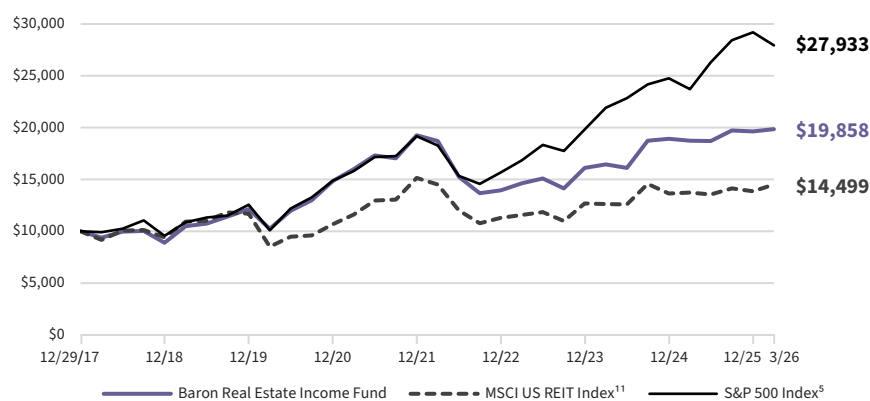


Annualized Returns (%)

	BDAIX	S&P 500 Index ⁵
3 Months*	(9.02)	(4.33)
1 Year	14.06	17.80
3 Years	19.13	18.32
5 Years	13.61	12.06
Since Inception	14.56	13.26
Net Assets	\$482.63M	—

L Large Cap

Baron Real Estate Income Fund® (Inception Date: 12/29/2017)

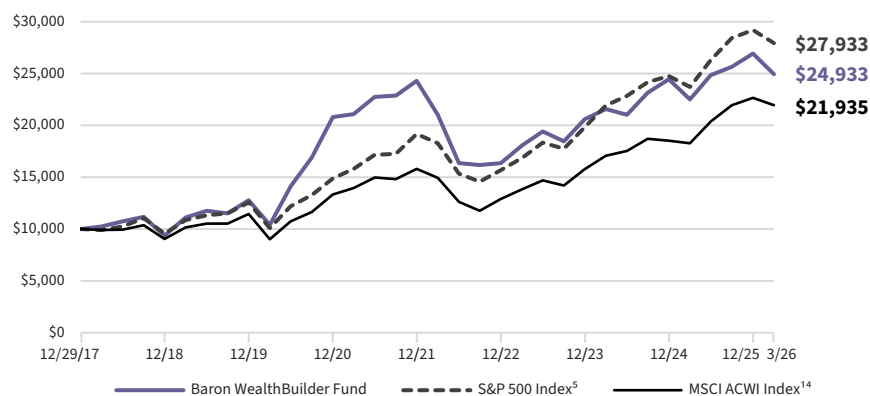


Annualized Returns (%)

	BRIIX	MSCI US REIT Index ¹¹	S&P 500 Index ⁵
3 Months*	1.12	4.52	(4.33)
1 Year	5.93	5.48	17.80
3 Years	10.73	7.79	18.32
5 Years	4.43	4.57	12.06
Since Inception	8.67	4.61	13.26
Net Assets	\$264.64M	—	—

SCT Sector

Baron WealthBuilder Fund® (Inception Date: 12/29/2017)



Annualized Returns (%)

	BWBIX	S&P 500 Index ⁵	MSCI ACWI Index ¹⁴
3 Months*	(7.42)	(4.33)	(3.20)
1 Year	10.75	17.80	20.01
3 Years	11.32	18.32	16.58
5 Years	3.42	12.06	9.49
Since Inception	11.71	13.26	9.99
Net Assets	\$499.98M	—	—

EA Equity Allocation

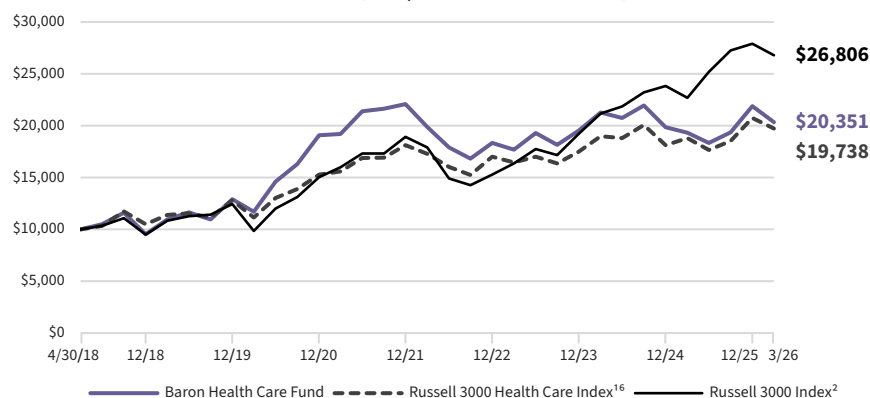
The Funds, MSCI US REIT Index, and MSCI ACWI Index include reinvestment of dividends, net of foreign withholding taxes, while the S&P 500 Index includes reinvestment of dividends before taxes. Reinvestment of dividends positively impacts performance results. The indexes are unmanaged. Index performance is not Fund performance. Investors cannot invest directly into an index.

* Not annualized.

See index footnotes on page 21.

Growth of \$10,000 Investment (Institutional Shares)

Baron Health Care Fund® (Inception Date: 4/30/2018)

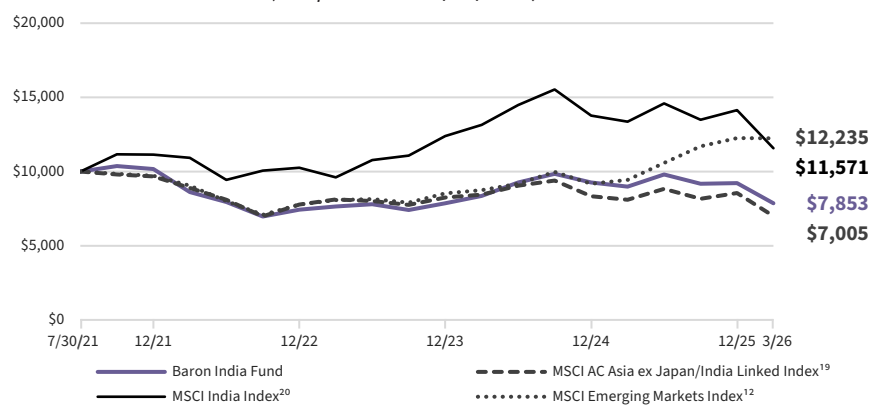


Annualized Returns (%)

	BHCHX	Russell 3000 Health Care Index ¹⁶	Russell 3000 Index ²
3 Months*	(6.97)	(4.88)	(3.96)
1 Year	5.27	4.91	18.09
3 Years	4.81	6.24	17.86
5 Years	1.18	4.81	10.87
Since Inception	9.39	8.97	13.26
Net Assets	\$115.83M	—	—

SCT Sector

Baron India Fund® (Inception Date: 7/30/2021)

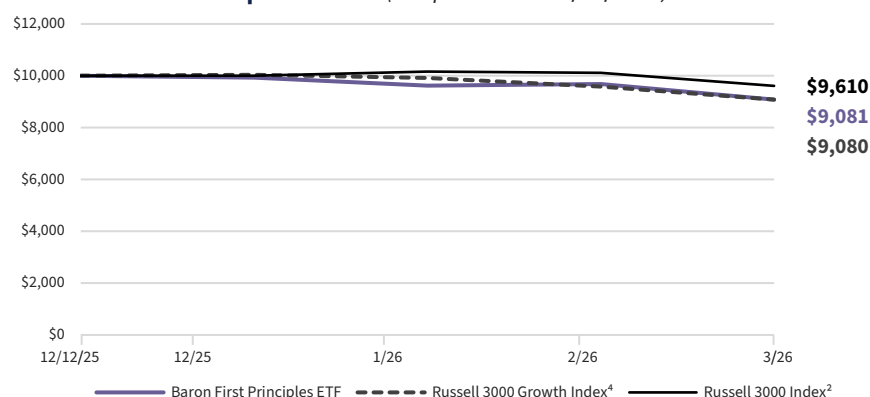


Annualized Returns (%)

	BINDX	MSCI AC Asia ex Japan/India Linked Index ¹⁹	MSCI India Index ²⁰	MSCI Emerging Markets Index ¹²
3 Months*	(14.86)	(18.13)	(18.13)	(0.17)
1 Year	(12.59)	(13.43)	(13.43)	29.55
3 Years	0.92	(4.78)	6.42	14.84
Since Inception	(5.05)	(7.34)	3.18	4.42
Net Assets	\$22.88M	—	—	—

non US Non-U.S./Global

Baron First Principles ETF® (Inception Date: 12/12/2025)



Annualized Returns (%)

	RONB	Market Price Performance	Russell 3000 Growth Index ⁴	Russell 3000 Index ²
3 Months*	(8.51)	(8.55)	(9.54)	(3.96)
Since Inception*	(9.19)	(8.88)	(9.20)	(3.90)
Net Assets	\$238.52M	—	—	—

A All Cap

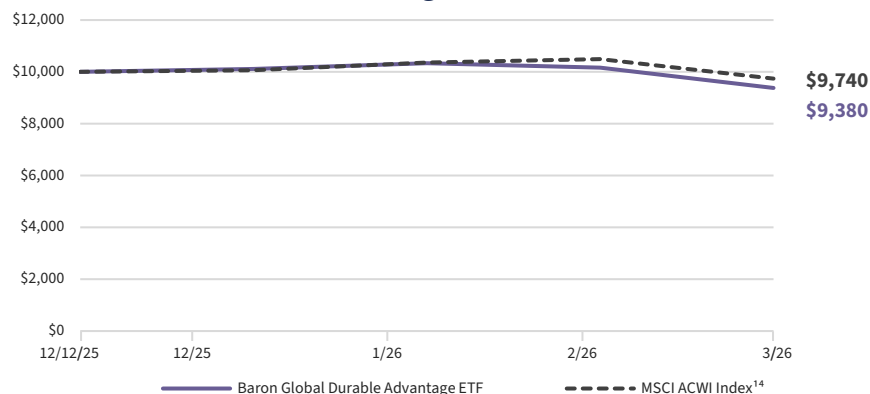
The Funds, MSCI USA Financials Index, MSCI ACWI Index, MSCI AC Asia ex Japan/India Linked Index, MSCI India Index, and MSCI Emerging Markets Index include reinvestment of dividends, net of foreign withholding taxes, while the Russell 3000 Health Care Index, Russell 3000 Growth Index, Russell 3000 Index, and S&P 500 Index include reinvestment of dividends before taxes. Reinvestment of dividends positively impacts performance results. The indexes are unmanaged. Index performance is not Fund performance. Investors cannot invest directly into an index.

* Not annualized.

See index footnotes on page 21.

Growth of \$10,000 Investment (Institutional Shares)

Baron Global Durable Advantage ETF® (Inception Date: 12/12/2025)

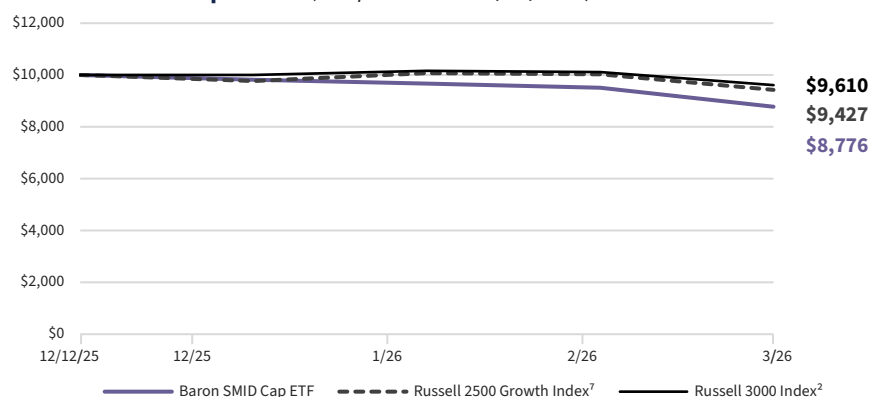


Annualized Returns (%)

	BCGD	Market Price Performance	MSCI ACWI Index ¹⁴
3 Months*	(7.29)	(7.95)	(3.20)
Since Inception*	(6.20)	(6.40)	(2.60)
Net Assets	\$7.27M	—	—

non US Non-U.S./Global

Baron SMID Cap ETF® (Inception Date: 12/12/2025)

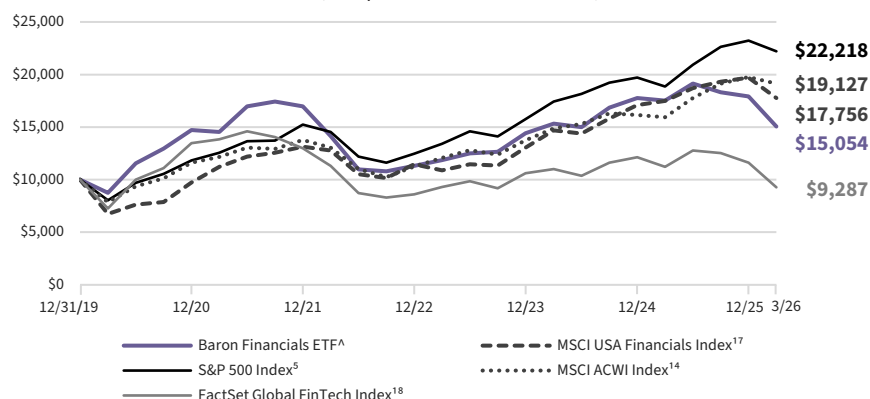


Annualized Returns (%)

	BCSM	Market Price Performance	Russell 2500 Growth Index ⁷	MSCI ACWI Index ¹⁴
3 Months*	(10.56)	(10.75)	(3.52)	(3.96)
Since Inception*	(12.24)	(12.13)	(5.73)	(3.90)
Net Assets	\$26.08M	—	—	—

S-M Small-Mid Cap

Baron Financials ETF® (Inception Date: 12/31/2019)[†]



Annualized Returns (%)

	Market Price Performance	MSCI USA Financials Index ¹⁷	S&P 500 Index ⁵	MSCI ACWI Index ¹⁴	FactSet Global FinTech Index ¹⁸
3 Months*	(15.97)	(16.23)	(9.89)	(4.33)	(20.15)
1 Year	(14.08)	(14.22)	1.53	17.80	20.01
3 Years	8.23	8.18	17.71	18.32	16.58
5 Years	0.71	0.40	9.59	12.06	9.49
Since Inception	6.76	6.50	9.62	13.62	10.93
Net Assets	\$45.90M	—	—	—	—

SCT Sector

The Funds, MSCI USA Financials Index, and MSCI ACWI Index include reinvestment of dividends, net of foreign withholding taxes, while the Russell 2500 Growth Index, FactSet Global FinTech Index and S&P 500 Index include reinvestment of dividends before taxes. Reinvestment of dividends positively impacts performance results. The indexes are unmanaged. Index performance is not Fund performance. Investors cannot invest directly into an index.

* Not annualized.

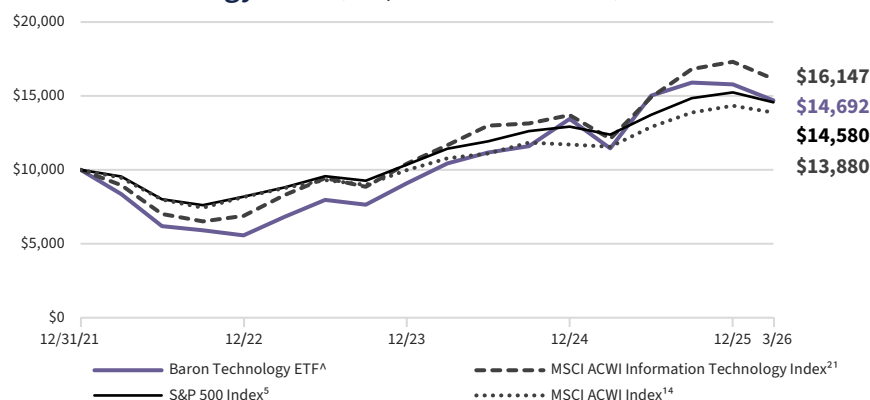
[^] NAV returns include returns of the institutional shares of the predecessor mutual fund prior to the ETF's commencement of operations. Prior to the ETFs listing on 12/15/2025 the NAV returns of the Institutional shares of the predecessor mutual fund are used as proxy market price returns. If the predecessor mutual fund had been structured as an exchange traded fund, its performance may have differed.

[†] As stated within the Supplement to the Summary Prospectus, Prospectus and Statement of Additional Information dated August 18, 2025, on December 12, 2025, Baron FinTech Fund® was converted from a mutual fund into an exchange-traded fund, Baron Financials ETF™. For additional information please refer to the prospectus.

See index footnotes on page 21.

Growth of \$10,000 Investment (Institutional Shares)

Baron Technology ETF® (Inception Date: 12/31/2021)†



Annualized Returns (%)

	BCTK ^A	Market Price Performance	MSCI ACWI Information Technology Index ²¹	S&P 500 Index ⁵	MSCI ACWI Index ¹⁴
3 Months*	(6.90)	(7.13)	(6.73)	(4.33)	(3.20)
1 Year	28.20	27.30	33.41	17.80	20.01
3 Years	29.15	28.85	24.83	18.32	16.58
Since Inception	9.47	9.29	11.93	9.28	8.02
Net Assets	\$143.51M	—	—	—	—

SCT Sector

The Fund, MSCI ACWI Information Technology Index, and MSCI ACWI Index include reinvestment of dividends, net of foreign withholding taxes, while the S&P 500 Index include reinvestment of dividends before taxes. Reinvestment of dividends positively impacts performance results. The indexes are unmanaged. Index performance is not Fund performance. Investors cannot invest directly into an index.

* Not annualized.

^A NAV returns include returns of the institutional shares of the predecessor mutual fund prior to the ETF's commencement of operations. Prior to the ETFs listing on 12/15/2025 the NAV returns of the Institutional shares of the predecessor mutual fund are used as proxy market price returns. If the predecessor mutual fund had been structured as an exchange traded fund, its performance may have differed.

† As stated within the Supplement to the Summary Prospectus, Prospectus and Statement of Additional Information dated August 18, 2025, on December 12, 2025, Baron Technology Fund® was converted from a mutual fund into an exchange-traded fund, Baron Technology ETF™. For additional information please refer to the prospectus.

¹ The Russell Midcap® Growth Index measures the performance of medium-sized U.S. companies that are classified as growth.

² 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.

³ The Russell 2000® Growth Index measures the performance of small-sized U.S. companies that are classified as growth.

⁴ The Russell 3000® Growth Index measures the performance of the broad growth segment of the U.S. equity universe.

⁵ The S&P 500 Index measures the performance of 500 widely held large-cap U.S. companies.

⁶ The Russell 1000® Growth Index measures the performance of large-sized U.S. companies that are classified as growth.

⁷ The Russell 2500™ Growth Index measures the performance of small to medium-sized U.S. companies that are classified as growth.

⁸ The MSCI ACWI ex USA Index Net (USD) is designed to measure the equity market performance of large and mid-cap securities across 22 of 23 Developed Markets countries (excluding the U.S.) and 24 Emerging Markets countries.

⁹ The MSCI ACWI ex USA IMI Growth Index Net (USD) is designed to measure the performance of large, mid and small cap growth securities exhibiting overall growth style characteristics across 22 of 23 Developed Markets countries (excluding the US) and 24 Emerging Markets countries.

¹⁰ The MSCI USA IMI Extended Real Estate Index Net (USD) is a custom index calculated by MSCI for, and as requested by, BAMCO, Inc. The index includes real estate and real estate-related GICS classification securities. MSCI makes no express or implied warranties or representations and shall have no liability whatsoever with respect to any MSCI data contained herein. The MSCI data may not be further redistributed or used as a basis for other indices or any securities or financial products. This report is not approved, reviewed or produced by MSCI.

¹¹ The MSCI US REIT Index Net (USD) is designed to measure the performance of all equity REITs in the US equity market, except for specialty equity REITs that do not generate a majority of their revenue and income from real estate rental and leasing operations.

¹² The MSCI Emerging Markets Index Net (USD) is designed to measure equity market performance of large and mid-cap securities across 24 Emerging Markets countries.

¹³ The MSCI Emerging Markets IMI Growth Index Net (USD) is designed to measure equity market performance of large, mid and small-cap securities exhibiting overall growth characteristics across 24 Emerging Markets countries.

¹⁴ The MSCI ACWI Index Net (USD) is designed to measure the equity market performance of large and mid-cap securities across 23 Developed Markets and 24 Emerging Markets countries.

¹⁵ The MSCI ACWI Growth Index Net (USD) is designed to measure the equity market performance of large and mid-cap securities exhibiting overall growth style characteristics across 23 Developed Markets countries and 24 Emerging Markets countries.

¹⁶ 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.

¹⁷ The MSCI USA Financials Index measures the performance of large- and mid-cap segments of the U.S. equity universe within the Financials sector.

¹⁸ The FactSet Global FinTech Index™ is an unmanaged and equal-weighted index that measures the equity market performance of companies engaged in Financial Technologies, primarily in the areas of software and consulting, data and analytics, digital payment processing, money transfer, and payment transaction-related hardware, across 30 Developed and Emerging Markets.

¹⁹ The MSCI AC Asia ex Japan/India Linked Index Net (USD) was created by the Adviser and links the performance of the MSCI AC Asia ex Japan Index for all periods prior to September 1, 2024 and the MSCI India Index for all periods thereafter.

²⁰ The MSCI India Index Net (USD) is a broad based securities index that is designed to measure the performance of the large and mid-cap segments of the Indian market.

²¹ The MSCI ACWI Information Technology Index Net (USD) is designed to measure large and mid-cap securities across 23 Developed Markets countries and 24 Emerging Markets countries. All securities in the index are classified in the Information Technology sector as per the Global Industry Classification Standard (GICS®).

Baron Funds Performance

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If a Fund's historical performance was impacted by gains from IPOs there is no guarantee that these results can be repeated or that the Funds' level of participation in IPOs will be the same in the future.

Investors should consider the investment objectives, risks, and charges and expenses of the investment carefully before investing. The prospectus and summary prospectuses 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.

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 or may waive or reimburse certain Funds' expenses pursuant to a contract expiring on August 29, 2035, unless renewed for another 11-year term, and the Funds' 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.

Risks: The Funds invest primarily in equity securities, which are subject to price fluctuations in the stock market. Non-U.S. investments may involve additional risks to those inherent in U.S. investments, including exchange-rate fluctuations, political or economic instability, the imposition of exchange controls, expropriation, limited disclosure and illiquid markets. This may result in greater share price volatility. Investments in developing countries may have increased risks due to a greater possibility of: settlement delays; currency and capital controls; interest rate sensitivity; corruption and crime; exchange rate volatility; and inflation or deflation. Investments in health care companies are subject to a number of risks, including the adverse impact of legislative actions and government regulations. 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. In addition to general market conditions, the value of the real estate and real estate related investments will be affected by the strength of the real estate markets as well as by interest rate fluctuations, credit risk, environmental issues and economic conditions. Even though the Funds are diversified, they may establish significant positions where the Adviser has the greatest conviction. This could increase volatility of the Funds' returns.

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).

Baron Discovery Fund[®]

Retail Shares: BDIFFX | Institutional Shares: BDFIX | R6 Shares: BDFUX



Randy Gwirtzman
Portfolio Manager

Laird Bieger
Portfolio Manager

Dear Baron Discovery Fund[®] Shareholder,

Performance

This was a challenging quarter for Baron Discovery Fund[®] (the Fund), both on an absolute and relative basis. In the first quarter of 2026, the Fund declined 10.65% (Institutional Shares), trailing the Russell 2000 Growth Index (the Index) by 7.84%. We don't take this lightly, and we have doubled our efforts to understand what is going on in the market both in the short term, and (far more importantly) as it affects the overall long-term embedded valuations of our holdings in the Fund.

Of the underperformance, five buckets accounted for 7.88% (essentially all of it):

- 2.63% came from Information Technology (IT) (software exposure was entirely responsible for the relative shortfall in the sector, but was partly offset by solid relative performance in areas benefiting from the AI secular growth narrative, such as semiconductor, semiconductor materials & equipment, and electronic equipment & instruments related companies)
- 1.76% came from Consumer Discretionary (higher energy prices, inflation and AI induced unemployment fears, plus noise around "prediction markets" competitors to **DraftKings Inc.**)
- 1.22% came from Health Care (there were no real standout mistakes here, but the market was negative on life sciences tools and health care technology)
- 1.17% came from our lack of exposure to Energy (higher oil prices related to the Iran action moved the sector up 26%) and Materials (aluminum and chemicals prices are up, also related to Iran);
- 1.09% came from Industrials (some of which related to concerns about commercial aerospace suppliers like **Loar Holdings Inc.** due to the military action in Iran)

Annualized performance (%) for periods ended March 31, 2026[†]

	Fund Retail Shares ^{1,2}	Fund Institutional Shares ^{1,2}	Russell 2000 Growth Index ¹	Russell 3000 Index ¹
QTD ³	(10.74)	(10.65)	(2.81)	(3.96)
1 Year	5.36	5.66	23.58	18.09
3 Years	8.01	8.31	12.27	17.86
5 Years	(2.46)	(2.20)	1.62	10.87
10 Years	13.11	13.41	9.79	13.72
Since Inception (9/30/2013)	11.05	11.34	8.37	12.88
Since Inception (9/30/2013) (Cumulative) ³	270.68	282.76	173.18	354.60

Of the underperformance, in IT, 3.71% of the relative deficit was attributable to software. If we include two health care companies that are software-related (**Waystar Holding Corp.** and **Heartflow, Inc.**), the total adverse impact from software in the quarter was (4.36%) or nearly 60% of our negative relative performance. These software companies almost uniformly beat earnings, yet shares dropped considerably.

Software has been decimated by the so-called "SaaS-pocalypse" which is shorthand for how the revolution of AI is changing the industry. SaaS stands for software as a service. The market has decided that all software companies are AI losers and, as a result, every one of our software holdings saw significant declines in the quarter. Despite generally strong fourth quarter earnings, the sharp declines have pushed software valuations to levels not seen

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, 2026 was 1.33% 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.

in more than 15 years. Although the short-term results have been difficult, we see this environment as a chance to invest in truly attractive opportunities across software companies that in our view have strong and sustainable competitive advantages. There are multiple potential catalysts that could quickly change the market's thinking on these software companies, and we want to be there to reap the benefits when that happens.

Companies like Anthropic and OpenAI have created models known as “frontier,” “foundation,” or “large language” AI models (LLMs) that have revolutionized the way we search for and categorize information that is generally publicly available. They have extended their LLMs into software coding, in a way that has become much more accessible to the general population, thereby democratizing software development. It is true that this revolution has made it much less expensive to develop basic software (for professionals and consumers alike). Companies that have value propositions based mostly on their actual code are truly at risk of disintermediation in the world of AI. However, we have largely avoided these types of companies. Our companies should have built-in competitive advantages, which extend far beyond the actual code. Our portfolio companies have their own internally developed AI which is custom tailored to their own domains. Here are a few examples of the differentiation which exists in our investments.

1. **Deterministic Data/Infrastructure Protection** - LLMs take the data that is available to them and search based upon it. If there is an actual answer to the question being asked, it will be returned. Where no actual answer can be found, a probabilistic “guess” is made in order to fill in the blanks. The answer may be correct, or it may not be (in which case you have what is called a “hallucination”). Software companies that deal with private customer data, not available to LLMs, have a prized possession because software using deterministic data will have an actual answer to a question being asked that in many cases cannot be addressed by an outside LLM. In fact, it may be unsafe, illegal, or out of policy for a company to use an external model, or to allow that external model to have access to its proprietary information.

Good examples of this are regulated companies in industries such as health care and finance. The more complex the environment, the more embedded the legacy software will be in the enterprise. Now these legacy software companies can use AI from an outside LLM through a link called an MCP Server (Model Context Protocol) to help fine-tune their own deterministic data. But there is a cost for using outside AI based on the amount of information “tokens” consumed. And breaches of MCP Server software have also been reported (see below). Cybersecurity companies in particular have the advantage of seeing all of a company's data and parsing it for particular threats to the internal network or application structure of that company.

The brands of these companies are valuable as they have built up years' worth of trust with their customers. This is why we have invested in **SentinelOne, Inc.**, which provides endpoint

protection using its own AI algorithms for cyber-breach discovery and remediation,. The same is true for observability software (which “instruments” everything that moves through a network or attaches to it, as well as the applications and data related to that movement). We own **Dynatrace, Inc.** which is architected on its own internal AI to predict failures in network software and hardware (whether in the cloud or on-premise) and works to automatically remediate the issues. It's used by the largest companies in the world that operate in the most complex environments (airlines, financial giants, and defense companies for example).

Deterministic/infrastructure oriented companies gain nearly all of their value by integrating with and servicing their clients' needs, rather than just by selling an off-the-shelf software package. Such software provides high return on investment (ROI), auditable security compliance, and peace of mind at a reasonable cost. Even if cheaper software solutions that were coded using LLM platforms came out, they would still have to be integrated and maintained into the enterprise's architecture, and they would have to link to outside LLM's for AI capability (which could cost a LOT more to run in the future versus what existing vendors charge for their “tuned” and more specific AI models). We believe that these companies will become even more valuable in an “agentic AI” world, where software autonomously executes tasks based on user goals, operates with its own enterprise privileges, and must be monitored and controlled.

2. **Network Effects Vertical Vendors** – Some companies serve a very specific customer base and provide increased value by giving each customer the benefit of understanding (using hard to compile domain specific data) what is going on in their industry. Examples of this include **ServiceTitan, Inc.**, which provides software for service trades such as plumbing and HVAC. It is an all-in-one platform for lead generation, job bookings, dispatching, estimating jobs, customer communications, and payments/financing. Each trade has its own specific characteristics and regional data on pricing, competition, service times, and contract terms that ServiceTitan understands deeply. It is not easy to switch the software out, particularly because it helps businesses automate their processes and minimize the overall personnel needed. **Procore Technologies, Inc.** provides integrated construction software, which is required by many of the major general contractors in order for subcontractors to be able to participate in a construction project. The software combines computer-aided design software blueprints with job scheduling, cost estimations, materials costs, and change order management. In this manner, the job site can be coordinated among all the different parties involved in the construction project. It is truly a community-oriented platform that is not easily replaced.
3. **Atoms Plus Electrons** – These are hybrids of software and hardware. They are in some ways the most protected because AI in and of itself can't create hardware. Companies like **Netskope, Inc.** fit into this category. Netskope is a misunderstood company which provides secure access service

edge (SASE) functionality for zero trust network access (ZTNA), data loss protection, and threat protection to its enterprise customers. It uses a proprietary network of worldwide data access centers as gateways for access to enterprise network resources, web resources, and applications. These physical data centers allow much faster data movement as well as for in-line scanning of network data for security purposes. The company is not earning full margins yet because it has invested in building its physical network (which is part of the reason it is down in the quarter). However, NetSkope is now starting to reap scaled revenue benefits, and its physical network gives the company an advantage over purely software-based ZTNA solutions in that it is safer and provides much faster overall network access (lower latency or delay). It cannot be replicated by software alone.

- 4. **Regulated Industries** – Some industries like health care in particular are heavily regulated, with extreme penalties for misuse or loss of patient information. And in some cases, such as with Heartflow (which uses AI software to map coronary arteries to assess blood flow and plaque buildup without an invasive procedure), clinical trials and Food and Drug Administration (FDA) approval are required before the software can be used.

While this discussion is important, the more practical question is when the market will begin to recognize the wide dispersion in intrinsic value across the software universe. We believe several catalysts are emerging that should separate the winners from the losers.

First, it is likely that we will see increased merger activity. Private equity funds specializing in software have recently raised tens of billions of dollars and would be very sophisticated buyers of high-quality companies at historically depressed evaluations (we have had eight companies acquired in this space in the last six years). Additionally, we are seeing strategic buyers from within the technology space purchase software companies. Last year we had two software companies purchased by such buyers, including CyberArk Software Ltd., a high-end cybersecurity company which was bought by Palo Alto Networks (announced in July 2025 and closed in February 2026).

Second, it is almost inevitable that there will be cyber-attacks based upon usage of LLM based AI within enterprises if the technology is not properly secured and controlled. We have already seen such an attack. In March 2026 LiteLLM, an LLM gateway tool (which allows developers to link their applications to over 100 different LLMs) was used as an attack vector. Poorly secured coding in this widely used tool led to widespread malware infiltration. The attack was so sophisticated that it allowed the attackers to rapidly spread the malware across on-premise and cloud resources and exfiltrate sensitive data to an external server. SentinelOne recently released a technical paper which showed how its own AI-driven software automatically and rapidly protected its users by finding and shutting down this attack and provided an audited trail of the attack vector itself.

Third, we are likely to see partnerships between legacy software companies and LLM providers, which will highlight the “last mile” deterministic data value of legacy software companies. Recent examples include partnerships with OpenAI and transaction processors such as Instacart, as well as a partnership with SentinelOne and Google (to provide autonomous, AI-based cloud security for Google Cloud customers).

Finally, we expect continued solid financial performance from companies with the protected characteristics described above. During the past quarter, our holdings generally delivered results ahead of expectations and raised guidance. We believe this trend will persist, and that growing free cash flow will ultimately capture investors’ attention. Yet valuations are lower than they have been in over a decade. As we have noted in past letters, software companies have incredible financial characteristics, including outsized margins, strong balance sheets, and the ability to actually generate more free cash flow as they grow (due to the upfront payment of subscription fees). For all these reasons, we have maintained our overweight in the software space, and we believe that we will see significant outperformance for years ahead of us.

Top contributors to performance for the quarter

	Contribution to Return (%)
Advanced Energy Industries, Inc.	1.07
Masimo Corporation	0.64
Arcellx, Inc.	0.59
Liberty Live Holdings, Inc.	0.38
Nova Ltd.	0.32

Advanced Energy Industries, Inc. is a designer and manufacturer of products used to transform, refine, and modify electrical power for use in semiconductor, industrial, medical, data center, and telecommunications end markets. Advanced Energy’s stock rose during the quarter as earnings and guidance were better than expected and as the market began to appreciate the strength that the company would see in both its data center and semiconductor end markets. The company is enjoying the fruits of having repositioned its data center segment to focus on sole-source, differentiated, higher margin business. AI’s increasing power requirements play to Advanced Energy’s strengths in power density and efficiency. The company also recently launched new products into the semiconductor market which are expected to drive strong growth through this year. Combined with the early stages of a recovery in its industrial and medical end markets, Advanced Energy is poised for several years of continued strong growth and margin expansion. The company also remains focused on acquisitions to bolster its product offerings, particularly in the large fragmented industrial and medical spaces.

Masimo Corporation is a medical device company that manufactures and sells a variety of non-invasive patient monitoring technologies, including its well-known pulse oximeters used to measure blood oxygen levels. Shares outperformed for the quarter

SMALL CAP

after Danaher Corporation announced that it would acquire Masimo at a 38% premium. This was a special situation driven by an activist investor that worked out very well for the Fund.

Arcellx, Inc. is a biotechnology company which uses CAR-T technology (modifies a patient's own immune cells to recognize and destroy cancer cells) to treat multiple myeloma. It is due to be acquired by Gilead Sciences Inc. in June (around which time we expect that Arcellx will receive FDA approval for its drug called Antio-cel).

Top detractors from performance for the quarter

	Contribution to Return (%)
Intapp, Inc.	(0.87)
DraftKings Inc.	(0.84)
Netskope, Inc.	(0.83)
ServiceTitan, Inc.	(0.83)
Alkami Technology Inc.	(0.74)

Intapp, Inc., a vertical software platform serving private equity, legal, and consulting firms, detracted from performance this quarter. The drawdown was driven by a sector-wide AI disruption narrative that hit legal-adjacent software stocks particularly hard, with Intapp declining sharply through mid-February after Anthropic announced new legal tools. We sold our investment in the quarter as we believe that our other software holdings have better overall competitive advantages.

DraftKings Inc. is the leading U.S. digital sports betting and iCasino operator. The stock declined as investors grappled with a guidance range that implied handle (amount bet) deceleration, elevated prediction markets investments to compete with firms like Kalshi and Polymarkets, and lingering debate around structural hold (the percentage of overage profit per bet) sustainability. The headline concerns obscure what we believe are strong fundamentals in the core sports betting business customer cohorts. Management built 2026 guidance on flat actual hold, a figure that has expanded every year in the industry's history. Parlay mix, the primary mechanical driver of hold, increased 500 basis points during NFL season and 200 basis points year to date. The \$800 million EBITDA midpoint also embeds a \$200 million headwind from prediction markets investment, which currently carries no associated revenue. Excluding that impact, implied core business EBITDA exceeds \$1 billion. We believe the stock is trading at attractive multiples relative to the company's long-term earnings potential and think the total addressable market for prediction markets, while nascent, has the potential to accelerate growth.

Shares of **Netskope, Inc.**, a cloud security and networking platform for enterprises, were down due to a combination of sector-wide and technical factors rather than fundamental weakness. The entire application software sub-sector experienced a sharp drawdown as investors weighed AI disruption risks, and recent IPOs like Netskope bore the heaviest losses. Adding to the pressure, Netskope's lock-up expiration in mid-March made roughly 390 million shares eligible for sale, creating a supply overhang that

coincided with the worst of the sub-sector selloff. The business itself performed very well— fiscal fourth quarter (ended January 31, 2026) revenue grew 32%, annualized recurring revenue (ARR) reached \$811 million, and grew 31%, the company posted record quarterly net new ARR, and achieved positive free cash flow for the first time. Management guided fiscal 2027 revenue above consensus expectations. We maintain conviction in Netskope's long-term positioning in the SASE market, where demand for securing cloud and AI workloads continues to grow, and view the current valuation as disconnected from the company's growth trajectory and competitive standing.

Portfolio Structure

Top 10 holdings

	Year Acquired	Quarter End Investment Value (\$M)	Percent of Net Assets (%)
Liberty Live Holdings, Inc.	2023	62.6	3.9
Advanced Energy Industries, Inc.	2019	62.0	3.8
Dynatrace, Inc.	2019	59.6	3.7
Loar Holdings Inc.	2024	45.8	2.8
Guidewire Software, Inc.	2022	44.9	2.8
CareDx, Inc.	2024	41.6	2.6
Forgent Power Solutions, Inc.	2026	40.2	2.5
SiteOne Landscape Supply, Inc.	2016	39.9	2.5
Waystar Holding Corp.	2025	39.8	2.5
Establishment Labs Holdings Inc.	2022	39.2	2.4

The top ten positions in the Fund represented 29.4% of the Fund's net assets and cash was 6.1%. Both of these were consistent with historical levels for the Fund.

Recent Activity

Top net purchases for the quarter

	Year Acquired	Quarter End Market Cap (\$B)	Net Amount Purchased (\$M)
Forgent Power Solutions, Inc.	2026	8.9	38.2
Enpro Inc.	2026	5.3	23.8
Dynatrace, Inc.	2019	11.0	20.7
Heartflow, Inc.	2025	2.1	20.5
Waystar Holding Corp.	2025	4.6	19.5

Forgent Power Solutions, Inc. is a leading manufacturer of electrical distribution equipment used in data centers, the power grid, and energy-intensive industrial applications. Forgent is a low- and medium-voltage equipment specialist and focuses on custom, "engineered-to-order" products (90% or more of revenue) whereas larger competitors in the industry generally focus more on higher voltage and standard products. Forgent differentiates itself from competitors by engaging deeply with customers in the

design phase and then offering custom products in shorter lead times than the standard products sold by competitors.

The company has nearly completed a manufacturing footprint investment which will support \$5 billion in revenue, giving it one of the largest state-of-the-art manufacturing footprints in the industry. Plus, it has very good visibility with about \$3 billion in annualized orders, with a \$1.5 billion current backlog. Electrical equipment, especially power transformers, remains a key bottleneck in the broader data center infrastructure build, and Forgent's capacity planning and manufacturing efficiency are uniquely positioned to take advantage of this supply/demand mismatch. Despite inefficiencies from excess capacity, Forgent already has near best-in-class adjusted cash flow margins, which we expect to continue to expand as the company drives more volume over its large manufacturing footprint. To date, most of its data center business has focused on colocation and neoclouds, with very large opportunities to engage with and support larger hyperscale customers going forward. We believe Forgent can grow its revenues to over \$5 billion in the next five years (from \$296 million in 2025 and an expected \$1.3 billion in 2026) supported by continued robust grid and data center capital expenditure as well as share gains from competitors in the market.

Enpro Inc. is a diversified industrial technology company whose proprietary, value add products and solutions provide critical functionality and protection across a wide range of demanding environments. Today, more than half of revenue is generated from recurring, high margin aftermarket applications, and a similar proportion is exposed to structurally higher growth end markets. Enpro's Sealing Technologies segment designs, engineers, and manufactures metallic seals, soft gaskets, wheel end products, and gas analyzers and sensors serving general industrial, commercial vehicle, power generation, food and pharmaceutical, aerospace, and petrochemical markets, supported by strong brands such as Garlock, which is widely regarded as the "Kleenex" of its category. The Advanced Surface Technologies (AST) segment is focused on the semiconductor market and provides precision manufacturing, cleaning, refurbishment, and coating services to leading wafer fabrication equipment original equipment manufacturers and foundries, with a particular emphasis on leading edge production.

We believe Enpro can deliver mid to high single-digit organic revenue growth over time, with EBITDA margins expanding into the high 20% range from the low to mid 20% range today, supported by contributions from both segments. Sealing Technologies should continue to achieve above GDP organic growth driven by strong pricing power and ongoing investment in innovation and attractive growth markets. AST is positioned to benefit from a multi year secular growth opportunity driven by increasing leading-edge semiconductor spending and a rising U.S. share of global manufacturing, particularly supported by AI driven demand in the near term. We also expect the company to continue deploying its strong free cash flow toward highly complementary acquisitions, leveraging its operational excellence capabilities to drive value creation. As Enpro continues to scale and margins improve, we believe the business will warrant a more premium valuation, supporting further upside over time.

We added to our position in **Dynatrace, Inc.**, a provider of "observability" software. For the reasons we laid out above we believe that this is a great deterministic data-oriented company, benefiting from significant competitive advantages. However, it is trading at a rock-bottom multiple (13 times free cash flow, with that metric is likely to grow in the mid-teens for the next few years).

We also added to **Heartflow, Inc.**, whose software analyzes CT scans of a patient's coronary arteries done with contrast, and shows calcification, plaque buildup, and blood flow quality in a three-dimensional model. It is hard to understand how Heartflow would be easily disintermediated, given the customer trust it has built up, and its FDA approved software based on significant clinical trials and millions of real-world CT scan analyses.

Finally, we added to **Waystar Holding Corp.**, which like Heartflow has been lumped into the "AI software losers" bucket. Waystar is a provider of revenue cycle management software to health care providers. The company has an AI driven, end-to-end suite of solutions that saves clients massive amounts of working capital costs by getting claims submitted quickly and correctly, and by automating insurance appeals when necessary. At under 11 times adjusted cash flow, but growing cash flow in the low teens, we believe the company is competitively advantaged and very cheap.

Top net sales for the quarter

	Year Acquired	Market Cap When Acquired (\$B)	Quarter End Market Cap or Market Cap When Sold (\$B)	Net Amount Sold (\$M)
Exact Sciences Corporation	2024	7.7	19.5	66.0
Masimo Corporation	2024	7.0	9.2	47.2
Clearwater Analytics Holdings, Inc.	2021	5.9	7.0	44.5
GitLab Inc.	2022	9.2	6.3	34.6
Arcellx, Inc.	2025	3.8	6.7	26.7

We sold several positions in the first quarter, mostly relating to companies set to be acquired. These included **Exact Sciences Corporation** (a cancer diagnostics company acquired by Abbott Laboratories in March), **Masimo Corporation**, **Clearwater Analytics Holdings, Inc.** (an investment accounting SaaS company due to be acquired by multiple private equity firms in June), and **Arcellx, Inc.** We also sold our remaining position in **GitLab Inc.** (a software company that enables enterprises to coordinate the development and production of software), as we came to the view that the company had the potential to be disintermediated by LLM developed solutions.

Conclusion

We hate to underperform. We “eat our own cooking,” as we have personally invested meaningful amounts of our net worth in the Fund. Rest assured that we are devoted to our process of investing in competitively advantaged companies with great management teams for the long term. We spend hours every day performing due diligence on our companies, including speaking with management teams, competitors, industry experts, and customers. So, we have true conviction in our investments for the reasons laid out above. Sometimes we are too early. But we believe we are not far away from seeing outperformance related to our hard work. We are grateful that you have chosen to take this journey with us.



Randy Gwartzman
Portfolio Manager



Laird Bieger
Portfolio Manager

¹ Historical performance was impacted by gains from IPOs. There is no guarantee that these results can be repeated or the level of IPO participation will be the same in the future.

¹ The **Russell 2000® Growth Index** measures the performance of small-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 2000® 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.

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 Not annualized.

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: Specific risks associated with investing in smaller companies include that the securities may be thinly traded and more difficult to sell during market downturns. 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 manager only through the end of the period stated in this report. The portfolio managers’ 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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Enterprise Value (EV) is a measure of a company’s total value, often used as a more comprehensive alternative to equity market capitalization. EV includes in its calculation the market capitalization of a company but also short-term and long-term debt as well as any cash on the company’s balance sheet. **Free Cash Flow (FCF)** represents the cash that a company generates after accounting for cash outflows to support operations and maintain its capital assets.

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QUARTERLY LETTER | MARCH 31, 2026

Baron Growth Fund[®]

Retail Shares: BGRFX | Institutional Shares: BGRIX | R6 Shares: BGRUX



Neal Rosenberg
Portfolio Manager

Ron Baron
Founder
CEO
Portfolio Manager

Dear Baron Growth Fund[®] Shareholder,

Performance

Baron Growth Fund[®] (the Fund) declined 12.06% (Institutional Shares) for the quarter ended March 31, 2026. This trailed the return of the Fund's benchmark, the Russell 2000 Growth Index (the Benchmark), which declined 2.81% for the quarter. The Russell 3000 Index, which measures performance of the broad U.S. equity market, declined 3.96% for the quarter.

Our performance was negatively impacted by escalating concerns about the impact of AI on broad swaths of the economy. While we are confident that we have invested in AI beneficiaries, many of our holdings are being valued as if they will be negatively impacted by advances in AI. Performance improved in mid-February as investors showed some renewed enthusiasm for the businesses in which we have invested. We believe that the valuation of the portfolio is particularly compelling given the significant divergence between its consistent earnings growth and its recent performance.

Concerns about AI-driven disruption broadened and deepened to start the year, primarily catalyzed by a new Anthropic model release. Anthropic's newest model improved its prior software development skills and demonstrated enhanced agentic capabilities that can address traditionally white-collar use cases. Public statements from management teams at the largest AI labs have given rise to concern, however unfounded, that AI will ultimately disrupt every labor-based business.

Declines that started in software and information services spread to a diverse set of industries over the quarter. The speed and magnitude of this sell-off has been notable, with investors abandoning entire industries en masse out of concern that they will cease to exist in the future. For example, commercial real estate stocks declined due to fear that AI may replace white collar labor and erode the need for office space. Insurance brokers declined on fears that insurance will be sold by AI agents rather than humans.

Performance listed in the above table is net of annual operating expenses. Annual expense ratio for the Retail shares and Institutional shares as of February 26, 2026 was 1.60% and 1.34%, respectively (comprised of operating expenses of 1.30% and 1.04%, respectively, and interest expense of 0.30% and 0.30%, 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 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.

Annualized performance (%) for periods ended March 31, 2026

	Fund Retail Shares ^{1,2}	Fund Institutional Shares ^{1,2,3}	Russell 2000 Growth Index ¹	Russell 3000 Index ¹
QTD ⁴	(12.11)	(12.06)	(2.81)	(3.96)
1 Year	(21.38)	(21.18)	23.58	18.09
3 Years	(5.71)	(5.47)	12.27	17.86
5 Years	(3.63)	(3.39)	1.62	10.87
10 Years	7.36	7.63	9.79	13.72
15 Years	7.69	7.96	9.09	12.81
Since Inception (12/31/1994)	10.91	11.07	7.91	10.78

Contract research organizations, which support drug development, declined on concerns that AI-led drug development will reduce or eliminate the need for human testing. Finally, childcare service stocks declined due to concerns that overall employment will shrink, eroding or eliminating the demand for third-party childcare.

The declines in stock prices of companies in AI-impacted industries have been dramatic. Companies that reported modest earnings or guidance misses have generally declined 20% or more, as the market interprets the shortfall as AI-related disruption regardless of its true fundamental driver. This occurred in shares of syndicated research provider **Gartner, Inc.**, where a roughly 0.5% revenue shortfall led to a 37.3% decline in the stock price this quarter. As we have previously written, we believe that the shortfall was due to public sector cost cuts and not substitution from AI. We view Gartner as a net beneficiary of AI and are optimistic that benefits will begin to materialize this year.

SMALL CAP

Even companies that are demonstrating accelerating growth, improving fundamentals, and growing barriers to entry were not immune from this sell-off. This quarter, **Guidewire Software, Inc.** reported outstanding financial results. Annual recurring revenue, its primary metric of future growth, grew 22%, the fastest rate of growth since its IPO in 2012. The world's largest insurance carriers are increasingly adopting Guidewire's core systems to power their businesses and are electing to make larger and longer commitments to Guidewire, as evidenced by a landmark 10-year deal with Liberty Mutual. The outstanding sales performance translated to revenue, earnings and free cash flow results well ahead of expectations. However, despite remarkable results, shares declined by 25.6% in the quarter due to broader fears about the impact of AI on software.

While the market views Guidewire as vulnerable to AI, we are confident that AI will be a significant tailwind for the company. Guidewire's InsuranceSuite platform serves as a core system of record for insurance carriers. Guidewire is the single source of truth for the policies written by an insurer, the claims that it needs to process, the premiums it needs to collect, and the payments it needs to make. Large language models (LLMs) have no ability to serve as such a system of record for various technical reasons. The complexity of insurance policies, their highly regulated nature, and the fact that they exclusively exist in Guidewire rather than in a physical form makes the system of record particularly critical, and therefore highly valuable. It is impossible to imagine a large carrier like State Farm betting its \$110 billion of annual recurring revenue in the hope that it can use AI to internally develop its own system of record that is better and cheaper than Guidewire. It is a similar stretch to imagine State Farm betting its 100-year old legacy on a system written by an AI lab founded within the last few years with zero insurance carrier customers. We believe the core system opportunity alone represents almost \$20 billion of annual recurring revenue, or close to 20 times Guidewire's current size.

We believe that AI will meaningfully expand this opportunity by enabling automation or intelligence on top of the core system of record. We believe that this will be completely incremental because it requires LLM capabilities to develop. Here, we expect to see AI labs and vendors bring rapid innovation to the market, and we are sure they will capture some market share. Guidewire has the same access to LLM tools and is already working aggressively to create new products to serve these use cases. We ultimately expect many carriers to select Guidewire's AI solutions wherever available since they will integrate seamlessly with the core system of record. We are already seeing Guidewire bring new AI-enabled capabilities to market and sign customers, and we expect adoption to grow rapidly over the year.

Finally, we expect Guidewire to benefit from the same internal productivity enhancements that AI is promising across businesses. We believe this will help the company support faster growth with lower costs, ultimately leading to better profitability. A similar efficiency benefit will be helping customers implement Guidewire's software faster and more cheaply. As this barrier to adoption declines, we expect Guidewire's growth to benefit.

We are confident that we own a high-quality portfolio that will generate attractive and consistent earnings growth. We see little-to-no evidence of AI negatively impacting fundamentals in any of the businesses in which we have invested. As such, we think that many of these stocks, particularly in software, information services, and business services, are extremely oversold. We believe they are extremely sticky and cash-generative and are trading at valuations that imply they will be out of business in the next 5 to 10 years. We believe that the examples of Gartner and Guidewire demonstrate that the majority of price declines have come from multiple compression. We think that the portfolio is extremely attractively valued and are optimistic that as sentiment on these impacted stocks improves the portfolio will benefit from multiple expansion that will enhance its go-forward returns.

The table below groups our portfolio based on our assessment of the attributes that best characterize each investment. While this does not perfectly correlate to the Global Industry Classification Standard, the industry standard nomenclature, we believe it provides added transparency into our thought process.

Total returns by investment type for the quarter

	Percent of Net Assets (%)	Total Return (%)	Contribution to Return (%)
Russell 2000 Growth Index		(2.81)	
Financials	68.6	(7.99)	(4.95)
Moelis & Company	0.0	8.51	0.05
Clearwater Analytics Holdings, Inc.	0.0	0.31	0.00
Arch Capital Group Ltd.	22.0	0.04	0.07
Primerica, Inc.	5.5	(2.74)	(0.18)
MSCI Inc.	18.4	(5.78)	(1.03)
Kinsale Capital Group, Inc.	11.3	(12.58)	(1.45)
Houlihan Lokey, Inc.	2.2	(17.21)	(0.34)
Morningstar, Inc.	3.5	(22.07)	(0.80)
FactSet Research Systems Inc.	5.6	(24.85)	(1.26)
Real/Irreplaceable Assets	23.5	(12.98)	(3.27)
Choice Hotels International, Inc.	10.9	8.90	0.66
Vail Resorts, Inc.	3.7	(1.77)	(0.08)
Red Rock Resorts, Inc.	4.8	(12.14)	(0.65)
CoStar Group, Inc.	4.1	(40.10)	(3.20)
Core Growth	22.0	(17.65)	(3.50)
FIGS, Inc.	7.0	30.02	1.18
IDEXX Laboratories, Inc.	4.3	(16.88)	(0.78)
Guidewire Software, Inc.	4.3	(25.60)	(0.93)
Gartner, Inc.	6.4	(37.25)	(2.97)
Cash and Cash Equivalents	(14.1)	--	0.00
Fees	--	(0.38)	(0.36)
Total	100.0*	(12.08)**	(12.08)**

* 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.

As of March 31, 2026, private investments held in the Disruptive Growth category represented less than 0.05% of net assets.

Our investments in **Real/Irreplaceable Assets**, **Core Growth**, and **Financials** companies represent 23.5%, 22.0%, and 68.6% of the Fund's net assets, respectively. We believe this balance appropriately reflects our goal to generate superior returns over time with less risk than the Benchmark.

Performance Characteristics: Millennium internet bubble to present.

	Millennium Internet to Financial Panic 12/31/1999 to 12/31/2008	Financial Panic to Present 12/31/2008 to 3/31/2026	Millennium Internet Bubble to Present 12/31/1999 to 3/31/2026	Inception 12/31/1994 to 3/31/2026
Alpha	5.05	1.25	3.42	5.08
Beta	0.58	0.79	0.70	0.71

Performance in Challenging Times: Millennium internet bubble to present. The impact of not losing money.

	Millennium Internet to Financial Panic 12/31/1999 to 12/31/2008		Financial Panic to Present 12/31/2008 to 3/31/2026		Millennium Internet Bubble to Present 12/31/1999 to 3/31/2026		Inception 12/31/1994 to 3/31/2026	
	Value of \$10,000	Annualized Return (%)	Value of \$10,000	Annualized Return (%)	Value of \$10,000	Annualized Return (%)	Value of \$10,000	Annualized Return (%)
Baron Growth Fund (Institutional Shares)	12,448	2.46	57,729	10.70	71,864	7.80	265,832	11.07
Russell 2000 Growth Index	6,476	(4.71)	69,889	11.93	45,257	5.92	107,955	7.91
Russell 3000 Index	7,634	(2.95)	97,321	14.10	74,299	7.94	244,901	10.78

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 meaningfully outperformed its Benchmark over the long term. The Fund has gained 11.07% on an annualized basis since its inception on December 31, 1994, which exceeds that of the Benchmark by 3.16% and the Russell 3000 Index by 0.29%. This represents robust absolute and relative returns across a variety of market environments, driven primarily by favorable stock selection. We attribute this result to not losing money during periods of significant market drawdowns. While the Fund did not make much money from December 31, 1999, through December 31, 2008, a period which includes the highs of the Internet Bubble and the lows of the Financial Panic, it did generate a positive annualized return of 2.46%. Conversely, a hypothetical investment in a fund designed to track the Fund's Benchmark would have declined in value by 4.71% on an annualized basis over the same time. Similarly, a hypothetical investment in a fund designed to track the Russell 3000 Index would have declined 2.95% annualized. (Please see the **Performance in Challenging Times** table IV–Millennium Internet Bubble to Financial Panic).

We believe that the power of compounding is better demonstrated by viewing these returns in dollar terms. A hypothetical investment of \$10,000 in the Fund at its inception on December 31, 1994 would be worth \$265,832 on March 31, 2026. This is approximately 2.5 times greater than the \$107,955 the same hypothetical investment made in a fund designed to track the Benchmark would be worth, and 9% more than a hypothetical investment in the Russell 3000 Index. Hypothetically, our returns were achieved with approximately 29% less volatility than the Benchmark, as represented by its beta. (Please see the **Performance in Challenging Times** and **Performance Characteristics** tables.) Importantly, we believe that the returns in the portfolio have come primarily through the compounded growth in the revenue and cash flow of the businesses in which we have invested rather than increases in valuation multiples.

Top contributors to performance for the quarter

	Year Acquired	Market Cap When Acquired (\$B)	Quarter End Market Cap (\$B)	Total Return (%)	Contribution to Return (%)
FIGS, Inc.	2022	1.7	2.5	30.02	1.18
Choice Hotels International, Inc.	1996	0.4	4.8	8.90	0.66
Arch Capital Group Ltd.	2002	0.4	34.2	0.04	0.07
Moelis & Company	2015	1.6	5.9	8.51	0.05

FIGS, Inc. designs and sells scrubwear for health care professionals through a digitally native, direct-to-consumer strategy. Shares rose following robust fourth-quarter results and upbeat 2026 guidance. Revenue expanded 33% to \$201.9 million, reflecting broad-based momentum across categories and geographies and exceeding expectations. Holiday demand was strong throughout the season and remained elevated through quarter-end. U.S. revenue rose 28.7% to \$164.2 million, while international revenue accelerated 55% to \$37.7 million, with scrubs and non-scrubwear contributing gains of 35% and 26%, respectively. This topline strength translated to profitability, with EBITDA rising 29.8% to \$26.7 million. Building on this momentum, revenue is expected to grow in the low-20% range in the first quarter and 10% to 12% for the full year. Additional drivers include accelerating international expansion, new store openings (both the ramping 2025 cohort and four locations planned for 2026), and continued traction in TEAMS (FIGS' enterprise and group ordering business). The company maintains a strong balance sheet, with no debt and roughly \$300 million in cash and marketable securities.

Global hotel franchisor **Choice Hotels International, Inc.** contributed to performance during the quarter as the company saw a slight acceleration in revenue per available room across its portfolio. Choice continues to grow units at a low-single-digit rate and is benefiting from higher royalty rates on new franchise contracts, driving mid-single-digit growth in earnings and free cash flow. The company is using this cashflow to return capital through share repurchases. We continue to believe the stock offers compelling value, trading at a roughly five multiple-point discount to its historical average. Choice maintains a strong balance sheet, providing flexibility for additional share buybacks, particularly when the stock trades below the company's view of intrinsic value. Choice's steady growth profile, both domestically and internationally, should further support attractive shareholder returns over time.

Specialty insurer **Arch Capital Group Ltd.** contributed to performance as property and casualty (P&C) insurance stocks broadly outpaced the market amid heightened volatility. P&C insurance stocks tend to be resilient during turbulent markets and are less exposed to the AI-related concerns weighing on other sectors. In addition, Arch reported better-than-expected quarterly earnings, and management expects a continuation of double-digit growth in book value per share. We continue to own the stock due to Arch's strong management team and our expectation of continued growth in earnings and book value over time.

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.	2004	0.7	16.9	(40.10)	(3.20)
Gartner, Inc.	2007	2.3	11.2	(37.25)	(2.97)
Kinsale Capital Group, Inc.	2016	0.6	7.9	(12.58)	(1.45)
FactSet Research Systems Inc.	2006	2.5	8.1	(24.85)	(1.26)
MSCI Inc.	2007	1.8	39.4	(5.78)	(1.03)

CoStar Group, Inc. is the leading provider of information and marketing services to the commercial and residential real estate industries. Shares fell due to multiple compression driven by rising AI fears. The market has come to view AI as an existential risk for a growing number of industries—including software, business services, information services, and video games—despite no evidence of any fundamental impact to these sectors. This “shoot first and ask questions later” dynamic has resulted in meaningful share price declines. We continue to own CoStar given its differentiated data assets and significant growth opportunities in providing enhanced real estate information, analytics, and marketplace offerings. CoStar boasts an enviable business model with high levels of recurring revenue and meaningful cash flow generation potential. While near-term cash flow is obscured by elevated investment in Homes.com, we expect spending to moderate and cash flow to improve over the next several years. The company also maintains a substantial cash balance, which

we are hopeful will be used to aggressively repurchase shares at current depressed valuation levels.

Syndicated research provider **Gartner, Inc.** detracted from performance as valuation multiples compressed amid rising concerns around AI. Investors have increasingly viewed AI as a potential existential risk across a widening range of industries—including software, business services, information services, and video games—despite no evidence of any fundamental impact to these sectors. This “shoot first and ask questions later” dynamic has driven meaningful share price declines across the group. Against this backdrop, shares of Gartner came under pressure after the company reported contract value growth that was just 0.5% below expectations, underscoring the dramatic valuation compression at play. We continue to own Gartner given its large addressable market, significant competitive advantages, and robust free cash flow generation, which we expect management to deploy toward share repurchases at depressed valuation levels. We also view Gartner as an AI beneficiary, as it can leverage emerging tools to extract deeper insights from its vast trove of proprietary data and deliver it to customers in chatbot-type formats that meaningfully enhance its value proposition.

Shares of specialty insurer **Kinsale Capital Group, Inc.** fell due to concerns about moderating growth amid a cyclical slowdown in the property and casualty insurance industry. In the most recent quarter, gross premium growth slowed because of a drop in large property business, where competition and pricing pressure are most acute. Nevertheless, Kinsale reported quarterly earnings that exceeded Street expectations, driven by higher earned premiums, very low catastrophe losses, and favorable reserve development. We continue to own the stock because we believe Kinsale is well managed and has a long runway for growth in an attractive segment of the insurance market.

Portfolio Structure and Investment Strategy

We seek to invest in businesses with attractive fundamental characteristics and long-term growth prospects. These attributes include high barriers to entry, sustainable competitive advantages, large and growing addressable markets, and durable secular tailwinds. We invest in business models that have recurring or predictable revenue, generate attractive incremental margins, are cash generative, and are not dependent on third-party financing. We invest with management teams that seek to consistently reinvest into their businesses to raise barriers to entry and pursue long-term profitable growth. We work with our growing team of analysts to conduct iterative and holistic due diligence by interacting with representatives of all company stakeholders. In addition to visiting regularly with a company's management team, we join our analysts in speaking with a company's existing and potential customers, key suppliers, and large competitors. We use such findings to refine our understanding of a business and its industry, assess its growth trajectory, test the durability of its competitive advantages, and ultimately reinforce or refute our investment thesis. We do this in an iterative manner and ultimately spend as much time researching long-held positions as we do when researching new potential investments.

We hold investments for the long term. As of March 31, 2026, our weighted average holding period was 18.6 years. This strategy is dramatically longer than most other small-cap growth funds, which, according to Morningstar, turn over about 72% of their portfolios annually based on an average for the last three years. The Fund's portfolio is designed to significantly outperform over the long term. Accordingly, it is much different than other funds that align more closely to index compositions. The portfolio's 10 largest positions have a weighted average holding period of 18.4 years, ranging from an 3.6-year investment in **FIGS, Inc.** to an investment in **Choice Hotels International, Inc.** that exceeds 29 years. We have held 11 investments, representing 88.8% of the Fund's net assets, for more than 10 years. We have held 5 investments, representing 25.3% of the Fund's net assets, for fewer than 10 years. We believe that the two tables below quantify the merits of our long-term holding philosophy.

Top performing stocks owned more than 10 years

	Year Acquired	Cumulative Return Since Date Acquired (%)	Annualized Return Since Date Acquired (%)
IDEXX Laboratories, Inc.	2005	3,804.0	18.9
Arch Capital Group Ltd.	2002	3,430.7	16.0
Choice Hotels International, Inc.	1996	2,897.5	12.3
MSCI Inc.	2007	2,356.3	19.0
Primerica, Inc.	2010	1,427.9	18.6

The cohort of investments that we have held for more than 10 years earned a weighted average annualized rate of return of 14.9% since we first purchased them. This exceeded the performance of the Fund's Benchmark by 6.5% annualized. Two of these investments have achieved annualized returns that exceeded the Benchmark by more than 10% per year.

Top performing stocks owned less than 10 years

	Year Acquired	Cumulative Return Since Date Acquired (%)	Annualized Return Since Date Acquired (%)
Kinsale Capital Group, Inc.	2016	1,192.3	31.6
Houlihan Lokey, Inc.	2017	312.1	18.3
Red Rock Resorts, Inc.	2016	283.1	14.5

The cohort of investments that we have held for fewer than 10 years has returned 21.4% annually on a weighted average basis since our initial purchase, exceeding the Benchmark by 12.4% annualized. Two of these investments have achieved annualized returns that exceeded the Benchmark by more than 10% per year.

Portfolio Holdings

As of March 31, 2026, we owned 17 investments. The top 10 holdings represented 96.4% of the Fund's net assets, which have been held for a minimum of three years. All were small-cap businesses at the time of purchase and have become top 10 positions through stock appreciation. Our holdings in these stocks have returned 17.1% annually based on weighted average assets since our initial investment, exceeding the Benchmark by an average of 8.6% annually. We attribute much of this relative outperformance to the superior growth rates and quality exhibited by these businesses relative to the Benchmark average. We believe all our positions offer significant further appreciation potential individually.

Top 10 holdings

	Year Acquired	Market Cap When Acquired (\$B)	Quarter End Market Cap (\$B)	Quarter End Investment Value (\$M)	Percent of Net Assets (%)
Arch Capital Group Ltd.	2002	0.4	34.2	575.1	22.0
MSCI Inc.	2007	1.8	39.4	481.6	18.4
Kinsale Capital Group, Inc.	2016	0.6	7.9	295.2	11.3
Choice Hotels International, Inc.	1996	0.4	4.8	284.6	10.9
FIGS, Inc.	2022	1.7	2.5	182.7	7.0
Gartner, Inc.	2007	2.3	11.2	167.8	6.4
FactSet Research Systems Inc.	2006	2.5	8.1	146.5	5.6
Primerica, Inc.	2010	1.1	7.9	144.3	5.5
Red Rock Resorts, Inc.	2016	2.3	5.6	125.3	4.8
IDEXX Laboratories, Inc.	2005	1.9	44.7	112.4	4.3

SMALL CAP

Thank you for joining us as fellow shareholders in Baron Growth Fund. We appreciate the confidence you have shown in us, and we will continue to work hard to justify that confidence.

Sincerely,



Ronald Baron
Founder
CEO
Portfolio Manager



Neal Rosenberg
Portfolio Manager

- ¹ The **Russell 2000® Growth Index** measures the performance of small-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 2000® 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.
- 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.

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Risks: Specific risks associated with investing in smaller companies include that the securities may be thinly traded and more difficult to sell during market downturns. 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 manager only through the end of the period stated in this report. The portfolio manager’s views are not intended as recommendations or investment advice to any person reading this report and are subject to change at any time based on market and other conditions and Baron has no obligation to update them.

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

The portfolio manager defines “**Quality**” as well-managed, competitively advantaged, faster growing companies with higher margins and returns on invested capital and lower leverage that are leaders in their respective markets. Note that this statement represents the manager’s opinion and is not based on a third-party ranking. **Beta** measures a fund’s sensitivity to market movements. The beta of the market (Russell 2000 Growth Index) is 1.00 by definition.

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).

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QUARTERLY LETTER | MARCH 31, 2026

Baron Small Cap Fund[®]

Retail Shares: BSCFX | Institutional Shares: BSFIX | R6 Shares: BSCUX



Cliff Greenberg
Portfolio Manager

Dear Baron Small Cap Fund[®] Shareholder,

Performance

Baron Small Cap Fund[®] (the Fund) was down 7.90% (Institutional Shares) in the first quarter, trailing the Russell 2000 Growth Index (the Index) by 5.09%, as the Index was down 2.81%.

Stocks started the quarter on the rise, trading to new record highs, but ended lower in the quarter. The initial gains were based on expectations for higher growth and interest rate cuts. However, market sentiment shifted in February and the market traded lower. The release of new AI applications rattled the markets over concerns of its potential disruption to many service businesses and the long-term impact on software offerings, sending stocks in both these sectors into a tailspin. The broad concern about AI's potential impact on employment also weighed on consumer stocks. Then in late February, war broke out in Iran, causing oil prices to spike dramatically. As the war continued without clear signs of de-escalation, interest rates rose and inflation ticked higher. The near-term path to fast growth and lower rates hit a wall because of escalating geopolitical tensions. The market tumbled. This “oil shock” is the next bout to deal with, following the prior “inflation shock of 2022” and the “tariff shock of 2024.”

Small-cap stocks started the year off strongly, as did the Fund, and ended up outperforming other indexes. It was a quarter where small value outperformed growth, and certain commodity-oriented sectors—Energy, Materials, and Industrials—were up lots in the quarter. Information Technology (IT) and Consumer sectors did poorly. As the Fund is positioned towards growth and has heavy exposure to technology and consumer stocks, our positioning this quarter wasn't in sync with what performed best in the Index.

About two-thirds of the Fund's underperformance versus the Index was principally due to adverse impacts from active industry exposures, led by overexposure to the lagging Insurance Brokers

Annualized performance (%) for periods ended March 31, 2026[†]

	Fund Retail Shares ^{1,2}	Fund Institutional Shares ^{1,2,3}	Russell 2000 Growth Index ¹	Russell 3000 Index ¹
QTD ⁴	(7.98)	(7.90)	(2.81)	(3.96)
1 Year	0.33	0.61	23.58	18.09
3 Years	6.22	6.50	12.27	17.86
5 Years	0.30	0.56	1.62	10.87
10 Years	10.11	10.39	9.79	13.72
15 Years	8.84	9.12	9.09	12.81
Since Inception (9/30/1997)	9.32	9.49	6.50	8.92

and Reinsurance and Hotels, Leisure and Consumer Services industries. Lower exposure to AI beneficiaries in Semiconductors, Communications Equipment, Computers Electronics, and Semiconductor Equipment also hampered performance, as these industries managed strong gains in a generally weak market. The Fund's overexposure to software and services-related industries (Internet Software and IT Services and Software) also weighed on performance. Lastly, lack of exposure to Energy-linked industries (Oil and Gas Equipment and Services, Oil Gas and Consumable Fuels, and Oil and Gas Exploration and Production), which were up sharply alongside the price of oil in the period, hampered performance. The remaining underperformance came from style factors, principally underexposure to Momentum, the performance of which remained strong to begin the year. Underexposure to the Momentum factor was a 2.21% relative drag on the Fund's performance.

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, 2026 was 1.32% and 1.06%, 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 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.

SMALL CAP

The Fund maintains a sizeable investment in AI infrastructure buildout. Capital spending continues at a breakneck pace with no end in sight. Our large holdings in **Vertiv Holdings Co** and **Legence Corp.** posted tremendous results and their stocks continued to soar. The other stocks that performed the best were primarily one-off situations where companies showed improving results, with examples being **Cognex Corporation** and **Neogen Corp.** See below for further discussion. These gains were offset by some significant declines in our software, consumer, and financial holdings. The Fund's four application software companies, **Guidewire Software, Inc.**, **Intapp, Inc.**, **PAR Technology Corporation**, and **nCino Inc.**, were each down meaningfully in the quarter on the AI disruption narrative, despite sanguine results and outlooks. These declines alone dragged down absolute performance by almost 3%.

Other stocks in the services sector down on AI fears were **Gartner, Inc.**, **ASGN Incorporated**, and **First Advantage Corporation**. Consumer Discretionary holdings were also a drag, as **Planet Fitness, Inc.**, **Red Rock Resorts, Inc.**, and **DraftKings Inc.** all declined for varied reasons. And **Kinsale Capital Group, Inc.** and other insurance holdings were weak as business softened and interest rates rose. More bad than good this quarter, which is why we ended up down more than the Index.

Top contributors to performance for the quarter

	Contribution to Return (%)
Vertiv Holdings Co	2.73
Cognex Corporation	0.66
RBC Bearings Incorporated	0.57
Legence Corp.	0.47
Madison Square Garden Sports Corp.	0.34

Vertiv Holdings Co is a leading global provider of critical digital infrastructure solutions for data centers, communication networks, and commercial and industrial environments, with one of the broadest offerings in electrical and thermal management equipment and services within the data center infrastructure industry. Shares increased after Vertiv reported blowout orders and backlog, well above expectations, and guided to meaningfully higher earnings. The company is benefiting from the industry's shift toward integrated and modular solutions. Vertiv is a leading provider of these solutions, backed by industry-leading servicing capabilities, and is also well positioned to support key technology transitions, including liquid cooling and direct current architectures. We underwrite that Vertiv will grow its revenues by over 40% in 2026 and 30% in 2027, with increasing margins and free cash flow. Though the stock is up a ton, it trades at a reasonable multiple. We continue to see big upside and hold a large position.

Cognex Corporation is a leading provider of machine vision solutions. Shares climbed during the quarter following a strong earnings report, with the company showing signs of a return to accelerated growth alongside material cost reductions initiated by the new management team, with whom we are very impressed. We

believe Cognex is positioned to benefit from improving industrial conditions and has substantial latent operating leverage that could drive earnings to double over the next two to three years. We remain confident in Cognex's position as the best-in-class provider of advanced machine vision solutions.

RBC Bearings Incorporated is a proprietary aerospace and defense (A&D) and industrial solutions provider. Shares rose during the quarter as the company's end markets are undergoing significant, sustained growth—from A&D, led by marine-related programs, to commercial original equipment manufacturers, driven by Boeing's reaccelerated production ramp. As a top-tier supplier, RBC is well positioned to meet this elevated level of demand, which should persist for the foreseeable future.

Other holdings that rose over 30% in the quarter but added less to the overall returns were Legence and Neogen.

Top detractors from performance for the quarter

	Contribution to Return (%)
Planet Fitness, Inc.	(1.07)
Gartner, Inc.	(1.06)
Guidewire Software, Inc.	(0.99)
ICON plc	(0.98)
Intapp, Inc.	(0.88)

Planet Fitness, Inc., a leading franchiser and operator of low-cost fitness centers, detracted from performance after the company issued disappointing 2026 guidance that came in below investor expectations, especially relative to more aggressive three-year financial targets provided months earlier. During the quarter, the company's internal improvements under new leadership led to same-store sales growth of 5.7%, EBITDA increasing 12%, earnings per share rising 18.6%, and gym openings exceeding expectations. Longer term, we believe Planet Fitness will benefit from ongoing initiatives to improve member experience and franchisee returns, remaining well positioned as the category leader in the secularly attractive fitness industry. We believe the new management team is very strong and believe in their vision of enhancing the brand, evolving the offering, and revitalizing growth. The stock traded down to a very cheap multiple for this leading franchise business over this guidance faux pas, which will cure itself over time.

Syndicated research provider **Gartner, Inc.** detracted from performance as valuation multiples compressed amid rising concerns around AI for IT services companies. Against this backdrop, shares of Gartner came under pressure after the company reported contract value growth that was slightly below expectations, underscoring the dramatic valuation compression at play. We continue to own Gartner given its large addressable market, significant competitive advantages, and robust free cash flow generation. Management has been extremely aggressive with share repurchases at these depressed valuation levels and remains steadfast in their belief that growth will rebound.

Shares of property and casualty insurance software vendor **Guidewire Software, Inc.** declined during the quarter amid concerns about the disruptive impact of AI, which weighed broadly on software stocks. We retain conviction in Guidewire and believe its fundamentals remain robust. The company's cloud sales are accelerating, with annual recurring revenue benefiting from new customer wins, expansions, and migrations of its existing customer base. The ongoing shift away from on-premises deployments, along with strong customer references from insurers such as Liberty Mutual, The Hartford, and Sampo, should further accelerate customer migration to the cloud. Additionally, Guidewire is ramping investment in product development, which should facilitate cross-selling into its sticky installed base. AI should act as a tailwind, helping the company accelerate product releases, create products that were previously out of reach, and reduce the cost of customer implementations (a historical impediment to adoption). We believe these dynamics position Guidewire for sustained growth over the long term.

Other stocks, besides those listed above, that declined by over 30% this quarter were **ODDITY Tech Ltd.**, **PAR**, **The Trade Desk**, **nCino**, **DraftKings**, **Grid Dynamics Holdings, Inc.**, and **Inspire Medical Systems, Inc.**

Portfolio Structure and Recent Activity

As of March 31, 2025, the Fund had \$2.7 billion under management and owned 53 stocks. The top 10 holdings accounted for 42.0% of the Fund's net assets.

Top 10 holdings

	Year Acquired	Quarter End Investment Value (\$M)	Percent of Net Assets (%)
Vertiv Holdings Co	2019	213.0	7.9
Red Rock Resorts, Inc.	2016	136.1	5.0
SiteOne Landscape Supply, Inc.	2016	129.8	4.8
Kinsale Capital Group, Inc.	2019	126.4	4.7
Guidewire Software, Inc.	2012	112.2	4.2
Planet Fitness, Inc.	2018	89.3	3.3
Cognex Corporation	2011	85.2	3.2
JBT Marel Corporation	2017	84.4	3.1
TransDigm Group Incorporated	2006	81.1	3.0
RBC Bearings Incorporated	2014	76.0	2.8

As usual, the Fund is primarily invested in five sectors... Industrials, Consumer Discretionary, IT, Financials, and Health Care. These are areas where we believe we have deep investment expertise and experience. And where we believe we can identify special, competitively advantaged businesses, that are run by superior management teams and have long runways of growth ahead.

We are aware of the composition of the Index to which we are compared, but our portfolio reflects our own fundamental research and convictions, so it varies significantly from the Index

in its makeup. Broadly, we are well overweight in Consumer Discretionary and Industrials, overweight in Financials, modestly underweight in IT, and well underweight in Health Care. Sometimes our sectors are out of favor, as was the case this last quarter, but as we have in the past, we plan to stick to our knitting and remain long-term shareholders in businesses we believe in long term.

Top net purchases for the quarter

	Year Acquired	Quarter End Market Cap (\$B)	Net Amount Purchased (\$M)
Once Upon a Farm, PBC	2026	0.7	27.8
DraftKings Inc.	2020	10.7	16.6
VSE Corporation	2026	5.2	14.1
Andersen Group Inc.	2025	3.0	8.4
Bright Horizons Family Solutions, Inc.	2013	4.5	4.9

In the first quarter we added two new holdings, **Once Upon a Farm, PBC** and **VSE Corporation**, and increased positions in recent new purchases **Andersen Group Inc.**, **Hinge Health, Inc.**, and **Mirion Technologies, Inc.** We also added to many of our long-standing existing holdings, such as **DraftKings Inc.**, **Bright Horizons Family Solutions, Inc.**, and **Planet Fitness, Inc.**, at what we think are attractive prices.

We initiated a position in Once Upon a Farm during their IPO. The company is a rapidly growing leader in modern childhood nutrition providing innovative, nutrient-packed, organic food. Its products are made with no added sugar, no preservatives, and nothing artificial. Once Upon a Farm is led by industry veteran John Foraker — who ran Annie's as a public company — who joined with Jennifer Garner to help build the company. We believe Once Upon a Farm is one of the most compelling emerging brands in natural and organic food, with a differentiated product, strong management, and a still-early distribution footprint that we expect to drive many years of compounding growth.

Once Upon a Farm's products are unique via its product technology. Its core pouches are produced using high, cold pressure, never heating them above 40 degrees, which preserves nutrients and produces a taste and texture as if it were homemade. Traditional baby food manufacturers rely on high-heat processing to create shelf-stable products, a method that compromises nutritional quality. That product quality has translated into a loyal and vocal consumer base with high Net Promoter Scores and strong word of mouth marketing.

The company also sells pouches specifically formulated for babies, which are increasingly distributed through coolers in the baby aisle. As of December 31, 2025, Once Upon a Farm has over 3,400 coolers deployed nationally. The company believes its coolers are highly incremental to baby food category growth, leading to larger and more profitable baskets for retailers. We believe over time the company can have close to 15,000 coolers driving significant revenue, as they both expand distribution and revenue per cooler through new product introductions.

We expect growth of over 25% with expanding profitability driven by innovation in the core pouch business, further expansion into kid snacking, and as the company methodically enters new categories. We can envision a business that can scale to over \$1 billion in revenues in time. That is nicely profitable and worth a high multiple of earnings as a standalone company or as part of a large food company. If this plays out that way, the company will be worth multiples of where we have established our position

Top net sales for the quarter

	Year Acquired	Market Cap When Acquired (\$B)	Quarter End Market Cap or Market Cap When Sold (\$B)	Net Amount Sold (\$M)
Vertiv Holdings Co	2019	1.0	95.9	90.5
Clearwater Analytics Holdings, Inc.	2021	5.9	6.8	75.8
RBC Bearings Incorporated	2014	1.5	17.2	47.2
Installed Building Products, Inc.	2017	2.4	7.2	42.9
Karman Holdings Inc.	2025	4.0	10.6	41.6

During the quarter, the majority of sales were trimming of large positions in our best performing stocks (**Vertiv Holdings Co, RBC Bearings Incorporated, Installed Building Products, Inc., Karman Holdings Inc.**).

We exited **Clearwater Analytics Holdings, Inc.** to redeploy funds elsewhere, as the company is being taken private in an acquisition expected to close early in the second quarter.

We sold **ODDITY Tech Ltd.** after a Meta algorithm update proved incompatible with the company's "Try Before You Buy" model, routing ads toward low-intent audiences and sending customer acquisition costs to levels that made new customer acquisition unprofitable. This forced management to pull back on growth in marketing during their peak Q1 acquisition window. With no firm timeline for resolution and a recovery path that requires rebuilding core prediction models and retooling the acquisition funnel, we decided to exit the position.

Outlook

We are writing this report in mid-April. The market has been extremely volatile. News from the war in Iran has been driving the market direction. We have just had a strong run and Indexes are back to new all-time highs. The market is presently pricing in a resolution of the seven-week war in Iran on the belief that the present ceasefire will stay intact as evidenced by the collapse in the price of oil. However, it's a very fluid situation. And complicated.

Recent economic reports have been favorable. The economy remains resilient and business is healthy. The latest jobs report trended better, and the labor market is firmer. Though inflation ticked up, looking under the hood shows that the inflation outlook improved and core inflation remains modest and declining.

If the war is ending, then I do think we will return to the bullish outlook that was evident at the beginning of the year...that economic growth will accelerate from the rolling recession of that last couple of years, and widen beyond just the jolt coming from the AI buildout; that the Fed will continue on its path to reduce interest rates to support employment, though this is on hold till the risk of inflation is reduced; and that the market will broaden with stocks other than the Magnificent Seven and other AI beneficiaries leading. This would be a good environment for small caps in general and for our stocks in particular. We view our stocks as poised to have faster growth and to be trading at low absolute multiples and cheap relative to other stocks.

Of course, if the war continues or escalates it would be a different environment. Some other real concerns to mention are that the market in general is trading at a high valuation level... even if we believe our stocks are cheap. And that government debt levels are high and the political environment is contentious so long-term interest rates might not decline much in conjunction with the expected Fed rate cuts.

Ok, enough of the market environment stuff. We remain steadfast in our approach to uncover and invest in great companies that we believe will excel for years to come and their stocks will appreciate in course. On the cusp of this AI revolution, the market is rightfully questioning the sustainability of competitive advantage of many companies. This is a big focus of our work. Within the portfolio, we have investments in businesses that we believe will be advantaged by AI but the stocks have sold off, often significantly, on concerns about AI-driven disruption. In these cases, we see great opportunity in the stocks, but we need to be prudent in sizing our positions appropriately to avoid too much near-term angst.

Thank you for investing in the Fund.

Sincerely,



Cliff Greenberg
Portfolio Manager

[†] Historical performance was impacted by gains from IPOs. There is no guarantee that these results can be repeated or the level of IPO participation will be the same in the future.

¹ The **Russell 2000® Growth Index** measures the performance of small-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 2000® 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.

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

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.

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QUARTERLY LETTER | MARCH 31, 2026

Baron Focused Growth Fund[®]

Retail Shares: BFGFX | Institutional Shares: BFGIX | R6 Shares: BFGUX



David Baron
Co-President
Portfolio Manager

Ron Baron
Founder
CEO
Portfolio Manager

Dear Baron Focused Growth Fund[®] Shareholder,

Performance

Baron Focused Growth Fund[®] (the Fund) had a disappointing start to 2026, with a decline of 4.99% (Institutional Shares) compared with a 3.52% loss for the Russell 2500 Growth Index (the Benchmark). The quarterly underperformance was due to continued concerns about the effects of AI on many businesses held in the portfolio as well as worries about the impact of the Iran war on inflation, interest rates, and consumer spending. These declines were partially offset by **Space Exploration Technologies Corp.** (SpaceX) and its deal to acquire **X.AI Holdings Corp.** (xAI), which resulted in the revaluation of the combined business at a significantly higher enterprise value.

While we are disappointed with the start of the year, we continue to see opportunities throughout the portfolio. Our portfolio companies continue to do quite well and are generating strong growth and cash flow for additional investments in their businesses to accelerate growth further with excess cash being returned to shareholders through share buybacks and dividends.

All of our companies have strong balance sheets with many operating with financial leverage below their targeted levels, giving them additional liquidity to lever up and buy back more stock should they desire.

Valuations for many stocks in the portfolio are now trading at historically low levels, and we believe there is a disconnect between where these businesses trade today and what they can become over time. As a result, this past quarter we saw an accelerated rate of insider purchases from executives and directors at **Verisk Analytics, Inc.**, **Birkenstock Holdings plc**, **Vail Resorts, Inc.**, **FactSet Research Systems Inc.**, **MSCI Inc.**, **Figma, Inc.**, and

Annualized performance (%) for periods ended March 31, 2026

	Fund Retail Shares ^{1,2,3}	Fund Institutional Shares ^{1,2,3,4}	Russell 2500 Growth Index ¹	Russell 3000 Index ¹
QTD ⁵	(5.05)	(4.99)	(3.52)	(3.96)
1 Year	25.86	26.18	19.31	18.09
3 Year	18.65	18.96	10.61	17.86
5 Year	10.23	10.51	1.75	10.87
10 Year	20.14	20.45	10.46	13.72
15 Year	15.17	15.47	9.89	12.81
Since Conversion (6/30/2008)	13.84	14.11	9.78	11.46
Since Inception (5/31/1996)	13.68	13.84	8.10	9.79

CoStar Group, Inc. When we see these insider purchases, it gives us further confidence in our investment theses for these growth businesses and reinforces our belief that valuations are attractive. As a result, during the quarter we increased our positions in many of these stocks while adding a couple of new names as well. We are continuing to make sure the portfolio remains focused while being cognizant that positions are appropriately sized for risk in this concentrated Fund.

We believe this combination of strong revenue growth with well-positioned balance sheets and attractive valuations offers multiple avenues for potential returns for investors. As a result, we continue to view the portfolio as compelling, with a favorable risk/reward profile.

Performance listed in the above table is net of annual operating expenses. Annual expense ratio for the Retail Shares and Institutional Shares as of April 30, 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.

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Further, we believe there is still a ton of capital remaining on the sidelines waiting to be invested, including private equity firms who continue to raise new funds. We believe as rates continue to move lower over the next year, public to private transactions and strategic acquisitions should accelerate, which should further support valuations and our investments. We continue to believe these businesses have strong competitive advantages with underpenetrated growth opportunities ahead of them and robust balance sheets to finance their growth.

In the near term, we continue to believe that inflation will remain at or below the historic 3% to 4% annualized level, and interest rates will approximate the rate of inflation. This has been the case since World War II. We believe that is a favorable environment for businesses that are growing significantly faster than the rate of inflation and the 5% nominal annualized growth rate of our economy last year according to the Bureau of Economic Analysis.

The Fund has continued to outperform its Benchmark over the prior 3-, 5-, and 10- year periods, generating significant excess returns with much less than market risk. Over the past 3-, 5-, and 10- year periods, the Fund has generated 835, 876, and 999 bps of outperformance, respectively, with volatility measured as the Beta of the Fund that is approximately 34%, 15%, and 5%, respectively, less than the market. As a result, the Fund's Sharpe ratio, a measure of risk-adjusted return, was significantly higher than the Benchmark for each of these periods.

We believe these strong returns with downside management of risk are due to our research-based investment process. Our research enables us to identify and understand businesses' competitive advantages, differentiation, long-term growth prospects, and exceptional people; and it allows us to invest in these businesses for the long term at what we believe are attractive valuations relative to what these businesses can become. As a result, as shown in the table below, the Fund has outperformed its Benchmark for all relevant periods, including since its inception on May 31, 1996. **Since its inception as a private partnership almost 30 years ago, the Fund has increased 13.84% annually. This compares to an 8.10% annualized return for the Benchmark and a 9.79% annualized return for the Russell 3000 Index that measures the performance of the broad U.S. equity market.**

Total returns by investment type for the quarter

	Percent of Net Assets (%)	Total Return (%)	Contribution to Return (%)
Disruptive Growth	36.4	4.24	1.49
Space Exploration Technologies Corp.	21.2	22.88	4.58
Neuralink Corp.	0.1	--	--
Samsara Inc.	1.8	(10.32)	(0.21)
Spotify Technology S.A.	3.9	(16.55)	(0.72)
Tesla, Inc.	6.0	(17.34)	(1.26)
Shopify Inc.	3.1	(26.19)	(0.78)
Figma, Inc.	0.4	(43.98)	(0.11)

Total returns by investment type for the quarter (continued)

	Percent of Net Assets (%)	Total Return (%)	Contribution to Return (%)
Russell 2500 Growth Index		(3.52)	
Financials	17.1	(9.06)	(1.43)
Interactive Brokers Group, Inc.	3.7	4.41	0.22
Morningstar, Inc.	0.4	0.29	0.00
Arch Capital Group Ltd.	2.5	0.07	0.02
MSCI Inc.	5.5	(5.85)	(0.28)
FactSet Research Systems Inc.	3.4	(25.02)	(0.99)
Jefferies Financial Group Inc.	1.6	(33.85)	(0.41)
Real/Irreplaceable Assets	21.3	(9.70)	(2.17)
Choice Hotels International, Inc.	3.0	8.68	0.24
Toll Brothers, Inc.	1.0	1.10	0.03
Vail Resorts, Inc.	3.4	(1.84)	(0.09)
Airbnb, Inc.	2.8	(7.50)	(0.09)
Hyatt Hotels Corporation	3.9	(10.32)	(0.37)
Wynn Resorts, Limited	1.1	(11.46)	(0.09)
Red Rock Resorts, Inc.	3.3	(12.03)	(0.40)
Las Vegas Sands Corporation	1.3	(16.47)	(0.25)
CoStar Group, Inc.	1.5	(40.50)	(1.15)
Core Growth	24.8	(11.21)	(2.66)
FIGS, Inc.	3.4	30.02	0.72
Live Nation Entertainment, Inc.	1.0	7.02	0.07
Gartner, Inc.	3.1	(0.42)	0.02
Birkenstock Holding plc	3.0	(12.27)	(0.34)
Verisk Analytics, Inc.	3.8	(15.32)	(0.43)
IDEXX Laboratories, Inc.	3.5	(16.95)	(0.71)
Guidewire Software, Inc.	3.5	(25.66)	(0.88)
On Holding AG	3.5	(26.57)	(1.10)
Cash and Cash Equivalents	0.4	--	0.02
Fees	--	(0.26)	(0.26)
Total	100.0*	(5.01)**	(5.01)**

* 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.

Aside from two of our private investments, SpaceX and xAI successfully completing their combination at a valuation significantly higher than previous marks, performance in the first quarter was hurt by continued concerns about the introduction of AI into the economy and those businesses that could be impacted most from the new competition. These included our subscription-based software and platform investments such as **Spotify Technology S.A.**, **FactSet**, and **Guidewire Software, Inc.** However, while the increased competition hurt the valuation of these stocks in the quarter, it has not impacted financials, and these companies continue to generate strong revenue growth and margins in line with company and investor expectations.

Further losses were seen in our exposure to consumer-focused investments given worries about the escalation of the war in Iran and what that could mean for inflation, interest rates, and consumer spending. These included companies such as **Red Rock Resorts, Inc.**, **Hyatt Hotels Corporation**, and **On Holding AG**. However, despite worries about the war and its impact on the consumer, these companies continue to do quite well generating strong revenue growth with significant pricing power as the consumer continues to spend despite macro uncertainty.

Global digital music streaming platform Spotify declined by 16.6% in the first quarter and detracted 72 bps from performance as investors were concerned about the impact AI music could have on the conversion of free subscribers to paying subscribers as well as how it could impact time on the platform. In addition, further concerns about the timing of price increases and resulting margin expansion also frustrated investors. However, the company continues to institute price increases across multiple regions and complete negotiations with major record labels. User growth remains strong, growing at a double-digit rate with high engagement and low churn even with price increases. The company remains on a path to increase gross margins through its high-margin artist promotions marketplace, growing podcast contribution, and ongoing investments in advertising where revenue growth is expected to accelerate this year. We continue to view Spotify as a long-term winner in music streaming with potential to reach 1 billion-plus subscribers by 2030.

Property and casualty (P&C) insurance software vendor Guidewire declined 25.7% in the first quarter and detracted 88 bps from performance. However, the company continues to do quite well - after a multi-year transition period, the company's cloud transition is substantially complete, and insurers are upgrading to the cloud at an accelerated rate. We believe that cloud will be the sole path forward, with annual recurring revenue (ARR) benefiting from new customer wins and migrations of the existing customer base to the company's Insurance Suite Cloud. We also expect the company to shift R&D resources to product development from infrastructure investment, which should help drive cross-sales into its sticky installed base and potentially accelerate ARR over time. We are encouraged by Guidewire's subscription gross margin expansion, which improved by approximately 580 bps in its most recently reported quarter. We believe Guidewire will be the critical software vendor for the global P&C insurance industry, capturing 30% to 50% of its \$15 billion to \$30 billion total addressable market and generating margins above 40%.

Shares of global hotelier Hyatt declined 10.3% and hurt performance by 37 bps in the first quarter as investors were concerned with a potential deceleration in revenue per available room (RevPAR) growth due to the Middle East conflict as well as cartel uprisings in Mexico that could hurt travel to those parts of the world. However, according to Hyatt management, the Middle East is only 3% of total fees and Mexico while it is approximately 7% of global rooms, they are seeing travelers switch and rebook for other places. While they are seeing declines in Mexico bookings, this is being offset by an increase in bookings for its Caribbean

properties. There has been no impact on unit growth, and the company still expects to grow units between 6% and 7% this year. We believe this growth combined with low single-digit RevPAR growth and slight margin improvement should lead to double-digit EBITDA growth this year. This should generate strong free cash flow, which the company can use for further share buybacks and reinvestment back into the business. The company still has a strong investment grade balance sheet with 90% of the business coming through fees that should allow them to overcome any short-term outside disruptions to its business. Hyatt trades at a discount to peers despite a similar growth and mix of business. We believe this discount should narrow over time as investors see the continued growth and resilience of its business model.

Shares of Las Vegas Locals casino operator, Red Rock Resorts, declined 12.0% in the first quarter and hurt performance by 40 bps as investors were concerned with a potential slowdown in Las Vegas gaming revenue brought about by the macro uncertainty from the war in Iran. Combine this slowdown with construction disruption due to many renovation and expansion projects occurring at its properties and current earnings could decelerate. However, the company continues to invest in its resorts as management sees further opportunities for growth from continued population growth and a higher net worth individual coming to Las Vegas. The company continues to generate strong cash flow that should produce accelerated growth in the coming years. We continue to believe the stock remains attractively valued as the company's founders recently bought stock at current levels, giving us further confidence in the company's accelerated growth prospects.

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	1,250.0	22.88	4.58
FIGS, Inc.	2022	1.5	2.5	30.02	0.72
Choice Hotels International, Inc.	2010	1.9	4.8	8.68	0.24
Interactive Brokers Group, Inc.	2023	33.8	114.0	4.41	0.22
Live Nation Entertainment, Inc.	2024	32.6	35.8	7.02	0.07

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.

FIGS, Inc. designs and sells scrubwear for health care professionals through a digitally native, direct-to-consumer strategy. Shares rose following robust fourth-quarter results and upbeat 2026 guidance. Revenue expanded 33% to \$201.9 million, reflecting broad-based momentum across categories and geographies and exceeding expectations. Holiday demand was strong throughout the season and remained elevated through quarter-end. U.S. revenue rose 28.7% to \$164.2 million, while international revenue accelerated 55% to \$37.7 million, with scrubs and non-scrubwear contributing gains of 35% and 26%, respectively. This topline strength translated to profitability, with EBITDA rising 29.8% to \$26.7 million. Building on this momentum, revenue is expected to grow in the low-20% range in the first quarter and 10% to 12% for the full year. Additional drivers include accelerating international expansion, new store openings (both the ramping 2025 cohort and four locations planned for 2026), and continued traction in TEAMS (FIGS' enterprise and group ordering business). The company maintains a strong balance sheet, with no debt and roughly \$300 million in cash and marketable securities.

Global hotel franchisor **Choice Hotels International, Inc.** contributed to performance during the quarter as the company saw a slight acceleration in revenue per available room across its portfolio. Choice continues to grow units at a low-single-digit rate and is benefiting from higher royalty rates on new franchise contracts, driving mid-single-digit growth in earnings and free cash flow. The company is using this cashflow to return capital through share repurchases. We continue to believe the stock offers compelling value, trading at a roughly five multiple-point discount to its historical average. Choice maintains a strong balance sheet, providing flexibility for additional share buybacks, particularly when the stock trades below the company's view of intrinsic value. Choice's steady growth profile, both domestically and internationally, should further support attractive shareholder returns over time.

Top detractors from performance for the quarter

	Year Acquired	Market Cap When Acquired (\$B)	Quarter End Market Cap (\$B)	Total Return (%)	Contribution to Return (%)
Tesla, Inc.	2014	31.2	1,395.0	(17.34)	(1.26)
CoStar Group, Inc.	2014	6.2	16.9	(40.50)	(1.15)
On Holding AG	2023	10.1	11.3	(26.57)	(1.10)
FactSet Research Systems Inc.	2008	2.5	8.1	(25.02)	(0.99)
Guidewire Software, Inc.	2013	2.7	12.7	(25.66)	(0.88)

Tesla, Inc. designs, manufactures, and sells fully electric vehicles (EVs), solar products, and energy storage solutions, while developing advanced real-world AI technologies. Following robust gains in late 2025, shares fell as investors awaited progress on robotaxis and assessed the company's sizable investments in manufacturing and AI. Operationally, Tesla delivered strong quarterly results amid a challenging EV environment. Automotive gross margins improved sequentially and beat expectations, the energy storage business maintained robust momentum with best-in-class margins, and battery cell production ramped. The company continues to advance its AI and autonomous driving initiatives at a rapid pace. Management anticipates meaningful robotaxi expansion in 2026 and continues to finalize the Optimus Gen 3 design and build out large-scale manufacturing capacity for humanoid robots. Tesla is also releasing major Full Self-Driving enhancements, scaling AI training compute, and deepening vertical integration in semiconductor design and production. These initiatives, while increasing near-term capital spending, underscore Tesla's pivot toward becoming a leader in physical AI.

CoStar Group, Inc. is the leading provider of information and marketing services to the commercial and residential real estate industries. Shares fell due to multiple compression driven by rising AI fears. The market has come to view AI as an existential risk for a growing number of industries—including software, business services, information services, and video games—despite no evidence of any fundamental impact to these sectors. This “shoot first and ask questions later” dynamic has resulted in meaningful share price declines. We continue to own CoStar given its differentiated data assets and significant growth opportunities in providing enhanced real estate information, analytics, and marketplace offerings. CoStar boasts an enviable business model with high levels of recurring revenue and meaningful cash flow generation potential. While near-term cash flow is obscured by elevated investment in Homes.com, we expect spending to moderate and cash flow to improve over the next several years. The company also maintains a substantial cash balance, which we are hopeful will be used to aggressively repurchase shares at current depressed valuation levels.

Premium footwear and apparel brand **On Holding AG** detracted from performance as shares came under pressure from foreign-exchange headwinds and heightened uncertainty surrounding management changes. The recent devaluation of the U.S. dollar is expected to slow reported results, even as management reiterated its outlook for 2026 foreign-exchange-neutral revenue growth of 23%. Leadership turnover also weighed on sentiment, with co-founders David Allemann and Caspar Coppetti returning to serve as co-chief executive officers while Martin Hoffmann steps down. Despite these near-term pressures, the company continued to deliver strong fundamental results. In the fourth quarter of 2025, On generated constant-currency revenue growth of more than 30% as it continued to capture additional market share through its premium, differentiated product lineup, which is expanding beyond footwear into accessories and apparel. Margins also exceeded expectations. We maintain long-term conviction in On's ability to innovate and strengthen its position within the secularly attractive global sportswear market.

Investment Strategy and Portfolio Structure

We remain steadfast in our commitment to long-term investing in competitively advantaged, growth businesses. We continue to run a balanced portfolio of uncorrelated businesses to help reduce portfolio risk while generating strong excess returns over time. We believe this portfolio strategy is an effective way to mitigate risk and increase the purchasing power of your savings. While there will always be market volatility, we believe we can reduce that volatility via this portfolio that is approximately 80% as volatile as the market. This is due to the balanced nature of the portfolio as seen below with approximately 35% invested in high-growth disruptive investments that can generate revenue growth of as much as 20% to 30%; 20% of the portfolio in real irreplaceable assets that trade at significant discounts to replacement cost and where they would sell to private equity or another strategic buyer; between 15% and 20% in financial data businesses that have recurring revenue and earnings given the embedded nature of their products in the workflow of their customers; and the balance in core double-digit revenue growing businesses that are more mature in their lifecycle and generate earnings growth while using excess cash for dividend increases, share buybacks, and additional investments in the business to accelerate growth further.

As of March 31, 2026, the Fund owned 30 investments. From a quality standpoint, the Fund's investments have generally stronger long-term sales growth; higher EBITDA, operating, and free-cash-flow margins; and stronger returns on invested capital than the Benchmark. We believe these metrics help limit risk in this focused portfolio and are why the portfolio has generated such strong risk-adjusted returns over time.

While focused, the Fund is diversified by sector. The Fund's weightings are significantly different than those of the Benchmark. For example, the Fund is heavily weighted to Consumer Discretionary businesses with 35.7% of net assets in this sector versus 11.2% for the Benchmark. The Fund has no exposure to Energy, Materials, or Utilities. We believe companies in these sectors can be cyclical, linked to commodity prices, and/or have little if any competitive advantage. This compares to the Benchmark that had 5.8% aggregate exposure to these sectors. The Fund also has lower exposure to Health Care stocks at 3.6% versus 22.6% for the Benchmark. The performance of many stocks in the Health Care sector can change quickly due to exogenous events or binary outcomes (e.g., biotechnology and pharmaceuticals). As a result, we tend to limit our exposure to these stocks in this focused portfolio. In Health Care, we invest in competitively advantaged companies that are leaders in their industries such as **IDEXX Laboratories, Inc.**, the leading provider of diagnostics to the veterinary industry and who is benefiting from the increase in pets that people acquired during the COVID pandemic, especially as these pets age. The Fund is further diversified by investments in businesses at different stages of growth and development.

Disruptive Growth Companies

	Percent of Net Assets (%)	Year Acquired	Cumulative Return Since Date Acquired (%)
Space Exploration Technologies Corp.	21.2	2017	3,868.9
Tesla, Inc.	6.0	2014	2,126.9
Spotify Technology S.A.	3.9	2020	102.7
Shopify Inc.	3.1	2022	240.8
Samsara Inc.	1.8	2025	(7.1)
Figma, Inc.	0.4	2025	(81.7)
Neuralink Corp.	0.1	2025	0.0

Disruptive Growth firms accounted for 36.4% of the Fund's net assets. On current metrics, these businesses may appear expensive; however, we think they will continue to grow significantly and, if we are correct, they have the potential to generate exceptional returns over time. Examples of these companies include electric vehicle leader **Tesla, Inc.**, commercial satellite and launch company, **Space Exploration Technologies Corp.** and audio streaming service provider **Spotify Technology S.A.** These companies all have large underpenetrated addressable markets, are well financed with significant equity stakes by these founder-led companies, giving us further conviction in our investment.

Core Growth Investments

	Percent of Net Assets (%)	Year Acquired	Cumulative Return Since Date Acquired (%)
Verisk Analytics, Inc.	3.8	2022	12.2
On Holding AG	3.5	2023	6.7
IDEXX Laboratories, Inc.	3.5	2022	27.3
Guidewire Software, Inc.	3.5	2013	223.6
FIGS, Inc.	3.4	2022	61.2
Gartner, Inc.	3.1	2026	(0.2)
Birkenstock Holding plc	3.0	2023	(10.9)
Live Nation Entertainment, Inc.	1.0	2024	8.7

Core Growth investments, steady growers that continually invest in their businesses for growth and return excess cash-flow to shareholders, represented 24.8% of net assets. An example would be **FIGS, Inc.**, the largest provider of scrubs and other attire to health care workers. The company continues to add new customers and increase the level of spending per customer as they add new articles of clothing and open new stores both domestically and abroad. This has allowed them to grow its addressable market and improve client retention and cash flow. FIGS continues to invest its cash flow in its business to accelerate growth further, which we believe should generate strong returns over time.

Investments with Real/Irreplaceable Assets

	Percent of Net Assets (%)	Year Acquired	Cumulative Return Since Date Acquired (%)
Hyatt Hotels Corporation	3.9	2009	431.1
Vail Resorts, Inc.	3.4	2013	190.7
Red Rock Resorts, Inc.	3.3	2017	217.6
Choice Hotels International, Inc.	3.0	2010	425.9
Airbnb, Inc.	2.8	2024	10.2
CoStar Group, Inc.	1.5	2014	88.5
Las Vegas Sands Corporation	1.3	2023	24.2
Wynn Resorts, Limited	1.1	2026	(11.4)
Toll Brothers, Inc.	1.0	2025	27.2

Companies that own what we believe are **Real/Irreplaceable Assets** represent 21.3% of net assets. **Vail Resorts, Inc.**, owner of the premier ski resort portfolio in the world, upscale lodging brand **Hyatt Hotels Corporation**, and **Red Rock Resorts, Inc.**, the largest player in the Las Vegas Locals casino gaming market, are examples of companies we believe possess meaningful brand equity and barriers to entry that equate to pricing power over time.

Financials Investments

	Percent of Net Assets (%)	Year Acquired	Cumulative Return Since Date Acquired (%)
MSCI Inc.	5.5	2021	(13.4)
Interactive Brokers Group, Inc.	3.7	2023	240.9
FactSet Research Systems Inc.	3.4	2008	413.1
Arch Capital Group Ltd.	2.5	2003	2,672.2
Jefferies Financial Group Inc.	1.6	2023	46.4
Morningstar, Inc.	0.4	2026	0.0

Financials investments accounted for 17.1% of the Fund's net assets. These businesses generate strong recurring earnings through subscriptions and premiums that generate highly predictable earnings and cash flow. These businesses use cash flows to continue to invest in new products and services, while returning capital to shareholders through share buybacks and dividends. These companies include **Arch Capital Group Ltd.**, **FactSet Research Systems Inc.**, and **MSCI Inc.**

Portfolio Holdings

As of March 31, 2026, the Fund's top 10 holdings represented 58.4% of net assets. Many of these investments have been successful and were purchased when much smaller. We believe they continue to offer significant appreciation potential, although we cannot guarantee that will be the case.

The top five positions in the portfolio, **Space Exploration Technologies Corp.**, **Tesla, Inc.**, **MSCI Inc.**, **Hyatt Hotels Corporation**, and **Spotify Technology S.A.**, all have, in our view, significant competitive advantages due to irreplaceable assets, strong brand awareness, technologically superior industry expertise, or exclusive data that is integral to their operations. We think these businesses cannot be easily duplicated and have large market opportunities to penetrate further, which enhances their potential for superior earnings growth and shareholder returns.

Top 10 holdings

	Year Acquired	Market Cap When Acquired (\$B)	Quarter End Market Cap (\$B)	Quarter End Investment Value (\$M)	Percent of Net Assets (%)
Space Exploration Technologies Corp.	2017	21.6	1,250.0	821.1	21.2
Tesla, Inc.	2014	31.2	1,395.0	231.5	6.0
MSCI Inc.	2021	53.9	39.4	214.1	5.5
Hyatt Hotels Corporation	2009	4.2	13.6	151.3	3.9
Spotify Technology S.A.	2020	45.4	99.8	149.3	3.9
Verisk Analytics, Inc.	2022	27.4	26.2	146.6	3.8
Interactive Brokers Group, Inc.	2023	33.8	114.0	144.9	3.7
On Holding AG	2023	10.1	11.3	135.3	3.5
IDEXX Laboratories, Inc.	2022	36.5	44.7	134.2	3.5
Guidewire Software, Inc.	2013	2.7	12.7	133.9	3.5

Thank you for investing in Baron Focused Growth Fund®. We continue to work hard to justify your confidence and trust in our stewardship of your family's hard-earned savings. We also continue to try to provide you with information we would like to have if our roles were reversed. This is so you can make an informed judgment about whether the Fund remains an appropriate investment for your family.

Sincerely,



Ronald Baron
Founder
CEO
Portfolio Manager



David 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 15% performance fee through 2003 after reaching a certain performance benchmark. If the annual returns for the Fund did not reflect the performance fees for the years the predecessor partnership charged a performance fee, the returns would be higher. The Fund's shareholders will not be charged a performance fee. The performance is only for the periods before the Fund's registration statement was effective, which was December 31, 2008. 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 2500™ Growth Index** measures the performance of small to medium-sized 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 2500™ 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 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.

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. Specific risks associated with investing in small and medium-sized companies include that the 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 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 Focused Growth Fund® by anyone in any jurisdiction where it would be unlawful under the laws of that jurisdiction to make such offer or solicitation.

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. **Long-term sales growth** refers to the increase in a company's sales over a particular period of time. It is a metric that companies can use to identify the rate at which their sales revenue increases over time. **Operating Margin** is a company's profit for every dollar of sales after deducting production costs like wages and raw materials but before accounting for interest and taxes.

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).

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QUARTERLY LETTER | MARCH 31, 2026

Baron SMID Cap ETF[®]

Ticker: BCSM



Randy Gwartzman
Portfolio Manager

Laird Bieger
Portfolio Manager

Dear Baron SMID Cap ETF[®] Shareholder,

Introduction

As this represents the first full quarter of results for Baron SMID Cap ETF[®] (BCSM), we thought it would be helpful to introduce ourselves and outline BCSM's investment philosophy. The ETF is managed by Laird Bieger and Randy Gwartzman. Laird and Randy have co-managed the Baron Discovery Fund[®] together since 2013, and have known each other since meeting in 1997 as classmates at Columbia Business School. Both joined Baron in the early 2000s, where they worked alongside Baron's current COO, Cliff Greenberg, as analysts on the Baron Small Cap Fund[®]. We believe our long-standing partnership and complementary skill sets have been key drivers of Baron Discovery Fund's[®] long-term outperformance, and we are excited to bring this proven investment approach to the SMID-cap growth space.

ETF Overview

BCSM is a natural extension of what we have been doing for the past 12-plus years managing the Baron Discovery Fund[®]. The key distinction is that BCSM makes its initial investments across both small-cap and mid-cap growth companies (i.e. SMID), whereas Baron Discovery Fund[®] focuses exclusively on initial investments in small-cap businesses. This expanded mandate gives us the flexibility to initiate positions in slightly more mature companies at the outset. Therefore, the overall size of the companies in BCSM (in terms of the weighted average market capitalization of the companies) is about three times that of Baron Discovery Fund[®].

The Compelling Opportunity in SMID-Cap Growth Stocks

Many SMID-cap companies are under-researched and remain off Wall Street's radar. By identifying these businesses early, we can invest at the beginning of their growth phase and often at valuations that are discounted relative to larger-cap companies with comparable growth prospects. In addition, SMID-cap stocks tend to be driven more by idiosyncratic, company-specific

Cumulative performance (%) for periods ended March 31, 2026

	ETF Market Price ^{1,2}	ETF NAV ^{1,2}	Russell 2500 Growth Index ¹	Russell 3000 Index ¹
QTD	(10.75)	(10.56)	(3.52)	(3.96)
Since Inception (12/12/2025)	(12.13)	(12.24)	(5.73)	(3.90)

factors rather than by broader industry or macro-driven events. Together, these characteristics make the SMID-cap growth universe particularly attractive for alpha creation and relative outperformance by fundamental stock pickers like us.

Investment Philosophy

Our investment philosophy at Baron SMID Cap ETF[®] is the same as that of Baron Discovery Fund[®]. We focus on small, fast-growing businesses with outsized long-term growth potential, durable competitive advantages, exceptional management teams, and compelling valuations. We prioritize companies with high-quality earnings streams — specifically, businesses with recurring, predictable revenue and strong margins. Through a full market cycle, we have found that these characteristics are most likely to drive superior long-term performance versus the broader market. We target market-leading businesses operating in fastest-growing areas of the economy and, as a result, we have historically been overweight the Information Technology sector and certain Health Care sub-industries such as life sciences tools & services and health care equipment. Finally, we take a longer-term view than most of our peers. We believe that by analyzing our investments over a longer time horizon, we can gain an advantage over market participants who are focused primarily on the short term.

Performance listed in the above table is net of annual operating expenses. The total annual fund operating expense ratio as of December 5, 2025 was 0.75%. 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. Total returns assume the reinvestment of all distributions and the deduction of all fund expenses. 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.

Investment Process

Our investment process is designed to take advantage of market dislocations, and it begins not with valuation, but with quality. We call this process "investing in reverse." It starts with a simple question posed to each sector analyst on the investment team: "Removing current valuation, what are the companies in your particular sub-industry that best fit the criteria we look for in an investment — typically fast-growing, high-margin businesses with favorable long-term prospects?" Those conversations lead to a "shadow list" of potential investments we would like to own if the companies are selling at attractive valuation levels. We call it "investing in reverse" because most investors start their investment process by screening for valuation first and then, after narrowing it down to a select group of companies, use certain quality metrics (revenue and earnings growth, operating margins, and balance sheet leverage) to determine which stocks they should consider investing in. We do the reverse. We screen for companies that hit our quality criteria first, and then we patiently wait for their stocks to get to attractive valuation levels where we believe we can generate outsized returns.

This shadow list is constantly refreshed throughout the year. We track these companies closely, listening to their earnings calls and meeting with their management teams as frequently as possible. Because these companies are typically the fastest-growing and highest-margin businesses in their sectors, they tend to trade at premium valuations in normal market environments — levels that do not meet our return hurdle rate. During market dislocations or company specific stumbles unrelated to the main investment thesis, however, almost every stock trades lower. When the market "throws the baby out with the bathwater" we are poised to make investments that historically have produced some of our highest returns.

Risk Management

Complementing our investment process is an equally disciplined approach to risk management, with a singular focus on balancing portfolio construction. Our objective is to generate alpha primarily through bottom-up stock selection rather than sector allocation, while also seeking to protect capital during market downturns.

The following are the key tenets to our risk management process:

Sector exposures are kept broadly aligned with the Russell 2500 Growth Index (the Benchmark), reflecting our belief that superior long-term results are best achieved through fundamental stock picking rather than making thematic or macro-driven sector calls.

We balance the strategy across three growth profiles: "high growth," "growth," and "other." High growth positions typically consist of earlier-stage companies with novel products or services and a higher risk/return profile, typically growing revenue by more than 20% and exhibiting above-market beta. Growth holdings are more established businesses that generate positive free cash flow and tend to have a beta closer to the market. The "other" category serves as the portfolio's ballast — consisting of lower-beta companies that are less correlated to market movements. Companies in this latter category include special situations—such as activist involvement, management changes, or restructurings—

as well as "fallen angels," or high quality businesses experiencing temporary share price declines unrelated to their long term fundamentals. We believe this balance has meaningfully dampened portfolio volatility over time for Baron Discovery Fund® and believe it will do the same for BCSM.

We also limit individual position sizes such that no single holding exceeds a 4% weight for an extended period. Typically, the portfolio's 10 largest holdings will account for around 30% of assets, with our largest holdings emphasizing predictable revenue and cash flow characteristics.

Valuation discipline is another core element of our risk management framework. We conduct extensive fundamental research to assess each company's intrinsic value over one, three, and five year time horizons, and we invest when we believe a stock has the potential to double over five years. As positions approach our long term valuation targets, we trim and redeploy capital into opportunities offering greater upside potential.

Finally, we believe that the most effective form of risk management is deep knowledge of our portfolio companies. Our research process is rigorous and comprehensive, including regular engagement with management teams, customers, suppliers, competitors, and industry experts, as well as attending conferences and visiting key company assets such as manufacturing facilities, distribution centers, and retail or restaurant locations.

Taken together, these principles form a cohesive and disciplined framework that has guided our decision making across multiple market cycles. We believe that this integrated approach—combining rigorous fundamental research, patient capital allocation, and a steadfast commitment to risk management—positions us to deliver superior long term returns for our investors.

Performance

BCSM declined 10.56% (NAV) in the first quarter, underperforming the Benchmark, which declined 3.52%, by 7.04%. To understand the results, it helps to understand the current market environment.

During the quarter, investors rotated aggressively into a narrow group of companies perceived to be direct beneficiaries of AI capital spending and electrification — what the market has come to call AI "winners." At the same time, they sold and shorted companies viewed as AI "losers," regardless of underlying business performance. This dynamic was amplified by the growing influence of algorithmic and quantitative traders, whose momentum-driven strategies accelerated the divergence between winners and losers and pushed many stock prices further away from their fundamental values. For bottom-up investors like us, it was a challenging environment — one where strong business results were simply not being rewarded by the market.

That disconnect was evident across our portfolio. Several of our holdings beat their earnings estimates and raised their 2026 guidance, yet saw their stocks decline more than 30% in the period, simply because they were categorized as AI losers. Our software investments were the most significant example of this.

Roughly half of our relative underperformance in the quarter was attributable to software (with the systems and application software sub-industries detracting about 3.5% from relative performance) — an industry where we believe our particular investments are fundamentally misclassified as AI losers, a view we discuss in detail in our Baron Discovery Fund® letter for this quarter. We believe that there are four main categories of software that will co-exist with large language models (LLMs). They include: (1) companies that generate and use deterministic data (only available to the private enterprises, and NOT available to LLMs); (2) highly integrated vertical software providers with extreme domain expertise; (3) companies that combine “atoms and electrons” where the solution needs physical products combined with software; and (4) companies whose software requires regulatory approval such as health care software needing FDA approval.

Offsetting some of the relative underperformance from AI losers was meaningful exposure to several AI winners including optical networking component supplier **Coherent Corp.**, programmable chip maker **Lattice Semiconductor Corporation**, and power management semiconductor designer **Monolithic Power Systems, Inc.**

Finally, the outbreak of the Iran conflict drove a sharp spike in energy prices which, when combined with a more challenging consumer backdrop, pressured valuations across higher growth consumer stocks. Given our preference for the fastest growing consumer companies, this headwind affected our holdings more than it did the average portfolio. This impact was compounded by our lack of exposure to the Energy sector—which we typically avoid due to its commoditized nature—resulting in no participation in the sector’s rally (which was up 26.2%), a dynamic we expect to reverse over time. Combined with weakness in Consumer Discretionary, this weighed on relative performance by detracting nearly 2%.

Top contributors to performance for the quarter

	Contribution to Return (%)
Kratos Defense & Security Solutions, Inc.	0.62
Arcellx, Inc.	0.61
Coherent Corp.	0.57
Masimo Corporation	0.47
Lattice Semiconductor Corporation	0.42

Kratos Defense & Security Solutions, Inc. is a defense technology provider that produces products including unmanned aerial vehicles, hypersonic test vehicles, small turbine and jet engines, solid rocket motors, ballistic missile defense transporters, radio-frequency and microwave electronics, satellite ground station software, high energy lasers, and more. Kratos rallied along with the rest of the defense industry at the start of 2026 after President Trump announced a proposed \$1.5 trillion defense budget. The company has also been winning meaningful defense contracts. After shares rallied from about \$76 to start the year to nearly \$131 at the mid-January high, we sold the position as it had reached

our long-term valuation target nearly three years early. This is an example of our risk management process in action. Early in the second quarter we were able to repurchase our position at the low \$70’s per share level.

Arcellx, Inc., is a biotechnology company that together with Gilead Sciences, Inc. is developing a next-generation CAR-T cell therapy it calls "anito-cel" for the treatment of multiple myeloma. While we generally do not invest in emerging biotechnology companies, we took a position in Arcellx given that the market is large and proven (currently a \$3.5 billion opportunity that could expand to \$12 billion or more over time), and because we believe that Arcellx has a safer CAR-T therapy than the currently approved solution. Its primary competitor Carvykti already has nearly \$2 billion in sales worldwide in 2025. The issue with Carvykti is that although it's very efficacious, it appears to cause delayed neurotoxicity (neurological damage) in 5% to 10% of patients, and in rare cases (2% or potentially higher) Parkinson’s-like symptoms, which is devastating and incurable. The promise of Arcellx’s anito-cel process is that it appears to have similar efficacy to Carvykti, while avoiding these neurotoxicity risks. We were rewarded for our research when Gilead agreed to acquire the company in the quarter (with the transaction to be completed in June).

Coherent Corp. is a vertically integrated provider of laser-based systems. The company’s lasers are used for high power manufacturing and cutting, semiconductor manufacturing, scientific research, and defense (its legacy markets). It is also one of the leading players in photonics, which uses lasers and other components to transmit information at the speed of light. Coherent is the only major western optical transceiver manufacturer connecting servers within data centers. This is clearly a massive new market given the explosion in AI data center buildouts. In the first quarter, the excitement around AI data center buildouts drove performance in companies like Coherent that are enabling this massive wave of installations.

Coherent is led by CEO Jim Anderson who joined the company in June 2024. He has a top-shelf resume, having been the CEO of **Lattice Semiconductor Corporation** for the prior six years, and worked at senior positions in Advanced Micro Devices, Inc., Intel Corporation, and Broadcom Inc. before that. We have followed the company since 2010 when it was purely an industrial laser company and have owned it in various other funds at Baron. When we started BCSM, we recognized in Coherent the confluence of terrific leadership and high-quality assets with the massive buildup of AI data centers. The company believes that its existing markets for laser transceivers and optical components are valued at over \$50 billion. And new products servicing AI server-oriented markets in particular could be worth an additional \$20 billion. These are big opportunities for a company which put up \$6.3 billion in revenue in 2025. The opportunities include products like optical circuit switches, co-packaged optics, and multi-rail optical technology. The company benefits from vertical integration as it has high-capacity manufacturing of its own lasers in multiple forms, including Indium Phosphide or InP EML’s (electro-absorption modulated lasers), InP CW’s (continuous wave lasers) and VCSEL’s (vertical cavity surface emitting lasers). Only a handful

SMALL-MID CAP

of companies can do this. And the legitimacy of Coherent's portfolio was sealed with a \$2 billion investment from NVIDIA Corporation made in March 2026 to expand supply and U.S.-based manufacturing of these optical technologies. We believe that over the next five years, Coherent will more than double its revenues and cash flow.

Top detractors from performance for the quarter

	Contribution to Return (%)
Netskope, Inc.	(1.25)
Flutter Entertainment plc	(0.95)
ServiceTitan, Inc.	(0.94)
Rubrik, Inc.	(0.87)
Fair Isaac Corporation	(0.73)

Shares of **Netskope, Inc.**, a cloud security and networking platform for enterprises, were down due to a combination of sector-wide and technical factors rather than fundamental weakness. The entire application software sub-industry experienced a sharp drawdown as investors weighed AI disruption risks, and recent IPOs like Netskope bore the heaviest losses. Adding to the pressure, Netskope's lock-up expiration in mid-March made roughly 390 million shares eligible for sale, creating a supply overhang that coincided with the worst of the software industry sell-off. The business itself performed very well — fiscal fourth quarter (ended January 31, 2026) revenue grew 32%, annualized recurring revenue (ARR) reached \$811 million and grew 31%, the company posted record quarterly net new ARR and the company achieved positive free cash flow for the first time. Management guided fiscal 2027 revenue above consensus expectations. We maintain conviction in Netskope's long-term positioning in the secure access server edge market, where demand for securing cloud and AI workloads continues to grow, and view the current valuation as disconnected from the company's growth trajectory and competitive standing.

Shares of **Flutter Entertainment plc**, the world's largest online sports betting and gaming operator that owns FanDuel, detracted during the quarter and we exited our position. FanDuel's handle decelerated during the fourth quarter as an extraordinary NFL hold rate created recycling headwinds that persisted longer than expected. The impact of unfavorable customer outcomes was compounded by ill-timed promotional reinvestment that failed to re-engage customers. As a result, trends in early 2026 have remain challenged. The market further discounted the stock on a \$300 million prediction markets investment embedded in 2026 guidance with no offsetting revenue. The core business economics remain compelling over the long term and FanDuel's #1 competitive position is intact, but we exited our position in favor of **DraftKings Inc.** DraftKings is a pure-play U.S. business with higher growth, cleaner FCF conversion, and a vertically integrated prediction markets exchange - a structural advantage if prediction markets prove to be a durable opportunity.

Shares of **ServiceTitan, Inc.**, a leading business management software platform for the trades, detracted from performance in the quarter. The company reported strong fiscal Q4 2026 earnings and gave preliminary fiscal year 2027 guidance that was ahead of expectations. Despite these strong results, the stock was weak due to industry-wide AI fears that are hard to disprove in the near term around the potential for AI companies like Anthropic to negatively impact software businesses. We sold the position to re-allocate to higher conviction SMID-cap software ideas.

Portfolio Structure

Top 10 holdings

	Year Acquired	Quarter End Investment Value (\$K)	Percent of Net Assets (%)
Samsara Inc.	2025	973.6	3.7
Dynatrace, Inc.	2025	953.9	3.7
Guidewire Software, Inc.	2025	836.5	3.2
Liberty Live Holdings, Inc.	2025	812.0	3.1
Coherent Corp.	2025	713.4	2.7
Liberty Media Corporation - Liberty Formula One	2025	696.4	2.7
Booz Allen Hamilton Holding Corporation	2025	686.2	2.6
Insulet Corporation	2025	677.6	2.6
Lattice Semiconductor Corporation	2025	676.4	2.6
Loar Holdings Inc.	2025	668.6	2.6

The top 10 holdings in the Fund represented 29.5% of total assets. We expect the top 10 holdings to represent about 30% of the portfolio over time.

Recent Activity

Top net purchases for the quarter

	Year Acquired	Quarter End Market Cap (\$B)	Net Amount Purchased (\$M)
Waystar Holding Corp.	2026	4.6	710.3
Samsara Inc.	2025	18.4	692.8
Dynatrace, Inc.	2025	11.0	651.0
Guidewire Software, Inc.	2025	12.7	616.0
Axon Enterprise, Inc.	2025	34.1	610.8

We initiated a position in **Waystar Holding Corp.**, a provider of revenue cycle management software (RCM) to health care providers. Waystar has an AI driven, end-to-end suite of solutions that saves their clients massive amounts of working capital costs by getting claims submitted quickly and correctly, and by automating insurance appeals when necessary. With the company trading at under 11 times adjusted cash flow, while also growing cash flow in the low teens, we believe the company is competitively advantaged and very inexpensive.

We increased our position in **Samsara Inc.** following its fourth quarter results, which reinforced our conviction in the durability of its competitive position. Samsara is an “atoms plus electrons” winner in software. The company has built a proprietary data asset and hardware-based sensor network that, in our view, cannot be replicated by LLMs alone. With likely more than 4 million connected vehicles on the road, millions of asset tags deployed on smaller products, and approximately 25 trillion data points captured annually, Samsara is leveraging its edge sensor network to train purpose-built AI models that drive measurable returns on investment (ROI) for its customers. Critically, this dataset compounds over time. As the network grows denser, Samsara is able to release increasingly powerful versions of its products, including over 40 AI-driven safety detections, smaller and more cost-efficient asset tags, and intelligent preventative maintenance recommendations. These improvements are widening the gap relative to competitors, accelerating market share capture, and strengthening pricing power. Finally, Samsara's asset-oriented business model — which scales with physical infrastructure rather than white-collar headcount — insulates it from the labor disruption that AI may bring to other sectors, while positioning it to grow alongside secular tailwinds such as energy infrastructure expansion and data center buildouts.

We increased our position in **Dynatrace, Inc.**, a provider of “observability” software which uses its own proprietary AI model to predict network and application problems so they can be remediated before they become major issues. Dynatrace is used by many of the world’s largest enterprises, including airlines, banks and defense companies. We believe that the company is a great deterministic data-oriented company, meaning that it uses data that it generates, and which is not available to general LLM providers. Dynatrace benefits from huge competitive advantages as it is complex to implement and therefore very “sticky” and hard to replace with alternative solutions. Customers have also attested to generating extremely high ROIs in Dynatrace. However, given the broad-based sell-off in software stocks, this great company is trading at a rock-bottom multiple (13 times free cash flow, with free cash flow expected to grow in the mid-teens for the next few years).

We added to our position in **Guidewire Software, Inc.** during the quarter. Overall, our thesis on Guidewire is playing out as expected. Cloud activity is robust and accelerating, with ARR growing through new customer wins, expansions, and migrations of the existing customer base. The approaching end-of-life of on-premise support, combined with strong references from marquee customers such as Liberty Mutual, the Hartford, and Sampo, should further accelerate the shift to the cloud. The company is also ramping investment in product development, which we expect to drive cross-sales into its deep and sticky installed base. We view AI as a meaningful tailwind for Guidewire — helping accelerate product releases and reduce implementation costs, which have historically been a barrier to broader adoption. Despite being temporarily grouped into the AI loser bucket by the market, we believe Guidewire is in fact a vertical domain AI winner. While long-term multiple assumptions remain a point of debate, we believe the stock is worth at least \$400 per share when accounting for the company’s free cash flow potential in the next four to five years.

Top net sales for the quarter

	Year Acquired	Market Cap When Acquired (\$B)	Market Cap When Sold (\$B)	Net Amount Sold (\$K)
Kratos Defense & Security Solutions, Inc.	2025	12.3	18.8	374.3
Clearwater Analytics Holdings, Inc.	2025	6.4	7.1	367.5
Penumbra, Inc.	2025	12.1	13.4	318.7
Zscaler, Inc.	2025	37.1	33.3	312.9
Exact Sciences Corporation	2025	19.3	19.6	310.0

We sold our positions in **Penumbra, Inc.**, **Clearwater Analytics Holdings, Inc.**, and **Exact Sciences Corporation** as all three companies agreed to be acquired.

We sold our position in **Zscaler, Inc.**, a security software company that provides zero-trust network access to the cloud, corporate network resources and applications. We reallocated capital to increase the Fund’s investment in **Netskope, Inc.**, which provides similar services but is earlier on in its growth trajectory.

Outlook

Despite the challenging quarter, the fundamentals of our portfolio companies remain strong. While stock prices can diverge from underlying business performance in the short term, we do not believe this is a sustainable steady state. Over a full market cycle, it is our conviction that stocks ultimately reflect future free cash flows — not narratives. Given our focus on companies that combine high growth with strong free cash flow generation, we believe intrinsic value will assert itself over time. The AI winner versus AI loser dynamic that drove so much of the market behavior this quarter will not last forever, and when the market returns to rewarding fundamental performance, we believe our portfolio is well positioned to benefit.

Sincerely,



Randy Gwartzman
Portfolio Manager



Laird Bieger
Portfolio Manager

¹ The **Russell 2500™ Growth Index** measures the performance of small to medium-sized U.S. companies that are classified as growth. The **Russell 3000® Index** measures the performance of the broad segment of the U.S. equity universe comprised of the largest 3000 U.S. companies representing approximately 98% of the investable U.S. equity market. 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 2500™ 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.

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.

* **Baron Discovery Fund's** annualized returns for the Institutional Shares as of March 31, 2026: 1-year, 5.66%; 5-year, (2.20%); 10-year, 13.41%.

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: Securities issued by small and medium-sized companies may be thinly traded and may be more difficult to sell during market downturns. The risk of investing in special situations is that the anticipated development does not occur or its impact is not what the Adviser expected.

This information does not constitute an offer to sell or a solicitation of any offer to buy securities by anyone in any jurisdiction where it would be unlawful under the laws of that jurisdiction to make such offer or solicitation. This information is only for the intended recipient and may not be distributed to any third party.

Investors generally incur the cost of the spread between the prices at which shares are bought and sold. Buying and selling shares may result in brokerage commissions which will reduce returns.

Prior to trading in the secondary market, shares of the fund are "created" at NAV by market makers, large investors and institutions only in block-size Creation Units. Each "creator" or "Authorized Participant" enters into an authorized participant agreement with Baron Capital, Inc. Only an Authorized Participant may create or redeem Creation Units directly with the fund.

Investors buy and sell shares of ETFs at market price (not NAV) in the secondary market throughout the trading day. These shares are not individually available for purchase or redemption directly from the ETF. Baron Capital, Inc. serves as the distributor of the Creation Units for the ETFs on an agency basis. Baron Capital does not maintain a secondary market in Fund's shares.

The discussion of market trends is not intended as advice to any person regarding the advisability of investing in any particular security. The views expressed in this document reflect those of the respective writer. Some of our comments are based on management expectations and are considered “forward-looking statements.” Actual future results, however, may prove to be different from our expectations. Our views are a reflection of our best judgment at the time and are subject to change at any time based on market and other conditions and Baron has no obligation to update them.

The Fund may not achieve its objectives. **Portfolio holdings are subject to change. Current and future portfolio holdings are subject to risk.**

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QUARTERLY LETTER | MARCH 31, 2026

Baron Asset Fund[®]

Retail Shares: BARAX | Institutional Shares: BARIX | R6 Shares: BARUX



Andrew Peck
Portfolio Manager

Dear Baron Asset Fund[®] Shareholder,

Performance

U.S. equity markets began the year with many Indexes reaching new highs. However, market sentiment shifted in February, as a range of industries, including software, business services, and information services, suffered sharp losses over fears related to theoretical AI-driven disruption. A viral, speculative report from Citrini Research warning of AI-driven white collar job losses, weaker consumption, and private credit stress contributed to the drawdown. Some thoughtful commentators challenged the report by highlighting the historical precedent of technology driving value creation rather than destruction, limited evidence of AI-driven hiring impacts, durable platform/network moats within affected industries, and policy backstops. Nevertheless, the market adopted a “shoot first, ask questions later” mentality, resulting in trillions in losses across various software and services industries. The sell-off worsened after the U.S. and Israel attacked Iran, raising fears about rising oil prices leading to widespread inflation, supply chain disruptions, and reduced economic growth.

Against this backdrop, Baron Asset Fund[®] (the Fund) declined 7.81% (Institutional Shares) in the first quarter, while the Russell Midcap Growth Index (the Index) declined 6.35%. Much of the Fund’s underperformance occurred in the first half of January when the Index rallied more than 3%. The Fund recovered a portion of its losses as the market moved lower over the remainder of the quarter. The Fund’s solid stock selection was negated by industry-specific headwinds. According to MSCI’s Barra factor attribution, the Fund’s overexposure to various software and services related industries weighed heavily on performance, as these segments faced significant selling pressure because of fears surrounding possible AI disruptions to their businesses. The Fund also suffered from its lack of exposure to various Energy-linked industries, which rallied sharply alongside the price of oil during the quarter.

Annualized performance (%) for periods ended March 31, 2026

	Fund Retail Shares ^{1,2}	Fund Institutional Shares ^{1,2,3}	Russell Midcap Growth Index ¹	Russell 3000 Index ¹
QTD ⁵	(7.87)	(7.81)	(6.35)	(3.96)
1 Year	2.46	2.73	9.56	18.09
3 Years	6.89	7.17	12.74	17.86
5 Years	1.83	2.10	5.37	10.87
10 Years	10.42	10.71	11.69	13.72
15 Years	10.07	10.36	11.12	12.81
Since Inception (6/12/1987)	10.84	10.96	10.20 ⁴	10.46

From a sector perspective, the Fund’s Information Technology (IT) holdings were entirely responsible for the relative shortfall in the period. Most of the losses came from being overexposed to application software and IT consulting & other services stocks, which were pressured by AI disruption concerns.

The software industry has undergone the most dramatic valuation re-rating since the “dot-com bust.” During the quarter ended March 31, 2026, the median public software company declined approximately 25%. Software valuation multiples—both on revenue and free cash flow—have collapsed to 10-year lows.

The catalyst for this sell-off has been fears related to the potential impact of AI on incumbent software companies. As AI models have become dramatically more capable, investors have grown fearful that software may face existential disruption. We agree that AI represents a generational technological shift that will reshape

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, 2026 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 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.

MID CAP

the software landscape. AI coding tools are lowering the marginal cost of software development, agentic AI systems are beginning to automate knowledge work, and new AI-native competitors are emerging across virtually every software category. These developments will, no doubt, create winners and losers.

However, we believe investor selling has been indiscriminate. The market is treating the software industry as a monolith when the reality is far more nuanced - not all software companies face the same degree of AI risk. Some will be disrupted, some will prove resilient, and some will emerge as significant beneficiaries.

This is an exciting and challenging investment environment. Given the extraordinary pace and scope of AI-driven change, any investment approach must account for a wide range of potential outcomes. This requires flexibility, constant oversight, and the willingness to question everything. However, we also firmly believe that skilled investors have significant opportunities. We believe that the software companies we own—defined by their business models, competitive moats, and positioning within the technology stack—will likely prove durable and ultimately benefit from AI tailwinds. Furthermore, given these businesses' near-trough historic valuation levels, we believe they will deliver strong long-term returns for patient investors willing to look through the current market sentiment.

The Fund's Real Estate and Health Care investments also contributed to the relative shortfall in the period. Weaknesses in Real Estate was attributable largely to **CoStar Group, Inc.**, the leading provider of information and marketing services to the commercial and residential real estate industries. CoStar is another holding that was impacted by concerns about AI-driven disruption, as discussed below. Performance in Health Care was hindered by veterinary diagnostics leader **IDEXX Laboratories, Inc.**, whose shares price declined despite reporting better-than-expected financial results. Foot traffic to veterinary clinics in the U.S. remains modestly negative but is poised to recover over the next several years. Even so, IDEXX's excellent execution has enabled the company to continue delivering robust performance. 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.

Partially offsetting the above was strong stock selection in Industrials coupled with meaningfully higher exposure to this better performing sector. Strength in Industrials was driven by the Fund's sizable positions in **Space Exploration Technologies Corp.**, a high-profile private company founded by Elon Musk, and **Quanta Services, Inc.**, a leading specialty contracting company that provides comprehensive infrastructure solutions for the electric and gas utility, renewable energy, communications, pipeline, and energy industries. We offer additional thoughts on both companies below.

Favorable stock selection in Financials also added value during the period, led by specialty insurer **Arch Capital Group Ltd.** Arch and other property and casualty (P&C) insurance stocks broadly outpaced the market amid heightened volatility. P&C insurance stocks tend to be resilient during turbulent markets and are less exposed to the AI-related concerns weighing on other sectors. In addition, Arch reported better-than-expected quarterly earnings, and management expects a continuation of double-digit growth in book value per share. We continue to own the stock due to Arch's strong management team and our expectation of continued growth in earnings and book value over time.

Top contributors to performance for the quarter

	Year Acquired	Contribution to Return (%)
Space Exploration Technologies Corp.	2020	3.20
Quanta Services, Inc.	2023	0.81
Vertiv Holdings Co	2025	0.64
Equinix, Inc.	2007	0.27
Choice Hotels International, Inc.	1996	0.09

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.

Quanta Services, Inc. is a leading specialty contracting company that provides comprehensive infrastructure solutions for the electric and gas utility, renewable energy, communications, pipeline, and energy industries. Quanta's shares rose during the quarter, driven by broad optimism for its ongoing work for AI and data-center-related companies, as well as Quanta's strong quarterly earnings results, which beat Street expectations and demonstrated continued robust demand for its services. Management reiterated its view that the business can grow earnings in the mid-to-high teens or better through at least the end of the decade, supported by secular trends including grid modernization, electrification, transition toward renewable energy sources, industrial reshoring, communications infrastructure upgrades, and more. We believe this level of earnings growth is achievable, and we take further comfort in Quanta's 25% earnings CAGR since 2015, a period

during which the market backdrop was considerably weaker. We remain excited about Quanta's growth prospects and continue to be long-term shareholders.

Vertiv Holdings Co is a leading global provider of critical digital infrastructure solutions for data centers, communication networks, and commercial and industrial environments, with one of the broadest offerings in electrical and thermal management equipment and services within the data center infrastructure industry. Shares increased after Vertiv reported robust quarterly results, with fourth quarter bookings well above expectations, driving backlog meaningfully higher and supporting stronger-than-expected growth into 2027. The company is benefiting from the industry's shift toward integrated and modular solutions, which help alleviate labor constraints and accelerate deployment timelines at data centers. Vertiv is a leading provider of these solutions, backed by industry-leading servicing capabilities, and is also well positioned to support key technology transitions, including liquid cooling and direct current architectures. Combined with the company's internal focus on margin improvement, we believe their positioning should drive better-than-expected earnings growth and continued upside over the coming years.

Top detractors from performance for the quarter

	Year Acquired	Contribution to Return (%)
CoStar Group, Inc.	2016	(1.41)
Gartner, Inc.	2007	(1.41)
Guidewire Software, Inc.	2013	(1.12)
IDEXX Laboratories, Inc.	2006	(0.87)
Fair Isaac Corporation	2020	(0.86)

CoStar Group, Inc. is the leading provider of information and marketing services to the commercial and residential real estate industries. Shares fell due to multiple compression driven by rising fears about the potential impact of AI on the company's business. The market has come to view AI as an existential risk for a growing number of industries—including software, business services, information services, and video games—despite no evidence of any fundamental impact to these sectors. This “shoot first and ask questions later” dynamic has resulted in meaningful share price declines. We continue to own CoStar given its differentiated data assets and significant growth opportunities in providing enhanced real estate information, analytics, and marketplace offerings. CoStar boasts an enviable business model with high levels of recurring revenue and meaningful cash flow generation potential. While near-term cash flow is obscured by elevated investment in its Homes.com unit, we expect this spending to moderate and cash flow to improve over the next several years. The company also maintains a substantial cash balance, which we are hopeful will be used to aggressively repurchase shares at current depressed valuation levels.

Syndicated research provider **Gartner, Inc.** detracted from performance as its valuation multiple compressed amid rising concerns around AI. As discussed above, investors have increasingly

viewed AI as a potential existential risk across a widening range of industries despite no evidence of any fundamental impact to the financial results of most businesses in these sectors. Against this backdrop, shares of Gartner came under pressure after the company reported contract value growth that was just 0.5% below expectations, underscoring the dramatic valuation compression at play. We continue to own Gartner given its large addressable market, significant competitive advantages, and robust free cash flow generation, which we expect management to deploy toward share repurchases at depressed valuation levels. We also view Gartner as an AI beneficiary, as it can leverage emerging tools to extract deeper insights from its vast trove of proprietary data and deliver it to customers in chatbot-type formats that meaningfully enhance its value proposition.

Shares of P&C insurance software vendor **Guidewire Software, Inc.** declined during the quarter amid concerns about the disruptive impact of AI, which weighed broadly on software stocks. We retain conviction in Guidewire and believe its fundamentals remain robust. The company's cloud sales are accelerating, with annual recurring revenue benefiting from new customer wins, expansions, and migrations of its existing customer base. We believe that the ongoing shift away from on-premise software deployments, along with strong customer references from insurers such as Liberty Mutual, The Hartford, and Sampo, should further accelerate customer migration to the cloud. Additionally, Guidewire is ramping investment in product development, which should facilitate cross-selling new functionality into its sticky installed base. We believe that AI should act as a tailwind, helping the company accelerate product releases, create products that were previously out of reach, and reduce the cost of customer implementations (a historical impediment to adoption). We believe these dynamics position Guidewire for sustained growth over the long term.

Portfolio Structure

As of March 31, 2026, the Fund held 50 positions. The Fund's 10 largest holdings represented 60.0% of net assets, and the 20 largest represented 77.6%. The Fund's largest weighting was in the Industrials sector at 42.7% of net assets. This sector includes investments in aerospace & defense firms, research & consulting services businesses, construction & engineering companies, and electrical components & equipment firms. The Fund held 18.3% of its net assets in the IT sector, which includes application software companies, electronic components businesses, and IT consulting firms. The Fund held 11.0% of its net assets in Financials, which includes investments in P&C insurance companies, financial exchanges & data providers, and investment banks. The Fund also had significant weightings in Health Care at 10.4% and Communication Services at 7.7%.

As the chart below shows, the Fund's largest investments have mostly been owned for significant periods – 7 of the 10 largest holdings have been owned for longer than a decade. This is consistent with our approach of investing for the long term in companies benefiting from secular growth trends with significant competitive advantages and best-in-class management teams.

Top 10 holdings

	Year Acquired	Market Cap When Acquired (\$B)	Quarter End Market Cap (\$B)	Quarter End Investment Value (\$M)	Percent of Net Assets (%)
Space Exploration Technologies Corp.	2020	47.0	1,250.0	844.7	25.5
Amphenol Corporation	2019	26.2	155.3	176.7	5.3
IDEXX Laboratories, Inc.	2006	2.5	44.7	151.2	4.6
Arch Capital Group Ltd.	2003	0.9	34.2	146.2	4.4
Quanta Services, Inc.	2023	21.8	82.1	140.0	4.2
Guidewire Software, Inc.	2013	2.8	12.7	129.0	3.9
Verisk Analytics, Inc.	2009	4.0	26.2	117.9	3.6
Mettler-Toledo International Inc.	2008	2.4	25.5	108.0	3.3
Gartner, Inc.	2007	2.9	11.2	91.2	2.8
The Charles Schwab Corporation	1992	1.0	168.1	81.6	2.5

Recent Activity

Top net purchases for the quarter

	Quarter End Market Cap (\$B)	Net Amount Purchased (\$M)
Forgent Power Solutions, Inc.	8.9	24.8
Vulcan Materials Company	35.5	18.7
Booz Allen Hamilton Holding Corporation	9.4	3.4
LPL Financial Holdings Inc.	24.1	1.5
Verisk Analytics, Inc.	26.2	1.0

Forgent Power Solutions, Inc. is a leading manufacturer of electrical distribution equipment used in data centers, the power grid, and energy-intensive industrial applications. Forgent is a low- and medium-voltage equipment specialist that focuses on custom, “engineered-to-order” products (over 90% of revenue). In contrast, larger industry competitors manufacture primarily higher voltage and standard products. Forgent differentiates itself from competitors by engaging deeply with customers in the design phase and then creating custom products, which competitors would typically require more time to manufacture. They also have a strong, pedigreed management team, which per CEO Gary Niederpruem is “punching above our weight class.”

Electrical equipment, especially power transformers, remains a key bottleneck in the broader buildout of AI data centers. Forgent has nearly completed the manufacturing footprint investment needed to support \$5 billion in revenue, which will result in one of their industry’s largest state-of-the-art manufacturing capabilities. Furthermore, their recent order book, around \$3 billion annualized,

and current backlog, roughly \$1.5 billion as of December 31, 2025, should support impressive revenue growth, and its orders are expected to remain healthy for the foreseeable future. Despite incurring inefficiencies from excess capacity, Forgent already has near best-in-class EBITDA margins, which we expect to continue to expand as the company drives more volume over its large manufacturing footprint. To date, most of its data center business has focused on colicators and neoclouds, and there remain large opportunities to engage with and support hyperscale customers going forward. The CEO’s goal is to be a \$5 billion to \$10 billion over the next 5 to 10 years. We are optimistic that Forgent will succeed in that journey, supported by continued robust grid and data center capex and market share gains from competitors.

Vulcan Materials Company supplies the basic raw materials required for most construction and infrastructure development. Vulcan is the largest producer of construction aggregates in the U.S., generating approximately 90% of its gross profit from mining, processing, and transporting crushed stone, sand, and gravel (collectively, “aggregates”) from quarries that it owns. The balance of its gross profit is derived from strategically located ready-mix concrete and asphalt. Vulcan’s products are sold and utilized in infrastructure projects such as roads, highways and bridges, as well as in residential and non-residential construction.

We believe that aggregates are an attractive business because of the industry’s high barriers to entry and strong pricing trends. Permits to open new quarries are difficult to obtain, and the approval process typically takes 5 to 10 years. This limits new competition and keeps supply constrained, which puts the companies that own existing quarries in an advantageous position. In addition, a high weight-to-price ratio makes transportation expensive relative to the cost of the aggregates, limiting the distance that materials can be shipped economically. As a result, aggregates producers have historically enjoyed significant pricing power. In the last 30 years, pricing of aggregates has increased, on average, 4% per year.

We believe the multi-year growth prospects for Vulcan are attractive. Infrastructure-related spending, which accounts for approximately 40% of Vulcan’s aggregates shipments, continues to grow steadily, driven by favorable federal and state-level infrastructure funding for new and existing infrastructure projects across the company’s footprint. Private construction spending (both non-residential and residential) may accelerate over the next few years as well. Non-residential construction spending is currently being driven by favorable trends in data center construction, reshoring/onshoring of manufacturing and other industrial categories, which we believe can continue for several more years. Residential construction, while muted right now due to elevated mortgage rates and affordability concerns, continues to be set up well over the next several years due to the acute need for more new homes following a period of significant underbuilding relative to the demographic needs of our country.

Pricing power remains robust, and we expect price increases to accelerate above historical averages in the coming years, supported by new tools and data-driven disciplines that management has implemented to optimize pricing. Management also remains

laser-focused on improving productivity and maximizing unit-level profitability, with the goal of further expanding margins. Lastly, M&A has been a core pillar of Vulcan's growth strategy over time, and the company is well positioned today with ample financial flexibility to make strategic and accretive acquisitions. We believe that all of this should contribute to low-to-mid teens annual earnings growth for the business over the next several years, leading to an attractive return on our investment.

Top net sales for the quarter

	Quarter End Market Cap (\$B)	Net Amount Sold (\$M)
Bio-Techne Corporation	8.3	33.7
Morningstar, Inc.	6.4	22.0
IDEXX Laboratories, Inc.	44.7	21.1
Veeva Systems Inc.	28.7	16.1
The Cooper Companies, Inc.	14.0	14.9

Bio-Techne Corporation was sold over concerns about the potential impact of AI on the methods of basic scientific research and the tools used to do research, leading us to not expect a rapid recovery in the company's overall growth rate to levels that we expected when we made the original investment. We sold **Morningstar, Inc.** over concerns about slowing growth and profitability trends in some of their financial data end-markets. We managed down the Fund's weightings in several long-time holdings, including veterinary diagnostics company **IDEXX Laboratories, Inc.**, software provider to the life science industry **Veeva Systems Inc.**, and contact lens manufacturer **The Cooper Companies, Inc.**

Outlook

As discussed above, we believe that several of the Fund's holdings have been unfairly penalized by AI-driven disruption concerns. Fearful investors sold companies across an array of industries that include software, IT consulting, business services, real estate brokerage, insurance brokerage, and wealth management. Against this backdrop, the market has continued to reward disproportionately stocks with near-term momentum, while generally punishing stocks with high profitability and earnings quality characteristics.

We believe this environment resulted in widespread, indiscriminate selling, causing many of the Fund's high-quality businesses to trade at exceptionally attractive valuations. In addition, we remain encouraged by extensive public reports that the Fund's largest position, **Space Exploration Technologies Corp.**, intends to complete an IPO in the next few months at a valuation above its current price.

We remain optimistic that the market will better appreciate and reward the types of high-quality, competitively advantaged businesses that we favor, particularly as financial results attest to their resilience in the face of perceived AI-driven threats. We believe that our businesses' growth opportunities and competitive positions continue to improve, while their absolute and relative valuations continue to become more compelling.

Thank you for your continued confidence and support.

Sincerely,



Andrew Peck
Portfolio Manager

¹ 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.

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 For the period December 31, 1987 to December 31, 2024.

⁵ Not annualized.

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 medium-sized companies may be thinly traded and may be more difficult to sell during market downturns. 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 Asset Fund by anyone in any jurisdiction where it would be unlawful under the laws of that jurisdiction to make such offer or solicitation.

The portfolio manager defines “**Best-in-class**” as well-managed, competitively advantaged, faster growing companies with higher margins and returns on invested capital and lower leverage that are leaders in their respective markets. Note that this statement represents the manager’s opinion and is not based on a third-party ranking.

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QUARTERLY LETTER | MARCH 31, 2026

Baron Durable Advantage Fund[®]

Retail Shares: BDAFX | Institutional Shares: BDAIX | R6 Shares: BDAUX



Alex Umansky
Portfolio Manager

Dear Baron Durable Advantage Fund[®] Shareholder,

Performance

Baron Durable Advantage Fund[®] (the Fund) declined 9.0% (Institutional Shares) during the first quarter, compared to the 4.3% decline for the S&P 500 Index (the Index), the Fund's benchmark.

In some ways, this quarter reminds us of the first quarter last year. We were coming off of two consecutive years of 25% plus gains for the Index in 2023 and 2024. The Fed was in the midst of an easing cycle. Advancements in AI were offering new tantalizing opportunities. Valuations were not cheap, but in our view, not at all unreasonable. We characterized the U.S. large-cap investment landscape as generally favorable and, in some pockets, as downright attractive. But then in early February the market got a wind of the new tariff policy and President Trump declared that "trade wars are good, and easy to win" and the market went into a tailspin. The Index lost 4.3% for the first quarter of 2025, R1KG was down 10.0%, while the Fund declined 7.0% - rather similar outcomes. In that quarterly review we wrote: "While every correction, pullback, or bear market is different, at their core, they are always driven by fear, uncertainty, and doubt. It is easy and tempting to get lost in the details because they change every time, *but fundamentally, markets depend on stability and predictability.* Every time stability and predictability are threatened - markets pull back."

Well... we started 2026 off of three consecutive years of strong market returns with the Fund gaining 115.7%, cumulatively, compared to 86.1% for the Index and 101.8% for the Morningstar Large Growth Category Average (the Peer Group), and were likely due for a breather anyway. The increased geopolitical tension and the subsequent war with Iran caused the price of oil to spike to as high as \$150 per barrel (physical Brent crude). Treasury yields

Performance listed in the table above is net of annual operating expenses. The gross annual expense ratio for the Retail and Institutional Shares as of January 28, 2026 was 1.00% and 0.73%, respectively, but the net annual expense ratio was 0.95% and 0.70% (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.

Annualized performance (%) for periods ended March 31, 2026

	Fund Retail Shares ^{1,2}	Fund Institutional Shares ^{1,2}	S&P 500 Index ¹
QTD ³	(9.08)	(9.02)	(4.33)
1 Year	13.76	14.06	17.80
3 Years	18.83	19.13	18.32
5 Years	13.33	13.61	12.06
Since Inception (12/29/2017)	14.29	14.56	13.26

went up, the probability of further rate cuts went down, the range of possible negative outcomes expanded significantly - and the markets sold off.

From a performance attribution perspective, approximately two-thirds of the Fund's relative underperformance was due to sector allocation, with the other third coming from poor stock selection. We held no investments in Energy (+38.2%), Materials (+9.7%) or Utilities (+8.3%), and had an underweight to Consumer Staples (+7.7%), the four best performing sectors in the Index, which accounted for 214bps of the relative shortfall, while a sizable overweight to Financials detracted another 78bps. Strong stock selection in Information Technology (IT) (+152bps) was not enough to offset poor performance in Financials, Industrials, Communication Services, Real Estate and Health Care.

From an absolute return perspective, we simply did not have enough winners, which was not terribly surprising given the broader sell-off in the quarter in the areas that we tend to invest in. **Monolithic Power Systems (MPS), Taiwan Semiconductor (TSMC),**

CME Group, Quanta Services, Costco, and Welltower were our winners contributing 201bps combined. Microsoft (-22.8%), Meta (-13.3%), Amazon (-9.8%), and Alphabet (-8.5%) were our largest detractors. Similar to the first quarter of last year, we are highly confident that we did not suffer any permanent loss of capital. In fact, as of the writing of this letter in the middle of April, the Fund's entire drawdown has been recovered.

In News Reporting – Sensational Always Dominates Over Statistical

The current news cycle often has a disproportionate impact on stock prices. Entire investment strategies are built on analyzing daily news flow and executing trades with lightning speed (think micro-seconds). An army of technical analysts opine daily on the significance of “breaking moving averages” and formations of “head and shoulders” in various stock charts. The goal of these highly paid experts is to predict where stock prices will go over the next 30 or 60 days. Most of our investors will agree with us that 30 or 60-day returns don't matter, though they can easily make us lose sight of our long-term time horizon. We do not make investment decisions based on timing or predicting the outcomes of wars or the price of oil. Not only because macro-driven events are notoriously difficult to predict with any consistency, but more so because we believe they will work themselves out. In the 20th century, the Dow Jones Industrials Average advanced from 66 to 11,497 – an increase of 17,391% (excluding dividends) despite four costly wars, a Great Depression, and countless recessions. Not to be cavalier about the increased geopolitical risks and their consequences but in an unlikely scenario we are wrong – beating an Index will be the least of our problems. So, with rationality and pragmatism prevailing as our default setting, we focus on separating the signal from the noise and identifying the statistically significant events that help us build conviction in the investment thesis for a long-term success of a business.

“AI has moved from being a novelty to becoming something that is really useful! Inferencing is exploding and we are standing smack in the middle of this tornado.” – Andrew Feldman, CEO of Cerebras⁴

One of the main investor concerns over the last six months has been that the mammoth increases in capex and capacity buildouts were not accompanied by the clear evidence of revenue generation. This is no longer the case. The most significant development in the quarter, in our opinion, was the dramatic acceleration in AI adoption and usage. Witness the curious case of Anthropic, the maker of Claude Code and Claude Cowork, which reported annualized recurring revenues (ARR) of \$9 billion at the end of 2025, projecting to reach \$30 billion in ARR exiting 2026. The company then proceeded to add \$4 billion in ARR in January, \$6 billion in February, and a mind-boggling \$11 billion in five weeks through the first week of April⁵, surpassing the \$30 billion target for 2026. Anthropic added over \$21 billion in net new ARR in just over one quarter. Think about that for a minute... Dario Amodei, the company's CEO disclosed a few months ago that majority of the revenues is coming from enterprise customers with over 1,000 companies paying over \$1 million in ARR. These are the most coveted customers in the world that every business dreams of getting. *When will AI revenue finally show up?* Well... it just did!

While clearly the most impressive, Anthropic is not alone. OpenAI's ARR surpassed \$25 billion⁶ from \$20 billion at the end of 2025. As of the writing of this letter, no public company has reported its first quarter results, but we did get a glimpse from Amazon⁷. Amazon AI is now at a \$15 billion revenue run rate (*260x larger than original Amazon Web Services (AWS) at the same point*), their combined custom chips business (Graviton, Trainium, and Nitro) is now at a \$20 billion ARR, *growing triple-digit percentages year-over-year*, implying approximately 13% of total AWS revenues. And that number is *understated* since they are monetizing the chips themselves. If it was a standalone business selling to third parties, their *ARR would be \$50 billion*. AWS continues to be capacity constrained – *growth would be higher if they could serve it*. At 7.0% of net assets, Amazon is the Fund's third largest holding – we would own more if we could.

Culture, Structural Moats, Adaptability to Change, & What's Not Going to Change

"I very frequently get the question: 'What's going to change in the next 10 years?' And that is a very interesting question; it's a very common one. I almost never get the question: 'What's not going to change in the next 10 years?' And I submit to you that that second question is actually the more important of the two -- because you can build a business strategy around the things that are stable in time." – Jeff Bezos⁸

We have often used this quote when analyzing and thinking deeply about the companies we invest in. What attributes of successful businesses will not change in the world of AI?

- Solving real problems for customers.
- Doing it in a way that is unique – with competitive advantages that are durable.
- Being adaptable to change – see our 4Q2025 letter for an in-depth discussion.
- Management that thinks and acts like owners of the business, optimizing for the long term.
- Management that is willing to make big bets when inflection points (a disruption) become clear.

Here too, Amazon's shareholder letter is instructive – addressing all these points. Jassy begins with what won't change: *"We believe that customers will always care deeply about massive selection, low prices, very fast delivery, ease of use, and how they're treated."* We own businesses that solve real problems for customers that are not going away in the world of AI. The buildout of data centers will require grid modernization solutions provided by Quanta Services. The rising amounts of debt needed to finance this buildout would still require to be rated by **Moody's** and **S&P Global**. Businesses would still need insurance offered by **Arch**. The aging population and retirees will continue to need investment solutions offered by **LPL**, **Brookfield**, **Blackstone**, and **Apollo**, and the shift in demographics with the rising number of people over 80 will continue to benefit senior living provider Welltower, and so on.

Jassy then describes what adaptable culture looks like in practice – when Amazon's Bedrock team realized it needed an entirely new inference engine, rather than patching the existing one, it spun out a group of six engineers who rebuilt the architecture from scratch in 76 days using Amazon's own AI coding tool, Kiro. The result – an engine called Mantle – became the backbone of Bedrock, which nearly doubled month-over-month in March and *processed more tokens in Q1 2026 than in all prior years combined*. We see the same willingness to go back to the drawing board at Meta, where Founder & CEO Mark Zuckerberg last summer recruited Scale AI founder Alexandr Wang to rebuild Meta's AI program from the ground up, restructured the entire organization around a new Meta Compute initiative, and is now flattening teams as AI makes it possible for "projects that used to require big teams" to be "accomplished by a single, very talented person."⁹ On April 8, much earlier than expected, Meta released its new AI model, "Muse Spark" that seems to have taken a massive step forward in capabilities.

The right culture and organizational structure are preconditions for this kind of adaptability. According to Jassy, "You need to move fast, have teammates that act like true owners, and be scrappy. At Amazon, we talk a lot about operating like the world's biggest startup. It's the primary reason we've worked to flatten our organization last year." Arch is a great example of a company and a culture built on its ability to adapt to change. While operating in a highly cyclical industry, Arch's strategy has been to act anti-cyclically, providing capital and increasing underwriting when conditions are tight, prices are attractive, and competitors are retrenching. When capital is widely available, and prices do not adequately represent the risks, Arch would pull back and allow its market share to fall rather than underwrite questionable or unprofitable business. By zigging when others zag, Arch has built an incredible track record of capital allocation and has proven itself to be a great steward of shareholder capital.

Many of our most successful investments share one attribute: founder-led management that thinks and acts like long-term owners. Jensen Huang has led NVIDIA for 33 years since founding it in a Denny's in 1993. Mark Zuckerberg has run Meta since founding it at age 19. As Jeff Bezos wrote in his original 1997 shareholder letter – which Amazon still appends to every annual report as a statement of enduring values – "We will continue to focus on hiring and retaining versatile and talented employees... each of whom must think like, and therefore must actually be, an owner."

And when the inflection is big enough, Jassy argues, you must bet disproportionately. Amazon guided 2026 capex to \$200 billion. "If you believe you've found one of these disproportionate shifts, you want to invest as aggressively as you responsibly can. This will create investment spikes that will invite scrutiny, but the game-changers don't typically accommodate smoother investment horizons... Inflections aren't usually smooth or calm. They favor the bold and adaptable." This is exactly what Alphabet did with its custom AI accelerators, the TPUs, early version of which was unveiled in 2016, long before the ChatGPT moment, or when it started the autonomous driving project in 2009. Just like Amazon's chips above, Alphabet's TPUs are a huge driver of Google Cloud Platform's growth and Waymo was recently valued at \$126 billion.

What does AI mean for the durability of competitive moats?

AI changes the nature of competition, increasing the importance of structural competitive moats while reducing the durability of simple, product/feature/workflow-based moats. Some of the structural competitive moats that in our view remain durable include the following:

- **Platform businesses with network effects** – Amazon is the poster child for network effects where a high number of loyal consumers (repeat buyers) attracts the highest numbers of merchants who offer the widest variety of products at very competitive prices, which attracts more loyal consumers and so on. Meta offers over 3.5 billion active users with consistently high engagement and some of the best returns on ads spent, that made it indispensable to advertisers. CME Group is the world's largest derivatives exchange. The wide availability of contracts and healthy volumes create liquidity which attracts more traders to the platform, which creates more contracts and liquidity, which benefits the traders. Every attempt to create a competitive exchange has failed. Visa and Mastercard are the equivalents of digital railroads with massive network effects. Their payment networks connect millions of businesses with billions of consumers globally, enabling seamless commerce.
- **Proprietary data moats** – In the age of AI, continuously generated proprietary data that enables ongoing product improvement is an important moat. It cannot be replicated from public sources by foundation models. S&P Global generates over 95% of its revenue from proprietary benchmarks, differentiated data, and critical workflow tools. Moody's has built one of the deepest proprietary datasets in finance over 115 years, spanning credit ratings on trillions of dollars of outstanding debt across more than 33,000 organizations. In each case, the data is continuously generated as a byproduct of serving customers and cannot be replicated by a foundation model trained on public sources. Similarly, MSCI has vast amounts of proprietary data and analytics, and nearly everything MSCI sells to customers is proprietary in nature. From MSCI and S&P Global, the index business is further insulated by their benchmark status – serving as a trusted common language for industry participants. All three companies should benefit from AI through increased efficiencies in data collection, enabling them to both increase margins and invest more into new product development. CME Group generates proprietary data from every trade executed on its platform – derivatives pricing, volume, and open interest across interest rates, equities, energy, and agriculture. This data is indispensable for risk management and is licensed to financial institutions globally.
- **Economies of scale** – Amazon is a great example of how scale creates a self-reinforcing cycle. Greater volume drives lower shipping costs per package, enabling the company to offer faster shipping to its customers that competitors cannot match without the density Amazon has built over time. Faster delivery speeds drive higher purchase frequency, expand the addressable market to lower-cost everyday items, and attract more buyers and sellers, which further improves logistics

density, reducing unit shipping costs and so on. Amazon’s scale has also been a key pillar in jump starting large businesses over time. AWS was conceived of and underwritten by the scale of its retail business which became AWS’ first customer. As AWS scaled they were able to open it up to external customers, which justified further investments, which attracted more customers. Similar dynamics have powered its logistics business and are now powering its massive investments into AI.

- Manufacturing complexity and accumulated knowhow** – TSMC manufactures approximately 90% of the world’s leading-edge semiconductors. Its moat is structural: building a cutting-edge fabrication facility costs over \$20 billion and takes many years, but the real barrier is yield – the percentage of functional chips per wafer. TSMC has spent decades perfecting yields at each successive process node through continued manufacturing iterations, accumulating institutional knowledge over time that is proprietary and can NOT be replicated by AI models. Acceptable (i.e. high) yield is becoming increasingly more important and harder to achieve as chip complexity and prices increase over time. While Samsung and Intel also spend large amounts of capital building advanced fabs, they serve a fraction of TSMC’s customer base, which means they cannot amortize fixed costs as efficiently and cannot accumulate yield-learning data as quickly. This creates a self-reinforcing cycle: higher yields attract more customers for TSMC, which enables it to earn higher cross-cycle returns on its investment (while the diversity of its customers also reduces the overall cyclicity of the business), which funds more R&D, which enables TSMC to reach the next node quicker and with higher yields than competitors, which widens the lead further. Advanced nodes (7 nanometers (nm) and below) now generate 74% of TSMC’s wafer revenue. **Broadcom** has spent years building the co-design relationships, custom silicon and networking capabilities that make it the only scaled player helping hyperscalers and large AI labs to design their AI accelerators, which has now become a significant businesses for the company with AI growth accelerating at scale to 106% year-on-year growth in the last quarter, reaching \$8.4 billion. It is expected to exceed \$100 billion in 2027.
- Regulatory moats and switching costs** – rising chip complexity increases the switching costs for customers of TSMC such as Apple, NVIDIA, Advanced Micro Devices (AMD), and Broadcom, as changing suppliers would take years, add major costs, and risk product delays which could negatively impact their competitive positioning. **HEICO** and **TransDigm** sell after-market aerospace parts that are critical to their customers even though they represent a small fraction of the overall cost. Additionally, they undergo a rigorous approval process by regulators – this drives pricing power and high switching costs. It’s not about whether a customer can switch, but about whether it is in their best interest to do so.

We have decades of experience in identifying and investing in businesses that are beneficiaries of disruptive change. While the AI disruption feels like the most significant and challenging disruption of our careers (and frankly, our lives), we have built internal processes that we believe have prepared us well for

navigating it. We have learned to think probabilistically (expected value = every possible outcome multiplied by the probability of each outcome happening) and believe there is an advantage in allocating capital against the entire range of outcomes rather than the best, the worst or even the most likely outcome. We guard against behavioral biases and systematically seek out disconfirming evidence to stress-test and re-underwrite the key assumptions that form an investment thesis for every company that we own. The goal is to reduce investments in businesses where our conviction level has lessened and increase investments where our conviction level has increased.

We analyzed the current valuation multiples for our companies and compared them to the average valuation multiples over the last five years.¹⁰ The weighted average multiple for the portfolio at the end of the quarter was 12.9% below its average over the last five years. We believe that the current geopolitical tension, combined with apprehension and uncertainty created by the AI disruption have created an attractive buying opportunity for U.S. large cap stocks. The Fund’s 9.0% correction experienced in the first quarter was driven entirely by multiple contraction, which bodes well for the Fund’s prospective returns.

Top contributors to performance for the quarter

	Quarter End Market Cap (\$B)	Contribution to Return (%)
Monolithic Power Systems, Inc.	53.7	0.76
Taiwan Semiconductor Manufacturing Company Limited	1,752.8	0.60
CME Group, Inc.	107.2	0.21
Quanta Services, Inc.	82.1	0.18
Costco Wholesale Corporation	442.1	0.15

Monolithic Power Systems, Inc. (MPS) designs chips that deliver precise, safe, and efficient power to processors, memory, and sensors in electronic systems. With deep system-level expertise and highly integrated solutions, MPS has established a strong leadership position in power management. Shares rose 21.0% during the quarter following continued robust quarterly results, closing 2025 with full year revenues of \$2.8 billion, up 26% year-on-year, while guiding Q1 2026 meaningfully above expectations with revenues of \$780 million (at the mid-point) compared to consensus estimates of \$738 million. The company is poised to benefit from two major secular trends: AI-driven data center redesigns and automotive electrification. AI is fueling exponential growth in data center power needs, forcing a fundamental rethink in how power is distributed. While server shipments are experiencing unprecedented growth, power content per system is also rising, creating a durable multi-year tailwind. At the same time, vehicles are shifting to centralized computing and higher-voltage architectures, significantly increasing the need for advanced power management content per vehicle. MPS’ leadership positions it to directly benefit from both the AI infrastructure buildout and long-term automotive electrification trend.

Semiconductor giant **Taiwan Semiconductor Manufacturing Company Limited** (TSMC) shares rose 11.5% during the first quarter, as revenue growth of 20.5% (25.5% in USD) exceeded expectations due to surging demand for AI chips. TSMC dominates the advanced semiconductor foundry market, controlling over 90% share of cutting-edge sub-7 nm nodes that power AI servers, flagship smartphones, and autonomous vehicles. The company benefits from a virtuous cycle in which its massive scale and profitability generate the capital necessary to fund industry-leading R&D and capex, in turn widening its technological moat and reinforcing its pricing power. As the ultimate picks-and-shovels provider of the AI era, TSMC remains insulated from the competitive dynamics of the AI chip design ecosystem. Whether hyperscalers develop custom accelerators or deploy merchant GPUs from companies like NVIDIA and AMD, nearly all advanced AI accelerators are manufactured exclusively at TSMC's 3nm and 5nm nodes. We believe TSMC will deliver 20% earnings growth over the next several years, supported by secular AI-driven demand for leading-edge manufacturing capacity.

CME Group, Inc. operates the world's largest and most diversified derivatives marketplace. Shares rose 10.8% due to higher trading volumes during a period of elevated market volatility. Average daily trading volume rose at a robust 22% pace during the first quarter, reflecting concerns over higher energy prices from the Iran war, persistent inflation, and an uncertain outlook for interest rates. We continue to own the stock because we believe that CME enjoys significant competitive advantages and should benefit from increasing adoption of exchange-traded derivatives and episodic volatility spikes.

Top detractors from performance for the quarter

	Quarter End Market Cap (\$B)	Contribution to Return (%)
Microsoft Corporation	2,748.7	(1.17)
Meta Platforms, Inc.	1,447.7	(1.01)
Amazon.com, Inc.	2,235.8	(0.66)
Alphabet Inc.	3,474.5	(0.64)
Intuit Inc.	119.6	(0.63)

Software leader **Microsoft Corporation** detracted from performance with shares down 22.8% despite reporting slightly better-than-expected revenue, margins, and earnings per share in the quarter, with cloud revenue up 24% year-over-year in constant currency and commercial bookings up 228%, driven by commitments from OpenAI and Anthropic. Two factors pressured shares. First, Azure growth of 38% year-over-year in constant currency was slightly below expectations, reflecting slightly greater capacity allocation to first-party applications over renting out GPUs to external customers in the quarter. Management continues to emphasize that Microsoft remains capacity-constrained and is optimizing usage for long-term value, prioritizing applications such as Microsoft 365 Copilot to support future adoption. Second,

investors are focused on the company's reliance on first-party models from OpenAI and Anthropic, which plan to expand into the broader enterprise software market and account for a meaningful portion of remaining performance obligations (with OpenAI representing roughly 45%). We believe Microsoft is well positioned over the medium to long term, though we see a need for continued improvement in the pace of innovation in Microsoft 365 Copilot and in advancing model capabilities.

Shares of **Meta Platforms, Inc.**, the world's largest social network, declined 13.3% in the first quarter. While Meta reported strong quarterly results with 24% year-on-year revenue growth and 41% operating margins, and issued a solid Q1 revenue guidance of 29% year-on-year growth rate at the high end (in constant currency), management guided to full-year 2026 operating expenses above Street expectations, implying a 40% increase year-on-year, and raising concerns that it may be overspending on AI for less clear returns relative to competitors. Near the end of the quarter, Meta also lost a jury verdict finding that its design choices led to user harm. Additionally, broader ad budgets became more uncertain due to the conflict in Iran. While we continue to monitor the regulatory landscape, we believe the company can drive premium revenue and profit growth in the foreseeable future. Meta benefits from AI investments across its core business, driving improvements in content recommendations (with rising time spent) and in ad targeting and ranking (leading to higher conversions and better return on ad spend). Longer term, Meta's leadership in mobile advertising, massive user base, innovative culture, leading generative AI capabilities, and technological scale, position it well for continued strong performance, with additional monetization opportunities ahead in areas such as smart glasses and commerce.

Amazon.com, Inc. is the world's largest retailer and cloud services provider. Shares declined 9.8% during the quarter after the company guided to \$200 billion in fiscal year 2026 capital expenditures, above Street expectations. While we believe AWS revenue growth will accelerate meaningfully over the next two years, particularly as leading AI companies increase AWS usage, investors are concerned about the impact of sizable incremental investments on near-term profitability. Nevertheless, the company continues to expand operating margins across core North American retail, AWS, and international retail, driven by improved cost discipline and operational efficiencies. Over the longer term, Amazon has substantial room for growth in e-commerce, where it has less than 15% penetration of its total addressable market. Amazon also remains the clear leader in the large and growing cloud infrastructure market, with significant opportunities in application software, including enabling generative AI workloads while its full-stack approach, spanning silicon, systems, software, and developer ecosystem, and hence its competitive moat continues to widen.

Portfolio Structure

The portfolio is constructed on a bottom-up basis with the quality of ideas and conviction level, rather than benchmark composition and weights, determining the size of each individual investment. Sector weights tend to be an outcome of the stock selection process and are not meant to indicate a positive or a negative view.

As of March 31, 2026, the top 10 positions represented 59.1% of the Fund's net assets and the top 20 represented 86.3%. We exited the quarter with 30 investments, down from 31 at the end of 2025.

Financials and IT represented 64.8% of the Fund, while Communication Services, Consumer Discretionary, Industrials, Real Estate, and Health Care represented another 33.4%, with the remaining 1.8% held in Consumer Staples (**Costco**) and cash.

Top 10 holdings

	Quarter End Market Cap (\$B)	Quarter End Investment Value (\$M)	Percent of Net Assets (%)
NVIDIA Corporation	4,237.9	39.8	8.3
Taiwan Semiconductor Manufacturing Company Limited	1,752.8	38.5	8.0
Amazon.com, Inc.	2,235.8	33.7	7.0
Alphabet Inc.	3,474.5	33.3	6.9
Meta Platforms, Inc.	1,447.7	32.6	6.8
Monolithic Power Systems, Inc.	53.7	24.4	5.0
Broadcom Inc.	1,465.4	23.9	4.9
Microsoft Corporation	2,748.7	23.6	4.9
Visa Inc.	590.0	19.6	4.1
Welltower Inc.	138.0	15.9	3.3

Recent Activity

During the first quarter, we initiated a new position in the semiconductor wafer fabrication equipment (WFE) supplier, **Lam Research**.

We also took advantage of stock market volatility to add to 9 existing investments: the index and data provider, **MSCI**, the premium senior housing owner, **Welltower**, the software and cloud infrastructure provider, **Microsoft**, the electrical components provider, **Amphenol**, the energy-focused specialty contracting company, **Quanta Services**, the payments network, **Visa**, the aerospace and defense parts supplier, **TransDigm**, the alternative asset manager, **Brookfield**, and the ratings agency, **Moody's**.

To finance these purchases, we exited two investments: **Danaher** and **CoStar**, and reduced 4 existing positions – **Broadcom**, **MPS**, **Apollo**, and **Thermo Fisher**.

Top net purchases for the quarter

	Quarter End Market Cap (\$B)	Net Amount Purchased (\$M)
Lam Research Corporation	266.8	5.0
MSCI Inc.	39.4	3.7
Welltower Inc.	138.0	3.6
Microsoft Corporation	2,748.7	3.5
Amphenol Corporation	155.3	3.5

During the quarter, the Fund initiated a new position in **Lam Research Corporation**. Lam is a leading global supplier of semiconductor WFE, specializing in etch, deposition, and clean technologies used in the manufacturing of integrated circuits. Lam's tools are critical in the production of DRAM and NAND memory chips (which store data) as well as logic devices – including CPUs, GPUs, SoCs, FPGAs, and ASICs – that process data.

We believe the industry is at a key inflection – one that we expect to disproportionately benefit Lam given its outsized exposure to etch and deposition, the most layer-intensive process steps in chip manufacturing. A host of secular tailwinds supports this view: the proliferation of AI workloads, growing chip complexity, increasing materials content as nodes shrink, and the verticalization of chip designs over time. Each of these trends necessitates more layers on chips, directly driving demand for complex deposition and etch work. As CEO Tim Archer noted on the fiscal first quarter 2026 earnings call, the surge in AI data center demand is creating *"billions of dollars of served available market expansion and share gain opportunity for Lam in the coming years."*

Lam is competitively advantaged thanks to its decades of proprietary etch and deposition expertise, the high switching costs embedded in its deep fab integrations, and a massive installed base of over 100,000 chambers globally that generates recurring, annuity-like revenue through its Customer Support Business Group – on average earning more revenue over the life of a tool than from the initial sale itself. Nowhere is this more evident than in high-bandwidth-memory (HBM) that is in high demand for AI and advanced packaging areas, where increasingly complex high-aspect-ratio etches – extremely deep, precision cuts into the wafer – are required, and where Lam holds virtually 100% market share. We also believe the market is underestimating the company's earnings power as NAND WFE spending should recover over the next few years from one of its most severe downcycles on record, having fallen approximately 50% from its 2022 peak – creating meaningful pent-up demand that we expect to benefit Lam in the coming years.

We also believe that the industry's competitive dynamics have become increasingly favorable over time, with meaningfully reduced cyclicality. Historically, technology transitions in the memory market would drive significant increases in bit capacity. Since manufacturing on a smaller node reduces the cost per bit, and cost is the key competitive input in a commodity industry, all players must aggressively chase the most advanced node. This amplified boom-and-bust cycles because technology transitions

would increase supply regardless of the demand-supply equation in the market. Over the last several years, however, technology transitions have now enabled significantly slower bit growth (and even more so with HBM), which allows memory suppliers to invest more in congruence with demand as they must actively invest in incremental wafer capacity to grow bit supply.

Our largest addition during the quarter was to **MSCI Inc.**, a leading provider of indices and investment decision support tools. The company reported strong Q4 2025 earnings and management sounded upbeat about the business going forward. Despite the strong fundamentals, the stock was volatile due to industry-wide AI disruption worries. We believe the recent volatility has created a long-term opportunity to own more MSCI. From an AI perspective, we see MSCI as well positioned with CEO Henry Fernandez recently saying that “AI is a godsend to us.” Henry has also been an active buyer of MSCI stock in the open market over the past year, which is a strong signal of his conviction in the opportunity ahead.

MSCI has vast amounts of truly proprietary data and analytics, and nearly everything MSCI sells to customers is proprietary in nature. The index business is further insulated by nature of its benchmark status where it serves as a trusted common language for industry participants. The value of an MSCI index lies in the governance, methodology consensus, regulatory acceptance, and the trillions of dollars of AUM benchmarked to these indices. Once an asset manager has launched an ETF tracking an MSCI index or an asset owner has written MSCI benchmarks into its investment policy statement or a sell-side desk has built its risk system around MSCI’s analytics framework, the cost and career risk of migrating is enormous. AI should make the users of MSCI data more productive, but won’t replace the standard itself and the proliferation of AI-driven systematic and custom portfolios could actually increase demand for MSCI’s data.

We retain long-term conviction that MSCI owns strong, “all weather” franchises that remain well positioned to benefit from numerous secular tailwinds in the investment community and should help drive many years of compounding growth. The ongoing shift to passive (index) investing directly feeds MSCI’s asset-based fee business, while custom indexing should help MSCI push deeper into new client types such as wealth management. Private markets remain much less transparent relative to public markets and given that asset owners want to look at their portfolios on a multi asset class basis, MSCI has been aggressively expanding its private market capabilities (key acquisitions here include Burgiss, Real Capital Analytics and PM Insights). The company is also poised to capture increased demand related to assessing the impact of climate change on client portfolios and the ongoing trend of asset managers outsourcing more back and middle office functions.

We also continued to build our position in the premium senior housing provider, **Welltower Inc.**, which we believe offers both “offensive” and “defensive” investment attributes in the current uncertain environment. Given most of the company’s cash flows are derived from senior housing, “defensive” characteristics are underpinned by a “needs based” service offering. Welltower owns senior housing properties in some of the best micro-markets with

substantial pricing power given the company serves a higher net worth demographic. As we have articulated in the past, we remain optimistic about the prospects for both cyclical growth (a recovery from depressed occupancy levels following COVID-19) and secular growth (seniors are the fastest growing portion of the population and people are living longer) in senior housing demand against a backdrop of muted supply that will lead to many years of compelling organic growth. Several of these characteristics were on display in the most recent quarter with 20% same-store net operating income year-on-year growth in senior housing and a 28% year-on-year earnings growth. We regard management as highly astute capital allocators. We anxiously await CEO, Shankh Mitra’s annual letters and this recent one didn’t disappoint¹¹:

“2025 represented the most pivotal year in our history during which we meaningfully amplified and added substantial duration to our already strong growth trajectory... 2025 marked the beginning of another period of disruption from within...”

“In an era where AI is compressing informational advantages and testing traditional moats, we believe it is critical to distinguish between what can be displaced by technology and, just as importantly, what cannot... Our communities are not lines of code. They are purpose-built, capital-intensive buildings that take many years to entitle, develop, build, and stabilize... People can’t live in the cloud.”

Other sizable additions in the quarter were the following:

- We added to shares of **Microsoft Corporation** in the quarter on the back of what we believe to be short-term focused volatility. While Microsoft is a net beneficiary of AI, Azure growth came in +38% year-over-year in constant currency, which was light of expectations of +39% to 40% as they allocated capacity across both 1st and 3rd party applications. This is feeding the narrative that Microsoft is losing share even though the company remains capacity constrained, is adding AI capacity rapidly, and is optimizing capacity allocation based on the best long-term value for their portfolio, which includes 1st party applications such as M365 Copilot. Longer term, Microsoft is well positioned to remain a key technology platform for enterprises, which comprises applications, chips, and infrastructure with ingrained governance and security guardrails, and is the “easy button” for most organizations. We also believe the company’s distribution and bundling/pricing methodology makes the products sticky which helps it consistently gain share in application spending with pricing leverage on lower ARPU product. Over time we believe that: 1) AI investments will continue to drive rapid growth for Azure; 2) M365 Copilot growth will accelerate (15 million Copilot seats represent only 3% of the 450 million M365 Commercial users with rapid growth) as first party investments help drive faster innovation and better adoption; and 3) the OpenAI concentration go from an overhang to a tailwind as concentration lessens over time.
- We took advantage of price volatility to add to our position in **Amphenol Corporation**, a leading provider of high-technology interconnect, sensor, and antenna solutions to a diverse set of end markets. Amphenol is benefiting from the AI data center buildout as the leading supplier of high-speed copper

interconnects. Its IT datacom segment has been growing rapidly (now around \$10 billion revenue run rate), and the recent \$10.5 billion CommScope CCS acquisition (closed January 2026) adds fiber optic capabilities, making Amphenol a total solution provider for data center connectivity.

- We added to **Quanta Services, Inc.**, the leading energy-focused specialty contracting company. Quanta continues to benefit from secular growth tailwinds for energy-related infrastructure – AI data centers, grid modernization, electrification, and reshoring – and management believes 15%-plus EPS growth per annum through at least 2029 is achievable (and we agree). Its 68,000-person craft-skilled workforce is at least twice the size of its nearest competitor.

Top net sales for the quarter

	Quarter End Market Cap or Market Cap When Sold (\$B)	Net Amount Sold (\$M)
Danaher Corporation	132.3	8.8
CoStar Group, Inc.	18.7	5.2
Broadcom Inc.	1,465.4	2.6
Monolithic Power Systems, Inc.	53.7	2.6
Apollo Global Management, Inc.	64.4	1.5

Outlook

According to ChatGPT, the word “Durable” is associated with the multifaceted nature of broader concepts related to quality, longevity, reliability, and security. We did not choose this word by accident. At an emotional level, the word *durable* has many positive associations – *longevity, reliability, resilience, security...* a sense of confidence in the quality of something, and the comfort of knowing the product will NOT fail easily and perform reliably over time. Most importantly, durable is something that must *endure*. Something that must withstand the test of time!

We tried to construct the Baron Durable Advantage Fund® with all of that in mind. Over the last three years, at the portfolio level (meaning on average), the companies we own grew revenues nearly twice as fast as the index at 15.8% versus 8.6%. Earnings per share grew nearly twice as fast, at 21.2% compared to 11.2% with operating profit margins that were 9.2% higher at 37.6% versus 28.4%. Returns on invested capital at 20.8% were 4.2% higher. At the same time, companies we own used less than half the leverage of the Index (on a debt to market cap ratio) and had lower earnings growth volatility over the trailing five-year period.

As long only investors...

Our goal is to generate an annualized 100 to 200bps of alpha, net of all fees and expenses, while minimizing the probability of permanent loss of capital. We believe that the best way to assess whether we are successful in doing what we set out to do is to measure our performance over longer periods of time and over full market cycles. We believe that rolling monthly returns can be insightful in analyzing whether the process we employ works and whether it is repeatable. This analysis shows that on an annual basis, the Fund has outperformed the S&P 500 Index and its Morningstar Peer Group 58% and 65% of the time, respectively. But as the time horizon extends, so is the Fund’s winning percentage. Over a three-year rolling monthly return period, the Fund outperformed 83% and 89% of the time, while on a five-year basis, the Fund has outperformed 98%, and 100% of the time, respectively. *It is the opposite story for our average competitor.* Note, of course, that past performance does not guarantee future results.

Percentage of time Fund outperformed benchmark and peers over different time periods from inception through 3/31/2026

Rolling Return Period	1 Month	3 Months	1 Year	3 Years	5 Years
Outperformance vs. S&P 500 Index	55%	58%	58%	83%	98%
Outperformance vs. Morningstar Large Growth Category Average	51%	56%	65%	89%	100%
Morningstar Large Growth Category Average vs. S&P 500 Index	58%	56%	61%	39%	3%

Sources: Baron Capital, S&P Global Inc., and Morningstar Direct.

Every day, we live and invest in an uncertain world. Well-known conditions and widely anticipated events, such as Federal Reserve rate changes, ongoing trade disputes, government shutdowns, and the unpredictable behavior of important politicians the world over, are shrugged off by the financial markets one day and seem to drive them up or down the next. We often find it difficult to know why market participants do what they do over the short term. The constant challenges we face are real and serious, with clearly uncertain outcomes. History would suggest that most will prove passing or manageable. The business of capital allocation (or investing) is the business of taking risk, managing the uncertainty, and taking advantage of the long-term opportunities that those risks and uncertainties create. We are confident that our process is the right one, and we believe that it will enable us to make good investment decisions over time.

Our goal is to invest in large-cap companies with, in our view, strong and durable competitive advantages, proven track records

of successful capital allocation, high returns on invested capital, and high free cash flow generation, a significant portion of which is regularly returned to shareholders in the form of dividends or share repurchases. It is our belief that investing in great businesses at attractive valuations will enable us to earn excess risk-adjusted returns for our shareholders over the long term. We are optimistic about the prospects of the companies in which we are invested and continue to search for new ideas and investment opportunities.

We thank you for your continued trust and for being our partners in this journey.

Sincerely,



Alex Umansky
Portfolio Manager

- ¹ The S&P 500 Index measures the performance of 500 widely held large cap U.S. companies. The Fund includes reinvestment of dividends, net of withholding taxes, while the S&P 500 Index includes reinvestment of dividends before taxes. Reinvestment of dividends positively impacts the performance results. The index is 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 Not annualized.
- ⁴ Company HQ visit during Baron Silicon Valley trip in March 2026.
- ⁵ <https://www.anthropic.com/news/google-broadcom-partnership-compute>
- ⁶ <https://www.theinformation.com/articles/openai-tops-25-billion-annualized-revenue-anthropic-narrows-gap>
- ⁷ <https://www.aboutamazon.com/news/company-news/amazon-ceo-andy-jassy-2025-letter-to-shareholders>
- ⁸ <https://www.goodreads.com/quotes/966699-i-very-frequently-get-the-question-what-s-going-to-change>
- ⁹ <https://ai.meta.com/blog/introducing-muse-spark-msl/>
- ¹⁰ We used a P/E multiple (from FactSet on consensus EPS for the next 12 months) for all companies except P/FRE for Blackstone and Apollo and P/FFO for Welltower. We excluded Brookfield which is valued on SOTP.
- ¹¹ https://welltower.com/wp-content/uploads/2026/04/2025_CEO-Letter.pdf
- * As of March 31, 2026, the annualized returns of the Morningstar Large Growth Category average were 16.53%, 18.90%, 8.89%, and 12.79% for the 1-, 3-, 5-year, and since inception (12/29/2017) 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 invests primarily in equity securities, which are subject to price fluctuations in the stock market. In addition, because the Fund invests primarily in large-cap company securities, it may underperform other funds during periods when the Fund's securities are out of favor.

The Fund may not achieve its objectives. **Portfolio holdings are subject to change. Current and future portfolio holdings are subject to risk.**

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Morningstar calculates the Morningstar Large Growth Category Average performance using its Fractional Weighting methodology. Total returns do account for management, administrative, and 12b-1 fees and other costs automatically deducted from fund assets.

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Alpha measures the difference between a fund's actual returns and its expected performance, given its level of risk as measured by beta. **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. **EPS Growth Rate (3-5-year forecast)** indicates the long term forecasted EPS growth of the companies in the portfolio, calculated using the weighted average of the available 3-to-5 year forecasted growth rates for each of the stocks in the portfolio provided by FactSet Estimates. The EPS Growth rate does not forecast the Fund's 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. **Price/Earnings Ratio or P/E** (next 12-months): is a valuation ratio of a company's current share price compared to its mean forecasted 4 quarter sum earnings per share over the next twelve months. If a company's EPS estimate is negative, it is excluded from the portfolio-level calculation.

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QUARTERLY LETTER | MARCH 31, 2026

Baron Fifth Avenue Growth Fund[®]

Retail Shares: BFTHX | Institutional Shares: BFTIX | R6 Shares: BFTUX



Alex Umansky
Portfolio Manager

Dear Baron Fifth Avenue Growth Fund[®] Shareholder,

Performance

Baron Fifth Avenue Growth Fund[®] (the Fund) declined 10.4% (Institutional Shares) during the first quarter, which compares to declines of 9.8% for the Russell 1000 Growth Index (R1KG) and 4.3% for the S&P 500 Index (SPX), the Fund's benchmarks.

In some ways, this quarter reminds us of the first quarter last year. We were coming off of two consecutive years of strong market returns. The Fed was in the midst of an easing cycle. Advancements in AI were offering new tantalizing opportunities. Valuations were not cheap, but in our view, not at all unreasonable. We characterized the U.S. large-cap investment landscape as generally favorable and, in some pockets, as downright attractive. But then in early February the market got a wind of the new tariff policy and President Trump declared that "trade wars are good, and easy to win" and the market went into a tailspin. The SPX lost 4.3% for the first quarter of 2025, R1KG was down 10.0%, while the Fund declined 13.4% - rather similar outcomes, except we did 300bps better this time, resulting in essentially in line performance versus the R1KG. In that quarterly review we wrote: "While every correction, pullback, or bear market is different, at their core, they are always driven by fear, uncertainty, and doubt. It is easy and tempting to get lost in the details because they change every time, but fundamentally, markets depend on stability and predictability. Every time stability and predictability are threatened – markets pull back."

Well... we started 2026 off of three consecutive years of strong market returns with the Fund gaining 156.5%, cumulatively, and were likely due for a breather anyway. The increased geopolitical

Annualized performance (%) for periods ended March 31, 2026[†]

	Fund Retail Shares ^{1,2}	Fund Institutional Shares ^{1,2,3}	Russell 1000 Growth Index ¹	S&P 500 Index ¹
QTD ⁴	(10.42)	(10.36)	(9.78)	(4.33)
1 Year	22.16	22.34	18.81	17.80
3 Years	24.04	24.32	21.18	18.32
5 Years	4.92	5.16	12.76	12.06
10 Years	13.96	14.24	16.83	14.16
15 Years	12.97	13.25	15.33	13.29
Since Inception (4/30/2004)	9.88	10.09	12.07	10.52

tension and the subsequent war with Iran caused the price of oil to spike to as high as \$150 per barrel (physical Brent crude). Treasury yields went up, probability of further rate cuts went down, the range of possible negative outcomes expanded significantly – and the markets sold off.

From a performance attribution perspective, this was a relatively in-line quarter. Stock selection added 31bps, while the effect of sector allocation detracted 89bps. We added value in Information Technology (IT) and Industrials, while underperforming in Financials, Health Care, Consumer Discretionary, and Communication Services. We held no investments in Energy (+43.6%) or Consumer Staples (+10.9%), the two best performing sectors in the R1KG, which cost us 66bps of relative returns, or the entire delta.

Performance listed in the table above is net of annual operating expenses. The gross annual expense ratio for the Retail and Institutional Shares as of January 28, 2026 was 1.03% and 0.76%, respectively, but the net annual expense ratio was 1.00% and 0.75% (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.

From a stock specific perspective, there were 5 contributors against 25 detractors, which is not surprising in a down 10% quarter. Our biggest contributor was **SpaceX**, whose new funding round led our fair value committee to revalue the stock higher, which contributed 69bps to our absolute results. Now at 7.5% of the Fund, SpaceX continues to offer exciting, asymmetric, positive optionality, in our view. **Taiwan Semiconductor (TSMC)**, **ASML**, **Monolithic Power Systems**, and **Cloudflare** were our other winners that contributed 148bps combined, to absolute returns. On the negative side, 10 of our holdings detracted more than 50bps each from absolute results due to broader AI and macro concerns causing a selloff. Apart from **Atlassian**, which we decided to exit as we consolidated our software ownership to our highest conviction ideas, we do not believe any of these 10 investments will cause a permanent loss of capital.

In News Reporting – Sensational Always Dominates Over Statistical

The current news cycle often has a disproportionate impact on stock prices. Entire investment strategies are built on analyzing daily news flow and executing trades with lightning speed (think micro-seconds). An army of technical analysts opine daily on the significance of “breaking moving averages” and formations of “head and shoulders” in various stock charts. The goal of these highly paid experts is to predict where stock prices will go over the next say 30 or 60 days. Most of our investors will agree with us that 30 or 60-day returns don’t matter, though they can easily make us lose sight of our long-term time horizon. We do not make investment decisions based on timing or predicting the outcomes of wars or the price of oil. Not only because macro-driven events are notoriously difficult to predict with any consistency, but more so because we believe they will work themselves out. In the 20th century, the Dow Jones Industrials Average advanced from 66 to 11,497 – an increase of 17,391% (excluding dividends) despite four costly wars, a Great Depression, and countless recessions. Not to be cavalier about the increased geopolitical risks and their consequences but in an unlikely scenario we are wrong – beating an Index will be the least of our problems. So, with rationality and pragmatism prevailing as our default setting, we focus on separating the signal from the noise and identifying the statistically significant events that help us build conviction in the investment thesis for a long-term success of a business.

“AI has moved from being a novelty to becoming something that is really useful! Inferencing is exploding and we are standing smack in the middle of this tornado.” – Andrew Feldman, CEO of Cerebras⁵.

One of the main investor concerns over the last six months has been that the mammoth increases in capex and capacity buildouts were not accompanied by the clear evidence of revenue generation. This is no longer the case. The most significant development in the quarter, in our opinion, was the dramatic acceleration in AI adoption and usage. Witness the curious case of Anthropic, the maker of Claude Code and Claude Cowork, which reported annualized recurring revenues (ARR) of \$9 billion at the end of 2025, projecting to reach \$30 billion in ARR exiting 2026. The company then proceeded to add \$4 billion in ARR in January,

\$6 billion in February, and a mind-boggling \$11 billion in five weeks through the first week of April⁶, surpassing the \$30 billion target for 2026. Anthropic added over \$21 billion in net new ARR in just over one quarter. Think about that for a minute... Dario Amodei, the company’s CEO, disclosed a few months ago that a majority of revenues are coming from enterprise customers with over 1,000 companies paying over \$1 million in ARR. These are the most coveted customers in the world that every business dreams of getting. *When will AI revenue finally show up?* Well... it just did! While clearly the most impressive, Anthropic is not alone. OpenAI’s ARR surpassed \$25 billion⁷ from \$20 billion at the end of 2025. As of the writing of this letter, no public company has reported its first quarter results, but we did get a glimpse from **Amazon’s** CEO, Andy Jassy, who released his 2025 Letter to Shareholders on April 9.⁸ Amazon AI is now at a \$15 billion revenue run rate (*260 times larger than original Amazon Web Services (AWS) at the same point*), their combined custom chips business (Graviton, Trainium, and Nitro) is now at a \$20 billion ARR, *growing triple-digit percentages year-over-year*, implying approximately 13% of total AWS revenues. And that number is understated since they are monetizing the chips themselves. If it was a standalone business selling to third parties, their *ARR would be \$50 billion*. AWS continues to be capacity constrained – *growth would be higher if they could serve it*. At 8.8% of the Fund’s net assets, Amazon is our second largest holding – we would own more if we could.

Culture, Structural Moats, Adaptability to Change, & What’s Not Going to Change

“I very frequently get the question: ‘What’s going to change in the next 10 years?’ And that is a very interesting question; it’s a very common one. I almost never get the question: ‘What’s not going to change in the next 10 years?’ And I submit to you that that second question is actually the more important of the two -- because you can build a business strategy around the things that are stable in time.” – Jeff Bezos⁹

We have often used this quote when analyzing and thinking deeply about the companies we invest in. What attributes of successful businesses will not change in the world of AI?

- Solving real problems for customers.
- Doing it in a way that is unique – with competitive advantages that are durable.
- Being adaptable to change – see our 4Q2025 letter for an in-depth discussion.
- Management that thinks and acts like owners of the business, optimizing for the long term.
- Management that is willing to make big bets when inflection points (a disruption) become clear.

Here too, Amazon’s shareholder letter is instructive – addressing all these points. Jassy begins with what won’t change: *“We believe that customers will always care deeply about massive selection, low prices, very fast delivery, ease of use, and how they’re treated.”* But he argues that AI will reshape how those needs are served, and that leaders must resist the temptation to simply bolt AI onto existing experiences: *“The trick for leaders, ourselves included, is how to get organized and convicted about going back to the starting line and*

reimagining your experiences from a clean sheet of paper." If this sounds familiar, it is because this is exactly how Elon Musk has described his approach to innovation. It is all about first principles, reimagining the entire experience, disregarding the "this is how we've always done this" mentality and thinking.

Jassy then describes what adaptable culture looks like in practice – when Amazon's Bedrock team realized it needed an entirely new inference engine, rather than patching the existing one, it spun out a group of six engineers who rebuilt the architecture from scratch in 76 days using Amazon's own AI coding tool, Kiro. The result – an engine called Mantle – became the backbone of Bedrock, which nearly doubled month-over-month in March and *processed more tokens in Q1 2026 than in all prior years combined*. We see the same willingness to go back to the drawing board at Meta, where Founder and CEO Mark Zuckerberg last summer recruited Scale AI founder Alexandr Wang to rebuild Meta's AI program from the ground up, restructured the entire organization around a new Meta Compute initiative, and is now flattening teams as AI makes it possible for "projects that used to require big teams" to be "accomplished by a single, very talented person." Output per engineer at Meta rose 30% in 2025, with power users up 80%. On April 8, much earlier than expected, Meta released its new AI model, "Muse Spark"¹⁰ that seems to have taken a massive step forward in capabilities.

The right culture and organizational structure are preconditions for this kind of adaptability. According to Jassy, "You need to move fast, have teammates that act like true owners, and be scrappy. At Amazon, we talk a lot about operating like the world's biggest startup. It's the primary reason we've worked to flatten our organization last year." **Shopify** CEO, Tobi Lütke, has taken adaptability further than perhaps any leader in our portfolio: in April 2025 he published an internal memo¹¹ declaring "Reflexive AI usage is now a baseline expectation at Shopify," mandating that before requesting new headcount, teams must demonstrate why AI cannot do the job.

Many of our most successful investments share one attribute: founder-led management that thinks and acts like long-term owners. Jensen Huang has led **NVIDIA** for 33 years since founding it in a Denny's in 1993. Tobi Lütke has led **Shopify** for over two decades. Mark Zuckerberg has run Meta since founding it at age 19. As Jeff Bezos wrote in his original 1997 shareholder letter – which Amazon still appends to every annual report as a statement of enduring values – "We will continue to focus on hiring and retaining versatile and talented employees... each of whom must think like, and therefore must actually be, an owner."

And when the inflection is big enough, Jassy argues, you must bet disproportionately. Amazon guided 2026 capex to \$200 billion. "If you believe you've found one of these disproportionate shifts, you want to invest as aggressively as you responsibly can. This will create investment spikes that will invite scrutiny, but the game-changers don't typically accommodate smoother investment horizons... Inflections aren't usually smooth or calm. They favor the bold and adaptable." This is exactly what **Alphabet** did with its custom AI accelerators, the TPUs, early version of which was unveiled in 2016, long before the ChatGPT moment, or when it

started the autonomous driving project in 2009. Just like Amazon's chips above, Alphabet's TPUs are a huge driver of Google Cloud Platform's growth and Waymo was recently valued at \$126 billion.

What does AI mean for the durability of competitive moats?

Does AI accelerate disruptive change? Yes. Does it reduce barriers to entry? Yes. Does it make it easier to copy features and functionality from competitors? Yes. Does it mean that competitive advantages are no longer sustainable? Not in our view. Instead, we would argue that AI changes the nature of competition, increasing the importance of structural competitive moats while reducing the durability of simple, product/feature/workflow-based moats. Some of the structural competitive moats that in our view remain durable include the following:

- **Platform businesses with network effects** – Amazon is the poster child for network effects where a high number of loyal consumers (repeat buyers) attracts the highest numbers of merchants who offer the widest variety of products at very competitive prices, which attracts more loyal consumers and so on. Meta offers over 3.5 billion active users with consistently high engagement and some of the best returns on ads spent, which makes it indispensable to advertisers. Cloudflare built a network that operates in over 330 cities across 125 countries where it cross-connects its customers directly with origin servers, bypassing the public internet, significantly reducing latency and reducing costs. The more traffic flows through Cloudflare, the better its routing intelligence becomes, making it more attractive for the next customer. AI further reinforces this moat as its close physical proximity to users globally enables it to offer low-latency AI inference, which in turn drives demand for its core offerings. Matthew Prince, Cloudflare's CEO articulated it on a recent earnings call: "This creates a virtuous flywheel: more agents drive more code to Cloudflare Workers, which fuels demand for our performance, security, and networking service". Shopify's network effects are multi-faceted – the millions of merchants on its platform with real time transaction-level data enables it to innovate rapidly, having a front row seat to what makes merchants successful. That same data powers a virtuous cycle across the business: it fuels AI Sidekick, which uses aggregated insights to suggest actions that help merchants improve their operations; it enables Shopify Capital to underwrite loans to merchants with superior risk models. Shopify's scale on the consumer side (over 150 million consumers use Shop App and Shop Pay) and consumer trust drives higher conversion rates for Shop Pay (its instant purchase button), making Shopify more attractive to prospective merchants. In agentic commerce, the two-sided merchant-consumer network effect compounds further: as more merchants join, the product catalog becomes richer, making it the most attractive 'rails' for AI chatbots to access the widest selection of products, which in turn attracts more merchants to Shopify. Harley Finkelstein on a recent earnings call: "No one, and I mean no one, understands this like Shopify... This is a transitional moment in Shopify's history. We are now designing the new normal, just like Tobi predicted a decade ago, and it will fundamentally change our position in the world."

- **Proprietary data moats** – In the age of AI, continuously generated proprietary data that enables ongoing product improvement is an important moat. It cannot be replicated from public sources by foundation models. CrowdStrike processes trillions of endpoint security events globally. CEO George Kurtz, described it on a recent earnings call: “*Our data moat creates a structural advantage no LLM provider can replicate.*” Snowflake’s Cortex Code (CoCo), unlike generic coding agents, operates natively inside Snowflake with deep awareness of each customer’s schemas, permissions, governance rules, and data relationships – context that no external AI tool can access. As CEO Sridhar Ramaswamy explained: “*It understands Snowflake intimately, all its different capabilities. We are seeing productivity gains of 5 to 10 times.*”¹¹² Each interaction makes CoCo smarter about that customer’s environment, creating a feedback loop that widens the moat over time, by increasing the value of Snowflake for its customers. Samsara has built one of the world’s largest operational data assets with 14 trillion data points processed annually including over 90 billion miles driven, and millions of devices reporting millions of GPS points per minute across 99% of major U.S. roads. This proprietary data enables it to better train video-based safety AI models, optimize fleet routes and driver workflows, and introduce new products that competitors cannot match (such as Asset Tags), which are capable of tracking non-vehicle assets due to existing network density. Samsara is driving better outcomes than competitors with fewer accidents per fleet, higher cost savings, lower insurance premiums, less idle time, and better driver retention, which in turn leads to strong customer retention, better new logo win rates, faster market share gains, and more pricing power.
- **Economies of scale** – MercadoLibre is a great example of how scale creates a self-reinforcing cycle. Greater volume drives lower shipping costs per package, enabling the company to reduce its free shipping threshold, which drives higher purchase frequency, expands the addressable market to lower-cost everyday items, and attracts more buyers and sellers, which further improves logistics density, reducing unit shipping costs and so on. In the Summer of 2025, MercadoLibre lowered its free shipping threshold in Brazil and the results were striking: items sold accelerated from 26% growth in Q2 to 42% in Q3 and 45% in Q4. Unique buyers crossed 80 million for the first time, and the company achieved record market share gains in both Brazil and Mexico – all while unit shipping costs in fulfillment fell year-over-year. CEO Ariel Szarfsztejn on a recent earnings call: “*Growth has accelerated, frequency has accelerated. We had record conversion rates, record retention rates for new and existing buyers. We are expanding market share and reaching record levels.*” Nearly 75% of fast shipments are now delivered within two days – services possible only at MercadoLibre’s scale. Of course, Amazon’s scale in the U.S. (and other international markets in which it is a leader) similarly provides it with the density needed to have fast delivery at low-per-unit shipping costs that are hard for competitors to replicate.
- **Manufacturing complexity and accumulated knowhow** – TSMC manufactures approximately 90% of the world’s leading-edge semiconductors. Its moat is structural: building a cutting-edge fabrication facility costs over \$20 billion and takes many years, but the real barrier is yield – the percentage of functional chips per wafer. TSMC has spent decades perfecting yields at each successive process node through continued manufacturing iterations, accumulating institutional knowledge over time that is proprietary and can NOT be replicated by AI models. Acceptable (i.e. high) yield is becoming increasingly more important and harder to achieve as chip complexity and prices increase over time. While Samsung and Intel also spend large amounts of capital building advanced fabs, they serve a fraction of TSMC’s customer base, which means they cannot amortize fixed costs as efficiently and cannot accumulate yield-learning data as quickly. This creates a self-reinforcing cycle: higher yields attract more customers for TSMC, which enables it to earn higher cross-cycle returns on its investment (while the diversity of its customers also reduces the overall cyclicality of the business), which funds more R&D, which enables TSMC to reach the next node quicker and with higher yields than competitors, which widens the lead further. Advanced nodes (7 nanometers (nm) and below) now generate 74% of TSMC’s wafer revenue. Broadcom has spent years building the co-design relationships, custom silicon, and networking capabilities that make it the only scaled player helping hyperscalers and large AI labs to design their AI accelerators, which has now become a significant businesses for the company with AI growth accelerating at scale to 106% year-on-year growth in the last quarter, reaching \$8.4 billion. It is expected to exceed \$100 billion in 2027.
- **Regulatory moats, switching costs and razor-razor blade model** – Intuitive Surgical’s da Vinci robotic-assisted surgical systems installed base exceeds 11,000 globally. Each procedure performed, generates data that improves surgical outcomes, driving stickiness with customers through a razor-and-blade consumable revenue model. Eli Lilly holds FDA approvals for GLP-1 drugs (injectables and oral) with patents, clinical data, and physician trust that cannot be replicated by an AI algorithm.

We have decades of experience in identifying and investing in businesses that are beneficiaries of disruptive change. While the AI disruption feels like the most significant and challenging disruption of our careers (and frankly, our lives), we have built internal processes that we believe have prepared us well for navigating it. We have learned to think probabilistically (expected value = every possible outcome multiplied by the probability of each outcome happening) and believe there is an advantage in allocating capital against the entire range of outcomes rather than the best, the worst or even the most likely outcome. We guard against behavioral biases and systematically seek out disconfirming evidence to stress-test and re-underwrite the key assumptions that form an investment thesis for every company that we own. The goal is to reduce investments in businesses where our conviction level has lessened and increase investments where our conviction level has increased.

We analyzed the current valuation multiples for our companies and compared them to the average valuation multiples over the last five years.¹³ The weighted average multiple for the portfolio at the end of the quarter was 20.9% below its average over the last five years. We believe that the current geopolitical tension, combined with apprehension and uncertainty created by the AI disruption have created an attractive buying opportunity for U.S. large-cap investors. The Fund's 10% correction experienced in the first quarter was driven entirely by multiple contraction, which bodes well for the Fund's prospective returns.

Top contributors to performance for the quarter

	Quarter End Market Cap (\$B)	Contribution to Return (%)
Space Exploration Technologies Corp.	1,250.0	0.69
Taiwan Semiconductor Manufacturing Company Limited	1,752.8	0.53
ASML Holding N.V.	502.1	0.40
Monolithic Power Systems, Inc.	53.7	0.37
Cloudflare, Inc.	72.7	0.18

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.

Semiconductor giant **Taiwan Semiconductor Manufacturing Company Limited** (TSMC) shares rose 11.5% during the first quarter, as revenue growth of 20.5% (25.5% in USD) exceeded expectations due to surging demand for AI chips. TSMC dominates the advanced semiconductor foundry market, controlling over 90% share of cutting-edge sub-7 nm nodes that power AI servers, flagship smartphones, and autonomous vehicles. The company benefits from a virtuous cycle in which its massive scale and profitability generate the capital necessary to fund industry-leading R&D and capex, in turn widening its technological moat and reinforcing its pricing power. As the ultimate picks-and-shovels provider of the AI era, TSMC remains insulated from the competitive dynamics of the AI chip design ecosystem. Whether hyperscalers develop custom accelerators or deploy merchant GPUs from companies like NVIDIA and Advanced Micro Devices,

nearly all advanced AI accelerators are manufactured exclusively at TSMC's 3nm and 5nm nodes. We believe TSMC will deliver 20% earnings growth over the next several years, supported by secular AI-driven demand for leading-edge manufacturing capacity.

Shares of semiconductor equipment company **ASML Holding N.V.** increased 23.6% in the first quarter due to robust demand for its lithography systems amid a strong AI-driven semiconductor capex cycle. ASML holds a monopoly on extreme ultraviolet (EUV) lithography, the indispensable technology required to manufacture the world's most advanced chips at 7 nm and below. Without EUV, chipmakers cannot economically achieve the transistor densities needed to power AI accelerators, flagship smartphones, and autonomous vehicles. As leading chipmakers including TSMC, Samsung, and Micron race to expand advanced manufacturing capacity to meet surging AI demand, ASML sits at the center of the global semiconductor ecosystem as an indispensable enabler. Moreover, we expect a strong product cycle over the next five years as High-NA EUV – the next-generation platform delivering superior resolution and continued transistor scaling – enters high-volume manufacturing. We also project significant gross margin expansion, driven by ASML's pricing power and increasing scale, supporting strong double-digit earnings growth.

Top detractors from performance for the quarter

	Quarter End Market Cap (\$B)	Contribution to Return (%)
Shopify Inc.	154.9	(1.35)
Meta Platforms, Inc.	1,447.7	(1.15)
Snowflake Inc.	52.1	(0.97)
KKR & Co. Inc.	82.5	(0.92)
Amazon.com, Inc.	2,235.8	(0.89)

Shares of **Shopify Inc.**, the leading global commerce operating system, declined 26.3% during the first quarter, as a broader software selloff compressed high-multiple growth stocks. The business itself delivered an exceptional year: gross merchandise value (GMV) grew 30% - adding \$86 billion of incremental volume - revenue grew 30%, and free cash flow grew 26% to over \$2 billion. Management guided to low-30s revenue growth for Q1 2026, above the roughly 25% most analysts had modeled. Q1 FCF margin guidance of low to mid-teens reflects deliberate continued reinvestment in the business to take advantage of the large opportunity ahead. Enterprise penetration remains in early innings: merchants above \$25 million GMV are growing faster than the broader business, and Shopify holds low single-digit share of the \$2.4 trillion enterprise e-commerce market. Shop Pay GMV of \$121 billion grew 62% and now exceeds 50% of U.S. payments volume - a consumer trust signal with advertising optionality via the Shopify Product Network. We view the drawdown as an opportunity to own an exceptional business at a more attractive entry point and see a path for attractive multi-year compounding from current prices.

Shares of **Meta Platforms, Inc.**, the world's largest social network, declined 13.1% in the first quarter. While Meta reported strong quarterly results with 24% year-on-year revenue growth and 41% operating margins and issued a solid Q1 revenue guidance of 29% year-on-year growth rate at the high end (in constant currency), management guided to full-year 2026 operating expenses above Street expectations, implying a 40% increase year-on-year, and raising concerns that it may be overspending on AI for less clear returns relative to competitors. Near the end of the quarter, Meta also lost a jury verdict finding that its design choices led to user harm. Additionally, broader ad budgets became more uncertain due to the conflict in Iran. While we continue to monitor the regulatory landscape, we believe the company can drive premium revenue and profit growth in the foreseeable future. Meta benefits from AI investments across its core business, driving improvements in content recommendations (with rising time spent) and in ad targeting and ranking (leading to higher conversions and better return on ad spend). Longer term, Meta's leadership in mobile advertising, massive user base, innovative culture, leading generative AI capabilities, and technological scale, position it well for continued strong performance, with additional monetization opportunities ahead in areas such as smart glasses and commerce.

Snowflake Inc. is a cloud data platform primarily used for data analytics. Shares declined 31.2% during the quarter, as investors became increasingly concerned that AI-native competitors could disrupt traditional software vendors. Even so, the company posted solid results, with product revenue growth of approximately 30%, best-in-class 125% net revenue retention, record new customer wins, and robust cash generation. Backlog continued to build momentum, with accelerating growth as the company inked its largest contract ever, valued at over \$400 million. Snowflake's product innovation also remains strong, as the company rapidly embeds AI capabilities across its platform to better address customer needs. Its AI product suite has become the fastest growing offering in the company's history, already generating over \$100 million in annualized revenue, with newer tools such as Snowflake Intelligence and Cortex Code now being used by thousands of customers. These developments support our long-term conviction in Snowflake's ability to sustain durable growth and maintain its position as a foundational data platform, even if near-term volatility persists.

Portfolio Structure

The Fund is constructed on a bottom-up basis with the quality of ideas and level of conviction playing the most significant role in determining the size of each investment. Sector weights tend to be an outcome of the portfolio construction process and are not meant to indicate a positive or a negative view.

As of March 31, 2026, the top 10 holdings represented 66.8% of the Fund, and the top 20 represented 94.1%. We exited the quarter with 26 investments, down from 31 as of the end of 2025.

IT, Consumer Discretionary, Communication Services, Health Care, and Financials made up 92.0% of net assets. The remaining 8.0% was made up of **SpaceX**, a private investment classified as Industrials, and cash.

Top 10 holdings

	Quarter End Market Cap (\$B)	Quarter End Investment Value (\$M)	Percent of Net Assets (%)
NVIDIA Corporation	4,237.9	90.6	13.5
Amazon.com, Inc.	2,235.8	59.2	8.8
Space Exploration Technologies Corp.	1,250.0	50.4	7.5
Taiwan Semiconductor Manufacturing Company Limited	1,752.8	47.2	7.0
Alphabet Inc.	3,474.5	44.3	6.6
Meta Platforms, Inc.	1,447.7	43.4	6.5
Shopify Inc.	154.9	31.6	4.7
Cloudflare, Inc.	72.7	28.2	4.2
Tesla, Inc.	1,395.0	27.6	4.1
Samsara Inc.	18.4	24.6	3.7

Recent Activity

During the first quarter, we initiated a new position in the electrical, electronic, and fiber optic equipment provider, **Amphenol**. We reduced six existing investments and exited five others as we decided to reduce our exposure to software and to further concentrate on our highest conviction ideas that we expect to be the winners in the age of AI.

Top net purchases for the quarter

	Quarter End Market Cap (\$B)	Net Amount Purchased (\$M)
Amphenol Corporation	155.3	7.2

This quarter we initiated a position in **Amphenol Corporation**, a leading provider of high-technology interconnect, sensor, and antenna solutions to a diverse set of end markets. Amphenol is a highly diversified business operating in seven different end markets – Industrial, Automotive, Mobile Devices, IT Datacom, Communications Networks, Defense, and Commercial Aerospace. The company's mission-critical products are needed in electrical systems to move data, transmit signals, and enable specific outcomes. As the world electrifies and more systems move from analog to digital, Amphenol's content opportunity grows.

The hallmark of the company is its unique, decentralized "Amphenolian" culture in which over 140 general managers each have autonomy over their individual business units. This leads to a highly agile organization that can quickly respond to market trends (speaking of **adaptability to change**) with best-in-class products and deliver them on a global scale. This culture has enabled the company to compound growth in revenue and cash

flow over many years through both above-market organic growth and a long history of successful M&A. Culture is set from the top, with long-time CEO Adam Norwhitt saying on many occasions that his number one priority is to preserve and scale the unique Amphenol culture. He has been a great capital allocator over his more than 15 years as the CEO, and we expect that to continue.

Amphenol historically had a balanced exposure across many end markets, delivering consistent organic growth above an underlying interconnect end market already growing a healthy mid-single-digit rate over time. Recently, however, Amphenol's exposure to data center infrastructure spending through connectors and cables in AI server racks drove a significant growth acceleration, with its IT Datacom segment now close to 40% of sales having grown from a less than \$3 billion annual run rate to a \$10 billion run rate as of the most recent quarter over just two years. While usually companies progress from being Big Ideas to Durable compounders, in this case, we are seeing the opposite trend as Amphenol is increasingly becoming a Big Idea thanks to its AI business and the significant AI buildout, which we believe will continue.

The stock, however, has experienced volatility recently due to a debate around the company's content in future AI racks moving to optical networking from copper given Amphenol has historically been considered a strong player in copper and less so in optical. We believe shares have been overly penalized on this risk underestimating Amphenol's ability to innovate and adapt as it has over many years and across many cycles and end markets – creating a solid entry point for long-term investors. The company recently closed its largest acquisition in history in CommScope Connectivity and Cable Solutions for \$10.5 billion, an optical specialist, and management consistently talks about how they are always in conversations with key customers about multiple generations of product roadmaps into the future. It is clear why Amphenol was so excited to acquire CommScope, let alone for a very reasonable over 12 times 2025 EBITDA, and we have strong confidence that the team can continue to deliver and have the right products at the right time to serve the market's needs as they did in the current wave of AI capex.

While we expect the data center segment to continue to lead growth for the company, the rest of the business is also delivering outstanding growth having finished 2025 with 10% organic growth despite a weak global industrial spend environment, once again reflecting the unique franchises throughout the company. Margins are also at all-time highs and are expected to continue to expand as sales volume grows over time. Through a combination of organic growth both within the IT Datacom segment and throughout its other end market exposures, continued margin expansion, capital allocation towards accretive M&A, and a strong management team grounded in a unique culture, we believe the company has a long runway for growth ahead.

Top net sales for the quarter

	Quarter End Market Cap or Market Cap When Sold (\$B)	Net Amount Sold (\$M)
Block, Inc.	29.8	10.0
ServiceNow, Inc.	109.8	8.4
Meta Platforms, Inc.	1,447.7	7.1
argenx SE	45.2	5.7
MercadoLibre, Inc.	87.7	5.4

Outlook

"You manifest a future so convincing that there is no way it won't happen – and then you endure the suffering in between." Jensen Huang (NVIDIA's Co-Founder and CEO) on Lex Fridman podcast, March 2026¹⁴

Jensen Huang's philosophy captures perfectly how we think about investing in disruptive change. That is what investing in Big Ideas requires. It is never a straight line. There is always suffering in between. There are drawdowns, counter-narratives, and events that test your conviction and make you lose sleep at night. Patience, ability to separate the signal from the noise, and courage of conviction are required to stay the course. While the talking heads are fixated on the price of oil or the latest posts on Truth Social, we believe we are on the cusp of something extraordinary. Jensen revealed a \$1 trillion order book and proclaimed that OpenClaw *"did for agentic systems what ChatGPT did for generative systems."* Dario Amodei from Anthropic said we are *"near the end of the exponential."*¹⁵ Elon Musk called AI *"the super-sonic tsunami."*¹⁶ Across our portfolio – from **Snowflake** to **CrowdStrike**, **Cloudflare** to **Shopify**, **Amazon** to **Alphabet** – the companies we own are reporting positive early data points on how AI is likely to be **transformational** for their businesses.

Every day we live and invest in an uncertain world. Well-known conditions and widely anticipated events, such as Federal Reserve rate changes, ongoing trade disputes, government shutdowns, and the unpredictable behavior of important politicians the world over, are shrugged off by the financial markets one day and seem to drive them up or down the next. We often find it difficult to know why market participants do what they do over the short term. The constant challenges we face are real and serious, with clearly uncertain outcomes. History would suggest that most will prove passing or manageable. The business of capital allocation (or investing) is the business of taking risk, managing the uncertainty, and taking advantage of the long-term opportunities that those risks and uncertainties create.

We are optimistic about the long-term prospects of the companies in which we are invested and continue to search for new ideas and investment opportunities while remaining patient and investing only when we believe target companies are trading at attractive prices relative to their intrinsic values.

We thank you for your continued trust and for being our partners in this journey.

Sincerely,



Alex Umansky
Portfolio Manager

¹ Historical performance was impacted by gains from IPOs. There is no guarantee that these results can be repeated or the level of IPO participation will be the same in the future.

² The **Russell 1000[®] Growth Index** measures the performance of large-sized U.S. companies that are classified as growth. 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 1000[®] 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.

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 Company HQ visit during Baron Silicon Valley trip in March 2026

⁷ <https://www.anthropoc.com/news/google-broadcom-partnership-compute>

⁸ <https://www.theinformation.com/articles/openai-tops-25-billion-annualized-revenue-anthropoc-narrows-gap>

⁹ <https://www.aboutamazon.com/news/company-news/amazon-ceo-andy-jassy-2025-letter-to-shareholders>

¹⁰ <https://www.goodreads.com/quotes/966699-i-very-frequently-get-the-question-what-s-going-to-change>

¹¹ <https://ai.meta.com/blog/introducing-muse-spark-ml/>

¹² <https://x.com/tobi/status/1909251946235437514?lang=en>

¹³ <https://finance.yahoo.com/video/snowflake-unveils-cortex-code-ai-080053831.html>

¹⁴ We excluded our private investments and used a P/E multiple (from FactSet on consensus EPS for the next 12 months) for all companies for which the average P/E during the last 5 years was <100x (and Ev/Rev otherwise)

¹⁵ Lex Fridman Podcast #494, March 2026 - <https://www.youtube.com/watch?v=vif8NQcjVf0>

¹⁶ Dwarkesh podcast, February 2026 - <https://www.youtube.com/watch?v=n1E9IZfvGMA>

¹⁷ Dwarkesh podcast, February 2026 - <https://www.youtube.com/watch?v=BYXbuik3dga>

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 invests primarily in large cap equity securities which are subject to price fluctuations in the stock market. 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.

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The portfolio manager defines “**Best-in-class**” as well-managed, competitively advantaged, faster growing companies with higher margins and returns on invested capital and lower leverage that are leaders in their respective markets. Note that this statement represents the manager’s opinion and is not based on a third-party ranking.

Capital expenditures (CapEx) are funds companies use to acquire, upgrade, or maintain physical assets like buildings, technology, or equipment, with the goal of increasing operational scope or future economic benefits. **Enterprise Value (EV)** is a measure of a company’s total value, often used as a more comprehensive alternative to equity market capitalization. EV includes in its calculation the market capitalization of a company but also short-term and long-term debt as well as any cash on the company’s balance sheet. **Price/Earnings Ratio or P/E (next 12-months):** is a valuation ratio of a company’s current share price compared to its mean forecasted 4 quarter sum earnings per share over the next twelve months. If a company’s EPS estimate is negative, it is excluded from the portfolio-level calculation. **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. **EPS Growth Rate (3-5-year forecast)** indicates the long term forecasted EPS growth of the companies in the portfolio, calculated using the weighted average of the available 3-to-5 year forecasted growth rates for each of the stocks in the portfolio provided by FactSet Estimates. The EPS Growth rate does not forecast the Fund’s 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. **Operating Margin** is a company’s profit for every dollar of sales after deducting production costs like wages and raw materials but before accounting for interest and taxes.

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QUARTERLY LETTER | MARCH 31, 2026

Baron First Principles ETF[®]

Ticker: RONB

Dear Baron First Principles ETF[®] Shareholder,

Performance

Baron First Principles ETF[®] (the Fund) had a disappointing start to 2026, with a decline of 8.51% (NAV) compared with a 9.54% loss for the Russell 3000 Growth Index (the Benchmark). The declines were due to continued concerns about the effects of AI on many businesses throughout the portfolio as well as worries about the impact of the Iran war on inflation, interest rates, and consumer spending. These declines were partially offset by **Space Exploration Technologies Corp.** (SpaceX) and its deal to acquire X.AI Holdings Corp. (xAI), which resulted in the revaluation of the combined business at a significantly higher enterprise value.

While we are disappointed with the start of the year, we continue to see opportunities throughout the portfolio. Our portfolio companies continue to do quite well and are generating strong growth and cash flow for additional investments in their businesses to accelerate growth further with excess cash being returned to shareholders through share buybacks and dividends.

Our companies all have strong balance sheets with many operating with financial leverage below their targeted levels, giving them additional liquidity to lever up and buy back more stock should they desire.

Many stocks in the portfolio are now trading at historically low valuations, and we believe there is a disconnect between where these businesses trade today and what they can become over time. As a result, this past quarter we saw an accelerated rate of insider purchases from executives and directors at **Verisk Analytics, Inc.**, **Birkenstock Holdings plc**, **Vail Resorts, Inc.**, **FactSet Research Systems Inc.**, and **MSCI Inc.** When we see these insider purchases, it gives us further confidence in our investment



Michael Baron
Co-President
Portfolio Manager

Ron Baron
Founder
CEO
Portfolio Manager

David Baron
Co-President
Portfolio Manager

Cumulative performance (%) for periods ended March 31, 2026

	ETF Market Price ^{1,2}	ETF NAV ^{1,2}	Russell 3000 Growth Index ¹	Russell 3000 Index ¹
QTD	(8.55)	(8.51)	(9.54)	(3.96)
Since Inception (12/12/2025)	(8.88)	(9.19)	(9.20)	(3.90)

theses for these growth businesses and reinforces our belief that valuations are attractive. As a result, during the quarter we increased our positions in many of these stocks while adding a couple of new names as well. We are continuing to make sure the portfolio remains focused while being cognizant that positions are appropriately sized for risk in this concentrated Fund.

We believe this combination of strong revenue growth with well-positioned balance sheets and attractive valuations offers multiple avenues for potential returns for investors. As a result, we view the portfolio as compelling, with a favorable risk/reward profile.

Further, we believe there is still a ton of capital remaining on the sidelines waiting to be invested, including private equity firms who continue to raise new funds. We believe as rates continue to move lower over the next year, public to private transactions and strategic acquisitions should accelerate, which should further support valuations and our investments.

We continue to believe these businesses have strong competitive advantages with underpenetrated growth opportunities ahead of them and robust balance sheets to finance their growth.

Performance listed in the above table is net of annual operating expenses. The total annual fund operating expense ratio as of December 5, 2025 was 1.00%. 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. Total returns assume the reinvestment of all distributions and the deduction of all fund expenses. 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.

ALL CAP

While it is only the Fund's first full quarter of performance, we believe the Fund should generate significant excess returns over time with much less than market risk. This is due to the balanced nature of the portfolio with approximately 35% invested in high-growth disruptive investments that can generate revenue growth of as much as 20% to 30%; between 15% and 20% of the portfolio in real irreplaceable assets that trade at significant discounts to replacement cost and where they would sell to private equity or another strategic buyer; between 20% and 25% in financials businesses, many of which are financial data providers that have recurring revenue and earnings given the embedded nature of their products in the workflow of their customers; and the balance in core double-digit revenue growing businesses that are more mature in their lifecycle and generate earnings growth while using excess cash for dividend increases, share buybacks, and additional investments in the business to accelerate growth further.

Total returns by investment type for the quarter

	Percent of Net Assets (%)	Total Return (%)	Contribution to Return (%)
Disruptive Growth	35.8	(6.91)	(2.09)
Space Exploration Technologies Corp.	12.6	20.07	2.05
Samsara Inc.	--	(6.26)	(0.09)
Tesla, Inc.	13.6	(17.28)	(2.43)
Spotify Technology S.A.	4.3	(17.35)	(0.77)
Shopify Inc.	5.4	(24.26)	(0.85)
Financials	23.9	(7.29)	(1.38)
Interactive Brokers Group, Inc.	3.0	5.43	0.28
Arch Capital Group Ltd.	2.3	0.26	(0.02)
MSCI Inc.	6.6	(4.10)	(0.29)
The Charles Schwab Corporation	4.7	(4.75)	(0.10)
Kinsale Capital Group, Inc.	2.9	(11.31)	(0.33)
FactSet Research Systems Inc.	4.4	(21.81)	(0.60)
Russell 3000 Growth Index		(9.54)	
Real/Irreplaceable Assets	15.5	(10.46)	(1.69)
Choice Hotels International, Inc.	2.9	10.74	0.33
Vail Resorts, Inc.	2.7	0.37	0.08
Toll Brothers, Inc.	--	(2.69)	0.05
Airbnb, Inc.	1.7	(4.81)	(0.06)
Hyatt Hotels Corporation	4.6	(8.63)	(0.34)
Red Rock Resorts, Inc.	3.6	(11.24)	(0.44)
CoStar Group, Inc.	--	(37.39)	(1.31)

Total returns by investment type for the quarter

	Percent of Net Assets (%)	Total Return (%)	Contribution to Return (%)
Core Growth	24.7	(15.31)	(2.70)
FIGS, Inc.	2.5	42.96	0.65
Live Nation Entertainment, Inc.	1.9	6.46	0.12
Verisk Analytics, Inc.	4.7	(13.69)	(0.40)
IDEXX Laboratories, Inc.	1.9	(16.52)	(0.29)
HEICO Corporation	1.7	(16.90)	(0.28)
Birkenstock Holding plc	1.8	(17.49)	(0.16)
Guidewire Software, Inc.	3.7	(24.72)	(0.84)
On Holding AG	2.3	(25.09)	(0.54)
Gartner, Inc.	4.2	(35.34)	(0.95)
Cash and Cash Equivalents	0.1	--	0.04
Fees	--	(0.24)	(0.23)
Total	100.0*	(8.04)**	(8.04)**

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

** Return calculations are transaction based and are calculated from the underlying security-level data; they may not correspond with published performance information.

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.

Aside from two of our private investments, SpaceX and xAI successfully completing their combination at a valuation significantly higher than previous marks, performance in the first quarter was hurt by continued concerns about the introduction of AI into the economy and those businesses that could be impacted most from the new competition. These included our subscription-based software and platform investments such as **Spotify Technology S.A.**, **FactSet**, and **Guidewire Software, Inc.** However, while the increased competition hurt the valuation of these stocks in the quarter, it has not impacted financials, and these companies continue to generate strong revenue growth and margins in line with company and investor expectations.

Further losses were seen in our exposure to consumer-focused investments given worries about the escalation of the war in Iran and what that could mean for inflation, interest rates, and consumer spending. These included companies such as **Red Rock Resorts, Inc.**, **Hyatt Hotels Corporation**, and **On Holding AG**. However, despite worries about the war and its impact on the consumer, these companies continue to do quite well as the consumer remains resilient despite macro concerns.

Global digital music streaming platform Spotify declined by 17.4% in the first quarter and detracted 77 bps from performance as investors were concerned about the impact AI music could have on the conversion of free subscribers to paying subscribers as well as how it could impact time on the platform. In addition, further concerns about the timing of price increases and resulting margin expansion also frustrated investors. However, the company continues to institute price increases across multiple

regions and complete negotiations with major record labels. User growth remains strong growing at a double-digit rate with high engagement and low churn even with price increases. The company remains on a path to increase gross margins through its high-margin artist promotions marketplace, growing podcast contribution, and ongoing investments in advertising where revenue growth is expected to accelerate this year. We continue to view Spotify as a long-term winner in music streaming with potential to reach 1 billion-plus subscribers by 2030.

Property and casualty (P&C) insurance software vendor Guidewire declined 24.7% in the first quarter and detracted 84 bps from performance. The declines were due to continued AI concerns and potential future competition. However, the company continues to do quite well and after a multi-year transition period, the company's cloud transition is substantially complete, and insurers are upgrading to the cloud at an accelerated rate. We believe that cloud will be the sole path forward, with annual recurring revenue (ARR) benefiting from new customer wins and migrations of the existing customer base to the company's Insurance Suite Cloud. We also expect the company to shift R&D resources to product development from infrastructure investment, which should help drive cross-sales into its sticky installed base and potentially accelerate ARR over time. We are encouraged by Guidewire's subscription gross margin expansion, which improved by approximately 580 bps in its most recently reported quarter. We believe Guidewire will be the critical software vendor for the global P&C insurance industry, capturing 30% to 50% of its \$15 billion to \$30 billion total addressable market and generating margins above 40%.

Shares of global hotelier Hyatt declined 8.6% and hurt performance by 34 bps in the first quarter as investors were concerned with a potential deceleration in revenue per available room (RevPAR) growth due to the Middle East conflict as well as cartel uprisings in Mexico that could hurt travel to those parts of the world. However, according to Hyatt management, the Middle East is only 3% of total fees and Mexico, while it represents approximately 7% of global rooms, is seeing travelers switch and rebook for other places including its Caribbean properties. There has been no impact on unit growth, and the company still expects to grow units between 6% and 7% this year. We believe this growth combined with low single-digit RevPAR growth and slight margin improvement should lead to double-digit EBITDA growth this year. This should generate strong free cash flow, which the company can use for further share buybacks and reinvestment back into the business. The company still has a strong investment grade balance sheet with 90% of the business coming through fees that should allow them to overcome any short-term outside disruptions to its business. Hyatt trades at a discount to peers despite a similar growth and mix of business. We believe this discount should narrow over time as investors see the continued growth and resilience of its business model.

Shares of Las Vegas Local casino operator, Red Rock Resorts, declined 11.2% in the first quarter and hurt performance by 44 bps as investors were concerned with a potential slowdown in Las Vegas gaming revenue brought about by the macro uncertainty from the

war in Iran. Combine this slowdown with construction disruption due to many renovation and expansion projects occurring at its properties and current earnings could decelerate. However, the company continues to spend at its resorts as management sees further opportunities for growth from continued population growth and a higher net worth individual coming to Las Vegas. The company continues to generate strong cash flow that should produce accelerated growth in the coming years. We continue to believe the stock remains attractively valued as the company's founders recently bought stock at current levels giving us further confidence in the company's accelerated growth prospects.

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.	2026	800.0	1,250.0	20.07	2.05
FIGS, Inc.	2026	1.7	2.5	42.96	0.65
Choice Hotels International, Inc.	2025	4.2	4.8	10.74	0.33
Interactive Brokers Group, Inc.	2025	109.1	114.0	5.43	0.28
Live Nation Entertainment, Inc.	2025	33.3	35.8	6.46	0.12

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.

FIGS, Inc. designs and sells scrubwear for health care professionals through a digitally native, direct-to-consumer strategy. Shares rose following robust fourth-quarter results and upbeat 2026 guidance. Revenue expanded 33% to \$201.9 million, reflecting broad-based momentum across categories and geographies and exceeding expectations. Holiday demand was strong throughout the season and remained elevated through quarter-end. U.S. revenue rose 28.7% to \$164.2 million, while international revenue accelerated 55% to \$37.7 million, with scrubs and non-scrubwear contributing gains of 35% and 26%, respectively. This topline

strength translated to profitability, with EBITDA rising 29.8% to \$26.7 million. Building on this momentum, revenue is expected to grow in the low-20% range in the first quarter and 10% to 12% for the full year. Additional drivers include accelerating international expansion, new store openings (both the ramping 2025 cohort and four locations planned for 2026), and continued traction in TEAMS (FIGS' enterprise and group ordering business). The company maintains a strong balance sheet, with no debt and roughly \$300 million in cash and marketable securities.

Global hotel franchisor **Choice Hotels International, Inc.** contributed to performance during the quarter as the company saw a slight acceleration in revenue per available room across its portfolio. Choice continues to grow units at a low-single-digit rate and is benefiting from higher royalty rates on new franchise contracts, driving mid-single-digit growth in earnings and free cash flow. The company is using this cashflow to return capital through share repurchases. We continue to believe the stock offers compelling value, trading at a roughly five multiple-point discount to its historical average. Choice maintains a strong balance sheet, providing flexibility for additional share buybacks, particularly when the stock trades below the company's view of intrinsic value. Choice's steady growth profile, both domestically and internationally, should further support attractive shareholder returns over time.

Top detractors from performance for the quarter

	Year Acquired	Market Cap When Acquired (\$B)	Quarter End Market Cap (\$B)	Total Return (%)	Contribution to Return (%)
Tesla, Inc.	2025	1,526.4	1,395.0	(17.28)	(2.43)
CoStar Group, Inc.	2025	28.9	16.9	(37.39)	(1.31)
Gartner, Inc.	2025	16.9	11.2	(35.34)	(0.95)
Shopify Inc.	2025	213.8	154.9	(24.26)	(0.85)
Guidewire Software, Inc.	2025	17.4	12.7	(24.72)	(0.84)

Tesla, Inc. designs, manufactures, and sells fully electric vehicles (EVs), solar products, and energy storage solutions, while developing advanced real-world AI technologies. Following robust gains in late 2025, shares fell as investors awaited progress on robotaxis and assessed the company's sizable investments in manufacturing and AI. Operationally, Tesla delivered strong quarterly results amid a challenging EV environment. Automotive gross margins improved sequentially and beat expectations, the energy storage business maintained robust momentum with best-in-class margins, and battery cell production ramped. The company continues to advance its AI and autonomous driving initiatives at a rapid pace. Management anticipates meaningful robotaxi expansion in 2026 and continues to finalize the Optimus Gen 3 design and build out large-scale manufacturing capacity for humanoid robots. Tesla is also releasing major Full Self-Driving enhancements, scaling AI training compute, and deepening vertical integration in semiconductor design and production. These initiatives, while increasing near-term capital spending, underscore Tesla's pivot toward becoming a leader in physical AI.

CoStar Group, Inc. is the leading provider of information and marketing services to the commercial and residential real estate industries. Shares fell due to multiple compression driven by rising AI fears. The market has come to view AI as an existential risk for a growing number of industries—including software, business services, information services, and video games—despite no evidence of any fundamental impact to these sectors. This “shoot first and ask questions later” dynamic has resulted in meaningful share price declines. We continue to own CoStar given its differentiated data assets and significant growth opportunities in providing enhanced real estate information, analytics, and marketplace offerings. CoStar boasts an enviable business model with high levels of recurring revenue and meaningful cash flow generation potential. While near-term cash flow is obscured by elevated investment in Homes.com, we expect spending to moderate and cash flow to improve over the next several years. The company also maintains a substantial cash balance, which we are hopeful will be used to aggressively repurchase shares at current depressed valuation levels.

Syndicated research provider **Gartner, Inc.** detracted from performance as valuation multiples compressed amid rising concerns around AI. Investors have increasingly viewed AI as a potential existential risk across a widening range of industries—including software, business services, information services, and video games—despite no evidence of any fundamental impact to these sectors. This “shoot first and ask questions later” dynamic has driven meaningful share price declines across the group. Against this backdrop, shares of Gartner came under pressure after the company reported contract value growth that was just 0.5% below expectations, underscoring the dramatic valuation compression at play. We continue to own Gartner given its large addressable market, significant competitive advantages, and robust free cash flow generation, which we expect management to deploy toward share repurchases at depressed valuation levels. We also view Gartner as an AI beneficiary, as it can leverage emerging tools to extract deeper insights from its vast trove of proprietary data and deliver it to customers in chatbot-type formats that meaningfully enhance its value proposition.

Portfolio Structure

We are steadfast in our commitment to long-term investing in competitively advantaged, growth businesses. We run a balanced portfolio of uncorrelated businesses to help reduce portfolio risk. We believe this portfolio strategy is an effective way to mitigate risk and increase the purchasing power of your savings. While there will always be market volatility, we believe we can reduce that volatility via this portfolio due to its balanced nature.

As of March 31, 2026, the Fund owned 24 investments. From a quality standpoint, the Fund's investments have generally strong long-term sales growth and margins with the ability to possibly double earnings and cash flow over the next four to five years. Many of our portfolio companies generate recurring earnings and cash flow with low churn rates giving them enhanced visibility into growth and significant pricing power. Many of our portfolio companies continue to invest in their businesses to accelerate

growth further. While this hurts current margins, we believe they should generate strong returns on invested capital, and the investments will accelerate further growth in the future.

While focused, the Fund is diversified by sector. The Fund's weightings are significantly different than those of the Benchmark. For example, the Fund is heavily weighted to Consumer Discretionary businesses with 35.6% of its net assets in this sector versus 12.9% for the Benchmark. The Fund has no exposure to Energy, Materials, or Utilities. We believe companies in these sectors can be cyclical, linked to commodity prices, and/or have little if any competitive advantage. The Fund also has lower exposure to Health Care stocks at 1.9% versus 8.4% for the Benchmark. The performance of many stocks in the Health Care sector can change quickly due to exogenous events or binary outcomes (e.g., biotechnology and pharmaceuticals). As a result, we do not invest a large amount in these stocks in this focused portfolio. In Health Care, we invest in competitively advantaged companies that are leaders in their industries such as **IDEXX Laboratories, Inc.**, the leading provider of diagnostics to the veterinary industry and who is benefiting from the increase in pets that people acquired during the COVID pandemic, especially as these pets age. The Fund is further diversified by investments in businesses at different stages of growth and development.

Disruptive Growth Companies

	Percent of Net Assets (%)	Year Acquired	Cumulative Return Since Date Acquired (%)
Tesla, Inc.	13.6	2025	(16.8)
Space Exploration Technologies Corp.	12.6	2026	20.1
Shopify Inc.	5.4	2025	(26.2)
Spotify Technology S.A.	4.3	2025	(25.3)

Disruptive Growth firms accounted for 35.8% of the Fund's net assets. On current metrics, these businesses may appear expensive; however, we think they will continue to grow significantly and, if we are correct, they have the potential to generate exceptional returns over time. Examples of these companies include EV leader **Tesla, Inc.**, commercial satellite and launch company, **Space Exploration Technologies Corp.**, and audio streaming service provider **Spotify Technology S.A.** These companies all have large underpenetrated addressable markets and are well financed with significant equity stakes by these founder-led companies, giving us further conviction in our investment.

Core Growth Investments

	Percent of Net Assets (%)	Year Acquired	Cumulative Return Since Date Acquired (%)
Verisk Analytics, Inc.	4.7	2025	(14.6)
Gartner, Inc.	4.2	2025	(36.5)
Guidewire Software, Inc.	3.7	2025	(32.5)
FIGS, Inc.	2.5	2026	42.7
On Holding AG	2.3	2025	(27.0)
Live Nation Entertainment, Inc.	1.9	2025	11.5
IDEXX Laboratories, Inc.	1.9	2025	(19.9)
Birkenstock Holding plc	1.8	2026	(6.3)
HEICO Corporation	1.7	2025	(13.5)

Core Growth investments, steady growers that continually invest in their businesses for growth and return excess cash-flow to shareholders, represented 24.7% of net assets. An example would be **FIGS, Inc.**, the largest provider of scrubs and other attire to health care workers. The company continues to add new customers and increase the level of spending per customer as they add new articles of clothing and open new stores both domestically and abroad. This has allowed them to grow their addressable market and improve client retention and cash flow. FIGS continues to invest its cash flow in its business to accelerate growth further, which we believe should generate strong returns over time.

Financials Investments

	Percent of Net Assets (%)	Year Acquired	Cumulative Return Since Date Acquired (%)
MSCI Inc.	6.6	2025	7.7
The Charles Schwab Corporation	4.7	2025	(4.9)
FactSet Research Systems Inc.	4.4	2025	(21.8)
Interactive Brokers Group, Inc.	3.0	2025	24.1
Kinsale Capital Group, Inc.	2.9	2025	(17.4)
Arch Capital Group Ltd.	2.3	2025	0.6

Financials investments accounted for 23.9% of the Fund's net assets. These businesses generate strong recurring earnings through subscriptions and premiums that generate highly predictable earnings and cash flow. These businesses use cash flows to continue to invest in new products and services, while returning capital to shareholders through share buybacks and dividends. These companies include **Arch Capital Group Ltd.**, **FactSet Research Systems Inc.**, and **MSCI Inc.**

Investments with Real/Irreplaceable Assets

	Percent of Net Assets (%)	Year Acquired	Cumulative Return Since Date Acquired (%)
Hyatt Hotels Corporation	4.6	2025	3.8
Red Rock Resorts, Inc.	3.6	2025	(9.3)
Choice Hotels International, Inc.	2.9	2025	9.2
Vail Resorts, Inc.	2.7	2025	(17.8)
Airbnb, Inc.	1.7	2025	6.5

Companies that own what we believe are **Real/Irreplaceable Assets** represent 15.5% of net assets. **Vail Resorts, Inc.**, owner of the premier ski resort portfolio in the world, upscale lodging brand **Hyatt Hotels Corporation**, and **Red Rock Resorts, Inc.**, the largest player in the Las Vegas Locals casino gaming market, are examples of companies we believe possess meaningful brand equity and barriers to entry that equate to pricing power over time.

Portfolio Holdings

As of March 31, 2026, the Fund's top 10 holdings represented 64.9% of net assets. We have a long history of investing in many of these businesses across the Firm and believe they continue to offer significant appreciation potential, although we cannot guarantee that will be the case.

The top five positions in the portfolio, **Tesla, Inc.**, **Space Exploration Technologies Corp.**, **MSCI Inc.**, **Shopify Inc.**, and **Verisk Analytics, Inc.**, all have, in our view, significant competitive advantages due to strong brand awareness, technologically superior industry expertise, or exclusive data that is integral to their operations. We think these businesses cannot be easily duplicated and have large market opportunities to penetrate further, which enhances their potential for superior earnings growth and shareholder returns.

Top 10 holdings

	Year Acquired	Market Cap When Acquired (\$B)	Quarter End Market Cap (\$B)	Quarter End Investment Value (\$M)	Percent of Net Assets (%)
Tesla, Inc.	2025	1,526.4	1,395.0	32.4	13.6
Space Exploration Technologies Corp.	2026	800.0	1,250.0	30.0	12.6
MSCI Inc.	2025	41.4	39.4	15.7	6.6
Shopify Inc.	2025	213.8	154.9	12.8	5.4
Verisk Analytics, Inc.	2025	30.3	26.2	11.2	4.7
The Charles Schwab Corporation	2025	176.7	168.1	11.1	4.7
Hyatt Hotels Corporation	2025	15.3	13.6	10.9	4.6
FactSet Research Systems Inc.	2025	10.9	8.1	10.6	4.4
Spotify Technology S.A.	2025	124.6	99.8	10.1	4.3
Gartner, Inc.	2025	16.9	11.2	10.0	4.2

Thank you for investing in the Baron First Principles ETF®. We continue to work hard to justify your confidence and trust in our stewardship of your family's hard-earned savings. We also continue to try to provide you with information we would like to have if our roles were reversed. This is so you can make an informed judgment about whether the Fund remains an appropriate investment for your family.

Sincerely,



Ronald Baron
Founder
CEO
Portfolio Manager



David Baron
Co-President
Portfolio Manager



Michael Baron
Co-President
Portfolio Manager

¹ 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. The **Russell 3000® Growth Index** measures the performance of the broad growth segment of the U.S. equity universe. 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 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.

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 ETF. 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. 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.

Investors generally incur the cost of the spread between the prices at which shares are bought and sold. Buying and selling shares may result in brokerage commissions which will reduce returns.

Prior to trading in the secondary market, shares of the fund are "created" at NAV by market makers, large investors and institutions only in block-size Creation Units. Each "creator" or "Authorized Participant" enters into an authorized participant agreement with Baron Capital, Inc. Only an Authorized Participant may create or redeem Creation Units directly with the fund.

Investors buy and sell shares of ETFs at market price (not NAV) in the secondary market throughout the trading day. These shares are not individually available for purchase or redemption directly from the ETF. Baron Capital, Inc. serves as the distributor of the Creation Units for the ETFs on an agency basis. Baron Capital does not maintain a secondary market in Fund's shares.

The Fund may not achieve its objectives. **Portfolio holdings are subject to change. Current and future portfolio holdings are subject to risk.**

The discussions of the companies herein are not intended as advice to any person regarding the advisability of investing in any particular security. The views expressed in this report reflect those of the respective portfolio manager only through the end of the period stated in this report. The portfolio manager's views are not intended as recommendations or investment advice to any person reading this report and are subject to change at any time based on market and other conditions and Baron has no obligation to update them.

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

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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QUARTERLY LETTER | MARCH 31, 2026

Baron Opportunity Fund[®]

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



Michael Lippert
Head of Technology Research
Portfolio Manager

Dear Baron Opportunity Fund[®] Shareholder,

Performance

During the first quarter, Baron Opportunity Fund[®] (the Fund) declined 8.88% (Institutional Shares), outperforming the Russell 3000 Growth Index (the Benchmark), which fell 9.54%, but trailing the S&P 500 Index, which dropped 4.33%.

Review and Outlook

Market Backdrop

U.S. equity markets maintained positive momentum to begin the year, supported by investor enthusiasm about the pro-growth policies of the Trump administration, with an emphasis on reshoring and AI-driven productivity. Easing inflation pressures, resilient economic data, and strong corporate earnings also contributed to buoyant market conditions early in the quarter. At the same time, investors appeared unfazed by rising geopolitical risks associated with the U.S. military operation to remove Venezuelan President Maduro, President Trump's threats to impose tariffs on several European countries that opposed his plans to take over Greenland, and Iran's brutal crackdown on protests and the possibility of U.S. military intervention.

Market sentiment began to shift in February, with the early catalyst being widespread losses across a range of industries, including software, business services, and information services, owing to fears about AI-driven disruption. Anthropic's release of specialized Claude Cowork plugins, which enable AI to function as domain-specific analysts across legal, finance/accounting, sales/marketing, and customer support, initially contributed to software and services weakness, as it caused investors to worry that AI agents could directly replace expensive human-led, subscription-based business workflows.

Annualized performance (%) for periods ended March 31, 2026^t

	Fund Retail Shares ^{1,2}	Fund Institutional Shares ^{1,2,3}	Russell 3000 Growth Index ¹	S&P 500 Index ¹
QTD ⁴	(8.95)	(8.88)	(9.54)	(4.33)
1 Year	23.58	23.93	18.75	17.80
3 Years	24.51	24.84	20.64	18.32
5 Years	7.59	7.87	12.05	12.06
10 Years	19.69	20.00	16.38	14.16
15 Years	14.46	14.76	14.90	13.29
Since Inception (2/29/2000)	9.92	10.10	7.58	8.16

ALL CAP

The sell-off worsened after the U.S. and Israel attacked Iran on February 28, killing the country's Supreme Leader and other high-ranking officials. In response, Iran launched retaliatory missile and drone strikes against U.S. and Israeli interests, targeting areas in the Gulf, including Kuwait, Iraq, Qatar, and the United Arab Emirates. The conflict disrupted energy supplies and blocked shipping lanes in the Strait of Hormuz. With no clear signs of de-escalation in sight, investors became concerned about the potential for sustained inflation and reduced economic growth from surging oil prices and supply chain disruptions.

Against this backdrop, the dominant market trend was the continued rotation out of the Magnificent Seven, software, and other growth-oriented stocks into cyclical/commodity sensitive, defensive, and other value-leaning segments of the market. The

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.

Magnificent Seven complex declined 11.3%, accounting for about 90% of the S&P 500 Index's losses. The group was hurt by concerns about earnings growth being pressured by substantial AI-driven capital expenditures. The non-Magnificent Seven stocks in the Index were down only 0.6% for the quarter. Sector performance was mixed for the quarter, with the gainers being defensive and cyclical/commodity sensitive sectors such as Energy, Materials, Utilities, Consumer Staples, Industrials, and Real Estate.

Performance

We manage the Fund with an unwavering focus on powerful secular growth trends that disrupt industries and create sustained, profitable growth opportunities — not short-term geopolitical disruptions or sentiment swings, like those that pressured markets and the Fund alike in the first quarter. Transformative secular trends — such as AI; space exploration and technology; autonomous transportation; robotics; digital commerce; media; finance; advanced therapeutics and minimally invasive surgery — will shape the future and drive long-term investment returns.

This first quarter was not a favorable backdrop for the Fund — with a war breaking out, higher oil prices and inflation, AI-related fears, and rotations out of growth stocks. The Fund declined almost 9%, trailing the broader-market S&P 500 Index, but it still outperformed its primary Benchmark.

The Fund's stand-out contributor to relative performance during the period was launch and satellite broadband groundbreaker **Space Exploration Technologies Corp.** (SpaceX), a high-profile private company founded by Elon Musk. SpaceX is now the largest holding in the portfolio and the largest overweight position versus the Benchmark. Our top absolute and second-best relative performer was T-cell therapy innovator **Arcellx, Inc.**, whose stock surged after partner Gilead Sciences, Inc. announced plans to acquire the company. In the Information Technology and Industrials sectors, our investments in companies benefiting from AI-infrastructure investments contributed to absolute and relative performance, including **Taiwan Semiconductor Manufacturing Company Limited** (the world's advanced-semiconductor manufacturing champion), **Nova Ltd.** (leading provider of advanced metrology solutions for semiconductor manufacturing), **GDS Holdings Limited** (leading China data center operator), **Monolithic Power Systems, Inc.** (high-performance power management semiconductor leader), **Lumentum Holdings Inc.** (optical technology leader), and **Quanta Services, Inc.** (electric grid and energy infrastructure buildout leader). The portfolio also benefited from its underweight in **Microsoft Corporation**, which fell sharply along with other Magnificent Seven and software names.

The Fund's investment in **CoStar Group, Inc.** (commercial real estate data, analytics, and marketing services provider) was the largest drag on relative performance. The Fund's underweight in **Alphabet Inc.**, a position we were building during the period (see below), and its non-ownership of Apple Inc., which held up better than other Magnificent Seven names, also weighed on relative performance. Other relative performance laggards included companies impacted by the AI-disruption trade, such as software vendors **Atlassian Corporation**, **Zscaler, Inc.**, **Snowflake Inc.**, and

Shopify Inc.; global streaming music and content leader, **Spotify Technology S.A.**; and syndicated research and advisory firm, **Gartner, Inc.**

AI Update

Just over three years since the “ChatGPT moment” rang the opening bell of the age of AI, we find ourselves in the fastest-moving technology disruption we have experienced as investors. The pace of innovation across AI models, semiconductors, networking, and software is extraordinary. As we have written before, we are deep research, evidence-based investors — and in an environment moving this fast, we believe it is critical to be on the ground, meeting with the people building the technology, the companies deploying it, and the enterprises adopting it, rather than relying on second-hand analysis.

During the quarter, our team traveled to the West Coast to meet with senior leadership across semiconductors, software, infrastructure, and private AI-native companies. We attended NVIDIA's GTC conference and the Optical Fiber Conference, participated in expert panels and technical sessions, and spoke with IT teams at Fortune 500 companies and global systems integrators to understand firsthand how AI adoption is expanding across workflows and budgets. We also met with venture capital investors and domain experts focused on where durable AI value will and will not accrue. As our founder Ron Baron says, research starts with people — and this level of corporate access informs not just individual stock decisions but the broader analytical framework we apply across the portfolio.

AI Infrastructure: Silicon and Networking

Multiple AI scaling laws remain intact — across pre-training, post-training, inference-time compute, context windows, and memory — and frontier AI labs continue to demonstrate step-function improvements in model capability with each successive generation of compute. This insatiable demand has fueled an infrastructure buildout of historic proportions. Amazon, Alphabet, Microsoft, and Meta have collectively guided to approximately \$650–\$700 billion of capital expenditures in 2026, roughly triple the level from just two years ago, with the vast majority directed at AI data centers, chips, and networking.

NVIDIA Corporation remains the dominant platform for AI training and inference. At GTC, the company unveiled a more diversified product roadmap — including Vera CPU-only servers for agentic workloads and an expanded inference strategy — reflecting the organizational agility we look for in management teams. We continue to view NVIDIA as the leading merchant platform for bringing AI to the world, with a long runway driven by enterprise adoption and Physical AI.

The shift toward custom silicon is also accelerating. **Broadcom Inc.** confirmed an expanded agreement with Alphabet for next-generation Tensor Processing Units (TPUs) and a deal to supply approximately 3.5 gigawatts of compute capacity to Anthropic. Broadcom is the only partner capable of matching the annual development cadence hyperscalers and AI labs require at scale. On the **Amazon.com, Inc.** side, CEO Andy Jassy disclosed that its

custom chip business — spanning Trainium, Graviton, and Nitro — has reached a \$20 billion annual revenue run rate, growing at triple-digit rates. We are positioned to benefit from this multi-architecture evolution through our ownership of NVIDIA, Broadcom, Alphabet, and Amazon.

In networking and optical interconnects, all component suppliers are supply constrained and the content opportunity is expanding as optics penetrate deeper into the data center. We hold positions in Lumentum and **Coherent Corp.**, well-positioned for this multi-year expansion, and in **Arista Networks, Inc.**, whose software moat and hardware leadership make it a core long-term holding.

The Rise of the AI Labs and the ROI Inflection

A persistent question throughout 2025 was whether hundreds of billions of dollars poured into AI infrastructure would yield a meaningful return on investment. We are now seeing compelling evidence that an ROI inflection is underway. AI inference hit a step-function acceleration in late 2025, catalyzed by Anthropic's Opus 4.5 release, triggering a surge in corporate AI adoption and token consumption. Anthropic's annualized revenue run rate surged from approximately \$9 billion at year end 2025 to over \$30 billion as of early April 2026, with more than 1,000 enterprise customers spending over \$1 million annually — a figure that doubled in under two months.⁵ OpenAI is now generating \$2 billion in monthly revenue, ChatGPT's weekly active user base exceeds 900 million, and its coding agent serves over 2 million users, up 5 times in three months.⁶ Both companies are investing aggressively in compute, with expected capacity buildouts of 5 to 6 gigawatts each by year-end. The ROI case we have been building is showing strong promise.

We are not just observers — our research teams are actively using AI models, agents, and purpose-built tools from all leading providers to enhance our process: accelerating earnings analysis, synthesizing filings and transcripts, building proprietary data trackers, and developing structured investment frameworks. I'm using Anthropic's Claude to help edit this letter!

Navigating the Software Transition

While semiconductors and infrastructure are indisputable beneficiaries of the AI revolution, the software sector is experiencing its most dramatic valuation re-rating since the dot-com era. Year-to-date through March 31, the median public software company declined roughly 25%, with multiples compressing to 10-year lows. This decline has been largely indiscriminate — driven not by deteriorating fundamentals but by fear that AI will disrupt software incumbents. We take these concerns seriously, but we believe the selling has created an analytical opportunity. Not all software companies face the same AI risk. Some will be disrupted, some will prove resilient, and some will emerge as significant beneficiaries. We have used this sell-off to upgrade portfolio quality and position the Fund in businesses that can survive and thrive through the AI transition — companies that are market-share leaders growing faster than competitors, with pricing models aligned to usage or outcomes rather than headcount, leveraging AI and proprietary data to compound their competitive advantages, and led by founders with the authority and willingness to self-disrupt.

Samsara Inc. is the market-share leader in connected operations and fleet telematics, with cameras and sensors on millions of commercial vehicles generating 20 trillion data points annually — physical and data moats the AI labs cannot easily replicate. Shopify grew revenue 30% last year at nearly \$12 billion in scale, with founders Tobi Lütke and Harley Finkelstein building the platform for agentic commerce. **Datadog, Inc.** has accelerated revenue growth for three consecutive quarters and is one of the largest commercial vendors to nearly every major AI startup; its consumption-based observability platform grows as AI workloads multiply. These stocks are down this year because the market sold the sector indiscriminately — yet all are bigger businesses, growing faster, with stronger competitive positioning than a year ago. We believe these are the types of companies that emerge intact on the other side of the AI transition — and at current valuations, the risk/reward is increasingly attractive.

Our AI Infrastructure Positioning

Our AI infrastructure holdings — NVIDIA, Broadcom, Alphabet, Amazon, Arista Networks, Lumentum, Coherent, and Datadog — span every critical layer of the buildout. We are particularly constructive on Alphabet and Amazon as the only two hyperscalers designing custom AI chips at scale, with Alphabet also developing frontier models — a vertical integration of silicon, infrastructure, and intelligence that we believe gives both companies a structural advantage the market does not yet fully reflect.

Looking further ahead, one of the binding constraints on AI scaling is the availability of energy and cooling capacity to power ever larger compute clusters. As launch costs decline and payload capacity to orbit increases, space is emerging as a potentially important new frontier for AI infrastructure, where constant sunlight and the vacuum of space offer compelling physics for large-scale compute. To address the chip-capacity constraints that accompany this growing demand, **Tesla, Inc.** and SpaceX recently announced the Terafab initiative, a strategic effort to build domestic semiconductor manufacturing at unprecedented scale. The ambition is to dramatically improve capital efficiency, accelerate product innovation, and ensure that the supply of AI silicon keeps pace with what is shaping up to be the largest infrastructure buildout of the 21st century.

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
- Electric vehicles/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 first quarter we initiated or added to the following positions:

- Space technology: **Space Exploration Technologies Corp.**
- Software and digital services: **Datadog, Inc., Samsara Inc., and Via Transportation, Inc., Axon Enterprise, Inc., Guidewire Software, Inc., and Shopify Inc.**
- Digital/other health care: **BillionToOne, Inc. and Heartflow, Inc.**
- Semiconductors: **indie Semiconductor, Inc.**
- Networking: **Arista Networks, Inc.**

Top contributors to performance for the quarter

	Contribution to Return (%)
Space Exploration Technologies Corp.	2.08
Arcellx, Inc.	0.67
Nova Ltd.	0.34
Taiwan Semiconductor Manufacturing Company Limited	0.22
Lumentum Holdings Inc.	0.21

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.

Shares of **Arcellx, Inc.** contributed to performance. Arcellx is a clinical-stage biopharmaceutical company developing anito-cel, a chimeric antigen receptor T-cell therapy targeting B-cell maturation antigen (BCMA CAR-T) for the treatment of multiple myeloma. Anito-cel is designed to offer similar efficacy to competing therapies while avoiding the significant neurological side effects associated with others in its class, which we believe would be a meaningful point of differentiation. We see this profile as a significant opportunity to drive penetration of what we estimate to be a \$12 billion market for second line and beyond multiple myeloma treatments. Shares appreciated in the first quarter of 2026 after partner Gilead Sciences, Inc. announced plans to acquire Arcellx for \$115 per share, plus a \$5 per share contingent value right tied to cumulative revenues through year-end 2029.

Shares of **Nova Ltd.**, an Israeli provider of process control and metrology solutions for semiconductor manufacturing, contributed to performance, driven by robust demand amid a strong AI-fueled semiconductor capital expenditure cycle. Nova specializes in the precise measurement of materials during chip fabrication, a capability that is growing ever more critical as semiconductor devices become increasingly complex. Nova has consistently outgrown semiconductor equipment spending, gaining share in dimensional and materials metrology through its differentiated technology. During the second quarter, we exited the position and invested the proceeds into **ASML Holding N.V.**, a Dutch semiconductor equipment company and the world's sole provider of extreme ultraviolet lithography systems, where we see a more compelling long-term opportunity across several dimensions (see further discussion below).

Top detractors from performance for the quarter

	Contribution to Return (%)
Tesla, Inc.	(1.04)
Microsoft Corporation	(0.98)
NVIDIA Corporation	(0.79)
Spotify Technology S.A.	(0.67)
CoStar Group, Inc.	(0.66)

Shares of **Tesla, Inc.**, which designs, manufactures, and sells fully electric vehicles, solar products, and energy storage solutions while developing real-world AI technologies and applications, detracted from performance this quarter as the stock consolidated following robust gains in late 2025, with investors awaiting robotaxi progress and digesting Tesla's sizable investments in manufacturing and AI. Operationally, results were strong despite a challenging electric vehicle market: automotive gross margins rose materially in the fourth quarter of 2025, beating expectations and reaching their highest level in two and a half years, while energy storage margins approached 30%. Tesla continues to advance its AI and autonomy initiatives at full speed — the company anticipates meaningful robotaxi expansion in 2026, released a newer version of its autonomous driving software, and commenced production of its Cybercab, its first purpose-built autonomous transportation platform. Nevertheless, investors continue to scrutinize the pace of robotaxi deployment against Waymo's ongoing scaling, and Tesla's decision to more than double its annual capital expenditures — including its ambitious Terafab domestic chip manufacturing initiative — has heightened near-term perceived risk. We believe these strategic investments can materially strengthen Tesla's competitive position in the AI-first world, and we remain confident in the company's long-term growth across electric vehicles, energy storage, and autonomous driving. Looking further ahead, Tesla's Optimus humanoid robot program may prove to be its most transformative initiative of all — Elon Musk has called it potentially the most valuable product in human history, and we believe the program's progress warrants serious attention from long-term investors.

Shares of **Microsoft Corporation**, the world's largest software and cloud computing company, detracted from performance before we exited the position during the quarter. Our decision to sell was driven by a combination of near-term execution shortfalls and longer-term structural concerns about the company's competitive positioning in AI. On the near-term side, Azure revenue growth came in below expectations, as capacity constraints, including the allocation of capacity to first-party applications, continued to hamper results. More importantly, our view on Microsoft's longer-term positioning has shifted. The company remains heavily dependent on OpenAI for its core AI models, representing meaningful vendor concentration risk, while its own internal AI development efforts have been underwhelming. Microsoft has also struggled to gain traction with its first-party AI applications, with adoption of its Microsoft 365 Copilot product remaining limited relative to its enormous installed base of commercial users. We believe nimbler competitors are pulling ahead rapidly at the enterprise AI application layer — and in an era where the pace of innovation is paramount, we do not believe that being a fast follower with adequate but not leading products is a viable long-term strategy. As the new agentic technology stack is built out, Microsoft's historical competitive moat — built on distribution, bundling, and deep enterprise entrenchment — appears less durable than it was during prior platform shifts. For these reasons, we exited the position during the quarter, though we will continue to monitor the company's progress closely and remain open to revisiting our investment view should the competitive dynamics shift in Microsoft's favor.

Shares of **NVIDIA Corporation**, a semiconductor and systems company specializing in compute and networking platforms for accelerated computing, detracted from performance during the quarter as concerns over the sustainability of AI infrastructure capital expenditure intensified, with many market participants coming to view 2027 as a peak spending year, and as NVIDIA's largest customers continue pursuing custom silicon architectures, raising questions about the company's longer-term revenue trajectory. We retain conviction in the position. Demand for AI infrastructure remains insatiable, driven by continued returns to scaling training workloads and a meaningful inflection in inference demand, and the remarkable acceleration in revenues at frontier AI labs — accompanied by improving unit economics — validates the sustainability of long-term infrastructure investment. While some hyperscalers and AI labs are pursuing in-house silicon programs, these efforts remain in early stages and require substantial investment in both design and software, with Google's TPUs and Amazon's Trainium being the notable exceptions. We expect NVIDIA to continue performing well with its largest customers while expanding its footprint across sovereign deployments, on-premise enterprise installations, and cloud infrastructure buildouts globally. At current prices, the stock is attractively valued on next year's estimated financial results, and we believe AI compute demand is a durable, multi-year phenomenon — not the peak cycle the market fears. We continue to maintain NVIDIA as a top holding.

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 fourth quarter, the largest market cap holding in the Fund was \$4.2 trillion and the smallest was \$500 million. The median market cap of the Fund was \$63.2 billion, and the weighted average market cap was \$1.4 trillion.

To end the quarter, the Fund had \$1.6 billion of assets under management. We had investments in 46 unique companies. The Fund's top 10 positions accounted for 64.2% of net assets.

Top 10 holdings

	Quarter End Market Cap (\$B)	Quarter End Investment Value (\$M)	Percent of Net Assets (%)
Space Exploration Technologies Corp.	1,250.0	248.4	15.4
NVIDIA Corporation	4,237.9	214.5	13.3
Broadcom Inc.	1,465.4	101.6	6.3
Amazon.com, Inc.	2,235.8	101.1	6.3
Tesla, Inc.	1,395.0	87.4	5.4
Spotify Technology S.A.	99.8	64.3	4.0
Meta Platforms, Inc.	1,447.7	62.5	3.9
Alphabet Inc.	3,474.5	61.5	3.8
Eli Lilly and Company	869.0	55.1	3.4
Taiwan Semiconductor Manufacturing Company Limited	1,752.8	41.3	2.6

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Recent Activity

Top net purchases for the quarter

	Quarter End Market Cap (\$B)	Net Amount Purchased (\$M)
Alphabet Inc.	3,474.5	72.1
Forgent Power Solutions, Inc.	8.9	19.0
ASML Holding N.V.	502.1	13.2
Lam Research Corporation	266.8	12.1
Rubrik, Inc.	11.1	11.6

During the first quarter, we initiated a position in **Alphabet Inc.**, the parent company of Google and one of the world's most valuable technology franchises. After missing Alphabet's strong run in the latter part of 2025, we took a fresh look at the competitive landscape across hyperscalers and frontier AI labs and concluded that Alphabet offers the most compelling combination of assets in AI at an attractive valuation. We believe that combination includes unmatched consumer distribution across Search, YouTube, Chrome, and Android — including seven products with over two billion users each — proprietary Gemini frontier models, custom tensor processing unit chips, owned data center infrastructure, and decades of unrivaled user and advertiser data. This fully

integrated and cost-advantaged AI stack is funded by one of the most cash-generative business models in the world. Despite the rise of AI-native competitors, Search and YouTube continue to grow at double-digit rates at enormous scale and have not missed advertising revenue expectations once since the launch of ChatGPT in November 2022. Meanwhile, Google Cloud is accelerating (we are projecting over 60% year-over-year revenue growth for this segment), driven by demand from leading frontier AI labs and a growing base of AI-forward enterprise customers. We are also encouraged by management's observation that AI features are deepening user engagement rather than disrupting it, with more complex and multimodal queries driving more time on platform. Alphabet is one of a very small number of companies in the world with the distribution, capital, proprietary data, and technical infrastructure to compete and win across multiple layers of the AI ecosystem simultaneously — and at a reasonable valuation, we see a compelling long-term opportunity for shareholders.

During the first quarter, we initiated a position in **Forgent Power Solutions, Inc.**, a leading manufacturer of custom electrical distribution equipment serving data centers, the power grid, and energy-intensive industrial applications. Unlike larger competitors that focus primarily on standardized, higher-voltage products, Forgent specializes in low- and medium-voltage equipment engineered to customer specification (referred to as “engineered-to-order”) — and has built a unique competitive advantage by delivering these custom products faster than competitors can deliver standard ones, through a differentiated customer engagement model, manufacturing floor design, and supply chain management. Electrical distribution equipment, including power transformers, remains one of the key bottlenecks in the broader data center infrastructure buildout, and Forgent is exceptionally well positioned to capitalize. The company is nearly finished investing in a manufacturing footprint capable of supporting five billion dollars in annual revenue — one of the largest and most modern in the industry — and its annualized order book of approximately \$3 billion dollars and backlog of approximately \$1.5 billion dollars as of year-end 2025 provide strong near-term revenue visibility. Despite carrying some excess capacity today, Forgent already generates near best-in-class profitability, which we expect to expand meaningfully as volumes scale. The company is led by a strong, experienced management team with ambitious but credible growth aspirations, and we believe Forgent is well positioned to achieve their CEO's goal of growing from roughly \$1 billion dollars in revenue today to \$5 billion dollars or more over the next several years, supported by durable data center and grid capital expenditure tailwinds and continued share gains.

During the first quarter, we initiated a position in **ASML Holding N.V.**, a Dutch semiconductor equipment company and the world's sole provider of extreme ultraviolet lithography (EUV) systems — the indispensable technology required to manufacture the most advanced chips at the smallest geometries. Without ASML's machines, chipmakers cannot achieve the transistor densities needed to power artificial intelligence accelerators, flagship smartphones, autonomous vehicles, and other high-performance computing applications. This is not a temporary competitive

advantage — the extraordinary complexity of EUV lithography and its sprawling global supply chain make it virtually impossible for any competitor to replicate, and we expect ASML's monopoly position to endure for the foreseeable future. As we noted earlier in this letter, we exited our position in Nova Ltd. and redeployed the proceeds into ASML, where we see a more compelling long-term opportunity across several dimensions. As leading chipmakers race to expand advanced manufacturing capacity to meet surging AI demand, we expect ASML to benefit from rising EUV layer counts across advanced logic and memory, as well as the eventual ramp of its next-generation High-NA EUV, which offers superior resolution and enables continued transistor scaling. We are also entering a period of significant memory capacity expansion, driven by insatiable demand for high-bandwidth memory (HBM) in AI applications, and ASML is more directly levered to this buildout than Nova. Finally, ASML's pricing power and increasing scale support significant gross margin expansion and strong double-digit earnings growth — and we believe it stands as one of the most competitively protected businesses in global technology.

During the first quarter, we also initiated a position in **Lam Research Corporation**, a leading provider of wafer fabrication equipment specializing in deposition and etch — two of the most critical and layer-intensive steps in chip manufacturing. We believe the semiconductor equipment industry is at an important inflection point, and that Lam is exceptionally well positioned to benefit. As CEO Tim Archer noted on the fiscal first quarter 2026 earnings call, “the surge in AI data center demand is creating billions of dollars of served available market expansion and share gain opportunity for Lam in the coming years.” To understand why, it helps to know that as chips become more complex, manufacturers must stack more layers of materials on top of one another — and each additional layer requires precisely depositing new materials and etching away unwanted ones. The proliferation of AI workloads, shrinking chip geometries, and the verticalization of chip designs are all driving a significant increase in layer counts, directly expanding demand for Lam's core capabilities. Lam is competitively advantaged by decades of proprietary expertise in plasma etch and deposition, deep integration into its customers' fabrication processes — which creates high switching costs — and a global installed base of over 100,000 chambers that generates recurring, annuity-like revenue, earning more over the life of a tool than from the initial sale itself. This advantage is perhaps most visible in HBM, where Lam holds virtually 100% market share for the highly complex precision etching required. We also believe the market is underestimating Lam's earnings power as NAND memory (flash memory or non-volatile storage) capital expenditure spending recovers from one of its most severe downturns on record — having fallen approximately 50% from its 2022 peak — creating meaningful pent-up demand that we expect to benefit Lam significantly in the coming years.

During the first quarter, we initiated a position in **Rubrik, Inc.**, a cloud-based cyber resilience platform that helps enterprises protect, secure, and recover their data across on-premise, cloud, and software-as-a-service environments. Founded in 2014, Rubrik has emerged as what we view as the last line of defense for data

recovery and business continuity in an era where ransomware attacks are growing in both frequency and sophistication — and where adversaries are increasingly leveraging AI to craft more evasive attacks that can bypass traditional perimeter defenses. Rubrik’s zero-trust, immutable architecture was purpose-built for this threat environment, enabling organizations to maintain secure backups, detect threats across their data estate, and rapidly restore operations when attacks or outages occur. This has driven win rates above 90% in competitive evaluations and rapid market share gains from legacy data backup vendors whose products were designed for a different era of on-premise data centers rather than today’s diverse and distributed data environments. More than 6,000 large enterprises rely on Rubrik, and the company ended its most recent fiscal year with approximately \$1.5 billion dollars in subscription annual recurring revenue, growing 34%. Beyond its core platform, Rubrik is stacking new growth vectors, including its Identity Resilience product, which grew to over 900 customers in its first year, and Agent Cloud, an AI operations platform that positions the company at the intersection of cyber resilience and the emerging agentic AI infrastructure category. We see a long runway ahead as the more than \$20 billion dollar data protection and cyber resilience market expands, driven by intensifying AI-powered cyber threats, data proliferation, and new regulatory mandates. The company’s financial profile has also improved dramatically, with free cash flow margins expanding from negative at its initial public offering in April 2024 to 16% on a trailing basis, with a clear path toward further expansion. We believe the combination of accelerating market share capture, new product momentum, and improving profitability positions Rubrik well for long-term growth.

Top net sales for the quarter

	Quarter End Market Cap or Market Cap When Sold (\$B)	Net Amount Sold (\$M)
Microsoft Corporation	3,002.7	104.1
Arcellx, Inc.	6.7	27.9
Nova Ltd.	15.1	25.2
Atlassian Corporation	31.1	16.9
LPL Financial Holdings Inc.	24.5	16.2

We exited successful investments in **Microsoft Corporation**, **Arcellx, Inc.**, and **Nova Ltd.** as described above.

We sold **Atlassian Corporation** to help fund the upgrade of our software portfolio in the AI Update section above, including the names listed as software and digital services initiations or adds.

We sold **LPL Financial Holdings Inc.** and redeployed that capital into **The Charles Schwab Corporation**.

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 noncyclical, durable, and resilient growth should be part of investors’ portfolios and that our strategy will deliver solid long-term returns for our shareholders.

Sincerely,



Michael A. Lippert
Head of Technology Research
Portfolio Manager

[†] Historical performance was impacted by gains from IPOs. There is no guarantee that these results can be repeated or the level of IPO participation 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 Source: <https://www.anthropic.com/news/google-broadcom-partnership-compute>

⁶ Source: <https://openai.com/index/accelerating-the-next-phase-ai/>

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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.**

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QUARTERLY LETTER | MARCH 31, 2026

Baron Partners Fund[®]

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



Ron Baron
 Founder
 CEO
 Portfolio Manager

Michael Baron
 Co-President
 Portfolio Manager

Dear Baron Partners Fund[®] Shareholder,

Performance

Baron Partners Fund[®] (the Fund) declined 5.33% (Institutional Shares) in the quarter. While disappointed in the absolute return, this result did exceed both its benchmark, the Russell Midcap Growth Index (the Index), and the Morningstar Large Growth Category Average (the Peer Group)*. Those two comparative benchmarks declined 6.35% and 8.44%, respectively. The broader Russell 3000 Index (the Market Index) declined slightly less, falling 3.96% for the quarter.

Over the prior 12 months, the Fund has performed quite well on both an absolute and relative basis. In that period, the Fund returned 43.06%. That performance again compares very favorably to the Index, the Market Index, and Peer Group returns of 9.56%, 18.09%, and 16.53%, 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 2nd percentile of its Peer Group for its 1-year ranking, and its 3-year ranking is in the 18th percentile. Longer-term rankings remain outstanding, with the Fund ranked in the top percentile for the 10-, 15-, and 20-year, and since conversion periods. The Fund has performed well on both an absolute and relative basis over many important time periods and market cycles. Since its conversion to a mutual fund over 20 years ago, the Fund's annual return of 17.45% compared to the Index's return of 11.25%. We are very proud of these achievements and long-term investors have been rewarded.

As of March 31, 2026, the Morningstar Large Growth Category consisted of 1,077, 937, and 763, share classes for the 1-, 5-, and 10-year periods. Morningstar ranked Baron Partners Fund[®] Institutional Shares in the 2nd, 27th, 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 665 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.

Annualized performance (%) for periods ended March 31, 2026

	Fund Retail Shares ^{1,2,3}	Fund Institutional Shares ^{1,2,3,4}	Russell Midcap Growth Index ²	Russell 3000 Index ²
QTD ⁵	(5.39)	(5.33)	(6.35)	(3.96)
1 Year	42.70	43.06	9.56	18.09
3 Years	21.98	22.29	12.74	17.86
5 Years	11.15	11.44	5.37	10.87
10 Years	23.70	24.02	11.69	13.72
15 Years	18.79	19.11	11.12	12.81
Since Conversion (4/30/2003)	17.22	17.45	11.25	11.04
Since Inception (1/31/1992)	15.47	15.62	9.93	10.47

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** investments. Much of the relative outperformance in early 2026 (and over the prior 12 months) is attributed to Disruptive

ALL CAP

Growth holdings. The Fund's largest holding, **Space Exploration Technologies Corp.** (SpaceX), appreciated 24.5% in the quarter. SpaceX announced the merger with X.AI Holdings Corp. (xAI) in February. As a result of the deal, the implied value of SpaceX increased to \$1 trillion while xAI remained constant to its last financing round at a \$250 billion valuation. The combined company is now valued at \$1.25 trillion. The implied current market value of the Fund's SpaceX position is \$3.89 billion while the cost of the Fund's stake, which we started accumulating in 2017, is only \$292 million.

As we spoke about last quarter, we believe the returns could have been even greater over the prior year. That situation continued at the start of 2026. A sizable portion of the portfolio is currently reinvesting back into its business or perceived suffers from potential AI disruption. The financial results exacerbate this narrative. Many companies held in the portfolio are penalizing near-term earnings for longer-term potential. And some customers are temporarily refraining from entering into large deals until they have a better understanding of the AI impact. Investors have attributed lower valuation multiples given this perceived uncertainty. It's a double impact to equity values. This group in the quarter includes companies across Financials (**FactSet Research Systems Inc.**), Core Growth (**Gartner, Inc.**) and Real/Irreplaceable Assets (**CoStar Group, Inc.**), and even Disruptive Growth (**Tesla, Inc.**). We spoke about much of these issues in our prior quarterly letter. And despite the stocks remaining under pressure, we see improved fundamentals. A few examples:

Tesla, the electric vehicle (EV) manufacturer, has been under pressure as investors weigh the likelihood of a successful outcome from increased capital expenditure (capex) spend. After capex was \$8.5 billion in 2025, the company announced it could spend more than \$20 billion in 2026 on new products, vehicles, batteries, and compute. This high spend would still exclude investment associated with the Terrafab chip facility and solar panel manufacturing. The higher expenses could pressure near-term profits, increase leverage, and weigh on free cash flow. Additionally, demand for vehicles could be challenged as tax incentives in the U.S. and China are reduced. And finally, the Robotaxi rollout is slower than some have expected. It is understandable why some short-term traders are hesitant.

We, however, believe this capex cycle will solidify the vertical integration cost and functionality advantage of many of the Tesla lines. Progress is being made on autonomous driving and Robotaxi production, which would transform the company into a highly profitable software business. We believe the company will improve its offerings substantially in the coming years.

FactSet, a leading provider of investment management tools, has continued to be under pressure due to a combination of industry-wide concerns about AI and management transition. 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, financial results, and robust free cash flow generation. The most recent results have exceeded

investors' expectations for revenue growth, free cash flow generation, and stock repurchases. As clients utilize AI, they are becoming more (not less) reliant on FactSet's trusted and high-quality data sets. This value makes the company less dependent on seat-based contracts, which has been reduced to less than 20% of annual subscription value (ASV). We continue to 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. Despite improved metrics like client retention and strong ASV retention, investors remain skeptical about AI's impact. Once that sentiment reverses with more sustained results, we expect the stock to perform well.

Gartner, a provider of syndicated research, also continued to be under pressure. Again, this downturn is the result of a perception that AI will displace the business. We attribute most of the slowdown in contract value 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. Despite these headwinds, the company continues to improve its margins.

The market is concerned about the impact of AI on Gartner's insights business. We do not see indication that this is negatively impacting the company's value proposition. Instead, prospective clients are assessing their needs. 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 insight extends to corporate technological roadmaps, enabling the company to assess future trends. Gartner also delivers tangible return on investment 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 quantity and productivity improves. Contract value growth is expected to accelerate throughout 2026. The product is also improving to become more impactful, broader in scope, and faster to market. 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 and competition is intense. 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.

We have endured similar periods when many of the Fund's holdings were reinvesting in their businesses to enhance future growth and been subject to investors questioning the long-term thesis. When those issues are resolved, the stocks tend to perform extremely well. We provided examples of such periods and stocks in prior letters. While the Fund exceeded the Index's return in the current quarter because of only a few select investments, we believe that depressed investments will contribute to performance in the coming years once initiatives that are penalizing earnings are realized and negative sentiment shifts.

Total returns by category for the quarter

	Percent of Total Investments (%)	Total Return (%)	Contribution to Return (%)
Disruptive Growth	57.7	3.48	2.20
Space Exploration Technologies Corp.	33.0	24.49	7.60
Shopify Inc.	2.0	(14.18)	(0.14)
Spotify Technology S.A.	2.2	(16.57)	(0.29)
Tesla, Inc.	20.4	(17.34)	(4.85)
Figma, Inc.	0.2	(43.23)	(0.12)
Northvolt AB	0.0	--	0.00
Russell Midcap Growth Index		(6.35)	
Financials	17.5	(9.11)	(1.67)
Arch Capital Group Ltd.	5.0	0.07	0.04
The Charles Schwab Corporation	3.9	(5.63)	(0.21)
MSCI Inc.	4.1	(5.66)	(0.24)
Kinsale Capital Group, Inc.	1.1	(12.08)	(0.13)
FactSet Research Systems Inc.	3.5	(24.87)	(1.13)
Real/Irreplaceable Assets	12.8	(14.88)	(2.48)
Choice Hotels International, Inc.	2.2	8.83	0.18
Gaming and Leisure Properties, Inc.	0.7	0.91	0.00
Vail Resorts, Inc.	2.0	(1.81)	(0.06)
Hyatt Hotels Corporation	4.1	(10.24)	(0.52)
Red Rock Resorts, Inc.	1.4	(12.20)	(0.21)
CoStar Group, Inc.	2.5	(40.02)	(1.87)

Total returns by category for the quarter

	Percent of Total Investments (%)	Total Return (%)	Contribution to Return (%)
Core Growth	11.9	(23.97)	(3.00)
Verisk Analytics, Inc.	1.2	(7.66)	(0.04)
Birkenstock Holding plc	1.1	(12.46)	(0.15)
HEICO Corporation	0.5	(15.70)	(0.10)
IDEXX Laboratories, Inc.	3.0	(16.95)	(0.68)
On Holding AG	0.9	(19.98)	(0.12)
Guidewire Software, Inc.	2.2	(25.57)	(0.43)
Gartner, Inc.	3.2	(37.26)	(1.42)
StubHub Holdings, Inc.	0.0	(39.81)	(0.05)
Cash and Cash Equivalents	(12.8)	--	0.00
Fees	0.0	(0.38)	(0.37)
Total	100.0*	(5.36)**	(5.36)**

* 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	1,250.0	24.49	7.60
Choice Hotels International, Inc.	2025	5.6	4.8	8.83	0.18
Arch Capital Group Ltd.	2002	0.6	34.2	0.07	0.04

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.

Global hotel franchisor **Choice Hotels International, Inc.** contributed to performance during the quarter as the company saw a slight acceleration in revenue per available room across its portfolio. Choice continues to grow units at a low-single-digit rate and is benefiting from higher royalty rates on new franchise contracts, driving mid-single-digit growth in earnings and free cash flow. The company is using this cashflow to return capital through share repurchases. We continue to believe the stock offers compelling value, trading at a roughly five multiple-point discount to its historical average. Choice maintains a strong balance sheet, providing flexibility for additional share buybacks, particularly when the stock trades below the company’s view of intrinsic value. Choice’s steady growth profile, both domestically and internationally, should further support attractive shareholder returns over time.

Specialty insurer **Arch Capital Group Ltd.** contributed to performance as property and casualty (P&C) insurance stocks broadly outpaced the market amid heightened volatility. P&C insurance stocks tend to be resilient during turbulent markets and are less exposed to the AI-related concerns weighing on other sectors. In addition, Arch reported better-than-expected quarterly earnings, and management expects a continuation of double-digit growth in book value per share. We continue to own the stock due to Arch’s strong management team and our expectation of continued growth in earnings and book value over time.

Top detractors from performance for the quarter

	Year Acquired	Market Cap When Acquired (\$B)	Quarter End Market Cap (\$B)	Total Return (%)	Contribution to Return (%)
Tesla, Inc.	2014	21.9	1,395.0	(17.34)	(4.85)
CoStar Group, Inc.	2005	0.7	16.9	(40.02)	(1.87)
Gartner, Inc.	2013	5.7	11.2	(37.26)	(1.42)
FactSet Research Systems Inc.	2007	2.7	8.1	(24.87)	(1.13)
IDEXX Laboratories, Inc.	2013	4.7	44.7	(16.95)	(0.68)

Tesla, Inc. designs, manufactures, and sells fully EVs, solar products, and energy storage solutions, while developing advanced real-world AI technologies. Following robust gains in late 2025, shares fell as investors awaited progress on robotaxis and assessed the company’s sizable investments in manufacturing and AI. Operationally, Tesla delivered strong quarterly results amid a challenging EV environment. Automotive gross margins improved sequentially and beat expectations, the energy storage business maintained robust momentum with best-in-class margins, and battery cell production ramped. The company continues to advance its AI and autonomous driving initiatives at a rapid pace. Management anticipates meaningful robotaxi expansion in 2026 and continues to finalize the Optimus Gen 3 design and build out large-scale manufacturing capacity for humanoid robots. Tesla is also releasing major Full Self-Driving (FSD) enhancements, scaling AI training compute, and deepening vertical integration in semiconductor design and production. These initiatives, while increasing near-term capital spending, underscore Tesla’s pivot toward becoming a leader in physical AI.

CoStar Group, Inc. is the leading provider of information and marketing services to the commercial and residential real estate industries. Shares fell due to multiple compression driven by rising AI fears. The market has come to view AI as an existential risk for a growing number of industries—including software, business services, information services, and video games—despite no evidence of any fundamental impact to these sectors. This “shoot first and ask questions later” dynamic has resulted in meaningful share price declines. We continue to own CoStar given its differentiated data assets and significant growth opportunities in providing enhanced real estate information, analytics, and marketplace offerings. CoStar boasts an enviable business model with high levels of recurring revenue and meaningful cash flow generation potential. While near-term cash flow is obscured by elevated investment in Homes.com, we expect spending to moderate and cash flow to improve over the next several years. The company also maintains a substantial cash balance, which we are hopeful will be used to aggressively repurchase shares at current depressed valuation levels.

Syndicated research provider **Gartner, Inc.** detracted from performance as valuation multiples compressed amid rising concerns around AI. Investors have increasingly viewed AI as a potential existential risk across a widening range of industries—including software, business services, information services, and video games—despite no evidence of any fundamental impact to these sectors. This “shoot first and ask questions later” dynamic has driven meaningful share price declines across the group. Against this backdrop, shares of Gartner came under pressure after the company reported contract value growth that was just 0.5% below expectations, underscoring the dramatic valuation compression at play. We continue to own Gartner given its large addressable market, significant competitive advantages, and robust free cash flow generation, which we expect management to deploy toward share repurchases at depressed valuation levels. We also view Gartner as an AI beneficiary, as it can leverage emerging tools to extract deeper insights from its vast trove of proprietary data and deliver it to customers in chatbot-type formats that meaningfully enhance its value proposition.

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 March 31, 2026, we held 24 investments. The median market capitalization of these growth companies was \$13.6 billion. The top 10 positions represented 82.6% of total investments. Leverage was 13.4%.

The long-term absolute and relative performance of the Fund has been excellent. The Fund has returned 17.45% annualized since converting to a mutual fund on April 30, 2003, exceeding the Index by 6.20% per year. Those relative results have come largely from alpha. Since inception annualized alpha has been 5.77 while beta is only 1.11.

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 Market 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. 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-19 (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%.

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 28.46% compared to the Index’s annualized return of 14.75%. The Market Index had an annual return of 18.88% during that time. While this is only a partial cycle, we believe we are off to a good start.

ALL CAP

Current Period and Since Inception: Significant Outperformance

	Macro-Downturn to Present		Since Inception	
	12/31/2022 to 3/31/2026	Value of \$10,000	1/31/1992 to 3/31/2026	Value of \$10,000
	Annualized Return (%)		Annualized Return (%)	
Baron Partners Fund (Institutional Shares)	28.46	22,568	15.62	1,425,435
Russell Midcap Growth Index	14.75	15,639	9.93	253,719
Russell 3000 Index	18.88	17,545	10.47	300,182

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.

Over the longer term, this combination of exceeding the Index if 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 \$1,425,435 on March 31, 2026. That same \$10,000 hypothetical investment in a fund designed to track the Index would now be worth \$253,719, 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	1,250.0	3,890.3	33.0
Tesla, Inc.	2014	21.9	1,395.0	2,399.6	20.4
Arch Capital Group Ltd.	2002	0.6	34.2	592.7	5.0
MSCI Inc.	2018	12.5	39.4	484.3	4.1
Hyatt Hotels Corporation	2009	4.2	13.6	481.7	4.1
The Charles Schwab Corporation	1992	1.0	168.1	457.3	3.9
FactSet Research Systems Inc.	2007	2.7	8.1	406.9	3.5
Gartner, Inc.	2013	5.7	11.2	375.7	3.2
IDEXX Laboratories, Inc.	2013	4.7	44.7	348.4	3.0
CoStar Group, Inc.	2005	0.7	16.9	292.5	2.5

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
Founder
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.
- * As of March 31, 2025, the annualized returns of the Morningstar Large Growth Category Average were 16.53%, 8.89%, 14.48%, and 13.06% 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 20.4% 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.

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

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Alpha measures the difference between a fund's actual returns and its expected performance, given its level of risk as measured by beta. **Capital Expenditures (CapEx)** are funds companies use to acquire, upgrade, or maintain physical assets like buildings, technology, or equipment, with the goal of increasing operational scope or future economic benefits. **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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QUARTERLY LETTER | MARCH 31, 2026

Baron Emerging Markets Fund[®]

Retail Shares: BEXFX | Institutional Shares: BEXIX | R6 Shares: BEXUX



Michael Kass
Portfolio Manager

Dear Baron Emerging Markets Fund[®] Shareholder,

Performance

Baron Emerging Markets Fund[®] (the Fund) gained 0.47% (Institutional Shares) during the first quarter of 2026, while its primary benchmark, the MSCI Emerging Markets Index (the Benchmark), declined a modest 0.17%. The MSCI Emerging Markets IMI Growth Index (the Proxy Benchmark) retreated by 1.45% for the quarter. The Fund outperformed both the Benchmark and the Proxy Benchmark during a quarter marked by substantial volatility. We were comfortable with our final result, particularly in light of the ongoing challenging period for particular growth sub-sectors such as software, e-commerce, and other digital/online and data-driven businesses, though the unwelcome and abrupt March correction in equities in general reversed what had been a very promising quarter through February.

As noted, for the first two months of the quarter emerging markets (EM) equities extended prior year outperformance while logging solid, double-digit returns, in our view largely on the strength of AI-related technology names as well as broad-based strength in industrials/defense and commodities. While the war in Iran triggered a steep rise in oil prices and an inflection point in global equities, EM equities still comfortably outperformed the S&P 500 Index (down 4.33%) for the quarter, and we maintain our optimism regarding the outlook for both relative forward earnings and performance for the asset class. For EM investors, the principal near-term risk is an extended disruption to oil flows and a further spike in energy prices, as much of Asia, including Taiwan, Korea, China, and India, are reliant on Middle East imports. As of now, we are not materially adding to nor reducing investments in such jurisdictions as we calibrate the likely path forward, though we maintain confidence that the longer-term fundamentals for the companies in which we are invested are quite sound, which allows

Annualized performance (%) for periods ended March 31, 2026

	Fund Retail Shares ^{1,2}	Fund Institutional Shares ^{1,2}	MSCI Emerging Markets Index ¹	MSCI Emerging Markets IMI Growth Index ¹
QTD ³	0.42	0.47	(0.17)	(1.45)
1 Year	26.58	26.94	29.55	29.63
3 Years	13.87	14.16	14.84	13.86
5 Years	1.03	1.29	3.69	1.79
10 Years	6.55	6.82	7.80	8.06
15 Years	4.96	5.23	3.67	4.43
Since Inception (12/31/2010)	4.78	5.05	3.74	4.40

us to maintain conviction in periods of heightened volatility and short-term earnings risk. We remain quite encouraged by the strong absolute performance of the Fund over the past year and the solid outperformance of EM equities in general, and remain optimistic that our fundamental, theme-driven and bottom-up approach can continue to deliver solid results in the ever-evolving technological and geopolitical environment.

For the first quarter of 2026, we modestly outperformed the Benchmark, while comfortably outpacing our all-cap EM growth Proxy Benchmark. From a sector or theme perspective, solid stock selection effect in the Information Technology sector, primarily attributable to various investments in our advanced semiconductors/AI (ISC Co., Ltd., Taiwan Semiconductor Manufacturing Company Limited, Delta Electronics, Inc., Chroma ATE Inc., eMemory Technology Inc., and ASPEED

Performance listed in the above table is net of annual operating expenses. Annual expense ratio for the Retail Shares and Institutional Shares as of April 30, 2025 was 1.37% and 1.11%, 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.

NON-U.S./GLOBAL

Technology Inc.) theme, was the largest contributor to relative performance this quarter. In addition, positive allocation effect combined with favorable stock selection in the Industrials sector, owing to select holdings in our global security/supply chain diversification (**Hanwha Systems Co., Ltd.** and **Korea Aerospace Industries, Ltd.**) and digitization (**InPost S.A.**) themes, also bolstered relative results. Partially offsetting the above was adverse stock selection effect across multiple themes in Financials (**Bajaj Finance Limited**, **Pine Labs Limited**, and **JM Financial Limited**), Consumer Discretionary (**Swiggy Limited** and **Zhejiang Shuanghuan Driveline Co., Ltd.**), and Communication Services (**Tencent Music Entertainment Group** and **Kuaishou Technology**).

From a country perspective, strong stock selection effect in Taiwan, driven by some of the above-mentioned holdings, added the most value this quarter. In addition, our overweight positioning together with positive stock selection in Korea was also a notable contributor to relative performance. Lastly, good stock selection effect in Poland, owing solely to InPost, which received a buyout offer at a material premium, also bolstered relative results. Partly offsetting the above was adverse allocation effect along with weak stock selection in India, which was the largest detractor during the quarter. Poor stock selection effect in China, which we believe largely reflects the recent weakness in software and digitization names globally, and our lack of exposure to Saudi Arabia, which outperformed in a period of rising energy prices, also weighed on relative results. We are encouraged by the resilience and outperformance of our investments in Taiwan and Korea that are key beneficiaries of increasing global AI application development and capex. While markets have questioned the likely return on capital for such investments by the U.S. hyperscalers, supply constraints in critical AI infrastructure such as memory and other bottleneck technologies are likely to continue to benefit the most strategically positioned and important companies. Despite the recent underperformance, we remain excited about India's structural growth story while acknowledging the near-term headwinds of rising energy prices related to the Iran war. That said, we would expect a sharp recovery in many of our India holdings upon a sustained de-escalation of the conflict in the Middle East. Lastly, a rebound in government infrastructure spending, targeted tax relief for the middle class, and more recently the announcement of the U.S.-India trade deal are supportive of an earnings upgrade cycle, in our view.

Top contributors to performance for the quarter

	Contribution to Return (%)
Taiwan Semiconductor Manufacturing Company Limited	1.93
Samsung Electronics Co., Ltd.	1.09
ISC Co., Ltd.	1.03
Delta Electronics, Inc.	0.61
Hanwha Systems Co., Ltd.	0.52

Semiconductor giant **Taiwan Semiconductor Manufacturing Company Limited (TSMC)** contributed to performance as revenue growth exceeded expectations due to surging demand for AI chips. TSMC dominates the advanced semiconductor foundry market, controlling over 90% share of cutting-edge sub-7 nanometer (nm) nodes that power AI servers, flagship smartphones, and autonomous vehicles. The company benefits from a virtuous cycle in which its massive scale and profitability generate the capital necessary to fund industry-leading R&D and capex, in turn widening its technological moat and reinforcing its pricing power. As the ultimate "picks and shovels" provider of the AI era, TSMC remains insulated from the competitive dynamics of the AI chip design ecosystem. Whether hyperscalers develop custom accelerators or deploy merchant graphics processing units from companies like NVIDIA and Advanced Micro Devices, nearly all advanced AI accelerators are manufactured exclusively at TSMC's 3nm and 5nm nodes. We believe TSMC will deliver 20% earnings growth over the next several years, supported by secular AI-driven demand for leading-edge manufacturing capacity.

Shares of South Korean conglomerate **Samsung Electronics Co., Ltd.** increased during the quarter on surging dynamic random-access memory (DRAM) and NAND flash memory pricing, improved execution in DRAM and High Bandwidth Memory (HBM) technology development, and a stronger outlook for the company's logic semiconductor foundry business. We are confident Samsung will remain a key beneficiary of long-term growth in global semiconductor demand and a leader in memory chips, 5G smartphones, and semiconductor foundry services.

ISC Co., Ltd. is a South Korean manufacturer of semiconductor testing equipment. The stock contributed to performance during the quarter as revenue growth accelerated due to surging demand for AI chips. The company is the dominant global supplier of elastomer test sockets, which serve as the electrical interface used to test semiconductor devices. Historically, the industry relied on pogo pin sockets; however, as chips have become more complex and operate at increasingly higher speeds, this technology is approaching its electromechanical limits. By contrast, elastomer test sockets offer meaningful advantages, including superior electrical performance, faster time to market, and lower cost. We believe ISC is well positioned to be the primary long-term beneficiary of the industry's shift from pogo pin to elastomer socket technology. We also expect the company to maintain over 70% market share, supported by strong first-mover advantages, superior technology, and unmatched manufacturing scale. In addition, ISC's growth is levered to the booming leading-edge processor market, driven by secular demand for AI and high-performance computing.

Top detractors from performance for the quarter

	Contribution to Return (%)
Tencent Holdings Limited	(0.74)
Bajaj Finance Limited	(0.46)
Bharti Airtel Limited	(0.40)
Tencent Music Entertainment Group	(0.38)
Alibaba Group Holding Limited	(0.36)

Tencent Holdings Limited operates China's leading social network and messaging platforms (WeChat and QQ), the country's largest online gaming business, and one of its dominant online entertainment and media platforms. Shares declined amid a broader selloff in Chinese internet stocks and increased AI investment, which has reduced near-term profitability. Even so, fundamentals remain healthy, with solid growth in core gaming and advertising revenue. We believe these AI investments reflect a position of strength, as AI is already improving Tencent's core advertising technology through better targeting, content ranking, and new forms of engagement. We remain confident in the company's ability to compound earnings over time, supported by its growth structure, massive scale, and focus on efficient operations. Longer term, we believe Tencent could be the leading beneficiary of generative AI in China, given its ability to enhance existing products and enter adjacent markets with significant scale and distribution. We continue to monitor the regulatory environment.

Bajaj Finance Limited is a leading non-bank financial company in India. Shares declined during the quarter as geopolitical tensions over the past month raised expectations of higher inflation and disrupted India's easing interest rate environment, which could negatively impact consumption-led credit growth. We retain conviction in the company due to its best-in-class management team, robust long-term growth outlook, and conservative risk management frameworks. We believe Bajaj is well positioned to benefit from growing demand for consumer financial services in India, including mortgages, personal loans, credit cards, and other related products.

Bharti Airtel Limited is a leading telecommunications company with operations across Asia and Africa. The company's offerings include wireless services, mobile commerce, and fixed-line broadband. While Bharti Airtel reported strong quarterly earnings and provided visibility into robust future free cash flow generation, shares declined during the quarter due to concerns around capital allocation to the company's new non-banking financial company venture. In our view, as India's dominant mobile operator, Bharti Airtel is benefiting from ongoing industry consolidation. In particular, competitor Vodafone Idea appears to be on the verge of bankruptcy amid severe pricing pressure and an unsustainable balance sheet. We retain conviction in Bharti Airtel's outlook as it transforms into a digital services company and capitalizes on rising mobile tariffs.

Portfolio Structure

Top 10 holdings

	Percent of Net Assets (%)
Taiwan Semiconductor Manufacturing Company Limited	13.9
Samsung Electronics Co., Ltd.	4.6
Tencent Holdings Limited	4.1
SK hynix Inc.	2.2
ISC Co., Ltd.	2.2
Delta Electronics, Inc.	2.2
Alibaba Group Holding Limited	2.0
Credicorp Ltd.	1.8
Bajaj Finance Limited	1.7
Grupo Mexico, S.A.B. de C.V.	1.7

Fund investments in countries

	Percent of Net Assets (%)
China	21.2
India	19.7
Taiwan	19.6
Korea	16.7
Brazil	7.7
South Africa	1.9
Peru	1.8
Mexico	1.7
Poland	1.6
Greece	1.1
Chile	1.1
Argentina	1.1
Japan	0.8
Philippines	0.6
Spain	0.5
Russia	0.0*

* The Fund's exposure to Russia was less than 0.1%

Recent Activity

During a quarter marked by elevated market volatility, we opportunistically added several new investments to our existing themes, while also increasing exposure to various positions that we established in earlier periods. We continue our endeavor to add to our highest conviction ideas.

We were active in adding to our global security/supply chain diversification theme by initiating positions in **Vista Energy, S.A.B. de C.V., Prio S.A., and The Japan Steel Works, Ltd. (JSW)**. Vista is a founder-led energy producer with a leading market share in Argentina oil production. Its acreage in the Vaca Muerta formation has world-class well productivity, with year one oil production per lateral foot superior to local and global peers. By continuing to develop this prolific acreage, we expect Vista will grow oil production at a mid-teens compound growth rate through the end of the decade and generate highly accretive rates of return. Beyond its organic opportunity, Vista has an impressive track record of growth through M&A, and we see the potential to further extend its attractive growth profile via additional acquisitions. Based on current long-dated prices, we see Vista trading below 4 times 2027 EBITDA, a very modest valuation in our view, given its attractive growth and return profile.

Prio is a leading energy producer in Brazil with its primary oil and gas acreage located in the Campos basin. The company's relatively mature asset base offers modest production growth over the next few years, but it is highly cash generative. We estimate that at current futures prices it will take less than five years for Prio to generate free cash flow equivalent to its entire enterprise value. Historically, Prio has been able to acquire mature producing assets that were non-core to larger companies and harvest upside by leveraging its existing infrastructure and reducing operating costs per barrel. Given the company's strong free cash flow outlook, we expect management to continue its strategy to reinvest capital to acquire value accretive assets from larger corporations, particularly if the upcoming election results in an administration that is more amenable to divestitures of state-owned enterprise assets.

JSW is a diversified industrial equipment manufacturer. The company's Materials & Engineering (M&E) segment is a market leader in specialty steel components with end use in power generation facilities. Owing to rising global electricity demand, downstream manufacturers of large gas turbines have seen significant backlog expansion. We view the M&E segment as a key beneficiary as these companies are now meaningfully expanding capacity to address growing order visibility. The segment is also a critical supplier in the construction of nuclear power plants where we see unprecedented U.S. investment in nuclear power as a secular growth driver. In addition, the company's Industrial Machinery Products segment has a broader set of end markets, and we are constructive on the diversified growth drivers for these businesses as well. For the Defense Equipment division, we see an expanding defense budget in Japan and potential export opportunities driving top-line growth. In the Plastics Machinery Business, we see both top-line and margin upside from expanding aftermarket services for its Plastics Processing equipment, and a potential refresh cycle for the battery separator equipment it

supplies. We expect the company to grow earnings at a compound rate of over 20% for the next three to five years.

During the quarter, we also initiated a position in **Banco Bradesco S.A.**, one of Brazil's largest private-sector banks, serving customers through a diversified offering that includes lending, insurance, pensions, and asset management, among others. We believe Bradesco is in the early stages of a multi-year recovery in profitability, with ROE expected to expand from the mid-teens toward the high teens as the bank executes its transformation plan. The turnaround is being driven by the company's shift in the loan mix toward higher-quality, collateralized products, which is enhancing risk-adjusted returns. We also see meaningful upside from cost initiatives that have yet to be fully reflected, including branch rationalization and increased digital adoption, which should drive operating leverage and efficiency gains over time. Additional support comes from continued growth in higher-return lending segments, lower funding costs and capital benefits from the use of deferred tax assets, all of which should support earnings growth. These factors provide a clear path for Bradesco to return to high-teens ROE, which we believe is not yet fully reflected in the current valuation.

As part of our China value-added theme, we initiated a position in **WuXi AppTec Co., Ltd.**, the world's largest contract research, development, and manufacturing organization (CRDMO) for small molecules and increasingly for new modalities such as peptides and oligonucleotides. The company offers end-to-end services from drug discovery through commercial manufacturing for global pharmaceutical and biotechnology clients. WuXi AppTec's competitive moat is grounded in technology depth, scale, and modality breadth that are operationally difficult to replicate outside China, including entrenched cost advantages, proven U.S. Food and Drug Administration execution, and integrated capability that drive faster development timelines and high client stickiness. Over the past three years, the stock came under pressure owing to perceived headwinds from the BIOSECURE Act, while underlying fundamentals remained intact: U.S. clients were retained and backlog kept compounding. We initiated a position because we believe the geopolitical risk is ebbing and that WuXi AppTec is entering a multi-year earnings up-cycle. The dominant driver is the obesity drug super-cycle, where WuXi AppTec is the leading external manufacturer for both injectable GLP-1 peptides and the next wave of oral small-molecule GLP-1 drugs. Layered on top are oligonucleotides as an emerging multi-year pillar and a re-accelerating small-molecule franchise as global biotechnology funding recovers. We expect the company to compound earnings at a mid-to-high-teens pace while the stock could more than double over the next five years, given its current meaningful discount to global CRDMO peers.

During the quarter, we also increased exposure to our advanced semiconductors/AI theme by building a position in **Montage Technology Co., Ltd.**, a Chinese semiconductor design company and the leading global supplier of memory interface chips, which sit between a server's processors and memory chips, regenerating and routing high-speed electrical signals billions of times per second. Montage Technology holds a commanding global market

share, protected by an extensive patent portfolio, two decades of accumulated design learning, and deep customer trust in a mission-critical application. The company generates the majority of its revenue outside China, a rare distinction among Chinese semiconductor companies, reflecting technology that is highly competitive on a global basis. Several compounding drivers underpin our conviction. First, surging demand for AI infrastructure, including the rapid proliferation of agentic AI applications, is driving a dramatic acceleration in server deployments globally. Second, AI servers require significantly more memory modules than traditional servers, to support more intensive computations. Third, each memory module requires one Montage Technology interface chip, and as next-generation servers demand ever-higher bandwidth and performance, those chips command meaningfully higher prices. Together, these factors are driving a step-change in Montage Technology's revenue per server relative to just a few years ago. The company is also leveraging its world-class intellectual property in high-speed signal processing to expand into PCIe retimers and switches - the critical interconnects between CPUs and GPUs - addressing markets several times the size of its core memory interface business. China's drive toward technology self-sufficiency creates a natural and immediate demand base for these new products, but management is building for global competitiveness, and we believe the technology can replicate the international success of the flagship product. We expect Montage Technology to grow earnings at a compound rate of over 30% over the next three to five years.

Adding to our EM consumer theme, we initiated an investment in **d'Alba Global Co., Ltd.**, a South Korean premium skincare brand. The company is best known for its flagship white truffle-based franchise, anchored by products including facial mist spray, sunscreen, and cream. Unlike most K-Indie peers that chase viral ingredients and launch new products every cycle, d'Alba has built a cohesive, ingredient-led brand identity that supports premium pricing and industry-leading repurchase rates. By strategically leveraging Korea's sophisticated, high-speed original equipment manufacturer ecosystem, the company maintains a structurally asset-light model that delivers best-in-class gross margins and a distinct competitive speed advantage over global incumbents. We initiated a position because we see d'Alba as one of the few K-Beauty brands positioned to evolve from a single hit product into a durable global franchise, supported by a structural "masstige" tailwind and three compounding growth levers: a massive geographic runway in the U.S. and Europe where the brand is still in its infancy; a strategic channel expansion from "online-first" business-to-consumer (B2C) into global offline retailers, with business-to-business (B2B) mix targeted to scale toward 50% by 2028, a meaningful margin lever given B2B margins are roughly triple B2C; and product extension into higher-average selling price premium lines and more localized stock-keeping units that reduce concentration of the core mist franchise. We expect revenue and earnings to compound at a 25% to 30% rate through 2030, effectively tripling earnings within the next four years.

We also added to several of our existing positions during the quarter, including **XP Inc.**, **HPSP Co., Ltd.**, **BYD Company Limited**, **Bharat Electronics Limited**, **Eternal Limited**, **Cummins India Limited**, **eMemory Technology Inc.**, **Doosan Enerbility Co., Ltd.**, and **Power Grid Corporation of India Limited**.

During the quarter, we also exited several positions including **MercadoLibre, Inc.**, **Mahindra & Mahindra Limited**, **Godrej Consumer Products Limited**, **Jio Financial Services Limited**, **XPeng Inc.**, **SRF Limited**, **Talabat Holding plc**, **Samsung Epis Holdings Co., Ltd.**, and **DCW Limited**, as we continue our endeavor to allocate capital to our highest conviction ideas.

Outlook

The first quarter of 2026 began on solid ground, with EM and international equities impressively extending prior year outperformance while logging solid double-digit returns through the end of February, in our view largely on the strength of advanced semiconductor and other AI-related technology names as well as broad-based strength in industrials/defense and commodities. Then, on Saturday, February 28, the U.S. and Israel launched an initiative in Iran that was soon termed a war, triggering an inflection point in global equities and a leadership reversal. Oil and the U.S. dollar rallied and EM/international equities trailed the S&P 500 Index into quarter end, closing the full quarter down modestly. By the end of the quarter, only technology and energy-related stocks held on to material gains. Notwithstanding this turn of events, EM equities still comfortably outperformed the S&P 500 Index for the quarter, and we maintain our optimism regarding the outlook for both relative forward earnings and performance for the asset class.

Regarding the Iran war, we note that while volatility has spiked in the short term, longer-dated oil prices and inflation expectations remain fairly contained - suggesting that markets currently anticipate a de-escalation in the relatively near term. We would agree that this is the most likely outcome given the considerable economic, financial, and political pressure that applies to all parties. For now, we are monitoring progress as the stakes are high and a wide range of outcomes remain possible. For EM investors, the principal risk is an extended disruption to oil flows and a further spike in energy prices, as much of Asia, including Taiwan, Korea, China, and India, are reliant on Middle East oil imports. As of now, we are not materially adding to nor reducing our investments in such jurisdictions as we calibrate the likely path forward, though we maintain confidence that the longer-term fundamentals for the companies in which we are invested are quite sound, which allows us to maintain conviction in periods of heightened volatility and short-term earnings risk. Further, while the war has triggered near-term disruption and risk to equity and credit markets, we believe there is a reasonable likelihood that on the other side is a significant improvement in Middle East stability, normalization of relations, and generally lower global risk premium given that the threat of Iran and its proxies is likely to be substantially diminished.

Perhaps most important, the war in Iran in our view does not impact either the long-term improvement in earnings growth potential across EM or the structural dollar weakness that we anticipate, both of which we often elaborate on. Both phenomena, which support EM and international equity outperformance, have been catalyzed by a geopolitics-first, national security driven environment that has marked the end of the age of globalization. We believe the Iran war does support our worldview of geopolitical priorities superseding economic and corporate optimization and triggering a global industrial renaissance – a principal catalyst for improving EM earnings growth. As such, we see the recent retracement of EM equities on both an absolute and relative basis as likely an attractive opportunity for investors who are underweight the asset class to begin to rebalance. We will of course monitor longer-dated oil prices and inflation expectations because economic growth would be at risk should oil as a share of global GDP sustain at above 7% (a historic level which precipitates demand destruction), though our base case remains that the stress of high oil prices is likely to be a short-lived phenomenon.

As mentioned, EM returns were again buttressed during the quarter by positive fundamental developments in AI. What began as a training-led buildout is increasingly being validated by surging inferencing workloads and revenue, while the emergence of agentic AI and multi-modal applications has enhanced visibility of demand for compute. Memory and leading-edge logic, the two most critical enabling technologies, are disproportionately supplied by EM companies, which is driving “EM’s share” of AI

spend higher. While **Taiwan Semiconductor Manufacturing Company Limited**, **SK hynix Inc.**, and **Samsung Electronics Co., Ltd.** have become household names, we have also invested in several niche companies with critical or enabling technologies that are beneficiaries of the tightness in both memory and leading-edge logic: leading-edge process complexity is driving adoption of **HPSP Co., Ltd.**'s high-pressure hydrogen annealing technology, while **Park Systems Corporation**'s atomic force microscopes are among the few tools capable of characterizing features at sub-nanometer tolerances. On the testing side, **ISC Co., Ltd.**'s test sockets benefit from surging GPU and AI ASIC shipments as well as rising pin count per chip, while **Chroma ATE Inc.**'s system-level test equipment is among its fastest-growing product lines. **ASPEED Technology Inc.**, whose baseboard management controller chips handle remote monitoring and management of servers, has seen its addressable market expand with every incremental increase in rack-level complexity. All five companies were solid contributors to performance in the recent quarter.

We look forward to our next communication and thank you for investing in the *Baron Emerging Markets Fund*[®].

Sincerely,



Michael Kass
Portfolio Manager

¹ The **MSCI Emerging Markets Index Net (USD)** is designed to measure equity market performance of large and mid-cap securities across 24 Emerging Markets countries. The **MSCI Emerging Markets IMI Growth Index Net (USD)** is a free float-adjusted market capitalization index designed to measure equity market performance of large, mid and small-cap securities exhibiting overall growth characteristics across 24 Emerging Markets countries. MSCI is the source and owner of the trademarks, service marks and copyrights related to the MSCI Indexes. The indexes and the Fund include reinvestment of dividends, net of foreign withholding taxes, which positively impact the performance results. The indexes are unmanaged. Index performance is not Fund performance. Investors cannot invest directly in an index.

² The performance data does not reflect the deduction of taxes that a shareholder would pay on Fund distributions or redemption 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 contain this and other information about the Funds. You may obtain them from its distributor, Baron Capital, Inc., by calling 1-800-99-BARON or visiting BaronCapitalGroup.com. Please read them carefully before investing.

Risks: In addition to the general stock market risk that securities may fluctuate in value, investments in developing countries may have increased risks due to a greater possibility of: settlement delays; currency and capital controls; interest rate sensitivity; corruption and crime; exchange rate volatility; and inflation or deflation. The Fund invests in companies of all sizes, including small and medium sized companies whose securities may be thinly traded and more difficult to sell during market downturns.

The Fund may not achieve its objectives. **Portfolio holdings are subject to change. Current and future portfolio holdings are subject to risk.**

The discussions of the companies herein are not intended as advice to any person regarding the advisability of investing in any particular security. The views expressed in this report reflect those of the respective portfolio manager only through the end of the period stated in this report. The portfolio manager's views are not intended as recommendations or investment advice to any person reading this report and are subject to change at any time based on market and other conditions and Baron has no obligation to update them.

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

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.

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Baron Global Durable Advantage ETF[®]

Ticker: BCGD



Alex Umansky
Portfolio Manager

Guy Tartakovsky
Portfolio Manager

Dear Baron Global Durable Advantage ETF[®] Shareholder,

Performance

Welcome to the Baron Global Durable Advantage ETF[®]!

Baron Global Durable Advantage ETF[®] (BCGD or the Fund) declined 7.3% (NAV) during the first quarter, compared to the 3.2% decline for the MSCI ACWI Index (the Index), the Fund's benchmark.

We are so excited to introduce BCGD to you. Our goal is to invest in (or to collect) the highest quality businesses for the long term, where we have built high conviction in their duration of growth, while minimizing the probability of permanent loss of capital.

This is our inaugural shareholder letter since BCGD's launch on December 12, 2025, so in addition to reviewing the quarter, we want to take the opportunity to introduce BCGD to investors, explain our investment philosophy, what makes BCGD unique, describe what we own and why, and set expectations for how the Fund is likely to perform across different market environments.

What is BCGD and why did we launch it?

BCGD launched as the global corollary to the domestic Baron Durable Advantage Fund[®], which was our initial foray into the lower-risk quality growth universe (launched in 2017), and has since compounded at 14.6% on an annualized basis, outperforming the S&P 500 Index and Morningstar Large Growth Category Average by 130bps and 177bps per year, respectively.* BCGD applies a similar philosophy and process, executed by the same team, only to the global stock universe with a target to outperform the MSCI ACWI Index by 100 to 200bps per year, net of all fees and expenses, over a full market cycle.

What is long term? For some, investing is a sprint. For others, it's a marathon. For us, there is no finish line – our goal is to own businesses in perpetuity. For us, fundamentally, there are only four reasons to sell: 1) we realize we have made a mistake; 2) to

Cumulative performance (%) for periods ended March 31, 2026

	ETF Market Price ^{1,2}	ETF NAV ^{1,2}	MSCI ACWI Index ¹
QTD	(7.95)	(7.29)	(3.20)
Since Inception (12/12/2025)	(6.40)	(6.20)	(2.60)

reallocate to a higher conviction idea; 3) if business fundamentals have deteriorated such that our thesis is no longer valid; and 4) if valuation is expensive compared to the intrinsic value of the business (valuation can never be assessed in a vacuum. A 35x P/E can be cheap or expensive depending on the business and its prospects).

What is high quality? A company that can compound earnings for a long time, while generating high returns on invested capital. We focus on the number of years ('N') that the company can grow rather than the actual growth rate ('g'). For this to be the case, the opportunity needs to be large enough, the company must solve real problems for customers in a unique way with durable competitive advantages that are strong enough to withstand the challenges of the disruptive change inevitably posed by upstarts and new technologies. Management must think like owners of the business and optimize for the long term. They need to be both excellent operators and astute capital allocators.

We segment all businesses into one of two buckets – either high quality or not. We have no interest in the lower quality businesses in any of our strategies as we don't believe it is worthwhile to be a long-term owner of a mediocre business – the longer you own it, the worse your margin of safety becomes as intrinsic value doesn't grow (and might deteriorate) – *time is the friend of the wonderful business and the enemy of the mediocre*³.

The total annual fund operating expense ratio as of December 5, 2025 was 0.75%. 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. Total returns assume the reinvestment of all distributions and the deduction of all fund expenses. 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.

We then segment each business into one of two buckets – Big Ideas and Quality Growth. Big Ideas are companies that are growing rapidly, penalizing short-term profits, and can become significantly larger in the future. These companies are going through the steep part of their growth s-curves. Naturally, with earlier stages of growth lifecycles comes bigger upside, and a wider range of outcomes. The other bucket, which BCGD is focused on, includes companies that are past the steepest part of their s-curves – they emerged from the rapid disruptive change period as the leaders – their risk profile is lower, the range of outcomes narrower, and yet they can still compound earnings for years at above average, attractive rates. While for Big Ideas we are looking to hit home runs and as a result really focus on our slugging percentage, in BCGD we are looking for singles and doubles. Home runs are included only if/when valued as singles or doubles.

What makes BCGD unique?

Baron's legacy and reputation for investing in the highest-quality, fast-growing companies for the long term creates a structural pipeline of new ideas for BCGD. From the aerospace and defense aftermarket parts supplier, **TransDigm**, which we have owned at Baron for over 20 years since IPO, to **ASML** (held since 2012). We study, follow and invest in these companies for years. BCGD is a home for the best of them.

Additionally, Baron's focus on long-term investing and our central research enables broad purview of disruptive change – from private companies to public, small cap to large cap, domestic to international. For BCGD, this enables us to build conviction on why every business we own won't get disrupted in the future.

We spend the majority of our time forecasting long-term fundamentals of businesses. Baron Capital has been focused on that for over 40 years. We will take advantage of the market's shorttermism – which we think is only getting worse due to the rise in passive investing, high frequency trading, and quant strategies – when our view of long-term fundamentals diverges from stock prices.

We define risk differently – while risk is commonly thought of and measured as volatility or relative volatility, long-term investors can define it, and consequently, manage it differently – as the probability of absolute or relative permanent loss of capital (relative means underperforming the index over the long-term). Understanding its drivers and pricing risk appropriately across the entire range of outcomes is critical.

Imagine you owned 100% of a private family business that's been around for 50 years and every day you get a call from a broker offering to buy your business. Every day, he offers you a vastly different price. One day it's \$10 million and the next it's \$15 million and then it's \$5 million. Does that change the business' worth in a decade? Would it be worth more if that broker was less volatile, offering \$10 million and the next day \$10.1 million or \$9.9 million?

Permanent loss of capital is driven by fundamentals underperforming expectations (earnings compounding at a slower rate or for fewer years than expected) or the multiple getting impaired. Because compounding is an exponential function,

the longer the N, the less important the change in multiple. We therefore focus on the risk to fundamentals. Forecasting multiples requires predicting external factors such as macro and investor psychology, where we have no edge:

- Companies with a low probability of being disrupted – think **Hermes**, which has been around for nearly 200 years, or **CME Group**, the largest derivatives exchange which benefits from strong network effects.
- Low financial/leverage risk – BCGD's average debt to market cap ratio is 8.7% compared to 25.1% for the Index.
- No liquidity risk – our companies don't require outside capital.
- Low business risk – leaders in their industries selling critical products or services to their customers that cannot be replaced; gaining market share during challenging times (as customers consolidate budgets on critical vendors); pricing power that enables passing on the cost of inflation. Think **Visa**, whose revenues are tied to notional (higher inflation leads to higher revenues), or **Taiwan Semiconductor** (TSMC), whose approximate 90% market share in advanced semiconductor manufacturing, enables it to raise prices offsetting input cost increases.

What should you not expect?

Our investment decisions will not be impacted by macro forecasts, geopolitics, or outcomes of elections – no edge there. We won't rotate geographies or sectors, acquire gold or crypto, engage in short-term cyclical trades, “play” different themes, or trade around positions – all of these would require us to get the timing right on both sides of the trade, not something we believe can be done well consistently.

Despite striving to be a sleep-well-at-night strategy, our goal is not to minimize our short-term beta as that would require us to give up some long-term alpha, a trade that we believe is not in the best interests of the long-term owners of BCGD. Yet, tracking error and beta are expected to be reasonable due to the Fund's focus on singles and doubles.

We don't expect to outperform the benchmark every quarter or even every year. We are not optimizing for short-term performance.

What should you expect?

We expect BCGD to compound in line with the earnings power of our businesses (in the mid-teens range), over full market cycles, all else being equal.

While past performance is no guarantee of future results, our process has resulted in fairly predictable risk characteristics with a positive active weight to the following Barra risk factors: Beta, Growth (though both not as high as in our Big Idea funds), and Profitability (for example – BCGD companies have 33.8% operating margins on average compared to 25.8% in the Index, and 28.5% return on equity compared to 19.7% in the Index, even though BCGD's leverage is lower). We expect to have a negative exposure to various valuation factors such as Earnings Yield or Dividend Yield, since higher quality companies trade at higher near-term multiples.

Short-term performance would be driven by factor performance – we should outperform when Beta, Growth, and Profitability factors do well and underperform otherwise. Overall, we expect to underperform in two market extremes – when investors only care about the here and now (value stocks should do best) or when it’s all about go-go growth (aggressive growth could do best). We expect our businesses to be resilient during both times. We expect to do well whenever the pendulum is not closer to one of these extremes and most importantly, over the long term, we expect our returns to mirror the growth in earnings power of the companies we own.

Now back to the first quarter

After three years in which the Index compounded at 16.6%, and a quiet January (the Index was up 3.0%), the rest of Q1 saw a sharp reversal due to AI disruption fears and the war in Iran. Anthropic’s launch of Claude Cowork (an AI agent capable of autonomously performing business workflows) and Citrini’s viral “The 2028 Global Intelligence Crisis” report sparked a massive sell-off in software (IGV declined 24%) and across a broad range of quality and growth sectors – alternative asset managers, information services, rating agencies, credit card networks, insurance, and wealth management. Compounding this, the war in Iran pushed oil past \$100 per barrel, while the Fed held rates steady, and the 10-year Treasury yield, which had started the year at 4.2%, climbed to approximately 4.3% by quarter end. Consequently, BCGD declined 7.3% (NAV) while the MSCI ACWI Index declined 3.2%, and the growth-oriented MSCI ACWI Growth Index declined 7.7%.

Apart from using the sell-off to add to some of our highest conviction ideas (with **Amazon** and **NVIDIA** as our largest increases), we did not make any big moves, didn’t rotate sectors or geographies, or go into cash. In general, we do not make investment decisions based on timing or predicting the outcomes of wars or the price of oil. Not only because macro-driven events are notoriously difficult to predict with any consistency, but more so because we believe they will work themselves out. In the 20th century, the Dow Jones Industrials Average advanced from 66 to 11,497 – an increase of 17,391% (excluding dividends) despite four costly wars, a Great Depression, and countless recessions. Not to be cavalier about the increased geopolitical risks and their consequences but in an unlikely scenario we are wrong – beating an Index will be the least of our problems. So, with rationality and pragmatism prevailing as our default setting, we focus on separating the signal from the noise and identifying the statistically significant events that help us build conviction in the investment thesis for a long-term success of a business.

From a performance attribution perspective, sector allocation drove 260bps of underperformance while stock selection detracted 155bps. Information Technology (IT) was our best sector with 249bps of relative outperformance as our holdings increased 4.1% compared to a 6.7% decline for IT stocks in the Index. Consumer Staples and Real Estate also contributed 42bps.

On the other side of the ledger, Financials was our worst sector, at 233bps of underperformance, driven by alternative asset managers (**Brookfield** and **KKR**), our two international banks (**Nu** in Latin America and **HDFC Bank** in India), our payments network (**Visa**) and our rating agency (**S&P Global**), all of whom declined double digits. Consumer Discretionary cost us 84bps, driven by the double-digit declines in our luxury and e-commerce holdings, and Communication Services and Health Care cost us another 110bps. We also lost 82bps in Industrials, driven by our aerospace and defense compounders (**HEICO** and **TransDigm**), and our Swedish serial acquirers (namely **Lifco** and **Indutrade**). We don’t expect these to result in a permanent loss of capital. Lastly, having no investments in Energy (+33.6%), Utilities (+8.4%), and Materials (+6.6%), the three best sectors in the Index, cost us 185bps.

From a stock specific perspective, 10 contributors against 31 detractors was not surprising in a down 7% quarter. Our biggest contributor was the Polish logistics company, **InPost**, which received an acquisition offer, driving the stock up 47.5%, contributing 76bps to absolute results. Three additional stocks contributed at least 50bps each: **TSMC**, **ASML**, and **Ajinomoto** – all benefiting from the AI buildout. On the negative side, six stocks detracted more than 50bps due to broader AI and macro concerns causing a sell-off in growth stocks. We do not believe it is a permanent loss of capital.

“AI has moved from being a novelty to becoming something that is really useful! Inferencing is exploding and we are standing smack in the middle of this tornado.” – Andrew Feldman, CEO of Cerebras⁴

One of the main investor concerns over the last six months has been that the mammoth increases in capex and capacity buildouts were not accompanied by the clear evidence of revenue generation. This is no longer the case. The most significant development in the quarter, in our opinion, was the dramatic acceleration in AI adoption and usage. Witness the curious case of Anthropic, the maker of Claude Code and Claude Cowork, which reported annualized recurring revenues (ARR) of \$9 billion at the end of 2025, projecting to reach \$30 billion in ARR exiting 2026. The company then proceeded to add \$4 billion in ARR in January, \$6 billion in February, and a mind-boggling \$11 billion in five weeks through the first week of April⁵, surpassing the \$30 billion target for 2026. Anthropic added over \$21 billion in net new ARR in just over one quarter. Think about that for a minute... Dario Amodei, the company’s CEO, disclosed that a majority of revenues is coming from enterprise customers with over 1,000 companies paying over \$1 million in ARR. These are the most coveted customers in the world that every business dreams of getting. *When will AI revenue finally show up?* Well... it just did! While clearly the most impressive, Anthropic is not alone. OpenAI’s ARR surpassed \$25 billion⁶ from \$20 billion at the end of 2025. As of the writing of this letter, hyperscalers have not reported first quarter results, but we did get a glimpse from Amazon’s CEO, Andy Jassy, who released his 2025 Letter to Shareholders on April 9⁷. Amazon AI is now at a \$15 billion revenue run rate (*260 times larger than original Amazon Web Services (AWS) at the same point*), their custom chips business (Graviton, Trainium, and Nitro) is now at a \$20 billion ARR, *growing*

triple-digit percentages year-over-year. And that number is understated since they are also using the chips internally. If it was a standalone business selling to third parties, *ARR would be \$50 billion*. AWS continues to be capacity constrained – *growth would be higher if they could serve it*. At 6.0% of net assets, Amazon is the Fund's third largest holding. It was our largest addition during the quarter.

Culture, Structural Moats, Adaptability to Change & What's Not Going to Change

"I very frequently get the question: 'What's going to change in the next 10 years?' And that is a very interesting question; it's a very common one. I almost never get the question: 'What's not going to change in the next 10 years?' And I submit to you that that second question is actually the more important of the two -- because you can build a business strategy around the things that are stable in time." – Jeff Bezos⁸

We have often used this quote when analyzing the companies we invest in. What attributes of successful businesses will not change in the world of AI?

- Solving real problems for customers.
- Doing it in a way that is unique – with competitive advantages that are durable.
- Being adaptable to change.
- Management that thinks and acts like owners of the business, optimizing for the long term.
- Management that is willing to make big bets when inflection points (a disruption) become clear.

Here too, Amazon's shareholder letter is instructive. Jassy begins with what won't change: *"We believe that customers will always care deeply about massive selection, low prices, very fast delivery, ease of use, and how they're treated."* Many of our businesses solve problems for customers that are not going away in the world of AI – planes would still require maintenance and spare parts (TransDigm and HEICO), the number of people over 80 in the U.S. will still grow dramatically due to demographics (**Welltower**) and the growing number of retirees will need investment solutions (**LPL**, **Brookfield**, and **KKR**), the growing amount of capital invested in AI will require grid modernization (**Quanta Services**), and the debt to finance it would be rated by S&P Global.

Jassy then describes what adaptable culture looks like in practice – when Amazon's Bedrock team realized it needed an entirely new inference engine, rather than patching the existing one, it spun out a group of six engineers who rebuilt the architecture from scratch in 76 days. The result – an engine called Mantle – became the backbone of Bedrock, which nearly doubled month-over-month in March and *processed more tokens in Q1 2026 than in all prior years combined*. We see the same willingness to go back to the drawing board at **Meta**, where Founder and CEO, Mark Zuckerberg last summer recruited Scale AI founder Alexandr Wang to rebuild Meta's AI program from the ground up, restructured the entire organization around a new Meta Compute initiative, and is now flattening teams as AI makes it possible for *"projects that used to require big teams"* to be *"accomplished by a single, very talented*

*person"*⁹. Output per engineer at Meta rose 30% in 2025, with power users up 80%. On April 8, Meta released its new AI model, "Muse Spark"¹⁰ that seems to have taken a massive step forward in capabilities.

Many successful long-term compounders have management that thinks and acts like long-term owners. Jensen Huang has led NVIDIA for 33 years since founding it in a Denny's in 1993. Mark Zuckerberg has run Meta since founding it at age 19. As Jeff Bezos wrote in his original 1997 shareholder letter – which Amazon still appends to every annual report as a statement of enduring values – *"We will continue to focus on hiring and retaining versatile and talented employees... each of whom must think like, and therefore must actually be, an owner."*

And when the inflection is big enough, Jassy argues, you must bet disproportionately. Amazon guided 2026 capex to \$200 billion. *"If you believe you've found one of these disproportionate shifts, you want to invest as aggressively as you responsibly can. This will create investment spikes that will invite scrutiny, but the game-changers don't typically accommodate smoother investment horizons... Inflections aren't usually smooth or calm. They favor the bold and adaptable."* This is exactly what **Alphabet** did with its custom AI accelerators, the TPUs, early version of which was unveiled in 2016, long before the ChatGPT moment, or when it started the autonomous driving project in 2009. Just like Amazon's chips above, Alphabet's TPUs are a huge driver of Google Cloud Platform's growth and Waymo was recently valued at \$126 billion.

What does AI mean for the durability of competitive moats?

Does AI accelerate disruptive change? Yes. Does it reduce barriers to entry? Yes. Does it make it easier to copy features and functionality from competitors? Yes. Does it mean that competitive advantages are no longer sustainable? Not in our view. Instead, we would argue that AI changes the nature of competition, increasing the importance of structural competitive moats while reducing the durability of simple, product/feature/workflow-based moats. Some of the structural competitive moats that in our view remain durable include the following:

- **Platform businesses with network effects** – **Amazon** is the poster child for network effects where a high number of loyal consumers (repeat buyers) attracts the highest numbers of merchants who offer the widest variety of products at very competitive prices, which attracts more loyal consumers and so on. **Meta** offers over 3.5 billion active users with consistently high engagement and some of the best returns on ads spent, that made it indispensable to advertisers. **Visa** operates the world's largest payments network connecting tens of millions of merchants globally with billions of consumers. **CME Group** is the world's largest derivatives exchange, and the more traders it has, the better its liquidity, which benefits traders, attracting more of them to the platform. **Nu** (131 million customers) runs a data flywheel where the more users it has, the better its credit models become, enabling lower defaults, cheaper credit, and yet more users.

- **Proprietary data** – In the age of AI, continuously generated proprietary data that enables ongoing product improvement is an important moat. It cannot be replicated from public sources by foundation models. S&P Global generates over 95% of its revenue from proprietary benchmarks, differentiated data, and critical workflow tools. Similarly, MSCI has vast amounts of proprietary data and analytics, and nearly everything MSCI sells to customers is proprietary in nature. For both companies, the index business is further insulated by its benchmark status – serving as a trusted common language for industry participants. CME Group generates proprietary data from every trade executed on its platform - derivatives pricing, volume, and open interest across interest rates, equities, energy, and agriculture. This data is indispensable for risk management and is licensed to financial institutions globally.
- **Economies of scale** – MercadoLibre is a great example of how scale creates a self-reinforcing cycle. Greater volume drives lower shipping costs per package, enabling the company to reduce its free shipping threshold, which drives higher purchase frequency, expands the addressable market to lower-cost everyday items, and attracts more buyers and sellers, which further improves logistics density, reducing unit shipping costs and so on. In the Summer of 2025, MercadoLibre lowered its free shipping threshold in Brazil and the results were striking: items sold accelerated from 26% growth in Q2 to 42% in Q3 and 45% in Q4. Unique buyers crossed 80 million for the first time, and the company achieved record market share gains in both Brazil and Mexico. Similarly, Coupang's scale in South Korea, and Amazon's scale in the U.S. (and other international markets in which it is a leader) similarly provides the density needed to have fast delivery at low-per-unit shipping costs that are hard for competitors to replicate.
- **Physical and time-based moats** – TSMC manufactures approximately 90% of the world's leading-edge semiconductors. Cutting-edge fabs cost over \$20 billion and take years to build, but the real barrier is yield – the percentage of functional chips per wafer. TSMC has spent decades perfecting yields at each successive process node through continued manufacturing iterations, accumulating institutional knowledge that is proprietary and can NOT be replicated by AI models. Acceptable (i.e. high) yield is becoming increasingly more important and harder to achieve as chip complexity and prices increase over time. While Samsung and Intel also spend large amounts of capital building advanced fabs, they serve a fraction of TSMC's customer base, which means they cannot amortize fixed costs as efficiently and cannot accumulate yield-learning data as quickly. This creates a self-reinforcing cycle: higher yields attract more customers for TSMC, which enables it to earn higher cross-cycle returns on its investment, which funds more R&D, which enables TSMC to reach the next node quicker and with higher yields than competitors, which widens the lead further. ASML is the sole manufacturer of extreme ultraviolet (EUV) lithography machines, the equipment required to “print” transistors at the most advanced nodes. There is no alternative supplier.

Each machine costs approximately \$350 million, takes over a year to build, is extremely complex (it took ASML over 20 years to develop), and combines cutting edge technologies from a whole ecosystem of global supply chain from Cymer's lasers that shoot laser pulses at a rate of 50,000 times per second at liquid tin droplets, to Zeiss' optics with mirrors that boast sub-atomic level smoothness. Hermes has spent nearly two centuries building the most exclusive luxury brand in the world. Its scarcity, vertical integration, artisan-based production, heritage, craftsmanship, and generational brand loyalty cannot be replicated by AI.

- **Regulatory moats and switching costs** – rising chip complexity increases the switching costs for customers of TSMC such as Apple, NVIDIA, Advanced Micro Devices (AMD), and Broadcom, as changing suppliers would take years, add major costs, and risk product delays (which could in turn negatively impact their competitive positioning). HEICO and TransDigm sell after-market aerospace parts that are critical to their customers even though they represent a small fraction of the overall cost. Additionally, they undergo a rigorous approval process by regulators – this drives pricing power and high switching costs. Eli Lilly holds FDA approvals for GLP-1 drugs (injectables and oral) with patents, clinical data, and physician trust that cannot be replicated by an AI algorithm.

We analyzed the current valuation multiples for our companies and compared them to the average valuation multiples over the last five years.¹¹ The weighted average multiple for the portfolio at the end of the quarter was 15.5% below its average over the last five years. We believe that the current geopolitical tension, combined with apprehension and uncertainty created by AI disruption have created an attractive buying opportunity for long-term investors. BCGD's 7.3% correction (on NAV) experienced in the first quarter was driven entirely by multiple contraction (which declined by 10.5%), which bodes well for the Fund's prospective returns.

Top contributors to performance for the quarter

	Quarter End Market Cap (\$B)	Contribution to Return (%)
InPost S.A.	9.1	0.76
Taiwan Semiconductor Manufacturing Company Limited	1,752.8	0.59
ASML Holding N.V.	502.1	0.56
Ajinomoto Co., Inc.	27.3	0.51
Monolithic Power Systems, Inc.	53.7	0.47

InPost S.A. is Poland's leading logistics operator with an expanding pan-European footprint. Shares rose 47.5% after the company announced it had received an indicative acquisition proposal in early January, a recommended all-cash offer of €15.60 per share from a consortium comprising Advent International, FedEx, A&R Capital, and PPF Group, representing a 50% premium to the undisturbed share price. We have long believed that InPost's logistics infrastructure, dominant Polish franchise (generating nearly 50% EBITDA margins), and rapidly scaling international

operations across Europe together represent a compelling and underappreciated asset. We sold our position as the stock approached the offer price.

Semiconductor giant **Taiwan Semiconductor Manufacturing Company Limited** (TSMC) shares rose 11.4% during the first quarter, as revenue growth of 20.5% (25.5% in USD) exceeded expectations due to surging demand for AI chips. TSMC dominates the advanced semiconductor foundry market, controlling over 90% share of cutting-edge sub-7 nanometer (nm) nodes that power AI servers, flagship smartphones, and autonomous vehicles. The company benefits from a virtuous cycle in which its massive scale and profitability generate the capital necessary to fund industry-leading R&D and capex, in turn widening its technological moat and reinforcing its pricing power. As the ultimate picks-and-shovels provider of the AI era, TSMC remains insulated from the competitive dynamics of the AI chip design ecosystem. Whether hyperscalers develop custom accelerators or deploy merchant GPUs from companies like NVIDIA and AMD, nearly all advanced AI accelerators are manufactured exclusively at TSMC's 3nm and 5nm nodes. We believe TSMC will deliver 20% earnings growth over the next several years, supported by secular AI-driven demand for leading-edge manufacturing capacity.

Shares of semiconductor equipment company **ASML Holding N.V.** increased 22.3% in the first quarter due to robust demand for its lithography systems amid a strong AI-driven semiconductor capex cycle. ASML holds a monopoly on extreme ultraviolet (EUV) lithography, the indispensable technology required to manufacture the world's most advanced chips at 7nm and below. Without EUV, chipmakers cannot economically achieve the transistor densities needed to power AI accelerators, flagship smartphones, and autonomous vehicles. As leading chipmakers including TSMC, Samsung, and Micron race to expand advanced manufacturing capacity to meet surging AI demand, ASML sits at the center of the global semiconductor ecosystem as an indispensable enabler. Moreover, we expect a strong product cycle over the next five years as High-NA EUV – the next-generation platform delivering superior resolution and continued transistor scaling – enters high-volume manufacturing. We also project significant gross margin expansion, driven by ASML's pricing power and increasing scale, supporting strong double-digit earnings growth.

Top detractors from performance for the quarter

	Quarter End Market Cap (\$B)	Contribution to Return (%)
HDFC Bank Limited	118.7	(0.90)
Visa Inc.	590.0	(0.71)
Hermes International S.A.	200.3	(0.70)
S&P Global Inc.	130.2	(0.66)
Amazon.com, Inc.	2,235.8	(0.57)

HDFC Bank Limited is one of India's largest and most recognized private sector banks, offering a broad range of financial services to retail and commercial clients. Shares fell 31.3% during the quarter due to both company-specific and macroeconomic concerns. The unexpected resignation of HDFC Bank's chairman created a governance overhang as investors sought clarity on his departure. Subsequent communication from the board and management helped restore confidence by emphasizing that there were no underlying wrongdoing issues and that governance standards remain strong. On the macro side, given India's heavy reliance on imported energy, higher crude prices have raised inflation expectations, widened the current account deficit, and increased the likelihood of tighter monetary policy, all of which have dampened loan growth and credit outlooks across the banking system. Despite these near-term headwinds, HDFC Bank remains a compelling long-term investment, supported by its best-in-class underwriting, strong liability franchise, and long runway for growth in an underpenetrated banking market, positioning it well to compound earnings as liquidity conditions normalize and macro pressures ease.

Shares of global payment network **Visa Inc.** declined 13.3% due to investor concerns about adverse regulatory changes and broader economic uncertainty. Shares fell in January after President Trump showed support for a proposed 10% cap on credit card interest rates and for a payment routing bill that could reduce Visa's market share. The stock was further pressured by geopolitical tensions related to the war in Iran, higher energy prices, and persistent inflation. Even so, Visa reported solid quarterly financial results that exceeded Street expectations, delivering 15% growth in both revenue and earnings, with management reaffirming annual guidance projecting continued double-digit growth. We believe near-term concerns are overblown and continue to own the stock given Visa's long runway for growth and significant competitive advantages.

Shares of iconic luxury company **Hermes International S.A.** declined 25.9% during the quarter due to a combination of sector-wide derating, macroeconomic uncertainty, and rising geopolitical risks, which weighed on sentiment despite the strength of the business. The escalation of the Iran conflict introduced uncertainty around demand from Middle Eastern clients, an important and fast-growing cohort of ultra-high-net-worth luxury consumers. More broadly, demand for ultra-premium luxury is showing signs of moderation as even wealthy consumers become more cautious amid softer equity and property markets. With Hermès trading at a significant valuation premium, these concerns pressured the stock despite fundamentals remaining largely intact. That said, we believe Hermes should remain less susceptible to economic cycles over time given its unique demand-supply dynamics, where tightly controlled production, long waiting lists, and a deeply loyal client base structurally support pricing power and resilience even in weaker economic conditions.

Portfolio Structure

The Fund is constructed on a bottom-up basis with the quality of ideas and level of conviction playing the most significant role in determining the size of each investment. Sector weights tend to be an outcome of the portfolio construction process and are not meant to indicate a positive or a negative view.

As of March 31, 2026, the top 10 holdings represented 47.4% of the Fund, and the top 20 represented 72.1%. We exited the quarter with 40 investments, up from 37 as of the end of 2025.

Financials and IT represented 49.5% of the Fund, while Communication Services, Consumer Discretionary, Health Care, Industrials, and Real Estate represented another 47.6%, with the remaining 2.9% held in Consumer Staples (**Ajinomoto**) and cash.

Top 10 holdings

	Quarter End Market Cap (\$B)	Quarter End Investment Value (\$K)	Percent of Net Assets (%)
Taiwan Semiconductor Manufacturing Company Limited	1,752.8	506.3	7.0
NVIDIA Corporation	4,237.9	456.2	6.3
Amazon.com, Inc.	2,235.8	439.7	6.0
Visa Inc.	590.0	387.2	5.3
Alphabet Inc.	3,474.5	361.7	5.0
S&P Global Inc.	130.2	317.3	4.4
ASML Holding N.V.	502.1	280.0	3.9
Brookfield Corporation	99.4	248.2	3.4
Meta Platforms, Inc.	1,447.7	240.9	3.3
CME Group, Inc.	107.2	211.2	2.9

Fund investments in countries

	Percent of Net Assets (%)
United States	58.0
Taiwan	7.0
Sweden	6.5
Canada	5.1
Netherlands	3.9
Japan	3.7
France	3.6
Brazil	2.2
China	2.0
Italy	2.0
Argentina	1.5
Korea	1.4
India	1.4
Israel	1.3
Cash and Cash Equivalents	0.4

Recent Activity

During the first quarter, we initiated four new positions: the electrical, and fiber optic equipment provider, **Amphenol**, the drug packaging provider, **Stevanato Group**, the specialty contracting provider, **Quanta Services**, and the gaming and e-commerce advertising platform, **AppLovin**. We added to our other 36 names as we put inflows to work and sold **InPost**.

Top net purchases for the quarter

	Quarter End Market Cap (\$B)	Net Amount Purchased (\$K)
Amazon.com, Inc.	2,235.8	294.5
NVIDIA Corporation	4,237.9	279.8
Taiwan Semiconductor Manufacturing Company Limited	1,752.8	274.2
Alphabet Inc.	3,474.5	241.7
Visa Inc.	590.0	238.4

This quarter, we initiated a position in **Amphenol Corporation**, a leading provider of high-technology interconnect, sensor, and antenna solutions. Amphenol operates in seven end markets: Industrial, Automotive, Mobile Devices, IT Datacom, Communications Networks, Defense, and Commercial Aerospace. The company's mission-critical products are used in electrical systems to move data and transmit signals. As the world electrifies and more systems move from analog to digital, Amphenol's content opportunity grows.

The hallmark of the company is its unique, decentralized "Amphenolian" culture in which over 140 general managers each have autonomy over their individual business units. This leads to a highly agile organization that can quickly respond to market trends (speaking of **adaptability to change**) with best-in-class products and deliver them on a global scale. This culture has enabled the company to compound growth in revenue and cash flow over many years through both above-market organic growth and a long history of successful M&A.

Recently, Amphenol's growth algorithm has accelerated thanks to its IT Datacom segment (now roughly 40% of sales), which sells connectors and cables to AI servers, having grown from less than \$3 billion annual run rate to \$10 billion run rate. The stock sold off recently due to concerns around AI racks moving from copper to optical networking and the company's strong products in copper. We believe the market underestimates Amphenol's ability to innovate and adapt both organically and through acquisitions. Additionally, while we expect IT Datacom to continue leading growth, other end markets have grown steadily (about 10% organic growth in 2025 despite a weak global industrial spend environment), once again reflecting Amphenol's unique franchises. Through a combination of organic growth, continued margin expansion, and accretive M&A, we believe the company has a long runway for growth.

We also bought **Stevanato Group S.p.A.**, which sells glass vials, cartridges, and syringes for injectable drugs. The industry is benefiting from a growing number of high value injectable biologic drugs targeting chronic conditions such as metabolic diseases, autoimmune disorders, and oncology. Stevanato is one of four leading global companies in this industry, which is protected by significant barriers to entry including massive capital requirements and long-standing reputation for uncompromising quality and reliable supply, along with high switching costs, with products representing only a fraction of the drug's price while quality is paramount. They are also included in drug regulatory filings. Among its peers, we think Stevanato is the best positioned to benefit from a product mix shift towards higher value, higher priced, higher margin products such as EZ-Fill, their ready-to-fill platform that delivers pre-washed, pre-sterilized, and depyrogenated packaging directly to biopharma companies.

CEO Franco Stevanato said¹²: *"Innovation across the industry continues to advance patient care, and we remain mission critical to the delivery of biologics, supporting new therapeutic areas, expanding global access to treatments, and improving standards of care. Demand for innovative drug products remains strong. There are more than 9,000 injectable assets in the global drug pipeline undergoing clinical evaluation or being registered, and more than 60% are biologics. We believe we are well positioned to serve this demand through our integrated value proposition, differentiated portfolio, and long-standing commitment to science and technology-driven innovation."*

Although not the primary growth driver, Stevanato benefits from the sale of cartridges and syringes used in injectable GLP-1s. Shares have underperformed recently as investors fear the emergence of oral GLP-1s will cannibalize injectables. However, we think oral GLP-1s will expand the market, as injectables maintain superior efficacy. We think this is an attractive entry point to establish a position in this stable growth business with top line growth of high single to low double digits and additional upside to EBITDA margins over time.

We also initiated a position in **Quanta Services, Inc.**, the leading energy-focused specialty contracting company. Quanta provides engineering, procurement, construction, and maintenance services for electric and gas utilities, renewable energy, telecom, and other infrastructure. The company has compounded revenues and EPS at 14% and 18% CAGRs, respectively, over the last 15 years. What makes this even more impressive is that Quanta achieved those results in a relatively flat electric load environment, driven by material market share gains rather than industry tailwinds.

Going forward, we believe Quanta will increasingly benefit from secular growth in energy-related infrastructure. While AI data centers and the resulting increase in electricity demand are a material part of the story, additional tailwinds include grid modernization and resilience investments, electrification, industrial reshoring, and communications infrastructure buildout. Management believes 15%-plus EPS growth per annum through at least 2029 is achievable, and we believe it can sustain beyond that time frame.

Quanta's competitive differentiation is grounded in its self-perform model: it handles design, procurement, construction, and maintenance in-house, minimizing risk and providing greater certainty on complex, multi-year projects, meeting planned budget and schedules significantly more often than peers. This model only works with the right workforce, and Quanta's 68,000 craft-skilled workers represent twice its nearest competitor. This labor force, built over decades through sustained investment in training and apprenticeship programs, is the binding constraint on energy infrastructure buildout and is effectively irreplicable.

Lastly, we bought **AppLovin Corporation**, a performance-driven advertising technology company dominant in mobile gaming. The company benefits from a self-reinforcing flywheel rooted in its majority share of mobile gaming ad supply, which gives it a unique view of the ad conversion funnel. This proprietary data has informed its Axon machine-learning algorithm, which helps mobile game developers acquire users at a highly attractive return on investment (ROI); Axon's effectiveness has led to AppLovin now commanding over half of the demand side as well. For a mobile game developer looking to acquire users or monetize their game through ads, we think AppLovin is the best place to do both.

We have strong conviction in the durability of growth across both core and new businesses. Within mobile gaming, the Axon algorithm currently converts only around 1% of impressions – meaning continued algorithmic improvements, which have compounded rapidly in recent years, have significant runway to drive conversion higher. Beyond gaming, AppLovin's proprietary conversion data and transferability of the Axon algorithm have given the company a differentiated starting position in e-commerce as well. Early results for e-commerce advertisers show competitive ROI, leading to a billion dollar revenue run rate in less than 18 months. We believe that e-commerce advertising could potentially become as large as gaming in the future, as the e-commerce market is multiples larger than gaming. Longer term, we see additional optionality in markets such as Connected TV, where AppLovin's performance-driven approach could be meaningfully differentiated.

Finally, AppLovin is operationally excellent with a visionary founder CEO at its helm. The company generates greater than 80% adjusted EBITDA margins, which are unprecedented at this scale in the industry, and its performance-based model allows costs to scale predictably against revenue. Taken together, AppLovin's durable competitive moats, long runway for demand expansion, and highly profitable business model make it an attractive long-term investment.

Top net sales for the quarter

	Market Cap When Sold (\$B)	Net Amount Sold (\$K)
InPost S.A.	9.1	98.7

Outlook

"Superior outcomes are rarely the result of doing the same things incrementally better; rather, they come from doing completely different things. The light bulb did not emerge from the continuous improvement of candles." – Welltower CEO, Shankh Mitra, 2025 shareholder letter¹³

Doing the same things incrementally better is not enough when the pace of disruption keeps accelerating as in the world of AI. To outperform over the long term, a business must do things differently. We constantly ask our companies – what makes you unique? Why can't others copy what you do? Long-term investing is all about finding competitive moats that will endure the test of time.

To get a glimpse into prospective returns, we analyzed the change in its weighted average multiple and in consensus expectations for 2026 (for revenues and operating income). While the weighted average multiple for the Fund contracted 10.5% during the first quarter¹⁴ (driving over 100% of the Fund's decline), fundamentals are improving, making the stocks more attractive. Weighted average revenue expectations for the Fund for 2026 increased by 3.5% and operating income expectations increased by 2.7%, with an increase in revenue expectations across all invested sectors and an increase in operating income across all but Consumer Discretionary and Financials.

Our goal is to invest in companies with strong and durable competitive advantages, proven track records of successful capital allocation, high returns on invested capital, and high free cash flow generation. It is our belief that investing in great businesses at attractive valuations will enable us to earn excess risk-adjusted returns for our shareholders over the long term. We are optimistic about the prospects of the companies in which we are invested and continue to search for new ideas and investment opportunities.

We thank you for your trust and for being our partners on this journey.

Sincerely,



Guy Tartakovsky
Portfolio Manager



Alex Umansky
Portfolio Manager

¹ The MSCI ACWI Index Net (USD) measures the equity market performance of large and mid cap securities across developed and emerging markets. MSCI is the source and owner of the trademarks, service marks and copyrights related to the MSCI Indexes. The MSCI ACWI Index and the Fund include reinvestment of dividends, net of withholding taxes, which positively impact the performance results. The index is 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 <https://www.berkshirehathaway.com/letters/1989.html>

⁴ Company HQ visit during Baron Silicon Valley trip in March 2026

⁵ <https://www.anthropic.com/news/google-broadcom-partnership-compute>

⁶ <https://www.theinformation.com/articles/openai-tops-25-billion-annualized-revenue-anthropic-narrows-gap>

⁷ <https://www.aboutamazon.com/news/company-news/amazon-ceo-andy-jassy-2025-letter-to-shareholders>

⁸ <https://www.goodreads.com/quotes/966699-i-very-frequently-get-the-question-what-s-going-to-change>

⁹ Meta 4Q25 earnings call

¹⁰ <https://ai.meta.com/blog/introducing-muse-spark-msl/>

¹¹ We used a P/E multiple (from FactSet on consensus EPS for the next 12 months) for all companies for which the average P/E during the last 5 years was <100x (and Ev/Rev otherwise). We used P/FFO for Welltower and P/FRE for KKR and excluded Brookfield, which is valued on SOTP.

¹² Stevanato 4Q25 earnings call

¹³ https://welltower.com/wp-content/uploads/2026/04/2025_CEO-Letter.pdf

¹⁴ Based on FactSet consensus for the next 12m calculated between 12/31/2025 and 03/31/2026. We use P/E multiples for all stocks except KKR (used P/FRE) and Welltower (P/FFO). We excluded Brookfield, which is valued on a sum of the parts.

* As of March 31, 2026, the annualized returns of the Baron Durable Advantage Fund Institutional Share Class were 14.06%, 19.13%, 13.61%, and 14.56% for the 1-year, 3-year, 5-year, and since inception (12/29/2017) periods, respectively.

* As of March 31, 2026, the annualized returns of the S&P 500 Index were 17.80%, 18.32%, 12.06%, and 13.26% for the 1-, 3-, 5-year, and since inception (12/29/2017) periods, respectively.

* As of March 31, 2026, the annualized returns of the Morningstar Large Growth Category average were 16.53%, 18.90%, 8.89%, and 12.79% for the 1-, 3-, 5-year, and since inception (12/29/2017) periods, respectively.

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: The Fund invests primarily in equity securities, which are subject to price fluctuations in the stock market. Non-U.S. investments may involve additional risks to those inherent in U.S. investments, including exchange-rate fluctuations, political or economic instability, the imposition of exchange controls, expropriation, limited disclosure and illiquid markets, resulting in greater share price volatility. Securities of small and medium-sized companies may be thinly traded and more difficult to sell.

Investors generally incur the cost of the spread between the prices at which shares are bought and sold. Buying and selling shares may result in brokerage commissions which will reduce returns.

Prior to trading in the secondary market, shares of the fund are "created" at NAV by market makers, large investors and institutions only in block-size Creation Units. Each "creator" or "Authorized Participant" enters into an authorized participant agreement with Baron Capital, Inc. Only an Authorized Participant may create or redeem Creation Units directly with the fund.

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Portfolio holdings are subject to change. Current and future portfolio holdings are subject to risk.

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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QUARTERLY LETTER | MARCH 31, 2026

Baron Global Opportunity Fund[®]

Retail Shares: BGAFX | Institutional Shares: BGAIX | R6 Shares: BGLUX



Alex Umansky
Portfolio Manager

Dear Baron Global Opportunity Fund[®] Shareholder,

Performance

Baron Global Opportunity Fund[®] (the Fund) declined 4.8% (Institutional Shares) during the first quarter, compared to the 3.2% decline for the MSCI ACWI Index (the Index), and the 7.7% decline for the MSCI ACWI Growth Index, the Fund's benchmarks.

After three consecutive years of 25%-plus gains, we were likely due for a breather. Entering the year, we thought the investing backdrop was reasonably balanced. On the one hand, the global economy was healthy and growth was accelerating. Advancements in AI were offering wondrous new opportunities. Monetary authorities, particularly the Fed in the U.S., were still in the midst of easing cycles, and most importantly, valuations, while no longer cheap, were not demanding, if like us, you have a longer time horizon. On the other hand... global geopolitical tensions remained high. The Middle East was getting hotter, Russia's invasion of Ukraine, in its fourth year, continued unabated, tensions between China and Taiwan continued to be elevated, tariffs and trade wars persisted – the macro related uncertainty was likely going to be a headwind at some point. We have written in the past that while all bear markets, corrections, and pullbacks are different, at their core, they are driven by fear, uncertainty, and doubt. Fundamentally, markets depend on stability and predictability. Every time stability and predictability are threatened – markets pull back. The war with Iran certainly qualifies as an event that increased fear, uncertainty, and doubt and reduced stability and predictability. The price of oil spiked to as high as \$150 per barrel (physical Brent crude), treasury yields jumped up, the probability of further interest rate cuts went down, the range of possible negative outcomes expanded significantly – and the markets sold off.

Annualized performance (%) for periods ended March 31, 2026[†]

	Fund Retail Shares ^{1,2}	Fund Institutional Shares ^{1,2}	MSCI ACWI Index ¹	MSCI ACWI Growth Index ¹
QTD ³	(4.86)	(4.80)	(3.20)	(7.67)
1 Year	33.92	34.00	20.01	21.33
3 Years	20.54	20.77	16.58	18.03
5 Years	(1.04)	(0.83)	9.49	9.30
10 Years	13.72	13.97	11.33	13.12
Since Inception (4/30/2012)	11.93	12.17	10.16	11.71

History teaches that geopolitical events have minimal lasting impact on equity markets. Carson Group analyzed⁴ 40 major geopolitical and historical events spanning 85 years, from Germany invading France in 1940 to Iran attacking Israel in 2024 and found that the S&P 500 Index lost a median of just 0.9% in the first month following such events and gained a median of more than 7% over the following 12 months. RBC Wealth Management examined⁵ 20 major post-World War II military operations and found that the S&P 500 Index fell an average of 6% from the initial shock to the trough, but in 19 of 20 cases, the market returned to its pre-event level within an average of just 28 days. Moreover, in the 20th century, the Dow Jones Industrial Average advanced from 66 to 11,497 – an increase of 17,391% (not including dividends) despite four costly wars, a Great Depression, and countless recessions. Our default assumption is that pragmatism, rationality, and plain self-interest will continue to prevail. We admit to simply playing the odds here,

Performance listed in the table above is net of annual operating expenses. The gross annual expense ratio for the Retail Shares and Institutional Shares as of April 30, 2025 was 1.22% and 0.96%, respectively, but the net annual expense ratio was 1.16% and 0.91% (net of the Adviser's fee waivers, comprised of operating expenses of 1.15% and 0.90%, respectively, and interest expense of 0.01% and 0.01%, respectively), 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.

NON-U.S./GLOBAL

but in an unlikely event we are wrong, beating an Index will be the least of our problems.

From a performance attribution perspective, stock selection contributed 53bps to relative returns, while the sector allocation detracted 213bps. Though our overweight to the poorly performing Information Technology (IT) and Consumer Discretionary sectors hurt, not having any investments in Energy (+33.6%), Utilities (+8.4%), Materials (+6.6%), and Consumer Staples (+3.3%) cost the Fund 219bps, accounting for the entirety of the quarterly shortfall. From a geographical perspective, our 8.6% average underweight in the U.S. finally stopped hurting and actually added 22bps to relative results. The overweight to Brazil, the Netherlands, Taiwan, and Korea contributed 183bps, while the overweight to India and Argentina, and lack of investments in Japan and the U.K., detracted 164bps. Stock selection in the U.S., China, and Poland was strong, which was more than offset by poor stock selection in Canada, Korea, Brazil, and the Netherlands.

From a stock specific perspective, we ended the quarter with 9 contributors against 30 detractors. Our biggest contributor **SpaceX**, whose new funding round led our fair value committee to revalue the stock higher, which contributed 419bps to our absolute returns. We are very excited about this investment and believe that SpaceX continues to offer asymmetric, positive optionality as it gets closer to becoming a public company. **ASML**, **Taiwan Semiconductor (TSMC)**, and **InPost** contributed over 50bps each, while **GDS**, **Cloudflare**, **Codere**, and **BillionToOne** added 59bps combined. On the other side of the ledger, 10 of our holdings detracted at least 50bps from absolute results due to broader AI and macro related concerns causing a sell-off. We do not believe any of these 10 investments will cause a permanent loss of capital and have in fact added to all of them, except for **NVIDIA** where we are maxed out due to a regulatory restriction.

In News Reporting – Sensational Always Dominates Over Statistical

The current news cycle often has a disproportionate impact on stock prices. Entire investment strategies are built on analyzing daily news flow and executing trades with lightning speed (think micro-seconds). An army of technical analysts opine daily on the significance of “breaking moving averages” and formations of “head and shoulders” in various stock charts. The goal of these highly paid experts is to predict where stock prices will go over the next say 30 or 60 days. Most of our investors will agree with us that 30 or 60-day returns don’t matter, though they can easily make us lose sight of our long-term time horizon. We do not make investment decisions based on timing or predicting the outcomes of wars or the price of oil. Not only because macro-driven events are notoriously difficult to predict with any consistency, but more so because we believe they will work themselves out. So, with rationality and pragmatism prevailing as our default setting, we focus on separating the signal from the noise and identifying the statistically significant events that help us build conviction in the investment thesis for a long-term success of a business.

“AI has moved from being a novelty to becoming something that is really useful! Inferencing is exploding and we are standing smack in the middle of this tornado.” – Andrew Feldman, CEO of Cerebras⁶

As we’ve been doing for years now, we took our semi-annual Baron technology trip to Silicon Valley in March, meeting with venture capitalists, and companies across private and public markets and across software and semiconductors, both owned and not owned. Over the last three years, after every trip, we came away thinking that AI disruption is real and is likely to be paradigm shifting. This time, it felt different. AI was everywhere. It dominated conversations and was a key item on everyone’s agenda. During the weekend before we got there, Andrej Karpathy, a leading AI authority, released AutoResearch, a project that allows AI agents to autonomously run research loops, modify code, run training experiments, and evaluate results – essentially AI training AI⁷. A couple of days later Base44 (owned by **Wix**), released Superagents, which enables users to build AI agents that can enhance workflows, and we found ourselves at 11pm one night building an agent that sends us daily email summaries with all the important news items for the companies we own.

One of the main investor concerns over the last six months has been that the mammoth increases in capex and capacity buildouts were not accompanied by the clear evidence of revenue generation. This is no longer the case. The most significant development in the quarter, in our opinion, was the dramatic acceleration in AI adoption and usage. Witness the curious case of Anthropic, the maker of Claude Code and Claude Cowork, which reported annualized recurring revenues (ARR) of \$9 billion at the end of 2025, projecting to reach \$30 billion in ARR exiting 2026. The company then proceeded to add \$4 billion in ARR in January, \$6 billion in February, and a mind-boggling \$11 billion in five weeks through the first week of April⁸, surpassing the \$30 billion target for 2026. Anthropic added over \$21 billion in net new ARR in just over one quarter. Think about that for a minute... Dario Amadei, the company’s CEO, disclosed a few months ago that a majority of revenues is coming from enterprise customers with over 1,000 companies paying over \$1 million in ARR. These are the most coveted customers in the world that every business dreams of getting. *When will AI revenue finally show up?* Well... it just did! While clearly the most impressive, Anthropic is not alone. OpenAI’s ARR surpassed \$25 billion⁹ from \$20 billion at the end of 2025. As of the writing of this letter, no public company has reported its first quarter results, but we did get a glimpse from **Amazon’s** CEO, Andy Jassy, who released his 2025 Letter to Shareholders on April 9¹⁰. Amazon AI is now at a \$15 billion revenue run rate (*260x larger than original Amazon Web Services (AWS) at the same point*), their combined custom chips business (Graviton, Trainium, and Nitro) is now at a \$20 billion ARR, *growing triple-digit percentages year-over-year*, implying approximately 13% of total AWS revenues. And that number is *understated* since they are monetizing the chips themselves. If it was a standalone business selling to third parties, their ARR would be \$50 billion. AWS continues to be capacity constrained – *growth would be higher if they could serve it*. At 5.0% of the Fund’s net assets, Amazon is our fourth largest holding – we would own more if we could.

Culture, Structural Moats, Adaptability to Change, & What's Not Going to Change

"I very frequently get the question: 'What's going to change in the next 10 years?' And that is a very interesting question; it's a very common one. I almost never get the question: 'What's not going to change in the next 10 years?' And I submit to you that that second question is actually the more important of the two -- because you can build a business strategy around the things that are stable in time." – Jeff Bezos¹¹

We have often used this quote when analyzing and thinking deeply about the companies we invest in. What attributes of successful businesses *will not change* in the world of AI?

- Solving real problems for customers.
- Doing it in a way that is unique – with competitive advantages that are durable.
- Being adaptable to change – see our 4Q2025 letter for an in-depth discussion.
- Management that thinks and acts like owners of the business, optimizing for the long term.
- Management that is willing to make big bets when inflection points (a disruption) become clear.

Here too, Amazon's shareholder letter is instructive – addressing all of these points. Jassy begins with what won't change: *"We believe that customers will always care deeply about massive selection, low prices, very fast delivery, ease of use, and how they're treated."* But he argues that AI will reshape how those needs are served, and that leaders must resist the temptation to simply bolt AI onto existing experiences: "The trick for leaders, ourselves included, is how to get organized and convicted about going back to the starting line and reimagining your experiences from a clean sheet of paper." If this sounds familiar, it is because this is exactly how Elon Musk has described his approach to innovation. It is all about first principles, reimagining the entire experience, disregarding the "this is how we've always done this" mentality and thinking.

Jassy then describes what adaptable culture looks like in practice – when Amazon's Bedrock team realized it needed an entirely new inference engine, rather than patching the existing one, it spun out a group of six engineers who rebuilt the architecture from scratch in 76 days using Amazon's own AI coding tool, Kiro. The result – an engine called Mantle – became the backbone of Bedrock, which nearly doubled month-over-month in March and *processed more tokens in Q1 2026 than in all prior years combined*. The right culture and organizational structure are preconditions for this kind of adaptability. *"You need to move fast, have teammates that act like true owners, and be scrappy. At Amazon, we talk a lot about operating like the world's biggest startup. It's the primary reason we've worked to flatten our organization last year."* **Shopify** CEO, Tobi Lütke, has taken adaptability further than perhaps any leader in our portfolio: in April 2025 he published an internal memo¹² declaring *"Reflexive AI usage is now a baseline expectation at Shopify,"* mandating that before requesting new headcount, teams must demonstrate why AI cannot do the job.

Many of our most successful investments share one attribute: founder-led management that thinks and acts like long-term owners. Jensen Huang has led NVIDIA for 33 years since founding it in a Denny's in 1993. Tobi Lütke has led Shopify for over two decades. Jeff Bezos wrote in his original 1997 shareholder letter – which Amazon still appends to every annual report as a statement of enduring values – *"We will continue to focus on hiring and retaining versatile and talented employees... each of whom must think like, and therefore must actually be, an owner."*

And when the inflection is big enough, Jassy argues, you must bet disproportionately. Amazon guided 2026 capex to \$200 billion. *"If you believe you've found one of these disproportionate shifts, you want to invest as aggressively as you responsibly can. This will create investment spikes that will invite scrutiny, but the game-changers don't typically accommodate smoother investment horizons... Inflections aren't usually smooth or calm. They favor the bold and adaptable."*

What does AI mean for the durability of competitive moats?

Does AI accelerate disruptive change? Yes. Does it reduce barriers to entry? Yes. Does it make it easier to copy features and functionality from competitors? Yes. Does it mean that competitive advantages are no longer sustainable? Not in our view. Instead, we would argue that AI changes the nature of competition, increasing the importance of structural competitive moats while reducing the durability of simple, product/feature/workflow-based moats. Some of the structural competitive moats that in our view remain durable include the following:

- **Platform businesses with network effects** – Amazon is the poster child for network effects where a high number of loyal consumers (repeat buyers) attracts the highest numbers of merchants who offer the widest variety of products at very competitive prices, which attracts more loyal consumers and so on. Cloudflare built a network that operates in over 330 cities across 125 countries where it cross-connects its customers directly with origin servers, bypassing the public internet, significantly reducing latency and reducing costs. The more traffic that flows through Cloudflare, the better its routing intelligence becomes, making it more attractive for the next customer. AI further reinforces this moat as its close physical proximity to users globally enables it to offer low-latency AI inference, which in turn drives demand for its core offerings. Matthew Prince, Cloudflare's CEO articulated it on a recent earnings call: *"This creates a virtuous flywheel: more agents drive more code to Cloudflare Workers, which fuels demand for our performance, security, and networking service."* Shopify's network effects are multi-faceted – the millions of merchants on its platform with real time transaction-level data enables it to innovate rapidly, having a front row seat to what makes merchants successful. That same data powers a virtuous cycle across the business: it fuels AI Sidekick, which uses aggregated insights to suggest actions that help merchants improve their operations; it enables Shopify Capital to underwrite loans to merchants with superior risk models. Shopify's scale on the consumer side (over 150 million consumers use Shop App and Shop Pay) and consumer trust drives higher conversion

rates for Shop Pay (its instant purchase button), making Shopify more attractive to prospective merchants. In agentic commerce, the two-sided merchant-consumer network effect compounds further: as more merchants join, the product catalog becomes richer, making it the most attractive ‘rails’ for AI chatbots to access the widest selection of products, which in turn attracts more merchants to Shopify. Harley Finkelstein on a recent earnings call: *“No one, and I mean no one, understands this like Shopify... This is a transitional moment in Shopify’s history. We are now designing the new normal, just like Tobi predicted a decade ago, and it will fundamentally change our position in the world.”*

- **Proprietary data moats** – In the age of AI, continuously generated proprietary data that enables ongoing product improvement is an important moat. It cannot be replicated from public sources by foundation models. CrowdStrike processes trillions of endpoint security events globally. CEO George Kurtz, described it on a recent earnings call: *“Our data moat creates a structural advantage no LLM provider can replicate.”* Snowflake’s Cortex Code (CoCo), unlike generic coding agents, operates natively inside Snowflake with deep awareness of each customer’s schemas, permissions, governance rules, and data relationships – context that no external AI tool can access. As CEO Sridhar Ramaswamy explained: *“It understands Snowflake intimately, all its different capabilities. We are seeing productivity gains of 5 to 10 times.”*¹³ Each interaction makes CoCo smarter about that customer’s environment, creating a feedback loop that widens the moat over time, by increasing the value of Snowflake for its customers. **Bajaj Finance** illustrates how proprietary data compounds into product advantage in financial services. The company has lending data on over 100 million Indian consumers across 26 product categories. In the last quarter alone, its AI systems listened to 20 million customer calls, converted voice to text, extracted structured data on 520,000 customers, and generated 100,000 new personalized loan offers that the company previously lacked the information to make, producing ₹1,600 crore in disbursements, roughly 10% of quarterly volume. This is a capability that did not exist two quarters earlier. Each call makes the models smarter: better at identifying which customers to target, what products to offer, and when to offer them. Vice Chairman Rajeev Jain commented on the earnings call: *“We are not testing AI. We are deploying AI across the board, across the life cycle.”*
- **Economies of scale** – MercadoLibre is a great example of how scale creates a self-reinforcing cycle. Greater volume drives lower shipping costs per package, enabling the company to reduce its free shipping threshold, which drives higher purchase frequency, expands the addressable market to lower-cost everyday items, and attracts more buyers and sellers, which further improves logistics density, reducing unit shipping costs and so on. In the Summer of 2025, MercadoLibre lowered its free shipping threshold in Brazil and the results were striking: items sold accelerated from 26% growth in Q2 to 42% in Q3 and

45% in Q4. Unique buyers crossed 80 million for the first time, and the company achieved record market share gains in both Brazil and Mexico – all while unit shipping costs in fulfillment fell year-over-year. CEO Ariel Szarfstejn on a recent earnings call: *“Growth has accelerated, frequency has accelerated. We had record conversion rates, record retention rates for new and existing buyers. We are expanding market share and reaching record levels.”* Nearly 75% of fast shipments are now delivered within two days – services possible only at MercadoLibre’s scale. Of course, Amazon’s scale in the U.S. (and other international markets in which it is a leader) similarly provides it with the density needed to have fast delivery at low-per-unit shipping costs that are hard for competitors to replicate. **Coupang**’s scale enabled it to build a fulfillment infrastructure so dense that 70%-plus of South Koreans live within seven miles of a fulfillment center, a physical network no AI model can shortcut. Its scale also enables it to offer a wider selection of products at better prices to customers, which makes its offering unmatched, with its competitive moat only widening as it scales further.

- **Manufacturing complexity and accumulated know-how** – TSMC manufactures approximately 90% of the world’s leading-edge semiconductors. Its moat is structural: building a cutting-edge fabrication facility costs over \$20 billion and takes many years, but the real barrier is yield – the percentage of functional chips per wafer. TSMC has spent decades perfecting yields at each successive process node through continued manufacturing iterations, accumulating institutional knowledge over time that is proprietary and can NOT be replicated by AI models. Acceptable (i.e. high) yield is becoming increasingly more important and harder to achieve as chip complexity and prices increase over time. While Samsung and Intel also spend large amounts of capital building advanced fabs, they serve a fraction of TSMC’s customer base, which means they cannot amortize fixed costs as efficiently and cannot accumulate yield-learning data as quickly. This creates a self-reinforcing cycle: higher yields attract more customers for TSMC, which enables it to earn higher cross-cycle returns on its investment (while the diversity of its customers also reduces the overall cyclicity of the business), which funds more R&D, which enables TSMC to reach the next node quicker and with higher yields than competitors, which widens the lead further. Advanced nodes (7 nanometers (nm) and below) now generate 74% of TSMC’s wafer revenue. ASML also occupies an enviable competitive position: it is the sole manufacturer of extreme ultraviolet (EUV) lithography machines, the equipment required to “print” transistors at the most advanced nodes. There is no alternative supplier. Each machine costs approximately \$350 million, takes over a year to build, is extremely complex, and combines cutting edge technologies from a whole ecosystem of global supply chain from Cymer’s lasers that shoot laser pulses at a rate of 50,000 times per second at liquid tin droplets, to Zeiss’ optics with mirrors that boast sub-atomic level smoothness.

- **Regulatory moats and switching costs** – **Argenx** holds FDA approval for Vyvgart – clinical data, patents, and physician trust cannot be replicated by an AI algorithm. **Heartflow** accumulated over 600 peer-reviewed clinical papers, has FDA approval for its heart-disease diagnostic from the FDA, and also has over 600 patents. Back to **TSMC**, rising chip complexity increases the switching costs for customers such as Apple, NVIDIA, Advanced Micro Devices (AMD), and Broadcom, as changing suppliers would take years, add major costs, and risk product delays (which could in turn negatively impact their competitive positioning). It's not about whether a customer can switch, but about whether it's in their best interest to do so.

We have decades of experience in identifying and investing in businesses that are beneficiaries of disruptive change. While the AI disruption feels like the most significant and challenging disruption of our careers (and frankly, our lives) we have built internal processes that we believe have prepared us well for navigating it. We have learned to think probabilistically (expected value = every possible outcome multiplied by the probability of each outcome happening) and believe there is an advantage in allocating capital against the entire range of outcomes rather than the best, the worst or even the most likely outcome. We guard against behavioral biases and systematically seek out disconfirming evidence to stress-test and re-underwrite the key assumptions that form an investment thesis for every company that we own. The goal is to reduce investments in businesses where our conviction level has lessened and increase investments where our conviction level has increased.

We continue to rehabilitate the Fund from challenging performance returns in 2021 and 2022. Over the last three years, the Fund has returned 20.8% per year, net of all fees and expenses, which compares favorably to 16.6% for the Index, and 12.6% for the Morningstar Global Large-Stock Growth Category Average (Peer Group), ranking the Fund in the 8th percentile. The longer-term, 10-year performance is also now strong with a 14.0% annualized return, outperforming the Index by 264bps annually and ranking in the 7th percentile of the Peer Group.*

Top contributors to performance for the quarter

	Quarter End Market Cap (\$B)	Contribution to Return (%)
Space Exploration Technologies Corp.	1,250.0	4.19
ASML Holding N.V.	502.1	0.56
Taiwan Semiconductor Manufacturing Company Limited	1,752.8	0.54
InPost S.A.	8.7	0.52
GDS Holdings Limited	8.3	0.27

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.

Dutch semiconductor equipment company **ASML Holding N.V.** shares increased 23.5% in the first quarter due to robust demand for its lithography systems amid a strong AI-driven semiconductor capex cycle. ASML holds a monopoly on extreme ultraviolet (EUV) lithography, the indispensable technology required to manufacture the world's most advanced chips at 7nm and below. Without EUV, chipmakers cannot economically achieve the transistor densities needed to power AI accelerators, flagship smartphones, and autonomous vehicles. As leading chipmakers including **Taiwan Semiconductor (TSMC)**, Samsung, and Micron race to expand advanced manufacturing capacity to meet surging AI demand, ASML sits at the center of the global semiconductor ecosystem as an indispensable enabler. Moreover, we expect a strong product cycle over the next five years as High-NA EUV – the next-generation platform delivering superior resolution and continued transistor scaling – enters high-volume manufacturing. We also project significant gross margin expansion, driven by ASML's pricing power and increasing scale, supporting strong double-digit earnings growth.

Semiconductor giant **Taiwan Semiconductor Manufacturing Company Limited** shares rose 11.4% in the quarter, as revenue growth of 20.5% (and 25.5% in USD) exceeded expectations due to surging demand for AI chips. TSMC dominates the advanced semiconductor foundry market, controlling over 90% share of cutting-edge sub-7 nm nodes that power AI servers, flagship smartphones, and autonomous vehicles. The company benefits from a virtuous cycle in which its massive scale and profitability generate the capital necessary to fund industry-leading R&D and capex, in turn widening its technological moat and reinforcing its pricing power. As the ultimate picks-and-shovels provider of the AI era, TSMC remains insulated from the competitive dynamics of the AI chip design ecosystem. Whether hyperscalers develop custom accelerators or deploy merchant GPUs from companies like **NVIDIA** and AMD, nearly all advanced AI accelerators are manufactured exclusively at TSMC's 3nm and 5nm nodes. We believe TSMC will deliver 20% earnings growth over the next several years, supported by secular AI-driven demand for leading-edge manufacturing capacity.

Top detractors from performance for the quarter

	Quarter End Market Cap (\$B)	Contribution to Return (%)
Shopify Inc.	154.9	(1.32)
Snowflake Inc.	52.1	(0.82)
Bajaj Finance Limited	52.6	(0.75)
Coupang, Inc.	34.5	(0.69)
MercadoLibre, Inc.	87.7	(0.69)

Shares of **Shopify Inc.**, the leading global commerce operating system, declined 25.5% during the first quarter, as a broader software selloff compressed high-multiple growth stocks. The business itself delivered an exceptional year: gross merchandise value (GMV) grew 30% - adding \$86 billion of incremental volume - revenue grew 30%, and free cash flow grew 26% to over \$2 billion. Management guided to low-thirties revenue growth for Q1 2026, above the roughly 25% most analysts had modeled. Q1 FCF margin guidance of low-to-mid-teens reflects deliberate continued reinvestment in the business to take advantage of the large opportunity ahead. Enterprise penetration remains in early innings: merchants above \$25 million GMV are growing faster than the broader business, and Shopify holds low single-digit share of the \$2.4 trillion enterprise e-commerce market. Shop Pay GMV of \$121 billion grew 62% and now exceeds 50% of U.S. payments volume - a consumer trust signal with advertising optionality via the Shopify Product Network. We view the drawdown as an opportunity to own an exceptional business at a more attractive entry point, added to the position, and see a path for attractive multi-year compounding from current prices.

Snowflake Inc. is a cloud data platform primarily used for data analytics. Shares declined 31.3% during the quarter, as investors became increasingly concerned that AI-native competitors could disrupt traditional software vendors. Even so, the company posted solid results, with product revenue growth of approximately 30%, best-in-class 125% net revenue retention, record new customer wins, and robust cash generation. Backlog continued to build momentum, with accelerating growth as the company inked its largest contract ever, valued at over \$400 million. Snowflake's product innovation also remains strong, as the company rapidly embeds AI capabilities across its platform to better address customer needs. Its AI product suite has become the fastest-growing offering in the company's history, already generating over \$100 million in annualized revenue, with newer tools such as Snowflake Intelligence and Cortex Code now being used by thousands of customers. These developments support our long-term conviction in Snowflake's ability to sustain durable growth and maintain its position as a foundational data platform, even if near-term valuation pressures persist.

Bajaj Finance Limited is a leading non-bank financial company in India. Shares declined 22.3% during the quarter as geopolitical tensions over the past month raised expectations of higher inflation and disrupted India's easing interest rate environment, which could negatively impact consumption-led credit growth in the short term. We retain conviction in the company due to its best-in-class management team, robust long-term growth outlook, and conservative risk management frameworks. We believe Bajaj is well positioned to benefit from growing demand for consumer financial services in India, including mortgages, personal loans, credit cards, and other related products. We also believe the company will be an AI beneficiary thanks to its robust proprietary data and tech stack, which enables it to both run the business more efficiently and drive incremental loan growth.

Portfolio Structure

The portfolio is constructed on a bottom-up basis with the quality of ideas and conviction level playing the most significant role in determining the size of each individual investment. Sector and country weights are an outcome of the stock selection process and are not meant to indicate a positive or a negative view.

As of March 31, 2026, the top 10 positions represented 60.9% of the Fund's net assets, and the top 20 represented 82.9%. We ended the first quarter with 43 investments. Note that our top 30 investments represented 93.7% of the Fund.

Our investments in the IT, Industrials, Consumer Discretionary, Financials, and Health Care sectors, as classified by GICS, represented 97.8% of the Fund's net assets. Our investments in non-U.S. companies represented 42.2% of net assets, and our investments in emerging markets and other non-developed countries (Argentina) totaled 27.3% of net assets.

Top 10 holdings

	Quarter End Market Cap (\$B)	Quarter End Investment Value (\$M)	Percent of Net Assets (%)
Space Exploration Technologies Corp.	1,250.0	172.4	20.5
NVIDIA Corporation	4,237.9	62.2	7.4
Shopify Inc.	154.9	42.4	5.1
Amazon.com, Inc.	2,235.8	41.8	5.0
Taiwan Semiconductor Manufacturing Company Limited	1,752.8	41.8	5.0
MercadoLibre, Inc.	87.7	40.4	4.8
Cloudflare, Inc.	72.7	30.7	3.7
Coupang, Inc.	34.5	29.7	3.5
Nu Holdings Ltd.	69.8	25.3	3.0
GDS Holdings Limited	8.3	24.4	2.9

Fund investments in countries

	Percent of Net Assets (%)
United States	55.7
Netherlands	7.4
India	5.3
Canada	5.1
Taiwan	5.0
Argentina	4.8
Brazil	3.8
Korea	3.5
China	3.5
Poland	1.4
Spain	1.3
Israel	1.2
Cash and Cash Equivalents	2.1
Total	100.0*

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

Recent Activity

During the first quarter, we initiated two new positions – the electrical distribution equipment manufacturer, **Forgent**, and the AI cloud, **Nebius**.

We also took advantage of inflows into the Fund and stock price volatility to add to 22 existing investments including to **Amazon**, whose stock sold off to an all-time-low valuation, **Shopify**, whose stock declined over 25% despite the company’s solid fundamental execution, and **Coupage**, whose stock sold off due to a cyber-security incident, whose impact we believe will be short-lived. We also took advantage of AI fears to add to several of our highest conviction software names including: the leading cyber-security platform, **CrowdStrike**, the leading networking and cyber-security solutions provider, **Cloudflare**, the zero-trust networking provider, **Netskope**, the observability platform, **Datadog**, and the data platform, **Snowflake**. We also added to our aerospace and defense parts supplier, **Loar**, whose stock sold off on the potential short-term headwind of rising energy prices to travel; to our Chinese data center company, **GDS**; and to **Nu**, the leading Latin American neobank, after its stock sold off on an apparent miss in loan loss provisions - one driven entirely by accounting rules requiring front-loaded provisioning on expanded credit limits, not any deterioration in underlying credit quality.

Top net purchases for the quarter

	Quarter End Market Cap (\$B)	Net Amount Purchased (\$M)
Amazon.com, Inc.	2,235.8	16.4
Forgent Power Solutions, Inc.	8.9	12.2
Shopify Inc.	154.9	11.3
CrowdStrike Holdings, Inc.	99.0	9.9
Coupage, Inc.	34.5	9.0

Our largest new add in the quarter was **Forgent Power Solutions, Inc.**, a leading manufacturer of electrical distribution equipment used in data centers, power grid, and energy-intensive industrial applications – transformers, switchgear, power distribution units, and prefabricated power skids. Forgent’s products are mission critical with stringent safety and reliability requirements focused on the most technically demanding applications – data centers, semiconductor fabs, power plants, battery energy storage, pharmaceutical production – with a high percentage of engineered content, tight tolerances, and rigorous certifications, requiring specialized labor with significant expertise. 85% of Forgent’s revenues are derived from the data center, grid and industrial end markets, which benefit from secular tailwinds such as the AI buildout, the growth in electrical load and the reshoring of industrial capacity into the U.S. These tailwinds have driven rapid above-industry growth with a 69% year-on-year revenue growth in the December quarter. Forgent is a low- and medium-voltage equipment specialist and focuses on custom, “engineered-to-order” products (which represent over 90% of its revenue), whereas larger competitors in the industry generally focus more on higher voltage and standard products. This segment of the market accounts for about a quarter of the market but is growing faster at a 25% CAGR (compared to high teens growth for the overall market).

The company differentiates itself from competitors by engaging deeply with customers in the design phase, offering custom products, which would typically take longer to manufacture, in shorter lead times than standard products, thanks to its unique customer engagement model, manufacturing floorplan layout, and supply chain management – which also enable it to earn attractive margins. The company also has an experienced management team and has invested in manufacturing capacity to support \$5 billion in revenue, which, once completed, will give it one of the largest state-of-the-art manufacturing footprints in the industry. The company’s backlog of around \$1.5 billion and robust recent orders, underpin strong revenue growth visibility. Despite inefficiencies from excess capacity, Forgent already has close to best-in-class EBITDA margins, which we expect to continue expanding as the company drives more volume over its manufacturing footprint. To date, most of its data center business has focused on colocation customers and neoclouds, with new, large opportunities to engage with hyperscale customers going forward.

We also initiated a small investment in **Nebius Group N.V.**, a builder of a new AI cloud business, popularly referred to as a “neocloud.” Nebius is a Big Idea with a remarkable origin story – the company was born from Yandex, popularly known as the “Google of Russia,” which founder Arkady Volozh built into a \$30 billion business over 25 years with leading positions in online search, e-commerce, ride-hailing, music streaming, maps, and cloud services. After Russia’s invasion of Ukraine, Volozh divested all Russian assets in the largest corporate exit from Russia in history (\$5.4 billion), reconstituting the company as Amsterdam based, Nebius. The company boasts a world-class 1,300-strong team of engineers with decades of experience building large-scale computing systems and a vision to

build a leading AI cloud business from first principles – a purpose-built vertically-integrated hardware and software stack optimized for AI workloads.

Nebius' long-term vision requires significant resources to build the physical infrastructure and acquire customers. In the interim, Nebius is strategically and very selectively signing bare-metal GPU deals (renting the data center with the GPUs installed but no software on top of the GPUs) with Microsoft (up to \$19 billion) and Meta (up to \$27 billion). While there is a range of outcomes on the long-term value of GPUs in a bare-metal model (with the main concern revolving around the rapid depreciation of old GPUs as new more efficient ones are introduced), the useful life of AI accelerators appears to be longer than previously anticipated, as the economic output of GPUs (as measured by token throughput) has been increasing over time as models have improved, meaning project returns get better with age. Dylan Patel of SemiAnalysis explained the dynamic on the Dworkesh Podcast (March 2026)¹⁴: GPT-5.4 from OpenAI generates more tokens on H100s than GPT-4 did, despite being a far more capable model, because newer architectures (such as sparse mixture-of-experts) are more computationally efficient per token. The implication is that an H100 is worth more today than when it was purchased three years ago. For Nebius, this means the residual value of its GPU fleet after long-term contracts expire could be substantially higher than depreciation schedules assume. The rapid growth in AI-demand has also driven H100 one-year rental prices higher by approximately 40% from \$1.70 per hour in October 2025 to \$2.35 per hour by March 2026 (SemiAnalysis, March 2026),¹⁵ even as NVIDIA's newer Blackwell GPUs entered the market. In our view, as long as incremental AI token demand exceeds the token supply enabled by the new chips produced in a given year, older GPUs retain – and can even gain – value (as long as token throughput increases over time as models improve – despite an increase in intelligence). More importantly, these deals function as a quasi-financing mechanism for the AI cloud buildout. Meta's deal in-particular provides access to investment grade borrowing costs with no equity dilution, while acting as a backstop customer if enterprise demand for the AI cloud doesn't materialize on schedule.

Today we value the business from three angles: as a bare metal provider to technology giants like Microsoft and Meta, as an AI cloud business, and through its ownership of multiple high-growth companies. We agree with management's view that the AI cloud business is the big prize worth playing for, while the bare metal business is more of a funding mechanism to support the larger AI cloud vision. With that said, just the existing bare metal deals are worth mid-single digit billions in equity value (and Nebius may continue signing more of these deals, which earn a solid 20%-plus operating margin and which could have longer-term value optionality for GPUs as the deals lapse). Nebius' ownership stakes in ClickHouse, Avride, and Toloka reflect an additional high-single-digit billions in value (for example, ClickHouse, in which Nebius holds nearly 30%, is a fast-growing data platform, benefiting from the rapidly expanding demand for real-time data analytics driven by AI; it was valued at \$15 billion in its last funding round from early 2026). This implies the market currently values the AI

cloud business itself at roughly mid-teens billions of dollars, a figure that is justified if the company builds just a low single-digit billion dollars of AI cloud revenue over the next five years, which is less than 1% of market share assuming AI cloud total addressable market exceeds a trillion dollars by the end of the decade. We believe Nebius can do meaningfully better than that, taking share from the big three incumbents and capturing more than a few percentage points of this large addressable market, with the company targeting approximately 10%. At today's price, we are essentially buying a contracted bare metal business and a portfolio of valuable stakes at a fair price, and getting what could become a very big idea, as one of the world's next great AI cloud platforms with a world-class Founder/CEO and a team of engineers who have succeeded before at an attractive entry point.

We have conviction in Nebius' ability to build a large AI cloud business. They are leading the neocloud space in building a full suite of software offerings on their platform, much in line with what the big three hyperscalers have built for cloud workloads, i.e., multi-tenant compute, unified storage, inference-as-a-service, and security certifications, the kind of platform depth that took incumbents years to assemble. Key customers like Shopify, Cloudflare, and Revolut validate the technical prowess of their platform for AI workloads. Arkady Volozh, Founder and CEO, has spoken about Nebius¹³ ambition¹⁶:

*“So we started with 25 megawatts, 18 months ago. Today, we're running 10x of that, almost. We publicly announced that we will be running another 5x on that. It will be almost 1 gigawatt of active power this year... We have a pipeline already reserved for 2 gigawatts, and it will be probably close to 3 gigawatts this year... But what we are building is not just gigawatts. We're **building a real platform for AI developers, a real cloud, full stack cloud...** This is a new cloud with a lot of services on top of it. It's not just multi-tenant cloud, which means basic cloud services, multi-tenancy billing, security, storage, managed databases, it's all there. But on top of it, there is a lot of services for – specific for AI builders like our **Token Factory, inferencing platform or agentic search services**, which people who build AI need, or just recently, we announced **human experts in the loop there...**”*

Top net sales for the quarter

	Quarter End Market Cap or Market Cap When Sold (\$B)	Net Amount Sold (\$M)
InPost S.A.	8.7	2.1
GM Cruise Holdings LLC	30.7	1.7

Outlook

“You manifest a future so convincing that there is no way it won’t happen – and then you endure the suffering in between.”

Jensen Huang (NVIDIA’s Co-Founder and CEO) on Lex Fridman podcast, March¹⁷

Jensen’s philosophy captures perfectly how we think about investing in disruptive change. That is what investing in Big Ideas requires. It is never a straight line. There is always suffering in between. There are drawdowns, counter-narratives, and events that test your conviction and make you lose sleep at night. Patience, ability to separate the signal from the noise, and courage of conviction are needed to stay the course. While the talking heads are fixated on the price of oil or the latest posts on Truth Social, we believe we are on the cusp of something extraordinary. Jensen revealed a \$1 trillion order book and proclaimed that OpenClaw “*did for agentic systems what ChatGPT did for generative systems.*”¹⁸ Dario Amodei from Anthropic said we are “*near the end of the exponential.*”¹⁹ Elon Musk called AI “*the supersonic tsunami.*”¹⁸ Across our portfolio – from **Snowflake** to **CrowdStrike**, **Cloudflare** to **Shopify**, **Amazon** to **Datadog** – the companies we own are reporting positive early data points on how AI is likely to be **transformational** for their businesses.

Every day we live and invest in an uncertain world. Well-known conditions and widely anticipated events, such as Federal Reserve rate changes, ongoing trade disputes, government shutdowns, and the unpredictable behavior of important politicians the world over, are shrugged off by the financial markets one day and seem to drive them up or down the next. We often find it difficult to know why market participants do what they do over the short term. The constant challenges we face are real and serious, with clearly uncertain outcomes. History would suggest that most will prove passing or manageable. The business of capital allocation (or investing) is the business of taking risk, managing the uncertainty, and taking advantage of the long-term opportunities that those risks and uncertainties create.

We are optimistic about the long-term prospects of the companies in which we are invested and continue to search for new ideas and investment opportunities while remaining patient and investing only when we believe the target companies are trading at attractive prices relative to their intrinsic values.

We appreciate your partnership in this journey.

Sincerely,



Alex Umansky
Portfolio Manager

[†] Historical performance was impacted by gains from IPOs. There is no guarantee that these results can be repeated or the level of IPO participation will be the same in the future.

¹ The **MSCI ACWI Index Net (USD)** is designed to measure the equity market performance of large and midcap securities across 23 Developed Markets (DM) and 24 Emerging Markets (EM) countries. The **MSCI ACWI Growth Index Net (USD)** is designed to measure the equity market performance of large and mid cap securities exhibiting overall growth style characteristics across 23 DM countries and 24 EM countries. MSCI is the source and owner of the trademarks, service marks and copyrights related to the MSCI Indexes. The indexes and the Fund include reinvestment of dividends, net of foreign withholding taxes, which positively impact 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 Not annualized.

⁴ <https://www.carsongroup.com/insights/blog/lets-talk-about-geopolitical-events/>

⁵ <https://www.rbcwealthmanagement.com/en-us/insights/then-and-now-market-reactions-to-military-conflicts-and-what-they-mean-today>

⁶ Company HQ visit during Baron Silicon Valley trip in March 2026

⁷ <https://github.com/karpathy/autoresearch>

⁸ <https://www.anthropoc.com/news/google-broadcom-partnership-compute>

⁹ <https://www.theinformation.com/articles/openai-tops-25-billion-annualized-revenue-anthropoc-narrows-gap>

¹⁰ <https://www.aboutamazon.com/news/company-news/amazon-ceo-andy-jassy-2025-letter-to-shareholders>

¹¹ <https://www.goodreads.com/quotes/966699-i-very-frequently-get-the-question-what-s-going-to-change>

¹² <https://x.com/tobi/status/1909251946235437514?lang=en>

¹³ <https://finance.yahoo.com/video/snowflake-unveils-cortex-code-ai-080053831.html>

¹⁴ https://www.youtube.com/watch?v=mDG_Hx3BSUE

¹⁵ <https://newsletter.semianalysis.com/p/the-great-gpu-shortage-rental-capacity>

¹⁶ Morgan Stanley TMT conference, March 2026 -

<https://nebius.com/investor-events/nebius-to-present-at-morgan-stanley-technology-media-and-telecom-conference>

¹⁷ Lex Fridman Podcast #494, March 2026 - <https://www.youtube.com/watch?v=vif8NQcjVf0>

¹⁸ Dwarakesh podcast, February 2026 - <https://www.youtube.com/watch?v=BYXbuik3dga>

¹⁹ Dwarakesh podcast, February 2026 - <https://www.youtube.com/watch?v=n1E9IzfvGMA>

* As of March 31, 2026, the annualized returns of the Morningstar Global Large-Stock Growth Category average were 11.94%, 5.03%, and 11.08% for the 1-, 5-, and 10- 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.

As stated within the Supplement to the Summary Prospectus, Prospectus and Statement of Additional Information dated April 30, 2025, effective October 1, 2025, Baron Global Advantage Fund® has changed its name to Baron Global Opportunity Fund®. For additional information please refer to the Supplement.

Risks: Growth stocks can react differently to issuer, political, market and economic developments than the market as a whole. Non-U.S. investments may involve additional risks to those inherent in U.S. investments, including exchange-rate fluctuations, political or economic instability, the imposition of exchange controls, expropriation, limited disclosure and illiquid markets, resulting in greater share price volatility. Securities of small and medium-sized companies may be thinly traded and more difficult to sell.

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.

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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. **Enterprise Value (EV)** is a measure of a company's total value, often used as a more comprehensive alternative to equity market capitalization. EV includes in its calculation the market capitalization of a company but also short-term and long-term debt as well as any cash on the company's balance sheet. **EPS Growth Rate (3-5-year forecast)** indicates the long term forecasted EPS growth of the companies in the portfolio, calculated using the weighted average of the available 3-to-5 year forecasted growth rates for each of the stocks in the portfolio provided by FactSet Estimates. The EPS Growth rate does not forecast the Fund's 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. **Free Cash Flow (FCF) Margin** is a measure of profitability for a business. FCF Margin takes the free cash flow that a business generates and compares it against the revenue they earned during the same period.

Operating Margin is a company's profit for every dollar of sales after deducting production costs like wages and raw materials but before accounting for interest and taxes. **Price/Earnings Ratio or P/E (next 12-months)** is a valuation ratio of a company's current share price compared to its mean forecasted 4 quarter sum earnings per share over the next twelve months. If a company's EPS estimate is negative, it is excluded from the portfolio-level calculation.

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).

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Baron India Fund[®]

Retail Shares: BINRX | Institutional Shares: BINDX | R6 Shares: BINUX



Michael Kass
Portfolio Manager Adviser

Anuj Aggarwal
Portfolio Manager

Dear Baron India Fund[®] Shareholder,

Performance

Baron India Fund[®] (the Fund) declined 14.86% (Institutional Shares) during the first quarter of 2026, while its relevant benchmark, the MSCI AC Asia ex Japan/India Linked Index (the Linked Benchmark), was down 18.13%. As a reminder to investors, as of market close on August 30, 2024, Baron New Asia Fund was converted into Baron India Fund[®], necessitating a Linked Benchmark to allow the predecessor track record to attach to the new Fund. In essence, our reported performance represents the return of Baron New Asia Fund from July 30, 2021 (Fund inception date) through August 31, 2024 and that of the reconstituted Baron India Fund beginning thereafter. Similarly, the Linked Benchmark, effective September 1, 2024, will reflect the performance of the MSCI India Index, the primary benchmark of Baron India Fund, while the period from July 30, 2021 through August 31, 2024 will reflect the performance of the MSCI AC Asia ex Japan Index. **Baron India Fund[®] has outperformed the MSCI India Index by 3.71% on an annualized basis since Fund conversion (effective September 1, 2024).**

For the first quarter, we comfortably outperformed our Linked Benchmark. While absolute returns were impacted by the onset of the Iran conflict, which drove a sharp increase in energy prices and elevated equity risk premium, we are encouraged by our relative performance during a period marked by heightened volatility and geopolitical uncertainty. We are particularly pleased with the continued effectiveness and validation of our proprietary risk management frameworks — especially our thematic investment approach and “S-curve analysis” (refer to Portfolio Structure section) — which have played a critical role in providing downside protection since Fund conversion. While our primary objective remains the generation of superior returns through the cycle, our ability to manage risk and preserve investor capital during challenging environments is equally important. In this regard, we

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 7.96% and 6.86%, respectively, but the net annual expense ratio was 1.45% and 1.20% (net of the Adviser’s fee waivers and expense reimbursements), 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.

Annualized performance (%) for periods ended March 31, 2026

	Fund Retail Shares ^{1,2}	Fund Institutional Shares ^{1,2}	MSCI AC Asia ex Japan/India Linked Index ¹	MSCI India Index ¹	MSCI Emerging Markets Index ¹
QTD ³	(14.98)	(14.86)	(18.13)	(18.13)	(0.17)
1 Year	(12.85)	(12.59)	(13.43)	(13.43)	29.55
Since Conversion (9/1/2024)	(12.42)	(12.15)	(15.86)	(15.86)	18.51
3 Years	0.64	0.92	(4.78)	6.42	14.84
Since Inception (7/30/2021)	(5.30)	(5.05)	(7.34)	3.18	4.42

take comfort in our solid relative performance over the past 18 months, a period characterized by volatility and consolidation in Indian equities following a cycle peak in September 2024.

On a more constructive note, the U.S. and India announced an interim trade agreement in February, reducing tariffs on Indian goods from a peak of 50% to 18%. This development removes a key overhang, alleviating investor concerns around the durability of the U.S.-India strategic partnership built over the past 25 years. In addition, India finalized a comprehensive Free Trade Agreement (FTA) with the European Union (EU) eliminating duties on over 90% of Indian exports. The FTA also incentivizes European corporates to position India as a strategic manufacturing hub, supporting supply chain diversification away from China amid an evolving geopolitical landscape. In our view, the U.S. and EU trade deals are likely to enhance India’s annual GDP growth trajectory by 40 to 50

basis points, further reinforcing its position as the world’s fastest growing large economy and a compelling long-term investment destination.

From a sector or theme perspective, positive allocation effect together with strong stock selection in the Industrials sector, primarily attributable to select holdings in our Make in India/supply chain diversification (**Precision Wires India Limited**), power reforms (**Kirloskar Oil Engines Limited** and **Cummins India Limited**), and national security (**Bharat Electronics Limited**) themes, contributed the most to relative performance during the quarter. We are excited about our investment in Precision Wires, the largest manufacturer of copper winding wires in India. We believe the company is primed for success by leveraging its economies of scale and vertically integrated business model to increase customer wallet share in high growth segments such as transformers, electric vehicles (EVs), and consumer durable goods. Favorable allocation effect combined with solid stock selection in the Information Technology (IT) sector, largely driven by our exposure to **Centum Electronics Limited**, as part of our national security theme, was also a notable contributor to relative results. In addition, our call to remain materially underweight IT consulting & other services companies within the sector, owing to structural growth headwinds related to the advancement of AI, also bolstered relative performance. Lastly, our overweight positioning in the Health Care sector, which typically outperforms during periods of market uncertainty, also bolstered relative performance during the quarter. Partly offsetting the above was our large underweight positioning in the Materials sector, which benefited from rising commodity and precious metal prices during the period. Adverse stock selection in Financials (**Cholamandalam Investment and Finance Company Limited** and **360 ONE WAM Limited**), along with negative allocation effect in Energy also weighed on relative results.

According to Bloomberg, the MSCI India Index was trading at just below 19 times one-year forward price/earnings as of quarter end — more than two standard deviations below its five-year average. This represents a sharp reversal from September 2024, when valuations were more than two standard deviations above historical norms. Assuming a credible path toward de-escalation in the Middle East and a normalization of energy prices, we believe Indian equities are at or near cycle bottom — presenting an attractive entry point for long-term investors.

Top contributors to performance for the quarter

	Contribution to Return (%)
Precision Wires India Limited	0.54
Centum Electronics Limited	0.31
Acutaas Chemicals Limited	0.17
Power Grid Corporation of India Limited	0.16
Aster DM Healthcare Limited	0.11

Precision Wires India Limited is the largest manufacturer of enameled copper winding wire in India, with approximately 30% market share. The company’s products—critical inputs for power transformers, generators, and electric motors—are supplied across automotive, aerospace and defense, power, electronics, home appliances, and infrastructure end markets. Shares rose during the quarter, driven by robust sales growth, strong profitability, and an announced capacity expansion. We believe Precision Wires is well positioned to capitalize on India’s power-sector upcycle, with accelerated power generation capacity additions expected to drive sustained demand for winding wire. Growth in India’s EV market should also support increasing demand for highgrade winding wire, reinforcing our view that the company can deliver 15% to 20% compounded revenue growth over the next three to five years. Long term, we think Precision Wires will continue to benefit from its scale of operations, strong innovation capabilities, and relationships with original equipment manufacturers.

Centum Electronics Limited is a leading electronics manufacturing services provider in India, providing design and manufacturing solutions for mission-critical applications across defense, aerospace, industrial, and automotive industries. Shares rose during the quarter, driven by robust quarterly results and the divestiture of the company’s loss-making Canadian subsidiary. We remain invested, as we believe Centum is well positioned to benefit from the Indian government’s “Make in India” initiative, which promotes domestic manufacturing of electronic products and components through attractive tax subsidies and infrastructure support. Amid escalating global geopolitical tensions, we see additional upside from India’s push to indigenize defense equipment design and production, a trend that should benefit electronic system providers like Centum. Looking ahead, we expect the company to deliver 18% to 20% compounded revenue growth and 25% to 30% compounded EBITDA growth over the next three to five years.

Acutaas Chemicals Limited is a manufacturer of pharmaceutical intermediates and specialty chemicals in India. Shares were up during the quarter, driven by upbeat quarterly results and an upward revision to full-year growth and profitability guidance. We retain conviction in Acutaas, as the company continues to scale its pharmaceutical contract development and manufacturing operations through its contract with Fermion to supply chemical intermediates for darolutamide, a fast-growing patented drug for prostate cancer marketed by Bayer. We are also encouraged by Acutaas’ expansion into electrolyte additives and semiconductor chemicals, which should support strong growth momentum over the next few years. In our view, Acutaas could deliver more than 25% compounded revenue and earnings growth over the next three to five years.

Top detractors from performance for the quarter

	Contribution to Return (%)
HDFC Bank Limited	(2.07)
Bharti Airtel Limited	(1.53)
Bajaj Finance Limited	(0.98)
Reliance Industries Limited	(0.95)
Eternal Limited	(0.80)

HDFC Bank Limited is one of India's largest and most recognized private sector banks, offering a broad range of financial services to retail and commercial clients. Shares fell during the quarter due to both company-specific and geopolitical events. The unexpected resignation of HDFC Bank's chairman created a governance overhang as investors sought clarity on his departure. Subsequent communication from the board and management helped restore confidence by emphasizing that there were no underlying wrongdoing issues and that governance standards remain strong. On the macro side, the ongoing conflict in the Middle East, resulting in elevated energy prices, has created near-term uncertainty on India's growth outlook given the country's heavy reliance on imported crude. Despite these near-term headwinds, HDFC Bank remains a compelling long-term investment, supported by its best-in-class underwriting, strong liability franchise, and long runway for growth in an underpenetrated banking market, positioning it well to compound earnings as liquidity conditions normalize and macro pressures ease.

Bharti Airtel Limited is a leading telecommunications company with operations across Asia and Africa. The company's offerings include wireless services, mobile commerce, and fixed-line broadband. While Bharti Airtel reported strong quarterly earnings and provided visibility into robust future free cash flow generation, shares declined during the quarter due to concerns around capital allocation to the company's new non-banking financial company venture. In our view, as India's dominant mobile operator, Bharti Airtel is benefiting from ongoing industry consolidation. In particular, competitor Vodafone Idea appears to be on the verge of bankruptcy amid severe pricing pressure and an unsustainable balance sheet. We retain conviction in Bharti Airtel's outlook as it transforms into a digital services company and capitalizes on rising mobile tariffs.

Bajaj Finance Limited is a leading non-bank financial company in India. Shares declined during the quarter as geopolitical tensions over the past month raised expectations of higher inflation and disrupted India's easing interest rate environment, which could negatively impact consumption-led credit growth. We retain conviction in the company due to its best-in-class management team, robust long-term growth outlook, and conservative risk management frameworks. We believe Bajaj is well positioned to benefit from growing demand for consumer financial services in India, including mortgages, personal loans, consumer durable loans, and other related products.

Portfolio Structure

Top 10 holdings

	Percent of Net Assets (%)
Bharti Airtel Limited	7.9
Precision Wires India Limited	5.5
HDFC Bank Limited	5.4
ICICI Bank Limited	4.4
Bharat Electronics Limited	4.4
Bajaj Finance Limited	4.2
Eternal Limited	4.1
Aster DM Healthcare Limited	4.0
Centum Electronics Limited	3.7
SBI Life Insurance Company Limited	3.7

Fund investments in GICS sectors

	Percent of Net Assets (%)
Financials	30.2
Industrials	21.2
Health Care	11.6
Consumer Discretionary	10.2
Communication Services	9.4
Information Technology	6.5
Utilities	4.4
Energy	2.7
Consumer Staples	2.7
Real Estate	0.5
Cash and Cash Equivalents	0.5
Total	100.0*

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

We combine a bottom-up investment approach with a thematic overlay to construct and manage a portfolio of high-quality, competitively advantaged companies located in India. Consistent with the "Baron Approach," we invest behind value-creating, private sector entrepreneurs with significant ownership stakes, whose businesses are either gaining market share, disrupting, or consolidating their respective industries. We leverage our deep relationships in India to discover and invest in growth-oriented businesses for the long term.

The Fund is a diversified, all-cap strategy with the flexibility to invest across market caps, especially in small- and mid-cap stocks where we see significant mispricing due to limited sell-side coverage and/or those that remain "under the radar." We typically invest across 30 to 50 stocks and concentrate capital toward our highest conviction ideas. As of March 31, 2026, we held 41 positions with our 10 largest investments comprising 47.2% of net assets.

Our principal investment themes with respective weightings (as of March 31, 2026) are as follows:

- **Consumer Finance (22.8% of net assets):** *Low penetration levels; industry poised to grow mid-to high teens over the next several years; well managed private sector players to gain market share*
- **Formalization of the Economy (17.8%):** *Economic reforms are accelerating formalization leading to market share gains for organized, branded players across various industries*
- **Digitization (17.0%):** *India's rising middle class and smartphone penetration (over 700 million and growing) is creating significant opportunities across e-commerce, food tech, digital streaming, and fintech*
- **Power Reforms (13.2%):** *Market friendly reforms along with growing demand for electricity in India (real estate, manufacturing, data centers, AC penetration) is necessitating a multi-year investment cycle in power generation and transmission*
- **Make in India/Supply Chain Diversification (12.3%):** *Tectonic shifts in geopolitics are accelerating import substitution and supply chain diversification (ex-China); significant opportunity for Indian players to gain market share in local and global supply chains*
- **National Security (9.0%):** *Rising global conflicts and recent military skirmishes with neighboring countries is leading India to accelerate defense spending with increased focus on domestic manufacturing*
- **Financialization of Savings (7.4%):** *Structural shift in household savings from gold/real estate into financial products such as equities/mutual funds/life insurance savings policies; capital market proxies along with asset managers/life insurers to benefit*

We also segment the portfolio based on a S-curve analysis to serve as a form of risk management framework with respective weightings (as of March 31, 2026) as follows:

- **Phase 1 (19.8% of net assets):** *“Under the Radar” or in “Investment Mode” – a phase of market mispricing/time arbitrage and an opportunity for significant alpha generation as these businesses enter Phase 2*
- **Phase 2 (14.7%):** *“Disruptors” or “Scale Builders” – this is a period when our holdings should generate non-linear growth and continued alpha capture on price discovery, earnings upgrades, and/or market disruption*
- **Phase 3 (47.0%):** *“Compounders” – post scale up, our companies have gained durable competitive moats and are well positioned to compound capital and earnings over the next several years*
- **Phase 4 (18.0%):** *“Market Performers/Mature Businesses” – period of stable growth with good earnings visibility; allocation to this segment will be viewed from a risk management / portfolio beta perspective*

Recent Activity

We had an exceptionally busy quarter as we took advantage of market volatility to initiate several new positions in existing themes while also rebalancing weights of a few holdings based on company specific fundamentals. As always, we strive to concentrate capital toward our highest conviction ideas.

We were active in adding to our consumer finance theme by initiating a position in **Axis Bank Limited**, a leading private sector bank in India offering a full suite of banking services to retail and corporate clients. While smaller in scale compared to top-tier peers, we like its greater emphasis on retail lending and a higher mix of fee-based revenues, which supports diversification and operating leverage. Management has been actively reshaping the balance sheet by tightening underwriting parameters and pivoting toward higher-quality retail credit. This is driving a sustained improvement in asset quality and overall risk profile. We believe this positions the bank to narrow the profitability and valuation gap versus peers over time. Recent underlying trends and management commentary support this view. Loan growth remains solid in the mid-teens and is expected to outpace the industry through continued momentum in retail segments and improving mix. Asset quality has stabilized, with non-performing loans trending lower and early stress indicators showing signs of improvement. At the same time, the bank is benefiting from operating leverage through disciplined cost control and investments in digitization. With profitability metrics already improving and further scope for margin expansion, lower credit costs and better cost efficiency, we see a clear path to higher ROE. Combined with a valuation that remains at a discount to leading peers, we believe the risk/reward is attractive for Axis Bank.

During the quarter, we also increased exposure to our Make in India/supply chain diversification theme by accumulating positions in **Divi's Laboratories Limited**, **Acutaas Chemicals Limited**, and **Amber Enterprises India Limited**. Divi's is a leading global active pharmaceutical ingredients (APIs) and intermediates manufacturer. The company specializes in generic API production, custom synthesis, and nutraceuticals. By leveraging its deep capabilities in process chemistry, scale manufacturing, and strong execution in complex molecules, Divi's has built strong relationships with global innovators and big pharma companies and plays a key role in the global pharmaceutical value chain. In our view, the company is a key beneficiary of global supply chain realignment, as innovator and generic customers diversify their API sourcing away from China. We are encouraged that Divi's has been onboarded by large global innovators and pharma companies into the oral GLP 1 and GLP-1 injectables value chain as a supplier of complex intermediates and custom manufactured peptides. This opportunity underscores Divi's strengths in large scale, late stage commercial manufacturing and provides multi year revenue visibility as GLP 1 demand continues to expand worldwide. We are also excited by the company's commitment to capacity expansion and its sustained focus on R&D. In our view, the company is well positioned to deliver mid-teens compounded revenue growth and 20% earnings growth over the next three to five years.

Acutaas is a leading manufacturer of advanced pharmaceutical intermediates (intermediates) and specialty chemicals in India. The company plays a vital role in the global pharmaceutical value chain, with a 50% to 90% market share in several critical intermediates up to the N 1 stage of the API synthesis chain. To drive sustainable long term growth, Acutaas proactively invests in R&D to build a durable pipeline of intermediates with API patents that expire through 2040 and beyond. In addition to its core intermediates business, the company is actively ramping up its higher margin contract development and manufacturing organization (CDMO) vertical in collaboration with global innovators. For example, Acutaas became the primary intermediates vendor for darolutamide, a fast-growing, patented prostate cancer drug marketed by Bayer with estimated peak sales of more than \$4 billion. This long-term contract under the CDMO model provides strong revenue visibility over the next few years. We are also excited about Acutaas' new ventures into electrolyte additives and semiconductor chemicals, which should support strong growth momentum. In our view, the company is well positioned to deliver over 20% compounded revenue and earnings growth over the next three to five years.

Amber is a leading contract manufacturer and component supplier for consumer durable goods, particularly room air conditioners (RACs). The company currently commands over 25% market share in the domestic RAC manufacturing value chain and has increasingly pivoted from a box build/turnkey model to a business-to-business component supplier to leading original equipment manufacturers (OEMs). This has enabled Amber to gain customer wallet share as OEMs are increasingly shifting toward in house assembly and reducing reliance on imports by sourcing components from accredited local vendors. In our view, Amber is also transforming into a leading electronics manufacturing services (EMS) company by investing in power electronics, bare printed circuitry board (PCB) manufacturing, and PCB assembly capabilities. We believe Amber is well positioned to benefit from the government's "Make in India" initiative, which encourages domestic manufacturing of electronic components through attractive tax incentives and manufacturing infrastructure support. We expect the company to deliver 20% compounded revenue growth and 25% compounded EBITDA growth over the next three to five years.

As part of our digitization theme, we reinitiated a position in **Indus Towers Limited**, a leading telecommunications tower operator in India. The telecom towers sector in India is currently structured as a quasi-duopoly, with Indus and a key competitor accounting for over 75% market share. The company has been a primary beneficiary of accelerating 4G, and more recently 5G services in India. However, its valuation has remained deeply discounted compared to global tower peers, primarily due to a key customer, Vodafone Idea (VI), experiencing share losses that triggered insolvency concerns for the telco. With recent improvement in financial viability, VI resumed monthly payments to Indus, removing a key overhang for Indus' stock. Additionally, as VI completes another round of equity and debt financing, Indus will benefit from the telecom operator's planned 4G expansion and 5G rollout, driving tower additions, tenancy ratio improvement, and consequently higher operating leverage and free-cash generation.

We expect Indus to deliver high single-digit revenue growth and approximately 10% compounded earnings growth over the next three to five years, with nearly all the incremental free cash flow enhancing distributions to shareholders.

During the quarter, we also increased exposure to our power reforms theme by building a position in **JSW Energy Limited**, a leading power generation company in India with a rapidly expanding renewable energy platform. The company plans to more than double its generation capacity from the current 13 GW to approximately 28 GW over the next four years, with roughly 80% of incremental capacity from renewable sources. With about 90% of the planned capacity expansion already secured under long-term PPAs (power purchase agreements), JSW Energy has strong visibility into revenue growth and stable cash flows over the long term. In addition to generation, the company is building strategic capabilities in pumped hydro and battery energy storage, which we believe will be critical enablers as renewable penetration increases and grid stability becomes more important. Leveraging the broader JSW Group's execution strength and balance sheet support, JSW Energy is scaling capacity efficiently with access to attractive rates of debt financing. We expect the company to deliver over 25% compounded EBITDA growth over the next three to five years, driven by capacity additions, a rising renewable mix, and operating leverage.

Adding to our national security theme, we initiated a position in **Aditya Infotech Limited**, India's largest video surveillance manufacturer with approximately 40% market share. Founded over three decades ago, the company has evolved from a distributor into a vertically integrated security solutions provider, with the world's largest CCTV (closed circuit television) production capacity outside China. In 2025, the Government of India enforced the STQC (Standardization Testing and Quality Certification) norms, which impose stringent supply chain transparency requirements and restrict the use of Chinese-origin SoCs (systems on chips), effectively disqualifying most Chinese CCTV brands from government and commercial use cases in India. Aditya Infotech's domestic manufacturing capabilities and proactive non-China sourcing of key components enabled it to build a broad STQC-certified product portfolio, helping it nearly double its market share over the past year. In our view, the company will continue to gain share as a key beneficiary of regulatory change and outpace industry growth of 15% to 20%. In addition, as the revenue mix shifts away from distribution of third-party products toward higher-margin own-brand SKUs, and as the company deepens localization and backward integration, we expect sustained margin expansion. In our view, Aditya Infotech is well positioned to deliver over 20% compounded earnings growth over the next three to five years.

Finally, we added to several of our existing positions during the quarter, most notably **360 ONE WAM Limited**, **Bharat Electronics Limited**, **Kirloskar Oil Engines Limited**, **SBI Life Insurance Company Limited**, **HealthCare Global Enterprises Limited**, **Tata Consumer Products Limited**, and **Power Grid Corporation of India Limited**. During the quarter, we also exited positions in

Coforge Limited, Tata Communications Limited, DCW Limited, and Le Travenues Technology Limited due to uncertainties over durability of earnings growth and/or competitive positioning going forward.

Outlook

As we write this letter, Indian equities have staged a notable recovery, with the MSCI India Index appreciating nearly 10% from the March 2026 quarter-end lows. While we cannot predict geopolitical outcomes, we are cautiously optimistic about an eventual resolution of the Middle East conflict or, at a minimum, a normalization of oil and energy prices from current elevated levels. The recent ceasefire between the U.S. and Iran is an encouraging initial step, although the path to durable peace will not be easy, and setbacks should be expected along the way. That said, this too shall pass. As history has consistently shown, markets eventually recover and go on to thrive following global and/or financial dislocations — be it the Global Financial Crisis, the COVID-19 pandemic, or the Ukraine war, among many others. **We firmly believe the current conflict will be no different.**

Taking advantage of market volatility and a material drawdown in Indian equities, we were active in acquiring high-quality businesses led by visionary management teams at attractive prices. At the same time, we are pleased with the continued effectiveness and validation of our proprietary risk management frameworks, which have provided downside protection during periods of market turbulence.

Since the previous cycle peak in September 2024, Foreign Institutional Investors (FIIs) have sold an unprecedented \$46 billion of Indian equities over the past 18 months, while domestic institutions have purchased approximately \$140 billion. Further, we are encouraged by the patience and maturity of local retail investors, who have continued allocating over \$3 billion to Systematic Investment Plans (SIPs) — automated monthly investments into mutual funds — despite experiencing double-digit drawdowns this past quarter. SIP inflows reached a new record in March at approximately \$3.4 billion, up 8% month-over-month and 24% year-over-year. **With the accelerating financialization of domestic savings, FII ownership at a decadal low, and valuation multiples for Indian equities trading one to two standard deviations below long-term averages, we believe we are at or near a cycle bottom — presenting an attractive entry point for long-term investors.**

We remain excited about India's structural growth story, and barring the near-term impact of the Iran conflict, we believe the market is entering a potential earnings upgrade cycle. This is supported by a rebound in government infrastructure spending, targeted tax relief for the middle class, benign inflation trends, and the rollout of "GST 2.0," which has boosted consumption and economic activity. As several leading economic indicators have turned favorable, we expect earnings transmission to follow with a lag—making the current period an opportune time to build positions ahead of what we believe will be a tangible uplift in earnings trajectory for our holdings. We caveat this view with the assumption that oil/energy prices will not remain elevated beyond the near term. The Ukraine war serves as a useful precedent, where oil prices normalized within six to nine months of the onset of the conflict.

Finally, from a trade perspective, we believe India will benefit significantly from the recently announced trade agreement with the U.S. and the comprehensive FTA signed with the EU. We estimate these developments could add 40 to 50 basis points to India's annual GDP growth over time, further reinforcing its position as the world's fastest growing large economy and a compelling long-term investment destination. We believe the U.S.-India strategic partnership, built over the past 25 years, remains firmly intact and should continue to strengthen following the signing of these agreements.

Thank you for investing in the Baron India Fund®. We truly appreciate your partnership.

Sincerely,



Anuj Aggarwal
Portfolio Manager



Michael Kass
Portfolio Manager Adviser

¹ The **MSCI AC Asia ex Japan/India Linked Index Net (USD)** was created by the Adviser and links the performance of the MSCI AC Asia ex Japan Index for all periods prior to September 1st, 2024 and the MSCI India Index for all periods thereafter. The **MSCI AC Asia ex Japan Index Net (USD)** measures the performance of large and mid cap equity securities representation across 2 of 3 developed markets countries (excluding Japan) and 8 emerging markets countries in Asia. The **MSCI India Index Net (USD)** is a broad-based securities index that is designed to measure the performance of the large and mid-cap segments of the Indian market. The **MSCI Emerging Markets Index Net (USD)** is designed to measure equity market performance of large and mid-cap securities across 24 Emerging Markets countries. The **S&P 500 Index** measures the performance of 500 widely held large-cap U.S. companies. MSCI is the source and owner of the trademarks, service marks and copyrights related to the MSCI Indexes. The MSCI indexes and the Fund include reinvestment of dividends, net of foreign withholding taxes, which positively impact the performance results. The S&P 500 Index includes reinvestment of dividends before taxes. The indexes are unmanaged. Index performance is not Fund performance. Investors cannot invest directly in an index.

² The performance data does not reflect the deduction of taxes that a shareholder would pay on Fund distributions or redemption 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 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: Non-U.S. investments may involve additional risks to those inherent in U.S. investments, including exchange-rate fluctuations, political or economic instability, the imposition of exchange controls, expropriation, limited disclosure and illiquid markets. In addition, investments in developing countries may have increased risks due to a greater possibility of settlement delays; currency and capital controls; interest rate sensitivity; corruption and crime; exchange rate volatility; and inflation or deflation. Government actions, bureaucratic obstacles and inconsistent economic reform within the Indian government have had a significant effect on the Indian economy and could adversely affect market conditions, economic growth and the profitability of private enterprises in India.

The Fund may not achieve its objectives. **Portfolio holdings are subject to change. Current and future portfolio holdings are subject to risk.**

The discussions of the companies herein are not intended as advice to any person regarding the advisability of investing in any particular security. The views expressed in this report reflect those of the respective portfolio manager only through the end of the period stated in this report. The portfolio manager's views are not intended as recommendations or investment advice to any person reading this report and are subject to change at any time based on market and other conditions and Baron has no obligation to update them.

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

Diversification does not guarantee a profit or protect against a loss.

Alpha measures the difference between a fund's actual returns and its expected performance, given its level of risk as measured by beta. **Beta** measures a fund's sensitivity to market movements. The beta of the market is 1.00 by definition. **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.

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QUARTERLY LETTER | MARCH 31, 2026

Baron International Growth Fund[®]

Retail Shares: BIGFX | Institutional Shares: BINIX | R6 Shares: BIGUX



Michael Kass
Portfolio Manager

Dear Baron International Growth Fund[®] Shareholder,

Performance

Baron International Growth Fund[®] (the Fund) declined 1.03% (Institutional Shares) during the first quarter of 2026, while its primary benchmark, the MSCI ACWI ex USA Index (the Benchmark), retreated 0.71%. The MSCI ACWI ex USA IMI Growth Index (the Proxy Benchmark) declined by a more significant 3.24% for the quarter. The Fund modestly trailed the Benchmark while handily outperforming the Proxy Benchmark during a quarter marked by substantial volatility. We were comfortable with our final result, particularly in light of the ongoing challenging period for particular growth sub-sectors such as software, e-commerce, and other digital/online and data-driven businesses, though the unwelcome and abrupt March correction in equities in general reversed what had been a very promising quarter through February.

As noted, for the first two months of the quarter international and emerging market (EM) equities extended prior year outperformance while logging solid, double-digit returns, in our view largely on the strength of AI-related technology names as well as broad-based strength in industrials/defense and commodities. While the war in Iran triggered a steep rise in oil prices and an inflection point in global equities, international equities still comfortably outperformed the S&P 500 Index (down 4.33%) for the quarter, and we maintain our optimism regarding the outlook for both relative forward earnings and performance for the asset class. For international equity investors, the principal near-term risk is an extended disruption to oil flows and a further spike in energy prices, as much of Asia is reliant on Middle East imports, and many European nations are reliant on imports. As of now, we are not materially adding to nor reducing investments in such jurisdictions as we calibrate the likely path forward, though

Annualized performance (%) for periods ended March 31, 2026^t

	Fund Retail Shares ^{1,2}	Fund Institutional Shares ^{1,2,3}	MSCI ACWI ex USA Index ¹	MSCI ACWI ex USA IMI Growth Index ¹
QTD ⁴	(1.11)	(1.03)	(0.71)	(3.24)
1 Year	18.70	19.07	24.91	19.91
3 Years	8.80	9.08	14.49	10.36
5 Years	0.75	1.00	7.02	3.27
10 Years	7.53	7.80	8.38	7.54
15 Years	6.03	6.29	5.62	5.58
Since Inception (12/31/2008)	8.87	9.14	7.87	7.99

we maintain confidence that the longer-term fundamentals for the companies in which we are invested are quite sound, which allows us to maintain conviction in periods of heightened volatility and short-term earnings risk. We remain quite encouraged by the strong absolute performance of the Fund over the past year and the solid outperformance of EM equities in general, and remain optimistic that our fundamental, theme-driven and bottom-up approach can continue to deliver solid results in the ever-evolving technological and geopolitical environment.

In the first quarter of 2026, we modestly underperformed the Benchmark, while outperforming our all-cap international growth Proxy Benchmark. From a sector or theme perspective, poor stock selection effect in the Health Care and Communication Services sectors was the largest detractor to relative performance during 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 1.31% and 1.04%, but the net annual expense ratio was 1.21% and 0.96% (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.

NON-U.S./GLOBAL

quarter. Within Health Care, select holdings in our biotechnology/diagnostics (**argenx SE** and **Stevanato Group S.p.A.**) theme along with exposure to **Agilent Technologies, Inc.** and **EssilorLuxottica SA** weighed on relative results as these positions suffered declines during the period. Weak stock selection effect in Communication Services was primarily driven by some of our digitization-related investments (**Universal Music Group N.V.**, **Bharti Airtel Limited**, and **Tencent Music Entertainment Group**). Lastly, our underweight positioning in the Energy sector, during a period of rising oil/energy prices in the aftermath of the Middle East conflict, was also a notable detractor. Mostly offsetting the above was strong stock selection in the Materials sector, driven by a handful of positions across multiple themes (**Lynas Rare Earths Limited**, **Lundin Mining Corporation**, **Linde plc**, and **AMG Critical Materials N.V.**). Finally, positive stock selection effect in the Information Technology and Financials sectors also supported relative results.

From a country perspective, adverse stock selection effect in the Netherlands, Israel, and China was the largest detractor from relative performance during the quarter. In addition, our overweight positioning in India also weighed on relative results. Partially offsetting the above was favorable stock selection effect in Japan, France, Taiwan, Australia, and Poland. We are encouraged by the resilience and outperformance of our investments in Taiwan, Korea, and Japan that are key beneficiaries of increasing global AI application development and capex. While markets have questioned the likely return on capital for such investments by the U.S. hyperscalers, supply constraints in critical AI infrastructure such as memory and other bottleneck technologies are likely to continue to benefit the most strategically positioned and important companies. Despite the recent underperformance, we remain excited about India's structural growth story, while in the nearer term, a rebound in government infrastructure spending, targeted tax relief for the middle class, and more recently the announcement of the U.S.-India trade deal is in our view supportive of an earnings upgrade cycle.

Top contributors to performance for the quarter

	Contribution to Return (%)
Lynas Rare Earths Limited	0.80
TotalEnergies SE	0.73
Taiwan Semiconductor Manufacturing Company Limited	0.72
ISC Co., Ltd.	0.64
Ajinomoto Co., Inc.	0.52

Lynas Rare Earths Limited is an integrated rare earths producer based in Australia. Lynas' Mt Weld mine contains one of the highest-grade and largest rare earth deposits globally. Shares rose significantly during the quarter as benchmark prices for the company's rare earth products rallied sharply. Lynas also signed a long-term offtake agreement that includes a price floor mechanism set at an attractive level, in our view, underscoring the critical value of its products. We remain constructive on Lynas' outlook as the

leading commercial-scale producer of refined rare earths outside China. The company is expanding its downstream processing facility in Malaysia and advancing production assets in Australia, supporting an attractive long-term production growth profile.

TotalEnergies SE is an integrated oil company with operations spanning exploration and production, liquefied natural gas, refining and chemicals, power, and marketing. Shares increased significantly in the first quarter as spot and forward prices across its primary commodities rose, particularly following the start of the Middle East conflict. After the effective closure of the Strait of Hormuz, several hydrocarbon suppliers were forced to declare force majeure and limit customer deliveries, while TotalEnergies was able to maintain its commitments, underscoring the resilience of its diversified portfolio. We remain constructive on TotalEnergies' outlook, supported by strong production growth and peer-leading reserve lives. We find this combination particularly attractive in the context of plateauing U.S. shale production growth and a re-emerging supply-risk premium in energy commodities.

Semiconductor giant **Taiwan Semiconductor Manufacturing Company Limited (TSMC)** contributed to performance as revenue growth exceeded expectations due to surging demand for AI chips. TSMC dominates the advanced semiconductor foundry market, controlling over 90% share of cutting-edge sub-7 nanometer (nm) nodes that power AI servers, flagship smartphones, and autonomous vehicles. The company benefits from a virtuous cycle in which its massive scale and profitability generate the capital necessary to fund industry-leading R&D and capex, in turn widening its technological moat and reinforcing its pricing power. As the ultimate "picks and shovels" provider of the AI era, TSMC remains insulated from the competitive dynamics of the AI chip design ecosystem. Whether hyperscalers develop custom accelerators or deploy merchant graphics processing units from companies like NVIDIA and Advanced Micro Devices, nearly all advanced AI accelerators are manufactured exclusively at TSMC's 3nm and 5nm nodes. We believe TSMC will deliver 20% earnings growth over the next several years, supported by secular AI-driven demand for leading-edge manufacturing capacity.

Top detractors from performance for the quarter

	Contribution to Return (%)
ODDITY Tech Ltd.	(0.67)
Deutsche Bank AG	(0.50)
Universal Music Group N.V.	(0.42)
argenx SE	(0.39)
Experian plc	(0.36)

ODDITY Tech Ltd. is a consumer tech platform transforming the beauty and wellness market. Shares fell after a recent Meta algorithm update proved incompatible with the company's "Try Before You Buy" model, steering ads toward low-intent audiences. Because the model's higher return rates skewed the algorithm, customer acquisition costs rose from \$60 to \$75 to over \$100 to

\$150. Management spent several weeks diagnosing the problem before concluding it stemmed from the auction layer rather than the creative content fed into the algorithm. By the time the cause was identified in late January, ODDITY had already entered its peak first-quarter acquisition window with unit economics that made new customer acquisition unprofitable. As a result, the company pulled back on growth marketing. With no firm timeline for resolving the algorithm issue, we reduced our position, though ODDITY remains inexpensive on normalized earnings and METHODIQ (its new tele dermatology platform) continues to track well. We continue to own the company given its long-term growth opportunity in a large, underpenetrated e-commerce category.

Deutsche Bank AG, a leading global bank headquartered in Frankfurt, detracted from performance during the quarter due to a combination of company-specific concerns and a more challenging macroeconomic backdrop for European banks. The stock was pressured by scrutiny around the bank's exposure to private credit markets and expectations for softer near-term trading revenues, while broader sector weakness reflected new inflation pressures and geopolitical tensions stemming from the war in the Middle East. Slowing economic momentum in Germany and parts of Europe raised concerns about more subdued loan growth, tighter financial conditions, and the potential for a gradual normalization in credit costs as higher interest rates filter through to borrowers. Despite these near-term headwinds, Deutsche Bank remains an attractive investment in our view given its improved capital position, ongoing cost discipline, and leverage to structurally higher interest rates. The company is also well placed to benefit from Germany's fiscal expansion plans, which should support domestic investment activity and credit demand.

Universal Music Group N.V. is the world's leading music company. Shares fell as AI-related concerns persisted, though we view them as overstated. Management provided concrete data showing that AI-generated content is not cannibalizing streams, and the Udio licensing deal positions Universal Music Group as a direct economic participant in the AI music ecosystem. In addition to addressing these concerns, the company delivered solid fundamental execution. 2025 revenue grew 9% in constant currency, EBITDA grew 9%, and discretionary free cash flow grew 8%, marking the sixth consecutive quarter of subscription growth above 8%, even before the benefits of the new Streaming 2.0 pricing model have fully taken effect. The associated agreements include 4% to 5% annual per-subscriber pricing step-ups that are expected to begin contributing meaningfully in 2026. The stock's multiple has de-rated from over 25 times EBITDA at IPO to under 12 times—a level at which catalogue value alone arguably exceeds the current market cap. We continue to hold and are monitoring whether 2026 subscription growth rises above 10% as Streaming 2.0 pricing kicks in, a clear near-term validation of our thesis.

Portfolio Structure

Top 10 holdings in developed countries

	Percent of Net Assets (%)
Lundin Mining Corporation	3.1
argenx SE	3.1
BNP Paribas S.A.	2.9
TotalEnergies SE	2.8
Ajinomoto Co., Inc.	2.3
Arch Capital Group Ltd.	2.2
AstraZeneca PLC	2.2
Tokyo Electron Limited	2.1
Linde plc	2.1
Mitsubishi UFJ Financial Group, Inc.	2.0

Top five holdings in emerging countries

	Percent of Net Assets (%)
Taiwan Semiconductor Manufacturing Company Limited	5.4
Credicorp Ltd.	1.5
Samsung Electronics Co., Ltd.	1.5
InPost S.A.	1.5
Bharti Airtel Limited	1.4

Fund investments in developed markets

	Percent of Net Assets (%)
Japan	17.1
France	11.3
United Kingdom	7.2
Netherlands	6.8
Canada	4.7
United States	4.7
Australia	2.2
Germany	2.2
Switzerland	2.1
Sweden	1.9
Ireland	1.8
Spain	1.4
Italy	0.8
Israel	0.3
Total	64.3*

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

Fund investments in emerging markets

	Percent of Net Assets (%)
India	8.5
Taiwan	6.2
China	5.9
Korea	5.7
Brazil	1.7
Peru	1.5
Poland	1.5
Greece	1.1
Chile	0.7
Total	32.9*

The table above does not include the Fund's exposure to Russia (less than 0.1%) because the country falls outside of MSCI's developed/emerging/frontier framework.

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

Recent Activity

During the first quarter, we added several new investments to existing themes and increased our weighting in certain positions established in prior periods. We endeavor to increase concentration in our highest conviction ideas.

We were active in adding to our global security theme by initiating positions in **The Japan Steel Works, Ltd. (JSW)**, **Cummins India Limited**, and **Power Grid Corporation of India Limited (PGCIL)**. JSW is a diversified industrial equipment manufacturer. The company's Materials & Engineering (M&E) segment is a market leader in specialty steel components with end use in power generation facilities. Owing to rising global electricity demand, downstream manufacturers of large gas turbines have seen significant order backlog expansion. We view the M&E segment as a key beneficiary as these companies are now meaningfully expanding capacity to address growing demand visibility. The segment is also a critical supplier in the construction of nuclear power plants where we see unprecedented U.S. investment in nuclear energy as a secular growth driver. In addition, the company's Industrial Machinery Products segment has a broader set of end markets, and we are constructive on the diversified growth opportunities for these businesses as well. For the Defense Equipment division, we see an expanding defense budget in Japan and potential export opportunities driving top-line growth. In the Plastics Machinery Business, we see both top-line and margin upside from expanding aftermarket services for its Plastics Processing equipment, and a potential refresh cycle for the battery separator equipment it supplies. We expect the company to grow earnings at a compound rate of over 20% for the next three to five years.

Cummins India, a subsidiary of U.S. based Cummins Inc., is a leading power generation engine manufacturer in India. The company is a dominant player in power generators, with approximately 60% market share in the highly profitable high horsepower range. The company also has a distribution and aftermarket vertical along with an export division that caters to regions including North America, Europe, the Middle East, and Africa. In our view,

the company's key competitive advantages include best-in-class technology and product quality, wide product range across categories, high penetration with channel partners, and leading aftermarket services. We believe Cummins India is well positioned to benefit from rising demand for backup power supply in India, driven by higher capital expenditure by the government and private enterprises in segments such as infrastructure, real estate, and manufacturing. In addition, the company's dominance in the high horsepower range favorably positions it in new growth verticals such as data centers. India's current data center capacity at approximately 1.5GW is expected to scale to over 8GW over the next five to seven years, creating significant growth potential for the market leader. We expect Cummins India to generate at least mid-teens earnings growth over the next three to five years.

PGCIL is a leading energy distribution company in India, controlling approximately 85% of the country's interstate power transmission capacity. Being majority owned by the Government of India, the company is deemed a sovereign entity, which serves as a competitive moat from a cost and access to capital perspective. In our view, given India's robust economic growth and accelerating industrial capacity expansion, significant investment in power generation and transmission infrastructure will be required, creating a multi-year growth opportunity for PGCIL. Additionally, as India targets to double electricity generation capacity through non-fossil fuel sources by 2030, PGCIL will be a key enabler of the country's power transition toward renewable energy. We expect the company to deliver low to mid-teens total shareholder returns over the next three to five years alongside an attractive dividend yield.

During the quarter, we also increased exposure to our semiconductors/AI theme by initiating a position in **HPSP Co., Ltd.**, a South Korean semiconductor equipment company and the world's sole supplier of high-pressure hydrogen annealing tools — mission-critical equipment used in the manufacturing of leading-edge logic, DRAM, and NAND chips. HPSP's monopoly position is the product of two decades of highly specialized R&D, an extensive patent portfolio, and deep process integration with every major chipmaker in the world. According to the company, as transistors have shrunk to just a few nanometers, the insulating layers within them have become so thin that even microscopic structural defects cause electrical leakage, degrading chip performance and power efficiency. The legacy solution to curing these defects — blasting wafers with extreme heat — worked for older chip generations, but today's most advanced transistors contain metal components so delicate that conventional thermal annealing would destroy them. HPSP's approach uses highly concentrated hydrogen gas at elevated pressure and far lower temperatures, delivering superior defect repair without damaging surrounding structures. The result is a tool that solves a problem its competitors cannot — and as the sole supplier of indispensable equipment, HPSP commands margins among the highest of any semiconductor company in the world. We believe HPSP is at the beginning of a significant multi-year revenue inflection, driven by a combination of surging AI-driven demand for leading-edge chips and the broadening adoption of high-pressure hydrogen annealing across chip types.

In logic, penetration is deepening as chipmakers migrate to gate-all-around transistor architectures, which demand greater annealing intensity. In DRAM, adoption is accelerating as the industry transitions to smaller node sizes where legacy annealing tools can no longer be used. In NAND, penetration is increasing as additional customers qualify the technology. Looking further out, HPSP is applying its core annealing technology to advanced packaging — particularly hybrid bonding, where chips are fused face-to-face, demanding the atomically clean, defect-free surfaces that hydrogen annealing is well-suited to deliver. Separately, the company is leveraging its proprietary high-pressure platform to expand into oxidation, a novel process step that could open a substantial incremental market. We expect HPSP to compound earnings growth at over 20% over the next three to five years.

Lastly, we increased our exposure to several existing positions during the quarter, including **XP Inc.**, **Samsung Electronics Co., Ltd.**, **Mitsui Fudosan Co., Ltd.**, **BAE Systems plc**, **SMS Co., Ltd.**, and **Universal Music Group N.V.** We exited a few positions during the quarter consistent with our efforts to seek greater concentration in our higher conviction investments. Disposals included **Compagnie Financiere Richemont SA**, **Coupang, Inc.**, **Novo Nordisk A/S**, **Jio Financial Services Limited**, **Tencent Music Entertainment Group**, **Wix.com Ltd.**, **Recruit Holdings Co., Ltd.**, and **Pernod Ricard SA**.

Outlook

The first quarter of 2026 began on solid ground, with international equities impressively extending prior year outperformance while logging solid, double-digit returns through the end of February, in our view largely on the strength of advanced semiconductor and other AI-related technology names as well as broad-based strength in industrials and commodities. Then, on Saturday, February 28, the U.S. and Israel launched an initiative in Iran that was soon termed a war, triggering an inflection point in global equities and a leadership reversal. Oil and the U.S. dollar rallied and international equities trailed the S&P 500 Index into quarter end, closing the full quarter down modestly. By the end of the quarter, only technology and energy-related stocks held on to material gains. Notwithstanding this turn of events, international equities still comfortably outperformed the S&P 500 Index for the quarter, and we maintain our optimism regarding the outlook for both relative forward earnings and performance for the asset class.

Regarding the Iran war, we note that while volatility has spiked in the short term, longer-dated oil prices and inflation expectations remain fairly contained — suggesting that markets currently anticipate a de-escalation in the relatively near term. We would agree that this is the most likely outcome given the considerable economic, financial, and political pressure that applies to all parties. For now, we are monitoring progress as the stakes are high and a wide range of outcomes remain possible. For international equity investors, the principal risk is an extended disruption to oil flows and a further spike in energy prices, as much of Asia, including Japan, Taiwan, Korea, China, and India, are reliant on Middle East oil imports, while most of Europe is also reliant on imports in general. As of now, we are not materially adding to nor reducing our investments in such jurisdictions as we calibrate

the likely path forward, though we maintain confidence that the longer-term fundamentals for the companies in which we are invested are quite sound, which allows us to maintain conviction in periods of heightened volatility and short-term earnings risk. Further, while the war has triggered near-term disruption and risk to equity and credit markets, we believe there is a reasonable likelihood that on the other side is a significant improvement in Middle East stability, normalization of relations, and generally lower global risk premium given that the threat of Iran and its proxies is likely to be substantially diminished.

Perhaps most important, the war in Iran does not in our view impact either the long-term improvement in earnings growth potential across the international and EM landscape or the structural dollar weakness that we anticipate, both of which we often elaborate on. Both phenomena, which support international and EM equity outperformance, have been catalyzed by a geopolitics-first, national security driven environment that has marked the end of the age of globalization. We believe the Iran war does support our worldview of geopolitical priorities superseding economic and corporate optimization and triggering a global industrial renaissance — a principal catalyst for improving international earnings growth. As such, we see the recent retracement of international equities on both an absolute and relative basis as likely an attractive opportunity for investors who are underweight the asset class to begin to rebalance. We will of course monitor longer-dated oil prices and inflation expectations because economic growth would be at risk should oil as a share of global GDP sustain at above 7% (a historic level which precipitates demand destruction), though our base case remains that the stress of high oil prices is likely to be a short-lived phenomenon.

As mentioned, international returns were again buttressed during the quarter by positive fundamental developments in AI. What began as a training-led buildout is increasingly being validated by surging inferencing workloads and revenue, while the emergence of agentic AI and multi-modal applications has enhanced visibility of demand for compute capacity. Memory and leading-edge logic, the two most critical enabling technologies, are disproportionately supplied by international/EM companies, which is driving “ex-US share” of AI spend higher. While **Taiwan Semiconductor Manufacturing Company Limited**, **SK hynix Inc.**, and **Samsung Electronics Co., Ltd.** have become household names, we have also invested in several niche companies with critical or enabling technologies that are beneficiaries of the tightness in both memory and leading-edge logic: **Tokyo Electron Limited** of Japan is among the world leaders in semiconductor production equipment and is particularly well positioned to benefit from significant capacity expansion required in the memory markets. Virtually every leading-edge logic chip — from CPUs to GPUs to AI ASICs — is packaged using **Ajinomoto Co., Inc.**'s build up film (ABF), a proprietary insulating material in which the company has maintained a near-monopoly for decades. Beyond surging AI chip volume, rising die sizes, more dense interconnects, and more build-up layers per package are driving ever higher ABF consumption. Leading-edge process complexity is driving adoption of **HPSP Co., Ltd.**'s high-pressure hydrogen annealing technology, while **Park Systems**

Corporation's atomic force microscopes are among the few tools capable of characterizing features at sub-nanometer tolerances. On the testing side, ISC Co., Ltd.'s test sockets benefit from surging GPU and AI ASIC shipments as well as rising pin count per chip. All five companies were solid contributors to performance in the recent quarter.

We look forward to our next communication and thank you for investing in the *Baron International Growth Fund*®.

Sincerely,



Michael Kass
Portfolio Manager

[†] Historical performance was impacted by gains from IPOs. There is no guarantee that these results can be repeated or the level of IPO participation will be the same in the future.

¹ The MSCI ACWI ex USA Index Net (USD) is designed to measure the equity market performance of large and mid cap securities across 22 of 23 Developed Markets (DM) countries (excluding the U.S.) and 24 Emerging Markets (EM) countries. The MSCI ACWI ex USA IMI Growth Index Net (USD) is designed to measure the performance of large, mid and small cap growth securities exhibiting overall growth style characteristics across 22 of 23 DM countries (excluding the U.S.) and 24 EM countries. MSCI is the source and owner of the trademarks, service marks and copyrights related to the MSCI Indexes. The indexes and the Fund include reinvestment of dividends, net of foreign withholding taxes, which positively impact the performance results. The indexes are unmanaged. Index performance is not Fund performance. Investors cannot invest directly in an index.

² The performance data 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 5/29/2009 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 5/29/2009 did not reflect this fee, the returns would be higher.

⁴ Not annualized.

Investors should consider the investment objectives, risks, and charges and expenses of the investment carefully before investing. The prospectus and summary prospectus 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.

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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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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.

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Baron Financials ETF[®]

Ticker: BCFN



Josh Saltman
Portfolio Manager

Dear Baron Financials ETF[®] Shareholder,

Performance

In the quarter ended March 31, 2026, Baron Financials ETF[®] (the Fund) fell 15.97% (NAV) compared with a 9.89% decline for the MSCI USA Financials Index (the Financials Index) and a 20.15% decline for the FactSet Global FinTech Index (the FinTech Index).

U.S. equities fell during the quarter due to concerns about AI-driven disruption and geopolitical shocks. Market conditions were positive at the start of the year with resilient economic data, strong corporate earnings, easing inflation pressures, and expectations for additional Fed rate cuts. However, sentiment shifted in February as new AI product releases caused investors to worry that AI agents could replace humans, leading to widespread job losses and economic disruption. While optimists highlighted the historical precedent of technology driving value creation rather than destruction, an inability to disprove the pessimistic case contributed to share price declines across the software, business services, and information services industries. The sell-off worsened in March as military conflict with Iran disrupted energy supplies and blocked shipping lanes in the Strait of Hormuz. Investors became concerned about the potential for stagflation from surging oil prices and supply chain disruptions. Persistent inflation led to a pause in Fed rate cuts with investors now expecting no further cuts this year.

Against this backdrop, the dominant market trend was a rotation out of software and growth-oriented stocks into defensive, commodity sensitive, and value-leaning segments of the market. Small caps outperformed large caps, reflecting an 11.3% decline for the Magnificent Seven group of mega-cap technology stocks. Value outperformed growth by a wide margin across all market

Annualized performance (%) for periods ended March 31, 2026[†]

	ETF Market Price ^{1,2}	ETF NAV ^{1,2}	MSCI USA Financials Index ¹	S&P 500 Index ¹	MSCI ACWI Index ¹	FactSet Global FinTech Index ¹
QTD ³	(16.23)	(15.97)	(9.89)	(4.33)	(3.20)	(20.15)
1 Year	(14.22)	(14.08)	1.53	17.80	20.01	(17.25)
3 Years	8.18	8.23	17.71	18.32	16.58	(0.12)
5 Years	0.40	0.71	9.59	12.06	9.49	(7.68)
Since Inception (12/31/2019)	6.50	6.76	9.62	13.62	10.93	(1.18)

cap segments, with the differential being especially pronounced in large cap, where the Russell 1000 Value rose 2.1% versus a loss of 9.8% for the Russell 1000 Growth Index. International equities outperformed the U.S., bolstered by demand for AI infrastructure companies in Korea and Taiwan as well as election results in Japan.

The Financials sector was a material detractor, reflecting concerns about slow employment growth, persistent inflation, and a more hawkish interest rate outlook. Potential disruption from AI weighed on multiple segments, including financial data providers, insurance brokers, and wealth managers. Alternative asset managers faced higher redemption requests from retail investors due to concerns about lending standards in private credit and exposure to software companies facing AI risks. Payment and consumer finance companies faced regulatory risks from a proposed cap on credit card interest rates. Additionally, insurance stocks were hurt by ongoing soft industry pricing trends. It was a

Performance listed in the above table is net of annual operating expenses. The total annual fund operating expense ratio as of December 5, 2025 was 0.80%. 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. Total returns assume the reinvestment of all distributions and the deduction of all fund expenses. 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.

NAV and Market Price returns include returns of the Institutional Shares of the predecessor mutual fund prior to the ETF's commencement of operations. Prior to the ETFs listing on 12/15/2025 the NAV returns of the Institutional Shares of the predecessor mutual fund are used as proxy market price returns. If the predecessor mutual fund had been structured as an ETF, its performance may have differed.

near-perfect storm of narrative headwinds from exogenous factors weighing on a wide swath of financial stocks.

In the first quarter, the Fund trailed the Financials Index but outperformed the FinTech Index. The shortfall versus the Financials Index was primarily driven by overexposure to sectors that were pressured by AI-driven disruption fears and underexposure to value stocks. The Fund’s heavier exposure to Challengers also weighed on relative performance against the Financials Index given that Leaders outperformed Challengers by a wide margin in a risk-off market. Against the FinTech Index, the Fund outperformed due to solid stock selection and unique exposure to Capital Markets, which was one of the segments that was least impacted by the various headwinds facing the broader Financials sector. Within the Capital Markets segment, our financial exchange and trading platform holdings benefited from higher trading activity in a more volatile market environment.

Financial Software and Information Services holdings were responsible for most of the underperformance versus the Financials Index. These two industries represent 28% of Fund assets, well above their 4% combined weighting in the Financial Index, so their average blended decline of 22.8% weighed on Fund returns by 6.5 percentage points in the quarter. Weakness was generally attributable to concerns about the disruptive impact of AI. The catalyst for the sell-off was Anthropic’s release of specialized Claude Cowork plugins, which enable AI to function as domain-specific analysts across legal, finance/accounting, sales/marketing, and customer support. This development caused investors to worry that AI agents could directly replace expensive human-led, subscription-based business workflows. Accounting and tax preparation software provider **Intuit Inc.** was the largest detractor in Financial Software, while data analytics company **Fair Issac Corporation** (FICO) hampered performance in Information Services.

Lower exposure to the largest companies within Banks and Insurance also weighed on relative performance. Not owning Index heavyweights Goldman Sachs Group, Inc., Citigroup Inc., and JPMorgan Chase & Co. or any of the regional banks was a headwind as these stocks performed relatively well in the period. The Fund’s underexposure to Insurance stocks also hindered performance given that the segment broadly outpaced the Financials Index. Insurance stocks tend to be resilient during turbulent markets and are perceived to be less exposed to the AI-related concerns weighing on other sectors.

Top contributors to performance for the quarter

	Contribution to Return (%)
CME Group, Inc.	0.26
Tradeweb Markets Inc.	0.26
Interactive Brokers Group, Inc.	0.03

CME Group, Inc. operates the world’s largest and most diversified derivatives marketplace. Shares rose due to higher trading volumes amid elevated market volatility. Average daily trading volume increased at a robust 22% pace during the first quarter, reflecting uncertainty over higher energy prices tied to the war in Iran, persistent inflation, and the outlook for interest rates. We continue to own the stock because we believe CME enjoys significant competitive advantages and should benefit from the growing adoption of exchange-traded derivatives and periodic spikes in market volatility.

Tradeweb Markets Inc. operates electronic marketplaces for trading fixed-income securities. Shares rose on robust trading activity during a period of heightened market volatility. Trading volumes in key product areas accelerated in the first quarter, with rates up 44% and credit up 42%. We believe market volume growth, combined with share gains, can continue to drive double-digit revenue growth over the coming years. We continue to own the stock due to Tradeweb’s strong network effects, long track record of innovation, and significant opportunities tied to the ongoing electrification of capital markets.

Shares of leading online brokerage firm **Interactive Brokers Group, Inc.** increased during the quarter. The company continues to deliver strong fundamental performance, with 30%-plus account growth alongside double-digit growth in client trades and client assets. Interactive Brokers is also expanding its service offering by adding new markets, support for tax-advantaged accounts, stablecoin funding, AI-enabled news summaries, and the ability to query the platform using AI. We remain invested due to the company’s substantial long-term growth opportunities, particularly as it benefits from increasing investor interest in global financial markets.

Top detractors from performance for the quarter

	Contribution to Return (%)
Intuit Inc.	(1.33)
KKR & Co. Inc.	(1.08)
Fair Isaac Corporation	(1.08)
S&P Global Inc.	(1.01)
Robinhood Markets, Inc.	(0.96)

Intuit Inc. is the leading provider of accounting software for small businesses and tax preparation software for individuals and tax professionals. Shares fell due to concerns about AI-related competitive threats and a broad-based pullback in software company valuations. Nevertheless, Intuit’s quarterly financial results exceeded Street expectations, driven by QuickBooks’ expansion within the larger and more complex mid-market segment, share gains in assisted tax preparation, and cyclical strength from Credit Karma. Management believes the business is well insulated from AI disruption given that accuracy, compliance, security, and reliability are critical for customers. We continue to own the stock due to Intuit’s strong competitive position and numerous growth opportunities.

Leading alternative asset manager **KKR & Co. Inc.** detracted from performance amid broad concerns sweeping the private markets space, particularly around private credit. Fears over credit quality and fundraising led to a sell-off across alternative asset managers, while volatility related to AI and the Iran conflict added worries that capital markets activity could be softer than expected this year. We believe such fears are overdone. KKR is a large, diversified manager with \$744 billion in assets under management, including \$135 billion in private credit and \$40 billion in direct lending. Market concerns have centered on direct lending to private equity-backed companies, which is a relatively small contributor to KKR's business. Also, the firm has minimal exposure to semi-liquid funds that are experiencing elevated redemptions by retail investors. We continue to view KKR as a premier asset manager with multiple long-term growth opportunities and a compelling valuation.

Fair Isaac Corporation, a data and analytics company focused on predicting consumer behavior, detracted from performance. Shares fell due to ongoing regulatory pressure from the Federal Housing Finance Agency, with director Bill Pulte advocating for a "Lender's Choice" model for credit scores in the conforming mortgage market, along with pricing criticism from Senator Josh Hawley. Even so, FICO reported strong fiscal first-quarter 2026 earnings and management sounded upbeat about the company's prospects. While near-term uncertainty persists, we retain conviction in FICO's long-term outlook and unique position with the consumer credit ecosystem.

Portfolio Structure

We seek to invest in competitively advantaged, growing financial and financial-related companies for the long term. We invest in companies across all market capitalizations and geographies. As of March 31, 2026, the Fund held 42 positions (32 excluding those smaller than 1%). The Fund's 10 largest holdings represented 42.8% of net assets, and the 20 largest holdings represented 72.8% of net assets. International stocks represented 10.4% of net assets. The market capitalization range of our holdings was \$1 billion to \$590 billion with a median of \$37.7 billion and a weighted average of \$136.0 billion.

We segment the Fund's holdings into seven Baron-defined industries. As of March 31, 2026, Capital Markets represented 31.4% of net assets, Information Services represented 19.2%, Payments represented 17.3%, Banks represented 11.9%, Financial Software represented 9.2%, Insurance represented 7.6%, and Other Financials represented 2.3%, with the remainder in cash. Relative to the Financials Index, the Fund has overweight positions in Information Services, Capital Markets, Financial Software, and Payments and is meaningfully underweight in Banks and Insurance.

We also segment the Fund's holdings between Leaders and Challengers. Leaders are generally larger, more established companies with stable growth rates, higher margins, and moderate valuation multiples. Challengers are generally smaller, earlier-stage companies with higher growth rates, lower margins, and higher valuation multiples. As of March 31, 2026, Leaders represented 79.6% of net assets and Challengers represented 19.4%, with the remainder in cash.

Top 10 holdings

	Year Acquired	Market Cap When Acquired (\$B)	Quarter End Market Cap (\$B)	Quarter End Investment Value (\$M)	Percent of Net Assets (%)
Mastercard Incorporated	2020	306.1	445.7	2.6	5.6
Visa Inc.	2020	376.2	590.0	2.5	5.5
S&P Global Inc.	2020	67.9	130.2	2.5	5.5
The Charles Schwab Corporation	2022	130.9	168.1	2.0	4.4
LPL Financial Holdings Inc.	2021	12.9	24.1	1.9	4.0
MercadoLibre, Inc.	2020	53.7	87.7	1.7	3.6
Interactive Brokers Group, Inc.	2023	33.8	114.0	1.6	3.6
KKR & Co. Inc.	2024	88.9	82.5	1.6	3.5
Tradeweb Markets Inc.	2020	11.1	25.7	1.6	3.5
CME Group, Inc.	2020	72.3	107.2	1.6	3.5

Fund investments in Baron industries

	Percent of Net Assets (%)
Capital Markets	31.4
Information Services	19.2
Payments	17.3
Banks	11.9
Financial Software	9.2
Insurance	7.6
Other Financials	2.3
Cash and Cash Equivalents	1.0
Total	100.0*

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

Recent Activity

Top net purchases for the quarter

	Quarter End Market Cap (\$B)	Net Amount Purchased (\$K)
Bank of America Corporation	348.4	1,543.7
Morgan Stanley	261.3	467.4
Rocket Companies, Inc.	40.2	463.7
Tradeweb Markets Inc.	25.7	76.3
BlackRock Inc.	157.6	75.8

We initiated a position in **Bank of America Corporation** (BofA), the second-largest bank in the U.S. Following an extended 15-year period of de-risking after the Great Financial Crisis, we expect a material improvement in growth and returns. BofA provides banking, capital markets, and wealth management services to individuals and businesses in all 50 states and 35 countries. The consumer banking franchise is the second largest in the U.S. with nearly \$1 trillion of sticky, low-cost deposits. 92% of clients use BofA as their primary bank account, resulting in high retention and industry-low funding costs. BofA is a leading commercial lender and a top five global investment bank. The firm is also one of the largest wealth managers in the world with \$4.6 trillion in client assets.

BofA's scale and product breadth represent significant competitive advantages. With 69 million consumer and small business clients, the bank has a unique cost-to-serve advantage and cross-selling potential across investment products, credit cards, mortgage refinancing, and premium banking services. BofA is a leader in digital banking with 50 million online customers representing 72% adoption and over two-thirds of sales coming from digital channels. The bank's Erica AI assistant has evolved from a simple chatbot to a natural language model that helps customers and employees resolve issues and answer questions more quickly. Erica has 2 million daily customer interactions, equivalent to the work of 11,000 full-time employees. BofA spends over \$13 billion per year on technology, including over \$4 billion on new capabilities, making it increasingly difficult for smaller players to compete on scale or features.

We see multiple growth opportunities to sustain double-digit EPS growth, up from 6% annualized growth since 2019. Net interest income represents over half of revenue and should grow at a high-single-digit pace over the next several years from improving loan growth, funding optimization, and the roll-off of lower-yielding assets. Nearly two-thirds of the loan portfolio is comprised of fixed-rate assets originated years ago with yields well below current market rates, so as these loans are paid down and mature, they will be repriced at higher yields even if the Fed cuts rates as expected. Further improvement in capital markets activity and growth in the wealth management business should increase non-interest fee income. We also expect disciplined cost management and AI-driven productivity gains to drive margin expansion. Headcount growth has been flat over the last ten years during which assets and revenues have grown 59% and 36%, respectively.

Management expects revenue growth to exceed expense growth by 2 to 3 percentage points each year, which should drive 1 to 2 percentage points of annual margin expansion. Asset quality is improving, with delinquencies and charge-offs down from a year ago. Higher capital returns should also drive faster EPS growth and ROE improvement. The majority of net income is being used to repurchase stock, resulting in a 5% annual reduction in the share count and a similarly sized boost to EPS growth. Management plans to shrink the excess capital buffer, which combined with a potential drop in regulatory capital requirements, could lead to further improvement in capital returns. Management targets a return on tangible common equity of 16% to 18% over the medium term, up from an average of 14% over the last three years. BofA shares trade at roughly 11 times forward earnings, an attractive valuation for a high-quality franchise with double-digit earnings growth potential.

Top net sales for the quarter

	Quarter End Market Cap (\$B)	Net Amount Sold (\$K)
Robinhood Markets, Inc.	62.4	702.0
Clearwater Analytics Holdings, Inc.	6.9	487.5
Fair Isaac Corporation	25.3	392.5
Interactive Brokers Group, Inc.	114.0	351.5
Ategrity Specialty Insurance Company Holdings	0.9	266.4

We trimmed **Robinhood Markets, Inc.** after a significant run last year due to slowing growth in a less favorable market environment. We also trimmed **Fair Isaac Corporation** due to regulatory and competitive risks and trimmed **Interactive Brokers Group, Inc.** to fund purchases elsewhere. We exited **Clearwater Analytics Holdings, Inc.** after the announcement of a take-private by a consortium of private equity firms at a 50% premium to the unaffected share price. We also exited **Ategrity Specialty Insurance Company Holdings** due to challenging insurance market conditions and to fund the purchase of other higher conviction ideas.

Outlook

Following a disappointing start to the year, we believe our holdings are oversold and the Fund's performance outlook is bright. Fundamentals remain strong despite the recent price action. Consensus 2027 EPS estimates for the Fund's holdings have risen 1% on average since the start of the year, so the price decline was driven entirely by valuation multiple compression rather than a deteriorating earnings outlook. The Fund's forward earnings multiple ended the quarter approximately 17% cheaper than it began, providing a better baseline for expected price appreciation.

Middle East conflict and AI fears were the key factors that weighed on equity markets in the first quarter. So far in April, geopolitical tensions have eased following a ceasefire between the U.S. and Iran, contributing to a market rebound. While the situation remains volatile and hostilities could resume, investors seem

willing to look past near-term impacts from higher energy prices and shipping disruptions toward an eventual end to the conflict.

AI fears persist despite limited evidence of disruption today. Large language models are improving rapidly, especially agentic capabilities that could augment or replace manual processes. Many investors believe AI disruption is a question of when, not if, creating an “AI loser” narrative for most software and services companies. We take a more discerning view and believe AI will create both winners and losers. Companies with proprietary data, embedded workflows, and vertical specialization should be resilient in an AI world. We are continuously re-evaluating our holdings to understand the potential impacts from AI. We have taken action by eliminating positions that we believe are most at risk, while leaning into companies that either will benefit from AI or, at worst, are relatively insulated from it. While financial stocks haven’t directly benefited from the AI infrastructure buildout, we believe they’ll benefit from using AI to improve operational efficiency and accelerate innovation. Employee compensation is the largest expense for banks and insurers, so applying AI automation can reduce operational costs while freeing up resources to invest in revenue producers. We hear from several companies that they’re shifting employee capabilities while keeping total headcount flat, which should drive better operating leverage and faster earnings growth.

Economic conditions remain broadly positive according to recent management commentary. Large bank CEOs noted economic resilience, with solid U.S. consumer spending and stable credit quality. **Bank of America Corporation** CEO Brian Moynihan noted that a steady unemployment rate (4.3% in March) and solid wage growth (3.4% in March) are supporting consumer spending, and until those change, he doesn’t see anything that disrupts this trend. **Visa Inc.** and **Mastercard Incorporated** reported steady payment volumes in the March quarter and into April outside of a slowdown in international travel due to the Middle East conflict. Credit trends remain benign across consumer and business lending. Despite the intense media focus on private credit and elevated redemption requests from certain retail-oriented funds, institutional demand for private credit remains strong, loss rates remain low, and bank management teams see minimal systemic risk. This steady economic backdrop should support continued earnings growth for our holdings and favorable returns for the Fund.

Thank you for investing in Baron Financials ETF®. We remain significant shareholders alongside you.

Sincerely,



Josh Saltman
Portfolio Manager

[†] Historical performance was impacted by gains from IPOs. There is no guarantee that these results can be repeated or the level of IPO participation will be the same in the future.

¹ The **MSCI USA Financials Index** is designed to measure the performance of the large and mid cap segments of the US equity universe. All securities in the index are classified in the Financials sector as per the Global Industry Classification Standard (GICS). The **S&P 500 Index** measures the performance of 500 widely held large-cap U.S. companies. The **MSCI ACWI Index Net (USD)** is designed to measure the equity market performance of large and midcap securities across 23 Developed Markets and 24 Emerging Markets countries. The **FactSet Global FinTech Index™** is an unmanaged and equal-weighted index that measures the equity market performance of companies engaged in Financial Technologies, primarily in the areas of software and consulting, data and analytics, digital payment processing, money transfer, and payment transaction-related hardware, across 30 developed and emerging markets. The **Russell 1000® Growth Index** measures the performance of large-sized U.S. companies that are classified as growth. The **Russell 1000® Value Index** measures the performance of large-sized U.S. companies that are classified as value. MSCI is the source and owner of the trademarks, service marks and copyrights related to the MSCI Indexes. The MSCI Indexes and the Fund include reinvestment of dividends, net of withholding taxes, while the FactSet Global Fintech Index™, Russell and S&P 500 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.

On December 12, 2025, Baron FinTech Fund® was converted from a mutual fund into an exchange-traded fund, Baron Financials ETF™. The ETF has an identical investment goal and substantially similar investment strategy as its predecessor mutual fund. For additional information please refer to the prospectus.

Investors should consider the investment objectives, risks, and charges and expenses of the investment carefully before investing. The prospectus and summary prospectus contains this and other information about the Funds. You may obtain them from the Funds' distributor, Baron Capital, Inc., by calling 1-800-99-BARON or visiting BaronCapitalGroup.com. Please read them carefully before investing.

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

The Fund may not achieve its objectives. **Portfolio holdings are subject to change. Current and future portfolio holdings are subject to risk.**

The discussions of the companies herein are not intended as advice to any person regarding the advisability of investing in any particular security. The views expressed in this report reflect those of the respective portfolio manager only through the end of the period stated in this report. The portfolio manager's views are not intended as recommendations or investment advice to any person reading this report and are subject to change at any time based on market and other conditions and Baron has no obligation to update them.

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

EPS Growth Rate (3-5-year forecast) indicates the long term forecasted EPS growth of the companies in the portfolio, calculated using the weighted average of the available 3-to-5 year forecasted growth rates for each of the stocks in the portfolio provided by FactSet Estimates. The EPS Growth rate does not forecast the Fund's performance. **Return on Equity (ROE)** is a financial performance ratio that measures how effectively a company uses shareholders' equity to generate net income.

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).

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QUARTERLY LETTER | MARCH 31, 2026

Baron Health Care Fund[®]

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



Neal Kaufman
Portfolio Manager

Dear Baron Health Care Fund[®] Shareholder,

Performance

During the quarter ended March 31, 2026, Baron Health Care Fund[®] (the Fund) declined 6.97% (Institutional Shares), compared with the 4.88% decline for the Russell 3000 Health Care Index (the Benchmark) and the 3.96% decline for the Russell 3000 Index (the Index). Since inception (April 30, 2018), the Fund increased 9.39% on an annualized basis compared with the 8.97% gain for the Benchmark and the 13.26% gain for the Index.

The Fund trailed the Index by 209 basis points due to disappointing stock selection. Stock selection in certain sub-industries, namely pharmaceuticals and biotechnology, was exacerbated by having limited exposure to a handful of larger-cap companies that managed solid gains in a period of general market uncertainty.

Weakness in pharmaceuticals was responsible for most of the underperformance, with the principal headwind being limited exposure to certain large-cap stocks that were up double digits in the period. In particular, having lower exposure to **Johnson & Johnson** and **Merck & Co., Inc.** and not owning Pfizer Inc. and Bristol-Myers Squibb Company detracted approximately 275 basis points from relative performance, representing the vast majority of relative losses in the period. We generally have limited exposure to large-cap pharmaceutical companies because we think they are unlikely to meet our growth hurdle of achieving at least double-digit earnings growth over the long term.

Higher exposure to lagging life sciences tools & services stocks and weak stock selection in biotechnology and health care services also contributed to the relative shortfall. Within biotechnology, a handful of holdings weighed on performance, with the principal detractor being **argenx SE**, a company best known for developing Vvygart, the leading FcRn inhibitor for the treatment

Annualized performance (%) for periods ended March 31, 2026[†]

	Fund Retail Shares ^{1,2}	Fund Institutional Shares ^{1,2}	Russell 3000 Health Care Index ¹	Russell 3000 Index ¹
QTD ³	(6.99)	(6.97)	(4.88)	(3.96)
1 Year	5.09	5.27	4.91	18.09
3 Years	4.56	4.81	6.24	17.86
5 Years	0.92	1.18	4.81	10.87
Since Inception (4/30/2018)	9.12	9.39	8.97	13.26

of autoimmune conditions. The stock sold off due to operating expense guidance being above investor expectations and sales guidance for a seasonally weak Q1, neither of which impact our positive long-term investment thesis. Another reason for share price weakness was the unexpected retirement of beloved CEO Tim Van Hauwermeiren, who will become the non-executive Chairman. We think that the new CEO Karen Massey (formerly COO) is highly capable and represents a continuation of the company's strategy. Poor stock selection in biotechnology was exacerbated by not owning Amgen Inc., whose share price increased 8% for the quarter. We think Amgen is fairly valued based on its long-term growth potential and do not believe the company meets our investment return hurdle.

The Fund's only position in health care services, **RadNet, Inc.**, was down 22% for the quarter, detracting approximately 52 basis points from relative results. We discuss the company in greater detail below.

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.

SECTOR

Somewhat offsetting the above was favorable impact from having minimal exposure to **UnitedHealth Group Incorporated** and other managed health care companies, which were pressured by lower-than-expected federal Medicare Advantage rate proposals and margin compression from rising medical utilization costs. We sold our two stub positions in managed health care because of lack of earnings visibility given less favorable rate increases and elevated medical cost trends.

Cash exposure in a down market and solid stock selection in the health care equipment and other health care related sub-industries also added value. Strength in health care equipment came from **Penumbra Inc.**, a manufacturer of mechanical thrombectomy devices, which remove blood clots that can cause severe conditions around the body. Penumbra's shares performed well after the company agreed to be acquired by **Boston Scientific Corporation** for \$374 per share, representing a premium of 19% to the prior closing price. We sold our position.

The Fund's unique position in **Welltower Inc.**, which is classified as a health care REIT by GICS, was a source of strength in the other health care related sub-industry. Welltower operates senior housing, life science, and medical office real estate properties. Shares rose on robust cash flow growth in the company's senior housing portfolio, driven by continued strong occupancy and rent trends supporting bottom-line growth, along with a strong initial full-year 2026 outlook and continued execution on accretive external growth opportunities. The company also announced additional initiatives to drive asset-light earnings growth. We are optimistic about the prospects for both cyclical and secular growth in senior housing demand against a backdrop of muted supply, which we believe will support several years of favorable growth. Welltower is a "best-in-class" operator with a luxury portfolio, well positioned to capture outsized organic and inorganic growth opportunities. We retain conviction in the company given its high-quality real estate portfolio, conservative balance sheet, prudent capital allocation, and compelling multi-year earnings growth story.

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 18.0% of GDP in 2024 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 (%)
Arcellx, Inc.	0.51
Roivant Sciences Ltd.	0.50
AstraZeneca PLC	0.35
Johnson & Johnson	0.31
Gilead Sciences, Inc.	0.26

Arcellx, Inc. is a biotechnology company focused on cellular therapies. In partnership with Gilead, Arcellx is developing anitocel, a BCMA-targeted CAR-T therapy similar to Legend Biotech and Johnson & Johnson's Carvykti. Compared to Carvykti, anitocel appears to demonstrate similar efficacy with a more benign neurological side-effect profile. Shares rose during the quarter as Gilead announced plans to acquire Arcellx for \$115 per share, plus a \$5 per share contingent value right tied to cumulative revenues through year-end 2029.

Roivant Sciences Ltd. is a biotechnology company that develops novel drugs across a range of therapeutic areas. Often, Roivant will in-license or acquire deprioritized pipeline drug assets from larger pharmaceutical companies. Each program is housed in its own standalone entity, which fosters an entrepreneurial culture while centralizing capital allocation and key resources at the parent level. We are most excited about Prioivant (in partnership with Pfizer), where brepocitinib has meaningful potential across a range of rare immunological conditions, and we also see promise in Immunovant, which is developing a next-generation FcRn inhibitor for other immunological conditions. Shares rose during the quarter after Phase 2 results for brepocitinib in cutaneous sarcoidosis showed impressive efficacy, positioning the drug as the new standard of care in this setting. We believe the value of the brepocitinib franchise remains underappreciated.

AstraZeneca PLC is a large, diversified multinational pharmaceutical company with a portfolio of innovative products and a broad pipeline that is driving, and should continue to drive, above-industry growth. Shares increased during the quarter as AstraZeneca's fourth-quarter results and 2026 revenue guidance exceeded consensus expectations, suggesting continued strength from its recently launched products. In March, the company also announced positive Phase 3 data for tozorakimab in chronic obstructive pulmonary disease, showing clinically meaningful reductions in exacerbations and supporting peak sales potential of \$3 to \$5 billion. We remain positive on AstraZeneca ahead of a number of additional clinical data readouts in the coming years, which should support sustained above-industry growth into the 2030s.

Top detractors from performance for the quarter

	Contribution to Return (%)
Eli Lilly and Company	(1.48)
Thermo Fisher Scientific Inc.	(0.86)
RadNet, Inc.	(0.73)
Intuitive Surgical, Inc.	(0.63)
argenx SE	(0.59)

Eli Lilly and Company, a global pharmaceutical company currently best known for its GLP-1 treatments for diabetes and obesity, detracted from performance. Following a robust fourth quarter of 2025, shares declined after competitor Novo Nordisk launched its oral Wegovy ahead of Lilly's oral launch in April 2026. Early prescription trends for oral Wegovy have been strong, prompting investor concerns about potential cannibalization of injectable obesity medications and the possibility of price cuts from Novo Nordisk igniting a price war. Novo Nordisk currently offers introductory cash-pay rates on the starting doses (\$149 for oral, \$199 for injectable), but patients can only access these promotional prices for two months, the discounts apply only to low starting doses that do not drive meaningful weight loss, and most patients ultimately titrate to higher-priced maintenance doses. Longer term, we continue to view Lilly's Mounjaro and Zepbound, along with its oral GLP-1 orforglipron, as best-in-class treatment options for diabetic and obese patients. We expect GLP-1 therapies to become the standard of care and to represent a \$150-billion-plus market opportunity.

Thermo Fisher Scientific Inc. is a life sciences company that offers instruments and consumables for research, tools for bioproduction, specialty diagnostics, and contract research and manufacturing services. Shares decreased during the quarter, as life sciences broadly came under pressure following a weak round of fourth-quarter 2025 results. Several areas still need to stabilize, including biotechnology spending, disruptions at the U.S. Food and Drug Administration (FDA), National Institutes of Health funding, and pharmaceutical spending following Most-Favored-Nation-related policy changes under the current administration. We remain positive on Thermo Fisher's long-term growth outlook, however. The company is dominant across multiple end markets, and its scale provides meaningful resilience. Once the macroeconomic environment normalizes, we expect Thermo Fisher to achieve a high-single-digit organic growth profile along with double-digit earnings-per-share growth.

RadNet, Inc. is the largest U.S. operator of freestanding imaging centers and a leading radiology software provider through its Deep Health subsidiary. Despite a fourth-quarter beat and above-consensus 2026 guidance, shares fell amid widespread investor concerns about the potentially disruptive impact of AI on software

companies. This was likely exacerbated by RadNet's recently announced \$270 million acquisition of Gleamer, a Paris-based X-ray-focused software company. The stock was also weighed down by severe weather in the first quarter, which negatively impacted volumes. We think AI will enhance, rather than replace, RadNet's software solutions and contribute to internal efficiencies that support margin expansion. As a result, we remain positive on RadNet and believe radiology volumes will continue to increase based on favorable demographics, a shift toward lower-cost outpatient settings, and expanded clinical applications driven by newer, more sophisticated modalities such as PET-CT.

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 March 31, 2026, we held 41 stocks. This compares with 494 stocks in the Benchmark. International stocks represented 13.6% of the Fund's net assets. The Fund's 10 largest holdings represented 45.5% of net assets. Compared with the Benchmark, the Fund was overweight in biotechnology, life sciences tools & services, and other health-care-related companies, roughly equal weight in health care technology, services, and supplies, and underweight in managed health care, health care equipment, pharmaceuticals, health care facilities, and health care distributors. The market cap range of the investments in the Fund was \$2.1 billion to \$869.0 billion with a weighted average market cap of \$189.5 billion. This compared with the Benchmark's weighted average market cap of \$267.1 billion.

We continue to invest in multiple secular growth themes in Health Care, such as genomics/genetic testing/genetic medicine, innovative medical devices that endeavor to 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	869.0	12.0	10.3
AstraZeneca PLC	2021	191.2	305.9	6.1	5.3
Johnson & Johnson	2025	494.9	588.8	5.5	4.7
Thermo Fisher Scientific Inc.	2019	117.4	182.6	5.1	4.4
Mettler-Toledo International Inc.	2018	14.3	25.5	4.8	4.1
Gilead Sciences, Inc.	2025	139.2	173.0	4.2	3.6
Teva Pharmaceutical Industries Limited	2025	20.3	35.1	3.9	3.4
Intuitive Surgical, Inc.	2018	49.9	163.6	3.9	3.3
argenx SE	2018	2.8	45.2	3.8	3.3
Roivant Sciences Ltd.	2025	8.8	19.8	3.5	3.0

Fund investments in GICS sub-industries

	Percent of Net Assets (%)
Biotechnology	32.2
Pharmaceuticals	31.4
Life Sciences Tools & Services	16.4
Health Care Equipment	11.8
Health Care Services	2.9
Health Care REITs	2.2
Health Care Technology	1.0
Health Care Supplies	0.5
Cash and Cash Equivalents	1.5
Total	100.0*

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

Recent Activity

During the quarter, we added 9 new positions and exited 11 positions, bringing the number of positions in the Fund to 41. 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)
Johnson & Johnson	588.8	4.3
Guardant Health, Inc.	12.1	3.5
Natera, Inc.	28.3	3.0
Merck & Co., Inc.	297.4	2.9
BillionToOne, Inc.	3.6	1.6

We increased the position in **Johnson & Johnson (J&J)**, a large-cap health care company with two segments, Innovative Medicine and MedTech. J&J has been actively optimizing its portfolio, separating and spinning off lower-growth and less attractive businesses and investing in higher growth, innovative businesses. This has led to a portfolio of businesses with accelerating growth, which we think justifies a higher multiple. For example, J&J spun off its consumer health business (along with talc-related liabilities) in 2023 into a new, independent company named Kenvue, and in October 2025, J&J announced plans to separate its orthopedics business into a new, independent entity named Depuy Synthes. J&J is now focused on the Innovative Medicine segments (focused on oncology, immunology, and neuroscience) and a growth MedTech business (focused on cardiology, robotic surgery, and vision). Management guidance for 2026 operational sales growth is roughly 6%, and could accelerate to double-digit revenue growth by the end of this decade. In the Innovative Medicine segment, key growth drivers include (among others): Tremfya, an injectable biologic treatment for patients with plaque psoriasis, psoriatic arthritis, Crohn's disease and ulcerative colitis; Icotyde, a once daily oral peptide tablet recently approved for plaque psoriasis and being studied in psoriatic arthritis, ulcerative colitis and Crohn's disease; Caplyta, a medication used to treat schizophrenia or along with an antidepressant to treat major depressive disorder, bipolar depression; Spravato, a nasal spray used along with an oral antidepressant to treat adults with treatment-resistant depression and major depressive disorder; Darzalex, a treatment for multiple myeloma, Tecvayli and Talvey, bispecific antibodies for adults with relapsed or refractory multiple myeloma; and Rybrevant, a bispecific antibody for adults with EGFR-mutated non-small cell lung cancer. In the MedTech segment, J&J has a strong cardiology franchise growing double digits. In the surgery business, J&J plans to be a player in robotic surgery and filed for FDA approval of its soft tissue robot called OTTAVA. In the vision business, J&J is a leader in contact lenses, which is a steady growth business with demographic tailwinds. J&J is one of only two companies in the U.S. with a AAA credit rating (the other being Microsoft). In addition, J&J generates over \$20 billion of free cash flow per year which allows the company to reinvest in the business and return value to shareholders. Although valuation has expanded in recent months

due to strong execution, we believe the company's accelerating growth outlook justifies a higher multiple for the business.

We bought shares of **Guardant Health, Inc.**, a diagnostics company which offers a portfolio of blood and tissue-based tests that are used for therapy selection for patients with advanced stage cancer, monitoring for recurrence in early-stage cancer patients, and screening for early-stage cancer in asymptomatic patients. Guardant's flagship product, Guardant360, is the market leading liquid biopsy test used to help inform physicians which therapy may be effective for advanced stage cancer patients with solid tumors without the need to obtain archival tissue or subject the patient to an invasive biopsy. Therapy selection is a \$10 billion market opportunity, according to management estimates. Guardant Reveal provides minimal residual disease detection, recurrence monitoring and late-stage therapy monitoring, which represent a \$20 billion market opportunity, according to management estimates. This year, the company will launch Guardant Reveal Ultra, a tissue-informed assay. Guardant is in the early innings of the launch of Shield, a blood test for colorectal cancer screening in adults age 45 and older who are at average risk for the disease. Based on our estimates, colorectal screening is an \$18 billion annual market opportunity, and adoption of Shield has exceeded Wall Street analyst expectations to date. Management plans to increase the Shield sales force from 300 to 600 and partnered with Quest Diagnostics to provide expanded access to physicians and patients. In the future, the company expects to expand into lung cancer screening and multi-cancer detection with the Shield platform. Guardant's business has accelerated the past few years, and in 2025 the company generated 33% revenue growth. Excluding Shield, Guardant generated positive free cash flow in Q3 and Q4 2025, and management is targeting free cash flow breakeven in Q4 2027. With cash at year end 2025 of \$1.3 billion, Guardant has the balance sheet to execute its growth plans. Management is targeting 27% to 30% revenue growth in 2026 and we think the company has a long runway for future growth beyond 2026 with opportunity for significant free cash flow generation in the out years.

We reacquired shares of **Natera, Inc.**, a diagnostics company that provides testing services in the oncology, prenatal, and organ transplant settings. We are particularly excited about the promise of Natera's Signatera minimal residual disease (MRD) tests, which account for half of the company's revenues today and are the company's key growth driver. Signatera tests for any evidence of cancer cell DNA in a patient's blood and can be used to: 1) stratify patients and guide therapy decisions after surgical tumor removal; 2) monitor how patients respond to treatment; and 3) detect early cancer recurrence. Signatera is the leading test in the MRD category and has been proven to meaningfully affect patient outcomes in colorectal cancer, breast cancer, bladder cancer, and to monitor immunotherapy response. Natera continues to invest in clinical studies to prove Signatera's clinical value in additional treatment settings. In particular, we expect Signatera growth to benefit from recently published/presented data in muscle-invasive bladder cancer and head and neck squamous cell carcinoma. We also anticipate Signatera to launch in Japan following reimbursement

for colorectal cancer testing, which could drive significant growth in 2027 and beyond given the large patient population. Further, Natera continues to defend its leadership position by expanding its MRD test offerings, including launching their whole genome sequencing-based test and the tumor-naïve Latitude test. Overall, we think MRD testing can be a \$20 billion market as oncologists continue to adopt these tests and as its clinical utility is proven in more settings, and we are bullish that Natera will continue to hold its leadership position.

We bought shares of **Merck & Co., Inc.**, a large-cap pharmaceutical company. Merck's largest product in terms of revenue is Keytruda, a cancer therapy which generated over \$31 billion of revenue in 2025, representing close to 50% of the company's revenue. Keytruda loses patent protection in 2028 which will result in biosimilar competition. Merck has been preparing to manage the impact of the Keytruda patent cliff through aggressive business development and pipeline investment. We think management has done a good job particularly with acquisitions and can effectively manage through this period. In fact, over the past five years Merck has acquired five companies which at the time the acquisition was announced the Fund owned, including Acceleron Pharma Inc. (in 2021), Prometheus Biosciences, Inc. (in 2023), Verona Pharma plc (in 2025), Cidara Therapeutics, Inc. (in 2025), and most recently, Merck announced its intent to acquire Terns Pharmaceuticals, Inc. (in March 2026). In addition, Merck also in-licensed ex-China rights to a portfolio of antibody-drug conjugates from Kelun-Biotech in 2022, which includes sac-TMT, a very promising TROP2 targeting drug. Including internally developed drugs (such as the oral PCSK9), Merck is launching over 20 new growth drivers which represent a potential commercial opportunity of over \$70 billion by the mid-2030s on a non-risk-adjusted basis. Over the next 12 to 18 months, the company will have multiple clinical data readouts across its portfolio, which should add visibility to the company's ability to fill the sales and earnings gap when Keytruda loses patent protection. Merck trades at a valuation of 12 times trough 2029 EPS and we think the multiple will expand as visibility on earnings growth beyond 2029 increases.

We added to the Fund's investment in **BillionToOne, Inc.**, a diagnostics company that is disrupting the market with more accurate prenatal and oncology genetic tests. At the core is the company's innovative quantitative counting template (QCT) technology, which allows BillionToOne to accurately count the number of mutation copies at a single-gene level. BillionToOne generates the vast majority of its revenue today from UNITY, which is a differentiated prenatal genetic test. Traditional prenatal tests can check for chromosomal abnormalities like Down syndrome but require more invasive testing to test for single gene inherited disorders. UNITY is a single blood draw from the mom that can screen for chromosomal problems and provide an accurate risk assessment for recessive single-gene disorders. BillionToOne has already captured 15% of the \$2 billion-plus U.S. prenatal screening market (according to our estimates) in a short period of time, and we expect them to continue to gain share. BillionToOne is also making early headways in oncology, which represents a \$50 billion-plus total addressable market, according to our estimates.

The same QCT technology powers BillionToOne's NORTHSTAR SELECT therapy selection test, which can find 51% to 109% more actionable mutations than competitor tests. The test has a much lower lower-limit-of-detection compared to competitors and can detect driver mutations even when the allele copy number is low. BillionToOne also offers NORTHSTAR RESPONSE, which is a new type of test that can detect subtle change in a cancer patient's tumor burden and can track whether the patient is responding to therapy. We are optimistic that more data about RESPONSE this year will enable broad Medicare reimbursement for the test. BillionToOne's launch in oncology is still nascent, but we think this product differentiation will help BillionToOne capture share in this large and growing market. Impressively, BillionToOne has accomplished all of this while maintaining financial discipline. The company has 70% gross margins and has already achieved GAAP profitability and positive free cash flow.

Top net sales for the quarter

	Net Amount Sold (\$M)
argenx SE	5.1
Penumbra, Inc.	4.4
McKesson Corporation	4.1
Danaher Corporation	3.9
Boston Scientific Corporation	3.8

We reduced the position in **argenx SE** to manage risk after the position size had increased from multi-year share price appreciation, though we maintain a high level of conviction in the investment. We sold **Penumbra, Inc.** after the company agreed to be acquired. We sold **McKesson Corporation** due to valuation after strong multi-year performance. We took a tax loss in **Danaher Corporation** and sold **Boston Scientific Corporation** due to concerns about market share losses in the company's electrophysiology business, which has been a key growth driver for the company.

Outlook

The positive momentum for the Health Care sector that began in the second half of 2025 stalled in Q1, with pronounced weakness in life sciences tools, medical technology, and managed care stocks. Tools stocks had risen in Q4 in anticipation of growth acceleration after several years of challenges, but stocks sold off due to tepid Q1 guidance and fears that AI would reduce wet lab work in drug discovery and reduce demand for clinical trial services provided by Contract Research Organizations. Medical device stocks suffered from investor concerns about weak procedure volumes in Q1 due to bad weather, inflation concerns related to rising oil prices, and the potential impact of people losing insurance coverage from the expiration of Affordable Care Act subsidies and/or stricter Medicaid requirements. Managed care stocks sold off on a disappointing Medicare Advantage rate increase and broader concerns about government policies for Medicare and Medicaid.

Trends within pharmaceuticals and biotechnology were much more positive. Biotechnology funding continued to be strong. M&A activity was robust, with eight deals announced in the first quarter for \$33 billion, according to a Bank of America report dated April 1. We think M&A activity will continue given that 23 blockbuster drugs, representing nearly \$150 billion in 2025 sales, are expected to go off patent by 2030, according to the same report. The regulatory environment is also favorable for the biopharmaceutical industry - the Food and Drug Administration has introduced new pathways to accelerate drug development, including through the policy proposal to make one pivotal Phase 3 trial, supported by other evidence, the new default requirement for new drug approvals, and through the Commissioner's National Priority Voucher Program, which accelerates review and approval of products that meet certain national health priorities.

With all our investments, we consider how AI will impact their businesses. Here are a few examples of how we think our holdings will benefit from AI. For **Thermo Fisher Scientific Inc.**, a leading life sciences tools company, we think AI will enable more efficient drug discovery, speed development timelines, and result in more overall R&D investment with more drugs approved at a faster pace, which will drive more demand for Thermo Fisher's products and services. For **RadNet, Inc.**, an owner and operator of diagnostic imaging centers, we think AI will reduce the time required to conduct and review a scan and enhance the accuracy of diagnosis, which will increase RadNet's capacity to perform more cases while enabling earlier cancer detection. **Welltower Inc.**, an owner and operator of senior housing, has built a data science platform (encompassing AI and machine learning) which it uses to direct capital to the highest risk-adjusted returns across acquisitions, developments, dispositions, and lending. Recently, Welltower began monetizing its data science platform with the recent announcement of inaugural partnerships with Public Storage and a prominent private equity firm, creating an additional growth lever for the company.

Overall, we continue to believe the long-term outlook for health care is positive given favorable secular growth drivers, including the aging population, rising incidence of chronic diseases, advances in biotechnology, medical technology and diagnostics, and increased health care spending. Many health care stocks look cheaper now than at any time since the launch of the Fund. 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

[†] Historical performance was impacted by gains from IPOs. There is no guarantee that these results can be repeated or the level of IPO participation 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.

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

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QUARTERLY LETTER | MARCH 31, 2026

Baron Real Estate Fund[®]

Retail Shares: BREFX | Institutional Shares: BREIX | R6 Shares: BREUX



Jeff Kolitch
Portfolio Manager

Dear Baron Real Estate Fund Shareholder, Performance

2026 LSEG Lipper Fund Award Announcement

We are pleased to report that Baron Real Estate Fund[®] (the Fund) has been recognized as the *Best Real Estate Fund Over Three Years* at the 2026 LSEG Lipper Funds Awards. This 2026 award reflects the Fund's performance over the three-year period ended December 31, 2025.

The award celebrates funds that demonstrate consistently strong, risk-adjusted performance. The Baron Real Estate Fund[®] has now received the LSEG Lipper Fund Award three times in 2014, 2015, and 2026, while the Baron Real Estate Income Fund[®] has been honored once in 2022.

Though we are pleased that the Fund was recognized by LSEG Lipper for its strong long-term performance, the Fund's returns, at times, can temporarily disappoint. The first quarter of 2026 was one of those times. In the first three months of 2026, the Fund declined 5.39% (Institutional Shares), underperforming the MSCI USA IMI Extended Real Estate Index (the MSCI Real Estate Index), which declined 0.96%, and the MSCI US REIT Index (the REIT Index), which increased 4.52%.

Our team remains focused and disciplined in driving performance improvements, as we have during previous periods of short-term underperformance. Please refer to the "Our Current Top-of-Mind Thoughts" and "Portfolio Composition and Key Investment Themes" sections later in this letter for an overview of our key messages and an explanation of the Fund's first quarter performance.

Annualized performance (%) for periods ended March 31, 2026

	Fund Retail Shares ^{1,2}	Fund Institutional Shares ^{1,2}	MSCI USA IMI Extended Real Estate Index ¹	MSCI US REIT Index ¹	S&P 500 Index ¹
QTD ³	(5.46)	(5.39)	(0.96)	4.52	(4.33)
1 Year	6.38	6.65	7.22	5.48	17.80
3 Years	9.05	9.34	11.23	7.79	18.32
5 Years	2.05	2.31	5.96	4.57	12.06
10 Years	10.30	10.59	8.34	4.29	14.16
15 Years	10.92	11.20	9.46	6.32	13.29
Since Inception (12/31/2009)	12.24	12.53	10.53	7.79	13.58
Since Inception (12/31/2009) (Cumulative) ³	553.21	580.76	409.14	238.40	692.42

Performance listed in the above table is net of annual operating expenses. Annual expense ratio for the Retail Shares and Institutional Shares as of April 30, 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.

While 2026 began on a disappointing note, the Fund’s long-term performance remains strong. According to Morningstar, the Fund has held the #1 real estate ranking since inception (December 31, 2009) through March 31, 2026. It also ranks in the top 1% of all real estate funds over both the trailing 15- and 10-year periods ended March 31, 2026.

We will address the following topics in this letter:

- Our current top-of-mind thoughts
- Portfolio composition and key investment themes
- Top contributors and detractors to performance
- Recent activity
- Concluding thoughts on the prospects for real estate and the Fund

Our Current Top-of-Mind Thoughts

OUR BOTTOM-LINE VIEW:

Despite a disappointing start to 2026:

- We continue to believe the outlook for much of public real estate is compelling
- Many publicly traded real estate companies are trading at attractive valuations, offering what we believe to be a timely investment opportunity
- The Fund offers a compelling way to access the long-term return potential of the Real Estate sector

Note: In early April 2026, I increased my already substantial investment in the Fund. Our team believes the Fund offers compelling multi-year return potential, and we outline the rationale for this view below.

We continue to believe the outlook for much of public real estate is compelling

While we remain mindful of the headwinds that have weighed on both the stock market and the Fund in the early months of 2026 (see the “Portfolio composition and key investment themes” section below), we encourage clients to focus on where opportunities are headed. From that perspective, we believe the case for real estate remains highly compelling.

As of March 31, 2026, the Morningstar Real Estate Category consisted of 207, 197, 190, 149, 111, and 153 share classes for the 1-, 3-, 5-, 10-, 15-year, and since inception (December 31, 2009) periods. Morningstar ranked Baron Real Estate Fund Institutional Share Class in the 10th, 7th, 83rd, 1st, 1st, and 1st percentiles, respectively. On an absolute basis, Morningstar ranked Baron Real Estate Fund Institutional Share Class as the 21st, 16th, 167th, 2nd, 1st, and 2nd best performing share class in its Category, for the 1-, 3-, 5-, 10-, 15-year, and since inception periods, respectively.

As of March 31, 2026, Morningstar ranked Baron Real Estate Fund R6 Share Class in the 9th, 7th, 84th, 1st, 1st, and 1st percentiles, respectively. On an absolute basis, Morningstar ranked Baron Real Estate Fund R6 Share Class as the 19th, 17th, 168th, 1st, and 1st best performing share class in its Category, for the 1-, 3-, 5, 10-year, and since inception periods, respectively.

Since inception rankings include all share classes of funds in the Morningstar Real Estate Category. Performance for all share classes date back to the inception date of the oldest share class of each fund based on Morningstar’s performance calculation methodology. Morningstar calculates the Morningstar Real Estate 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.

Baron Real Estate Fund Institutional Share Class was rated 4 stars overall, 4 stars for the trailing 3 years, 2 stars for the trailing 5 years, and 5 stars for the trailing 10 years ended March 31, 2026. There were 197 share classes, 190 share classes, and 149 share classes for the 3-, 5-, and 10-year periods. The Morningstar Ratings™ are for the Institutional share class only; other classes may have different performance characteristics. The Morningstar Ratings are based on the Morningstar Risk-Adjusted Return measures.

Our optimism for public real estate is due to several considerations including:

1. Real Estate has lagged

- In the last five years through December 31, 2025, the S&P 500 Index has increased 14.42% per year versus a return of only 5.35% per year for the REIT Index.
- The REIT Index has underperformed the S&P 500 Index for four consecutive calendar years through December 31, 2025:

REIT performance (%) versus broad market in recent years

	MSCI US REIT Index	S&P 500 Index	Difference	MSCI US REIT Index vs. S&P 500 Index
2025	1.68	17.88	(16.20)	Underperformance
2024	7.49	25.02	(17.53)	Underperformance
2023	12.27	26.29	(14.02)	Underperformance
2022	(25.37)	(18.11)	(7.26)	Underperformance
Last 4 Calendar Years (Annualized)	(2.18)	11.11	(13.29)	Underperformance

- Certain non-REIT real estate companies have also lagged in the last few years.

2. Real estate offers relative value

- A large portion of public real estate – including both REITs and non-REIT real estate – appears attractively valued. Please see below for examples of attractively valued real estate companies.

3. The economics of real estate are compelling

- The favorable imbalance between demand and supply supports occupancy gains, rent growth, increased home sales, cash flow expansion, and improving real estate valuations.
- Construction activity across many real estate segments has fallen to decade lows (Source: Green Street Advisors, LLC.), which should support a faster growth rebound than in prior cycles as demand improves.

4. The debt market is liquid, and the cost of debt may decline

- If long-term interest rates decline – potentially driven by a more accommodative Federal Reserve, the deflationary effects of AI, and moderating shelter inflation – borrowing costs could fall. This, in turn, would likely support higher real estate values, improve housing market activity, and accelerate real estate M&A, which may further underscore the relative attractiveness of public real estate valuations.

5. Balance sheets are in solid shape

- Balance sheets are strong, characterized by prudent leverage relative to cash flow, well-laddered debt maturities, and a balanced mix of fixed- and floating-rate debt.

6. Real estate may be a stock market rotation beneficiary

- Early in 2026, the stock market shifted toward areas that have underperformed in recent years, including REITs and other real estate- and asset-intensive companies. If this rotation continues, real estate could be well positioned, as the market has increasingly rewarded tangible, real asset businesses.

7. Much of real estate appears to be AI beneficiaries

- The stock market has increasingly rewarded tangible assets like real estate, which tend to offer greater near-term certainty and lower risk of AI-driven disruption compared with segments of the digital economy.
- Early in 2026, the stock market shifted toward asset-intensive businesses that may be more insulated from AI – what we describe as HALO (heavy assets, low obsolescence) – including select REITs, homebuilders, and residential building products companies.

8. Many clients are underweight real estate

- Increased investor allocations to real estate may lift valuations and share prices.

9. Private capital may step in and acquire discounted public real estate

- Much of public real estate continues to trade at a meaningful discount to private market values.

10. We are optimistic that the Baron Real Estate Fund® can deliver double-digit annual returns in the next few years

- We believe a favorable combination of improving growth prospects, rising dividends, and attractive valuations could potentially drive double-digit annual returns for the Fund.

Many publicly traded real estate companies are trading at attractive valuations, offering what we believe to be a timely investment opportunity

We believe a broad set of best-in-class real estate companies – both REITs and non-REITs – now trade at attractive discounts relative to historical levels and private market values, offering compelling return potential in the years ahead.

Examples of REITs that are cheap

- **Malls: The Macerich Company**, an owner of exceptionally high-quality U.S. malls, is currently valued at approximately 11 times 2027 estimated funds from operations (FFO) – based

on depressed earnings – representing a meaningful discount to its warranted range of 15 to 16 times FFO. Similarly, **Simon Property Group, Inc.**, another high-quality mall REIT, is trading at a valuation below its historical norms.

- **Data Centers: Equinix, Inc. and Digital Realty Trust, Inc.** are leading global data center operators, currently trading at multiples well below those seen in recent private market transactions, which have ranged from 25 to 30 times cash flow. Despite their superior and more resilient cash flow growth prospects, these companies are valued only at a modest premium to other REITs.
- **Wireless Towers:** Valuations of companies like American Tower Corporation are at multi-year lows, trading at just 15 to –16 times cash flow compared with historical averages of 20 to 25 times.
- **Multi-Family:** Currently trading at implied capitalization rates of around 6.5% to 7%-plus, compared with approximately 5% in the private market.
- **Single-Family Rental:** Currently trading at implied capitalization rates of 7.5%, versus roughly 5% in the private market, and priced below \$280,000 per home compared with the average home purchase price of over \$400,000.
- **Hotels:** Several hotel REITs are trading at under 10 times cash flow, representing a 40% to 50% discount to replacement cost.
- **Iron Mountain Incorporated:** This document storage and data center REIT is valued below peers yet is expected to grow cash flow faster than most REITs (10% versus 4%).
- **Office:** Most office REITs are deeply discounted relative to recent private market transactions and replacement cost, often by 50%.
- **Mortgage: Blackstone Mortgage Trust, Inc.** trades at 0.9 times book value versus its historical range of 1.1 to 1.3 times and offers an annual dividend of approximately 10%.
- **Note:** Across multiple REIT categories – including multi-family/apartments, single-family rentals, hotels, strip centers, office, life sciences, cold storage, self-storage, and timber – valuations are 10% to 50% below replacement cost or recent private market transaction values.
- **Favorable Arbitrage:** Many REITs are “on sale” in the public market relative to private market values, and we see a possibility of take-private transactions by private equity.

Examples of non-REIT real estate companies that are cheap

- **Brookfield Corporation:** This global owner and operator of real assets trades at \$40 per share, well below management’s estimated liquidation value of \$67 per share - approximately 68% higher than the current share price.
- **Jones Lang LaSalle Incorporated:** A leading commercial real estate services firm, currently valued at 11.8 times 2027 estimated earnings, compared with the high-teens multiple justified by historical trading and its improvement in its business mix.
- **CRH public limited company:** This top building materials company trades at 9.5 times 2027 estimated cash flow, versus our view of a warranted 12 to 13 times multiple.

- **Wynn Resorts, Limited:** A premier luxury global owner and operator of integrated resorts (hotels and casinos), valued at 8 times 2027 estimated cash flow compared with its long-term average of 13 to 15 times.
- **GDS Holdings Limited:** A leading Asian-focused data center developer and operator, trading at 13.5 times 2027 estimated cash flow versus 20 to 30 times for comparable public and private peers.
- **Vail Resorts, Inc.:** The owner and operator of premier mountain resorts, trading at 8.4 times 2027 estimated cash flow versus a long-term average of roughly 15 times.
- **Homebuilders: Toll Brothers, Inc.,** a leading luxury homebuilder, trades at 1.4 times 2026 estimated book value versus a peak multiple of approximately 2 times. Several other homebuilders are valued below 1 times 2026 estimated book value, compared with a more typical range of 1 to 2 times.

Baron Real Estate Fund® offers a compelling way to access the long-term return potential of the Real Estate sector

We believe the advantages of the Fund’s comprehensive, flexible, and actively managed approach – enabling investment across a broad spectrum of real estate companies, including both REITs and non-REIT real estate-related businesses – will become increasingly evident in the years ahead. In our view, a rapidly evolving real estate landscape requires more selective and discerning analysis.

In our opinion, our highly differentiated real estate fund enjoys several attractive attributes compared to:

- **Actively managed REIT funds:** The Fund benefits from a broader investment universe and reduced reliance on the debt markets. *Since inception on December 31, 2009, the Fund has increased 12.53% on an annualized basis versus the REIT index which increased 7.79%.*
- **Passive/ETF real estate funds:** The Fund has the flexibility to be selective, emphasizing companies with attractive long-term prospects rather than broadly replicating the benchmark and owning both higher- and lower-quality real estate businesses. *Since inception on December 31, 2009, the Fund has increased 12.53% annually versus the Vanguard Real Estate ETF, which increased 8.47%.**
- **Non-traded REITs and private real estate:** The Fund provides enhanced liquidity, diversification, valuation transparency, lower fees, and strong performance over the long term.

Portfolio Composition and Key Investment Themes

We currently invest in REITs as well as eight additional non-REIT real estate-related categories. Allocations across these areas are dynamic and reflect our bottom-up research and assessment of relative opportunities, as outlined below.

Fund investments in real estate-related categories

	Percent of Net Assets (%)
Non-REITs	58.9
Building Products/Services	13.8
Casinos & Gaming Operators	11.0
Hotels & Leisure	10.6
Real Estate Service Companies	8.5
Homebuilders & Land Developers	7.1
Real Estate Operating Companies	4.9
Data Centers	2.6
Infrastructure Related	0.4
REITs	36.1
Cash and Cash Equivalents	5.0
Total	100.0*

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

Investment Themes

We have a long and successful track record of investing behind six high-conviction themes, each of which has contributed meaningfully to the Fund’s long-term performance. In the first quarter of 2026, however, several companies across these themes faced selling pressure driven by a range of factors, including:

1. **REITs:** Higher long-term interest rates, along with concerns around potential job losses, higher inflation, and rising oil prices.
2. **Residential-related real estate:** Continued housing affordability pressures (cumulative effect of higher home prices, higher mortgage rates, and limited supply)
3. **Travel-related real estate:** Elevated oil prices and geopolitical uncertainty impacting travel demand.
4. **Commercial real estate services companies:** Concerns around potential disruption from AI.
5. **Real estate-focused alternative asset managers:** Headwinds related to software exposure, private credit, and semi-liquid product structures.
6. **Property technology companies:** CoStar Group, Inc. declined sharply due to several company-specific concerns. Please see the “Top detractors” section for our thoughts regarding CoStar.

While some of the concerns noted above may continue to weigh on near-term performance, we believe many are either overstated, driven by a “sell first, ask questions later” mindset, or already reflected in current share prices. **At present, we see each of the Fund’s investment themes as offering multiple high-quality real estate companies trading at highly attractive valuations.**

REITs

We believe the outlook for REITs is favorable for several key reasons:

- **REITs have lagged**
 - In the last three years through March 31, 2026, REITs have underperformed the S&P by 40% cumulatively.

- **Several REITs are attractively valued**
 - We have identified several REITs trading at attractive discounts relative to both historical levels and private market valuations.
 - We anticipate private equity may pursue opportunities to acquire undervalued public REITs.
- **Favorable demand versus supply set up**
 - Demand remains generally strong or is improving: Robust in segments such as healthcare, industrial, and retail, and showing signs of improvement in residential, office, and storage categories.
 - Supply constraints are underappreciated: New construction activity across many REIT categories has fallen 50% to 70% and remains well below historical levels, as higher land, labor, and materials costs make development prohibitively expensive.
 - The combination of strengthening demand, a favorable supply environment, and occupancy levels above 90% for many properties creates a compelling setup for rent growth acceleration.
- **REITs benefit from both cyclical and secular tailwinds**
 - Cyclical tailwinds: Strong early-cycle demand prospects, supportive supply conditions for real estate, and the historical pattern of real estate cycles typically lasting 7 to 10 years.
 - Secular tailwinds across property types: Growth in AI and cloud computing driving demand for data centers, 5G network upgrades supporting towers, an aging population boosting healthcare real estate, housing affordability pressures increasing rental demand, suburbanization benefiting retail, and the rise of remote work fueling storage needs.
- **AI haven**
 - Several REITs are relatively insulated from potential AI-related disruption, benefiting from tangible assets, well-covered dividends, contracted cash flows, annual rent escalators, and other structural advantages.
- **Solid balance sheets + rising dividends + built-in inflation protection**
- **Return prospects for REITs are attractive**
 - We believe several REITs have the potential to deliver double-digit returns through a mix of earnings growth, dividend income, and multiple expansion.

As of March 31, 2026, we had investments in eight REIT categories representing 36.1% of the Fund’s net assets.

REITs	Percent of Net Assets (%)
Data Center REITs	9.8 [†]
Health Care REITs	9.7
Industrial REITs	4.7
Mall REITs	3.8
Self-Storage REITs	2.8
Other REITs	2.1
Multi-Family REITs	2.0
Mortgage REITs	1.1
Total	36.1*

[†] Exposure to Data Center REITs would be 12.4% if non-REIT data center company GDS Holdings Limited was included in the category.

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

Residential-related real estate

We recognize that the housing market is currently facing a logjam.

On one hand, a buyers’ strike has emerged, as many potential homeowners find properties unaffordable following a roughly 50% rise in home prices over the past five years and a jump in mortgage rates from 3% to 6% to 7%, based on data from National Association of Realtors.

On the other hand, a sellers’ strike is also in place, as many current homeowners are hesitant to sell while their existing mortgages carry rates well below today’s levels.

Given these near-term challenges – affordability pressures and the buyer-seller impasses – we have been cautious about housing market opportunities. Nonetheless, we remain long-term bullish and are confident in the potential for compelling investment opportunities in residential-related real estate for the following reasons:

- **Housing is an early cycle beneficiary, and we believe we are early in the cycle**
 - Economic growth could accelerate due to easing inflation, potential stimulus such as tax refunds and other pre-midterm measures, deregulation, and the possibility of further interest rate cuts.
 - Housing tends to benefit early in the economic cycle due to its sensitivity to interest rates, pent-up consumer demand, and its powerful multiplier effect – creating more jobs, boosting consumer spending, supporting higher prices, and accelerating overall economic growth.
- **Housing is also supported by long-term secular tailwinds**
 - Millennial household formation remains significantly below its long-term stabilized level.
 - Buyers are increasingly favoring new homes over existing ones, as they offer better layouts, lower maintenance, and greater energy efficiency at comparable price points.

- Existing homes are aging – averaging over 40 years – while homeowners sit on record levels of equity and are staying in their homes longer. Together, these factors should support strong home repair and remodeling activity in the years ahead.

- **Bipartisan support to address the housing crisis**

- Housing affordability appears to be a key issue heading into the mid-term elections, and we expect certain initiatives may emerge over the coming year.

- **New Federal Reserve Chief is likely to be dovish**

- The housing market would be a major beneficiary from lower mortgage rates.

- **Housing is an AI beneficiary**

- Housing and select residential building product companies may benefit from AI trends, as their asset-heavy structures provide relative insulation from disruption – what we describe as HALO.

- **Several housing companies are attractively valued**

- Select homebuilders are trading at or around 1 times book value versus a more typical 1.5 times book value or 50% upside to current valuations.
- Other residential-related real estate companies are currently valued at or near trough valuation levels.

- **Big picture: There is a compelling long-term investment case for housing**

- The U.S. faces a structural housing shortage of more than 4 million homes relative to demographic needs. Today, the country builds roughly 1.4 million homes annually – the same number as in the 1960s – despite the population nearly doubling from 180 million to 340 million (Source: Census Bureau).

combined with a massive investment cycle in AI and other technologies, major initiatives like the CHIPS Act, and a busy 2026 event calendar, together create a supportive backdrop for economic and corporate growth.

- Broad-based economic growth and middle-class wage growth

- ▶ Limited supply growth: Projected to increase by less than 1% over the next few years, well below the long-term average of 2% to 2.5%. (Source: Green Street Advisors, LLC)

- **Secular tailwinds**

- Many investors view travel spend as cyclical – our view is that travel spend is also secular.
- Consumers are allocating more discretionary spending to travel rather than durable goods. Factors supporting this trend include delayed household formation, which leaves more disposable income for travel, flexible work arrangements that combine business and leisure or enable extended stays, and cyclically muted business activity.

- **2026 tailwinds**

- World Cup (in 11 major metro markets) + America’s 250th anniversary + Formula 1 race + Major League Baseball all-star game.
- Increasing spend on onshoring initiatives.

- **Examples of several travel-related companies that are attractively valued**

- **Hyatt Hotels Corporation**

- ▶ A luxury-focused hotel company that has transitioned to a 90% asset-light model, currently trading at a 4 to 5 times multiple discount to its hotel C-Corp peers and below private market valuations.

- **Wynn Resorts, Limited**

- ▶ A leading hotel and gaming company, currently valued at just 8.2 times 2027 estimated cash flow compared with its historical range of 13 to 15 times.
- ▶ The company could become one of the most compelling travel-related growth stories with the opening of its UAE resort in 2027, which could be worth \$50/share versus its current market value of only \$97 per share.

- **Red Rock Resorts, Inc.**

- ▶ A leading gaming growth company positioned in the highly attractive Las Vegas Locals market. Red Rock Resorts has the real estate capacity to potentially double its portfolio in the coming years, and we find its current valuation – under 10 times 2027 estimated cash flow – extremely compelling.

- **Airbnb, Inc.**

- ▶ One of the world’s largest asset-light travel companies, with over 9 million active listings, generating more than \$4 billion in annual free cash flow. The company faces limited AI disruption risk due to 90% direct traffic and the uniqueness of most of its inventory. Shares are currently trading at just 12.3 times 2027 estimated cash flow.

As of March 31, 2026, residential-related real estate companies represented 20.9% of the Fund’s net assets.

Residential-related real estate companies

	Percent of Net Assets (%)
Building Products/Services	11.6
Homebuilders	7.1
Home Centers	2.2
Total	20.9*

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

Travel-related real estate

We believe several travel-related real estate companies are well positioned to benefit from a favorable “trifecta” of cyclical, secular, and 2026-specific tailwinds, which should support strong fundamentals and share price performance in the years ahead.

- **Cyclical tailwinds – economic growth may accelerate**

- Key inflation components are moderating, while the regulatory environment remains business - and investment-friendly. Favorable tax policies enacted in 2025 – such as bonus depreciation to encourage investment –

– **Vail Resorts, Inc.**

- ▶ Trading at just 8.4 times 2027 estimated cash flow for best-in-class, irreplaceable assets – an unprecedentedly attractive valuation – while also offering a seemingly secure 7% dividend yield.

– **Dry powder / private equity**

- ▶ We believe the substantial dry powder held by private equity could be directed toward public travel companies, which remain deeply discounted and attractively “on sale.”

As of March 31, 2026, travel-related real estate companies represented 21.6% of the Fund’s net assets.

Travel-related real estate companies

	Percent of Net Assets (%)
Casinos & Gaming Operators	11.0
Hotels & Leisure	10.6
Total	21.6*

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

Commercial real estate services companies

In the first quarter of 2026, shares of leading commercial real estate services firms **CBRE Group, Inc.** and **Jones Lang LaSalle Incorporated (JLL)** declined despite strong earnings and positive business outlooks. The sell-off largely reflected investor concerns that AI could disrupt parts of their operations.

While certain business lines – such as office leasing, valuation services, and property management – may face AI-related challenges over time, we believe current multi-year concerns are overstated and already reflected in share prices. We continue to research and monitor potential AI-related headwinds.

Despite near-term uncertainties, we remain long-term optimistic on these leading commercial real estate services companies. They are positioned to potentially benefit from structural and secular tailwinds, including the outsourcing and institutionalization of commercial real estate, as well as opportunities to gain market share in a highly fragmented industry. We also see the early stages of a rebound in commercial real estate sales and leasing activity. Based on these factors, we believe CBRE and JLL could achieve earnings-per-share growth of 15% over the next several years.

Real estate-focused alternative asset managers

Shares of alternative asset managers declined sharply in the first quarter, as several companies faced a mix of headwinds, including: exposure to software investments that could be affected by AI-related risks; credit concerns tied to private loans; limitations on investor redemptions for semi-liquid products (2% per month or 5% per quarter); delayed monetizations; and the potential for slower earnings growth due to these factors, along with the risk that growth in the retail channel may underperform expectations.

While these challenges may persist in the near term, we do not view them as existential, and we believe current valuations largely reflect these concerns.

Over the long term, we remain optimistic about leading real estate-focused asset managers. The companies have the potential to gain market share in a growing industry, supported by strong investment track records and global scale. Further, certain companies are well positioned to benefit from secular growth in alternative assets, leveraging their ability to deliver attractive relative and absolute returns – often with lower perceived volatility compared with other investment options.

Property technology companies

The convergence of real estate and technology has given rise to a new category – real estate technology, or proptech. The growth of proptech and the digitization of real estate represent an exciting and promising development. We believe we are in the early stages of a technology-driven investment cycle focused on data and digitization, enabling real estate-related businesses to generate incremental revenue streams and reduce costs.

In the most recent quarter, however, the Fund exited **CoStar Group, Inc.**, the leading provider of information, analytics, and marketing services for the real estate industry (please see “Top net sales”). We continue to actively research other proptech companies that may be added to the Fund over time.

As of March 31, 2026, other real estate-related companies (which include the three investment themes mentioned directly above, plus an investment in Chinese data center operator **GDS Holdings Limited** and modest exposure to an infrastructure related stub position in **Legence Corp.**) represented 16.4% of the Fund’s net assets.

Other real estate-related real estate companies

	Percent of Net Assets (%)
Commercial Real Estate Services Companies	8.5
Real Estate-Focused Alternative Asset Managers	4.9
Data Center Operators	2.6
Infrastructure Related Companies	0.4
Total	16.4*

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

Top Contributors and Detractors

Top contributors to performance for the quarter

	Quarter End Market Cap (\$B)	Contribution to Return (%)
Equinix, Inc.	96.3	1.05
Caesars Entertainment, Inc.	5.4	0.31
Welltower Inc.	138.0	0.26
Digital Realty Trust, Inc.	63.0	0.25
Installed Building Products, Inc.	8.3	0.15

After underperforming for much of 2025, shares of **Equinix, Inc.** rebounded strongly during the quarter, driven by solid operating results, robust bookings growth, and a 2026 full-year outlook that exceeded investor expectations. Equinix is a leading global operator of 270 highly interconnected, carrier-neutral colocation data centers spanning 36 countries across 6 continents. For further detail, please refer to our “Top net purchases” section.

Since peaking at just under \$120 per share in 2021, shares of **Caesars Entertainment, Inc.** – the largest casino-entertainment company in the U.S. – declined to a multi-year low of approximately \$18 per share in early 2026. The Fund recently acquired shares at a cost basis of \$21 per share, which we view as highly attractive, implying an approximate 25% free cash flow yield.

Caesars operates a broad portfolio of assets under Caesars, Harrah’s, Horseshoe, and Eldorado brands, with roughly half of its cash flow generated from Las Vegas and the remainder from regional destination markets.

In our view, the current valuation largely reflects what has been a period of challenging operating conditions. Looking ahead, we are increasingly constructive on the company’s outlook, as we expect improving performance across its Las Vegas, regional, and digital segments in 2026.

Additional tailwinds that could support the shares include declining capital expenditures and lower cash interest expense, which should contribute to accelerating free cash flow generation. We also note ongoing media reports suggesting potential acquisition interest in Caesars at a meaningful premium – potentially more than 25% above the current share price.

Shares of **Welltower Inc.**, a leading operator of senior housing real estate, continued to perform well during the quarter, supported by strong cash flow growth in its senior housing portfolio. This performance was driven by sustained occupancy gains, rent increases, and margin expansion, resulting in outsized bottom-line earnings growth. The company also issued a solid initial full-year 2026 outlook and continues to execute on accretive external growth opportunities.

In addition, Welltower is advancing initiatives to enhance asset-light, recurring earnings streams, highlighted by the announcement of its first customer partnerships to license and monetize its proprietary data analytics platform.

Welltower remains well positioned to potentially benefit from a cyclical recovery and long-term secular demand growth, supported by constrained new supply. We maintain a positive outlook, underpinned by the company’s high-quality, luxury-focused portfolio and disciplined capital allocation, which we believe positions it to capitalize on both organic and external growth opportunities.

Top detractors from performance for the quarter

	Quarter End Market Cap or Market Cap When Sold (\$B)	Contribution to Return (%)
CoStar Group, Inc.	19.0	(1.19)
CBRE Group, Inc.	40.0	(0.76)
Jones Lang LaSalle Incorporated	14.3	(0.75)
Blackstone Inc.	126.0	(0.59)
Brookfield Corporation	99.4	(0.46)

Shares of **CoStar Group, Inc.**, a global leader in the digitization of real estate, declined sharply in the first quarter of 2026. During this period, we exited the Fund’s position.

Our decision to sell was driven primarily by concerns that the company’s residential platform, Homes.com, will require substantial ongoing investment and is unlikely to achieve profitability until 2030. We also see the potential for increased competitive pressures across both CoStar’s commercial and residential segments over time.

In addition, we were disappointed by management’s decision to revise its reporting structure in a way that reduces transparency into the underlying business. The new framework combines Homes.com with Apartments.com under a single “Residential” segment, effectively obscuring the performance of the Homes.com platform. Further, the company will no longer disclose net new bookings for Homes.com – previously a key metric used by investors to assess the platform’s traction and progress.

CBRE Group, Inc. and **Jones Lang LaSalle Incorporated**, two leading commercial real estate services firms, were detractors in the first quarter. Business fundamentals remain strong, with broad-based momentum across segments and management teams expressing healthy outlooks. The share price declines – roughly 20% over two days – were driven by an abrupt shift in investor sentiment around AI and its potential impact on certain business lines, not by any deterioration in fundamentals.

We take the AI question seriously. The technology is advancing rapidly, and its long-term implications are not yet fully knowable. That said, we believe CBRE and JLL are among the companies best positioned to navigate this transition – not despite AI, but because of it. Both have been early adopters, deploying AI to sharpen their competitive advantages and accelerate market share gains. We consider them AI winners, not AI casualties.

The structural investment case remains intact: commercial real estate outsourcing continues to grow, institutional ownership of the asset class is expanding, and both companies are gaining share in a highly fragmented market. We believe we are in the early stages of a recovery in commercial real estate sales and leasing activity. Against that backdrop, we see a credible path to mid-to-high-teens annual earnings per share growth over the next few years — and following the recent pullback, we find valuations undemanding.

Recent Activity

Top net purchases for the quarter

	Quarter End Market Cap (\$B)	Net Amount Purchased (\$M)
Equinix, Inc.	96.3	65.7
Public Storage Incorporated	47.6	64.5
Digital Realty Trust, Inc.	63.0	47.7
Iron Mountain Incorporated	30.4	42.1
MGM Resorts International	9.5	36.0

As outlined in our Q2 and Q4 2025 shareholder letters, shares of **Equinix, Inc.** underperformed for much of 2025, primarily due to slower near-term earnings growth. At the time, we viewed Equinix as a clear fit within the Baron investment framework – a competitively advantaged business willing to accept short-term earnings pressure in exchange for enhanced long-term growth. Specifically, the company increased capital investment to extend its growth runway, even at the expense of near-term profitability.

As the shares became increasingly discounted, we added to our long-term position, reflecting greater conviction in the company's growth trajectory. This was supported by emerging inference AI use cases, which we believe will be a meaningful tailwind, as well as strong execution by management in improving cash flow conversion (i.e., shortening the “book-to-bill” cycle) and securing capital at a lower cost than initially underwritten.

Separately, after trimming our position in **Digital Realty Trust, Inc.** at the beginning of 2025 due to a more balanced risk/reward profile, a valuation premium, and more attractive relative opportunities, we indicated we would revisit the name at more compelling levels. During the quarter, we added to our position as the valuation multiple improved, supported by a highly favorable multi-year supply/demand backdrop – arguably the strongest in years – and a durable outlook for high-single-digit earnings growth.

During the quarter, we reestablished a position in **Public Storage Incorporated**, the best-in-class self-storage REIT with a portfolio of more than 3,500 U.S. properties. We had been cautious about self-storage for several years, given a prolonged period of flat-to-negative growth. Our view has shifted. Recent due diligence suggests a fundamental inflection may be approaching — one where stabilizing demand and rents, combined with declining new supply, could drive a reacceleration in growth beginning in 2026.

Our optimism rests on five pillars:

- 1. A more pronounced inflection than the industry.** Beyond benefiting from a broader self-storage recovery, Public Storage is poised to lap several discrete headwinds that weighed on 2025 results — amplifying the potential earnings rebound. Ongoing acquisitions and development provide additional accretion.
- 2. An inherently attractive business model.** Self-storage benefits from less cyclical demand — a meaningful portion is effectively nondiscretionary — combined with strong pricing power on existing customers (the hassle of moving outweighs the monthly cost of staying) and low capital intensity. These characteristics make it a durable compounder across cycles.
- 3. Scale advantages that compound over time.** Large institutional operators like Public Storage command higher occupancy and rents than smaller competitors, driven by superior data analytics, technology, revenue management systems, and access to capital. We expect these advantages to widen as AI tools are applied across an increasing number of self-storage business functions.
- 4. PSA4.0 — a credible new chapter.** Public Storage recently unveiled PSA4.0, framed as a new era of leadership, growth, and value creation. The initiative encompasses favorable leadership transitions, a data-sharing partnership with Welltower to sharpen capital allocation, and a headquarters relocation. We view each element constructively.
- 5. Valuation is compelling.** The stock trades at a capitalization rate above 6% on what we consider depressed cash flow, against private market values in the low-5% range — a meaningful discount that we believe is unlikely to persist.

Near-term uncertainty may continue to weigh on the shares. But we believe the medium-term setup is attractive: a fundamental inflection, a refreshed strategic agenda, and a depressed valuation create the conditions for significant share price appreciation — driven by both earnings growth and potential multiple expansion.

Top net sales for the quarter

	Quarter End Market Cap or Market Cap When Sold (\$B)	Net Amount Sold (\$M)
Jones Lang LaSalle Incorporated	14.3	78.9
Louisiana-Pacific Corporation	5.6	54.5
Blackstone Inc.	126.0	51.3
Vulcan Materials Company	35.5	42.1
CoStar Group, Inc.	19.0	38.6

We trimmed our position in **Jones Lang LaSalle Incorporated** during the quarter. As discussed earlier in this letter, our conviction in JLL's business fundamentals and long-term prospects remains high. That said, we acknowledge that AI-related concerns may continue to weigh on the shares in the near term — and we sized the position accordingly. JLL remains a significant holding.

We exited our position in **Louisiana-Pacific Corporation** (DBA LP Building Solutions) during the quarter. The near-term fundamental backdrop has deteriorated: a soft residential housing market, elevated distributor inventory levels, aggressive competitor pricing, depressed wood product prices that have fallen below cash flow breakeven at the company's mills, and rising input costs — a confluence of headwinds that warranted a full exit at this stage.

Our long-term view on the business remains constructive. Engineered wood siding continues to gain share from vinyl and fiber cement, and LP Building Solutions is well-positioned to benefit as that trend matures. We will continue to monitor the investment and may revisit at a more favorable point in the cycle.

Shares of **Blackstone Inc.** came under pressure during the quarter amid a steady stream of negative headlines affecting the broader alternative asset management industry. Key concerns included exposure to software investments within its funds, credit quality in its private credit portfolio, and rising retail investor redemptions from semi-liquid credit vehicles — along with potential second-order implications for the scalability of retail-focused strategies. Heightened market volatility further weighed on the group, particularly given investor expectations for elevated monetization activity during the year.

Blackstone remains the world's largest alternative asset manager, with more than \$1.3 trillion in assets under management, and the largest real estate manager globally. We continue to have strong long-term conviction in the company — supported by its premier brand, global platform, deep client relationships, strong balance sheet, and high-quality management team.

Blackstone remains a high-priority company for the Fund as we gain greater clarity on the magnitude of these risks, particularly given what we view as a compelling valuation at current levels.

Concluding Thoughts on the Prospects for Real Estate and the Fund

We remain mindful of several factors that could weigh on equity markets in the months ahead. Historically, our team has used periods of market volatility and sharp price corrections to reposition the Fund for strong recoveries and attractive multi-year return potential. We are actively engaged and optimistic about our ability to do so again.

We maintain a constructive outlook and see compelling reasons to stay the course. We remain optimistic about the broader equity market, public real estate, and the Fund.

Stock Market Outlook

We remain optimistic about the outlook for the stock market in the balance of 2026. Our research suggests that broadly stable economic conditions could accelerate, supported by several potential tailwinds: reduced trade uncertainty, lower taxes, and enhanced depreciation incentives that encourage capital investment in equipment, research and development. Additional support may come from deregulation and increased merger and acquisition activity, a Federal Reserve that may ease financial

conditions, and policy efforts by the new administration to alleviate constraints in the housing market. We also see AI-driven productivity gains as a meaningful catalyst, with the potential to moderate inflation, lower long-term interest rates, and expand profit margins.

For these reasons, **we remain positive about the outlook for the stock market.**

Real Estate Market Outlook

We believe the conditions are in place for real estate to perform well in the next few years. As discussed earlier, demand across most property sectors remains steady, with growth expected to improve over the next several years. At the same time, new supply has declined — often by more than 50% from peak 2002 levels — a dynamic we believe is underappreciated.

As a result, growth may rebound more quickly than in prior cycles, as the sector is not burdened by excess supply or elevated vacancies. Public real estate shares have lagged, and valuations have reset to reflect a higher cost of capital, leaving many trading at attractive discounts relative to private market values. This disparity could drive increased acquisition activity by private equity firms.

Balance sheets remain strong, and credit markets are supportive. Additionally, moderating shelter inflation and productivity gains from AI could contribute to lower long-term interest rates — an important potential catalyst for the sector.

Taken together, we believe a favorable combination of cash flow growth, dividends, and the potential for multiple expansion in public real estate valuations could generate double-digit annual returns in the years ahead.

So, in our opinion, *this is an attractive time to invest in real estate.*

Baron Real Estate Fund® Outlook

We continue to believe the benefits of the Fund's broader and more flexible investment approach — encompassing a wide range of real estate companies, including both REITs and non-REIT real estate-related businesses — will become increasingly advantageous in the years ahead. In our view, a rapidly evolving real estate landscape demands more selective and discerning analysis.

While some companies are positioned to potentially benefit from accelerating tailwinds, others are likely to face persistent headwinds. We believe the portfolio is composed of competitively advantaged real estate companies that are generally well positioned to grow faster than their peers. The Fund is structured to capitalize on compelling investment themes, and we believe current valuations and return prospects are attractive.

For these reasons, **we remain positive about the outlook for the Baron Real Estate Fund®.**

Top 10 holdings

	Quarter End Market Cap (\$B)	Quarter End Investment Value (\$M)	Percentage of Net Assets (%)
Welltower Inc.	138.0	151.8	7.0
Equinix, Inc.	96.3	146.0	6.8
Prologis, Inc.	126.3	101.9	4.7
Brookfield Corporation	99.4	89.7	4.2
Toll Brothers, Inc.	12.9	86.9	4.0
Wynn Resorts, Limited	10.6	72.3	3.4
Jones Lang LaSalle Incorporated	14.3	72.2	3.4
CBRE Group, Inc.	40.0	71.5	3.3
Airbnb, Inc.	76.9	68.8	3.2
SiteOne Landscape Supply, Inc.	5.9	68.5	3.2

Our Core Real Estate Team

A special note of appreciation to our core real estate team – David Kirshenbaum (assistant portfolio manager), George Taras (senior analyst), and David Berk (analyst). Their dedication, work ethic, and passion for the business are truly impressive, and their deep knowledge of real estate is invaluable. Equally important, they are simply great people.

Our team and I remain fully committed and energized to delivering strong long-term results.

I proudly remain a major shareholder of the Baron Real Estate Fund®.

Sincerely,



Jeffrey Kolitch
Portfolio Manager

¹ The **MSCI USA IMI Extended Real Estate Index Net (USD)** is a custom index calculated by MSCI for, and as requested by, BAMCO, Inc. The index includes real estate and real estate-related GICS classification securities. MSCI makes no express or implied warranties or representations and shall have no liability whatsoever with respect to any MSCI data contained herein. The MSCI data may not be further redistributed or used as a basis for other indices or any securities or financial products. This report is not approved, reviewed or produced by MSCI. The **MSCI US REIT Index Net (USD)** is designed to measure the performance of all equity REITs in the U.S. equity market, except for specialty equity REITs that do not generate a majority of their revenue and income from real estate rental and leasing operations. The **S&P 500 Index** measures the performance of 500 widely held large-cap U.S. companies. MSCI is the source and owner of the trademarks, service marks and copyrights related to the MSCI Indexes. The MSCI Indexes and the Fund include reinvestment of dividends, net of foreign withholding taxes, while the S&P 500 Index includes reinvestment of dividends before taxes. Reinvestment of dividends positively impacts 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 Not annualized.

* **Vanguard Real ETF's** annualized returns as of March 31, 2026: 1-year, 5.94%; 5-year, 5.57%; 10-year, 6.36%; and Since Fund Inception (12/31/2009), 8.47%.

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: In addition to general market conditions, the value of the Fund will be affected by the strength of the real estate markets as well as by interest rate fluctuations, credit risk, environmental issues and economic conditions. The Fund invests in companies of all sizes, including small and medium sized companies whose securities may be thinly traded and more difficult to sell during market downturns.

The Fund may not achieve its objectives. **Portfolio holdings are subject to change. Current and future portfolio holdings are subject to risk.**

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For information pertaining to competitor funds, please refer to that firm's website.

Diversification does not guarantee a profit or protect against a loss.

The **Morningstar Rating™** for funds, or "star rating", is calculated for managed products (including mutual funds, variable annuity and variable life subaccounts, exchange-traded funds, closed-end funds, and separate accounts) with at least a three-year history. Exchange-traded funds and open-ended mutual funds are considered a single population for comparative purposes. It is calculated based on a Morningstar Risk-Adjusted Return measure that accounts for variation in a managed product's monthly excess performance, placing more emphasis on downward variations and rewarding consistent performance. The top 10% of products in each product category receive 5 stars, the next 22.5% receive 4 stars, the next 35% receive 3 stars, the next 22.5% receive 2 stars, and the bottom 10% receive 1 star. The Overall Morningstar Rating for a managed product is derived from a weighted average of the performance figures associated with its three-, five-, and 10-year (if applicable) Morningstar Rating metrics. The weights are: 100% three-year rating for 36-59 months of total returns, 60% five-year rating/40% three-year rating for 60-119 months of total returns, and 50% 10-year rating/30% five-year rating/20% three-year rating for 120 or more months of total returns. While the 10-year overall star rating formula seems to give the most weight to the 10-year period, the most recent three-year period actually has the greatest impact because it is included in all three rating periods.

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The portfolio manager defines "**Best-in-class**" as well-managed, competitively advantaged, faster growing companies with higher margins and returns on invested capital and lower leverage that are leaders in their respective markets. Note that this statement represents the manager's opinion and is not based on a third-party ranking. **EPS Growth Rate (3-5-year forecast)** indicates the long term forecasted EPS growth of the companies in the portfolio, calculated using the weighted average of the available 3-to-5 year forecasted growth rates for each of the stocks in the portfolio provided by FactSet Estimates. The EPS Growth rate does not forecast the Fund's 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. **Free Cash Flow Yield** is a financial solvency ratio that compares the free cash flow per share a company is expected to earn against its market value per share.

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Baron Real Estate Income Fund[®]

Retail Shares: BRIFX | Institutional Shares: BRIIX | R6 Shares: BRIUX



Jeff Kolitch
Portfolio Manager

Dear Baron Real Estate Income Fund Shareholder,

Performance

For the first quarter of 2026, Baron Real Estate Income Fund[®] (the Fund) returned 1.12% (Institutional Shares), trailing the MSCI US REIT Index (the REIT Index), which gained 4.52%.

We remain focused and disciplined in our efforts to drive performance, consistent with our approach during prior periods of short-term underperformance. For additional perspective, please see the “Our Current Top-of-Mind Thoughts” and “Portfolio Composition” sections later in this letter, where we outline our key messages and provide further context on the Fund’s first quarter results.

Despite a slow start to 2026, the Fund’s long-term performance remains strong. As of March 31, 2026, Morningstar ranks the Fund as the #2 real estate fund since its inception on December 29, 2017. The only fund ahead of us is the Baron Real Estate Fund[®], which we also manage and offers three share classes.

We will address the following topics in this letter:

- Our current top-of-mind thoughts
- Portfolio composition and key investment themes
- Top contributors and detractors to performance
- Recent activity
- Concluding thoughts on the prospects for real estate and the Fund

As of March 31, 2026, the Morningstar Real Estate Category consisted of 207, 197, 190, and 185 share classes for the 1-, 3-, 5-year, and since inception (December 29, 2017) periods. Morningstar ranked Baron Real Estate Income Fund Institutional Share Class in the 15th, 2nd, 32nd, and 2nd percentiles for the 1-, 3-, 5-year, and since inception periods, respectively. On an absolute basis, Morningstar ranked Baron Real Estate Income Fund Institutional Share Class as the 32nd, 4th, 63rd, and 3rd best performing share class in its Category, for the 1-, 3-, 5-year, and since inception periods, respectively.

Since inception rankings include all share classes of funds in the Morningstar Real Estate Category. Performance for all share classes date back to the inception date of the oldest share class of each fund based on Morningstar’s performance calculation methodology. Morningstar calculates the Morningstar Real Estate 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. The gross annual expense ratio for the Retail Shares and Institutional Shares as of April 30, 2025 was 1.27% and 0.90%, respectively, but the net annual expense ratio was 1.05% and 0.80% (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.

Annualized performance (%) for periods ended March 31, 2026

	Fund Retail Shares ^{1,2}	Fund Institutional Shares ^{1,2}	MSCI US REIT Index ¹	S&P 500 Index ¹
QTD ³	1.07	1.12	4.52	(4.33)
1 Year	5.69	5.93	5.48	17.80
3 Years	10.47	10.73	7.79	18.32
5 Years	4.17	4.43	4.57	12.06
Since Inception (12/29/2017)	8.43	8.67	4.61	13.26
Since Inception (12/29/2017) (Cumulative) ³	94.90	98.58	44.99	179.33

Our Current Top-of-Mind Thoughts

OUR BOTTOM-LINE VIEW:

Despite a disappointing start to 2026:

- We continue to believe the outlook for much of public real estate is compelling
- Many publicly traded REITs and non-REIT real estate-related companies are trading at attractive valuations, offering what we believe to be a timely investment opportunity
- The Baron Real Estate Income Fund® offers a compelling way to access the long-term return potential of the real estate sector

Note: In early April 2026, I increased my already substantial investment in the Baron Real Estate Income Fund®. Our team believes the Fund offers compelling multi-year return potential, and we outline the rationale for this view below.

We continue to believe the outlook for much of public real estate is compelling

While we remain mindful of the headwinds that have weighed on both the stock market and the Fund in the early months of 2026, we encourage clients to focus on where opportunities are headed. From that perspective, we believe the case for real estate remains highly compelling.

Our optimism for public real estate is due to several considerations including:

1. Real Estate has lagged

- In the last five years through December 31, 2025, the S&P 500 has increased 14.42% per year versus a return of only 5.35% per year for the REIT Index.
- The REIT Index has underperformed the S&P 500 Index for four consecutive calendar years through December 31, 2025:

REIT performance (%) versus broad market in recent years

	MSCI US REIT Index	S&P 500 Index	Difference	MSCI US REIT Index vs. S&P 500 Index
2025	1.68	17.88	(16.20)	Underperformance
2024	7.49	25.02	(17.53)	Underperformance
2023	12.27	26.29	(14.02)	Underperformance
2022	(25.37)	(18.11)	(7.26)	Underperformance
Last 4 Calendar Years (Annualized)	(2.18)	11.11	(13.29)	Underperformance

- Certain non-REIT real estate companies have also lagged in the last few years.

2. Real estate offers relative value

- A large portion of public real estate – including both REITs and non-REIT real estate – appears attractively valued. Please see below for examples of attractively valued real estate companies.

3. The economics of real estate are compelling

- The favorable imbalance between demand and supply supports occupancy gains, rent growth, increased home sales, cash flow expansion, and improving real estate valuations.
- Construction activity across many real estate sectors has fallen to decade lows (Source: Green Street Advisors, LLC), which should support a faster growth rebound than in prior cycles as demand improves.

4. The debt market is liquid, and the cost of debt may decline

- If long-term interest rates decline – potentially driven by a more accommodative Federal Reserve, the deflationary effects of AI, and moderating shelter inflation – borrowing costs could fall. This, in turn, would likely support higher real estate values, improve housing market activity, and accelerate real estate M&A, which may further underscore the relative attractiveness of public real estate valuations.

5. Balance sheets are in solid shape

- Balance sheets are strong, characterized by prudent leverage relative to cash flow, well-laddered debt maturities, and a balanced mix of fixed- and floating-rate debt.

6. Real estate may be a stock market rotation beneficiary

- Early in 2026, the stock market shifted toward areas that have underperformed in recent years, including REITs and other real estate- and asset-intensive companies. If this rotation continues, real estate could be well positioned, as the market has increasingly rewarded tangible, real asset businesses.

7. Much of real estate appears to be AI beneficiaries

- The stock market has increasingly rewarded tangible assets like real estate, which tend to offer greater near-term certainty and lower risk of AI-driven disruption compared with segments of the digital economy.
- Early in 2026, the stock market shifted toward asset-intensive businesses that may be more insulated from AI – what we describe as HALO (heavy assets, low obsolescence) – including select REITs, homebuilders, and residential building products companies.

8. Many clients are underweight real estate

- Increased investor allocations to real estate may lift valuations and share prices.

9. Private capital may step in and acquire discounted public real estate

- Much of public real estate continues to trade at a meaningful discount to private market values.

10. We are optimistic that the Baron Real Estate Income Fund® can deliver double-digit annual returns in the next few years

- We believe a favorable combination of improving growth prospects, rising dividends, and attractive valuations could potentially drive double-digit annual returns for the Fund.

Many publicly traded real estate companies are trading at attractive valuations, offering what we believe to be a timely investment opportunity

We believe a broad set of best-in-class real estate companies – both REITs and non-REITs – now trade at attractive discounts relative to historical levels and private market values, offering compelling return potential in the years ahead.

Examples of REITs that are cheap

- **Malls: The Macerich Company**, an owner of exceptionally high-quality U.S. malls, is currently valued at approximately 11 times 2027 estimated funds from operations (FFO) – based on depressed earnings – representing a meaningful discount to its warranted range of 15 to 16 times FFO. Similarly, **Simon Property Group, Inc.**, another high-quality mall REIT, is trading at a valuation below its historical norms.
- **Data Centers: Equinix, Inc. and Digital Realty Trust, Inc.** are leading global data center operators, currently trading at multiples well below those seen in recent private market transactions, which have ranged from 25 to 30 times cash flow. Despite their superior and more resilient cash flow growth prospects, these companies are valued only at a modest premium to other REITs.
- **Wireless Towers:** Valuations of companies like **American Tower Corporation** are at multi-year lows, trading at just 15 to 16 times cash flow compared with historical averages of 20 to 25 times.
- **Multi-Family:** Currently trading at implied capitalization rates of around 6.5% to 7%-plus, compared with approximately 5% in the private market.
- **Single-Family Rental:** Currently trading at implied capitalization rates of 7.5%, versus roughly 5% in the private market, and priced below \$270,000 per home compared with the average home purchase price of over \$400,000.
- **Hotels:** Several hotel REITs are trading at under 10 times cash flow, representing a 40% to 50% discount to replacement cost.
- **Iron Mountain Incorporated:** This document storage and data center REIT is valued below peers yet is expected to grow cash flow faster than most REITs (10% versus 4%).
- **Office:** Most office REITs are deeply discounted relative to recent private market transactions and replacement cost, often by 50%.
- **Mortgage: Blackstone Mortgage Trust, Inc.** trades at 0.9 times book value versus its historical range of 1.1 to 1.3 times and offers an annual dividend of approximately 10%.
- **Timber: Weyerhaeuser Company**, a timber REIT, is valued at a historically inexpensive 40% discount to net asset value and is well positioned to potentially benefit from an eventual recovery in the U.S. housing market.
- **Triple Net: Essential Properties Realty Trust, Inc.** is valued at a 2 times discount to its historical average.

- **Note:** Across multiple REIT categories – including multi-family/apartments, single-family rentals, hotels, strip centers, office, life sciences, cold storage, self-storage, and timber – valuations are 10% to 50% below replacement cost or recent private market transaction values.

- **Favorable Arbitrage:** Many REITs are “on sale” in the public market relative to private market values, and we see a possibility of take-private transactions by private equity.

Examples of non-REIT real estate companies that are cheap

- **Vail Resorts, Inc.:** The owner and operator of premier mountain resorts, trading at 8.4 times 2027 estimated cash flow versus a long-term average of roughly 15 times and offers a dividend yield of 7%.
- **Marriott Vacations Worldwide Corporation:** The leading provider of vacation ownership experiences is trading at only 7 times 2027 estimated cash flow versus a historical valuation range of 6 to 10 times cash flow and offers a dividend yield of 4.8%.
- **Brookfield Corporation:** This global owner and operator of real assets trades at \$40 per share, well below management’s estimated liquidation value of \$67 per share - approximately 68% higher than the current share price.
- **CRH public limited company:** This top building materials company trades at 9.5 times 2027 estimated cash flow, versus our view of a warranted 12 to 13 times multiple.
- **Wynn Resorts, Limited:** A premier luxury global owner and operator of integrated resorts (hotels and casinos), valued at 8 times 2027 estimated cash flow compared with its long-term average of 13 to 15 times.
- **GDS Holdings Limited:** A leading Asian-focused data center developer and operator, trading at 13.5 times 2027 estimated cash flow versus 20 to 30 times for comparable public and private peers.

Baron Real Estate Income Fund® offers a compelling way to access the long-term return potential of the real estate sector

We believe our approach to embracing and structuring a more expansive and diversified real estate income fund where we invest primarily in REITs (at least 75% to 80% of net assets) but also have the optionality to invest up to 20% to 25% in non-REIT real estate companies (primarily dividend paying real estate companies), will shine even brighter in the years ahead, in part due to the rapidly changing real estate landscape which, in our opinion, requires more discerning analysis.

In our opinion, our highly differentiated real estate fund enjoys several attractive attributes compared to:

- **Actively managed REIT funds:** The Fund benefits from a broader investment universe and reduced reliance on the debt markets. *Since inception on December 29, 2017, the Fund has increased 8.67% on an annualized basis versus the REIT Index, which increased 4.61%.*

- **Passive/ETF real estate funds:** The Fund has the flexibility to be selective, emphasizing companies with attractive long-term prospects rather than broadly replicating the index and owning both higher- and lower-quality real estate businesses. *Since inception on December 29, 2017, the Fund has increased 8.67% annually versus the Vanguard Real Estate ETF, which increased 4.76%.**
- **Non-traded REITs and private real estate:** The Fund provides enhanced liquidity, diversification, valuation transparency, lower fees and strong performance over the long term.

Portfolio Composition

As of March 31, 2026, the Fund's net assets were allocated as follows: REITs (81.7%), non-REIT real estate companies (13.5%), and cash and cash equivalents (4.8%). We maintain exposure across 12 distinct REIT categories.

Our allocations to both REIT and non-REIT real estate categories are driven by bottom-up fundamental research and our assessment of relative opportunities within each segment, as discussed in detail below.

Fund investments in REIT categories

	Percent of Net Assets (%)
REITs	81.7
Health Care REITs	19.3
Industrial REITs	14.4
Data Center REITs	13.8
Self-Storage REITs	6.5
Mall REITs	6.0
Hotel REITs	5.6
Triple Net REITs	4.9
Multi-Family REITs	3.7
Timber REITs	2.8
Other REITs	2.2
Mortgage REITs	1.6
Wireless Tower REITs	1.0
Non-REIT Real Estate Companies	13.5
Cash and Cash Equivalents	4.8
Total	100.0*

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

In the first quarter, several REIT categories delivered strong results — including health care, industrial, data centers, and hotels. Performance was partially offset by select non-REIT real estate holdings, which faced headwinds from housing affordability pressures, AI disruption concerns, software sector exposure, and the structural dynamics of private credit and semi-liquid vehicles. We have made some changes to the portfolio structure and believe the Fund is well placed for improved performance ahead.

The outlook for REITs remains compelling, underpinned by a convergence of favorable factors:

- **Relative underperformance creates opportunity.** REITs have lagged broader markets, leaving valuations attractive on both an absolute and relative basis.
- **Demand/supply dynamics favor rent growth.** Constrained new supply across key property types, combined with resilient demand, sets the stage for sustained rent increases.
- **Cyclical and secular tailwinds are aligning.** REITs stand to potentially benefit from both a cyclical upturn in the economy and long-term structural growth themes.
- **AI is a meaningful tailwind, not a headwind.** Many REITs, as asset-intensive businesses, are more insulated from AI.
- **Financial strength supports shareholder returns.** Most REITs carry solid balance sheets, are growing dividends, and offer built-in inflation protection through lease structures.
- **The return opportunity is compelling.** Taken together, these factors support an attractive multi-year return outlook for REITs.

Summary REIT and Non-REIT Category Commentary

Health Care REITs (19.3%)

- We remain constructive on the multi-year outlook for senior housing and continue to favor **Welltower Inc., Ventas, Inc., American Healthcare REIT, Inc., and Janus Living, Inc.**
- We believe the sector is well positioned to benefit from both cyclical recovery and durable secular tailwinds. Operating fundamentals are improving, with rent growth and rising occupancy, while new supply remains constrained due to elevated construction costs and restrictive financing conditions. Longer term, demand should be supported by favorable demographic trends, including the aging of the baby boomer cohort and accelerating growth in the population aged 80 and older (Sources: Organization for Economic Co-operation and Development and U.S. Census Bureau). Expense pressures, particularly labor-related, have largely moderated. We also see the potential for attractive, accretive acquisition opportunities, especially for Welltower given its cost of capital advantage.
- In the most recent quarter, the Fund initiated a position in **Janus Living, Inc.**, a \$4 billion portfolio of senior living assets. We are optimistic about the company's long-term prospects and will discuss the company in more detail in future shareholder letters.

Industrial REITs (14.4%)

- In 2024, we took a cautious stance on industrial REITs due to several near-term headwinds: demand normalization to pre-pandemic levels (including slower corporate decision-making), elevated new supply deliveries in the first half of the year, moderating rent growth in select markets, inventory destocking reducing immediate warehouse needs, and relatively high headline valuations versus other REIT categories.

- Despite these near-term challenges, we maintained a long-term positive view on industrial REITs and indicated the potential to increase exposure in 2025. This inflection occurred in Q1 2025, when we re-initiated positions in Prologis, Inc., EastGroup Properties, Inc., and Terreno Realty Corporation.
- Looking ahead, we remain constructive on the Fund's industrial REIT holdings, driven by a favorable multi-year outlook for demand, supply, and rent growth. We see significant embedded growth potential from in-place rents that generally sit 20% to 30% below market levels, as well as secular tailwinds including e-commerce expansion, supply chain logistics, "just-in-time" inventory strategies, and nearshoring/onshoring trends. For a further discussion on Prologis, see the "Top Contributors" section later in this letter.

Data Center REITs (13.8%)

- We remain confident in the long-term growth prospects for data centers. The Fund holds data center REIT positions in Equinix, Inc. and Digital Realty Trust, Inc.
- Please note that the Fund maintains additional data center exposure through its investments in other REITs such as Prologis, Inc. and Iron Mountain Incorporated, both of which have data center businesses, and in non-REIT data center company GDS Holdings Limited.
- We believe data center landlords benefit from low vacancy, strong demand relative to supply, constrained power availability, rising rental rates, and significant pre-leasing prior to large-scale expansions – an improvement over the historical norm. Several secular trends support robust fundamentals globally, including IT outsourcing, rising cloud adoption, growing mobile and internet traffic, and AI-driven data demand. As data continues to grow exponentially, the need to process, transmit, and store it underpins long-term demand for data center space. Early adoption of enterprise AI is just beginning to emerge and may further accelerate existing trends by driving additional digital transformation investments as costs decline.

Self-Storage REITs (6.5%)

- In the last few years, we have been cautious about self-storage REITs due to several years of flat to negative growth. In 2025, our outlook became moderately more positive, as our research suggested a potential inflection point, with growth possibly reaccelerating in 2026 and 2027.
- Over the long term, we continue to view self-storage as an attractive business that has a long history of generating solid growth with strong inflation protection characteristics and comparatively low capital intensity.
- In the first quarter, we initiated a position in Public Storage Incorporated (please see "Top net purchases") and CubeSmart. The Fund also maintains its position in Extra Space Storage Inc.

Mall REITs (6.0%)

- We remain positive on mall REITs, particularly The Macerich Company and Simon Property Group, Inc. The fundamentals for high-quality mall and outlet assets remain supportive: tenant demand is strong, high occupancy and limited new developments create scarcity, favorable supply/demand dynamics enable rent growth, and valuations remain attractive.
- We are particularly optimistic about the two- to three-year prospects for Macerich. Continued engagement with CEO Jackson Hsieh reinforces our confidence that the company can create meaningful long-term value through initiatives such as divesting non-core properties, reducing debt, and improving lease terms with tenants.

Hotel REITs (5.6%)

- We believe hotel REITs are well positioned to benefit from a favorable "trifecta" of cyclical, secular, and 2026-specific tailwinds, which should support strong fundamentals and share price performance.
- The Fund maintains a position in Host Hotels & Resorts, Inc., the world's largest lodging REIT. We view the company favorably due to its portfolio of premier hotels in attractive locations, which we expect to generate strong growth over time, combined with a strong, liquid investment-grade balance sheet. Current valuations appear compelling.
- The Fund initiated a position in Pebblebrook Hotel Trust, a leading owner of 44 luxury and upper-upscale lifestyle hotels across 13 urban and resort markets.

Triple Net REITs (4.9%)

- We remain optimistic about the long-term prospects for certain triple net REITs.
- In the most recent quarter, we initiated a position in Essential Properties Realty Trust, Inc., a triple net lease REIT that owns a portfolio of approximately 2,300 properties across the U.S. Please see "Top net purchases" for our thoughts on the company.
- The Fund also maintains a position in Agree Realty Corporation. The company's investment case is supported by its high-quality retail real estate portfolio, an investment-grade tenant base, a cost of capital advantage that positions it to pursue accretive acquisitions, and an excellent founder-led management team who are prudent allocators of capital. We also see a meaningful opportunity for portfolio expansion, with the potential to significantly scale from current levels.

Multi-Family REITs (3.7%)

- In 2025, we maintained a cautious view on multi-family REITs due to modest near-term growth prospects, influenced by factors such as job losses, younger renters opting to stay at home or "double up," and elevated apartment inventory.
- Though we remain near-term cautious, we are constructive on multi-family REITs over the long term, supported by rental affordability versus for-sale housing (with move-outs to purchase remaining at historic lows), a favorable supply outlook through 2027, partial inflation hedging through

annual leases, strong rent-to-income ratios among employed renters, and attractive public market valuations relative to private markets.

Timber REITs (2.8%)

- **We are optimistic about the prospects for the Fund’s timber REIT position in Weyerhaeuser Company**, one of the world’s largest owners of timberlands with approximately 10 million acres in the U.S. and an additional 13 million acres that are licensed in Canada. Weyerhaeuser is also a major manufacturer of wood products – including lumber, OSB, plywood - used in new housing construction and remodeling projects. We view the shares as historically inexpensive and well positioned to benefit from an eventual recovery in the U.S. housing market.

Other REITs (2.2%)

- **We are optimistic about the prospects for Iron Mountain Incorporated.** The company offers records storage management along with an evolving fast-growing data center segment. We are encouraged by the company’s prospects to grow overall cash flow by approximately 10% over the next several years. Growth is underpinned by predictable and stable growth in its core records management business while outsized growth is driven by its data center business, which has visibility to more than triple operational capacity from today’s in-place base.

Mortgage REITs (1.6%)

- **The Fund continues to have a favorable view of Blackstone Mortgage Trust, Inc.**, which specializes in real estate credit investments. The company benefits from several competitive advantages, including sponsorship by Blackstone Inc., a global platform providing access to a diversified pipeline of real estate credit opportunities, and a strong, liquid balance sheet. With a nearly 10% dividend yield, a valuation below book value, and improving business prospects, we view Blackstone Mortgage Trust as a compelling investment for the Fund.

Wireless Tower REITs (2.9%)

- **We have been cautious about the prospects for wireless tower REITs** despite historically low valuation multiples because of several tenant site-decommissioning events (e.g., Sprint, DISH, and others), uninspiring U.S. wireless carrier new leasing activity, lower expectations for growth, and evolving competitive dynamics, including the potential impact of Starlink on long-term growth.
- **We may become more constructive over time if the long-term growth outlook for wireless tower REITs improves** and is supported by secular tailwinds such as rising mobile data usage, 5G spectrum deployment and network densification (with 6G on the horizon), edge computing (which may create opportunities for mini data centers near towers), and the growing number of connected IoT devices in homes and vehicles. These trends are expected to drive continued demand for wireless bandwidth and higher spending by mobile carriers.

- For our thoughts on **American Tower Corporation**, please see “Top detractors” later in this letter.

Non-REIT Real Estate Companies (13.5%)

- While the Fund emphasizes REITs, we retain flexibility to invest in non-REIT real estate companies, which we typically limit to approximately 25% of net assets. At times these investments may offer more attractive growth, income, valuation, and share price appreciation potential relative to traditional REITs.
- Current non-REIT holdings include **Marriott Vacations Worldwide Corporation**, **GDS Holdings Limited**, **Wynn Resorts, Limited**, **CRH public limited company**, **Brookfield Corporation**, and **Vail Resorts, Inc.**

Top Contributors and Detractors

Top contributors to performance for the quarter

	Quarter End Market Cap (\$B)	Contribution to Return (%)
Equinix, Inc.	96.3	1.81
Welltower Inc.	138.0	0.57
Prologis, Inc.	126.3	0.47
Digital Realty Trust, Inc.	63.0	0.41
Ventas, Inc.	38.8	0.29

After underperforming for much of 2025, shares of **Equinix, Inc.** rebounded strongly during the quarter, driven by solid operating results, robust bookings growth, and a 2026 full-year outlook that exceeded investor expectations. Equinix is a leading global operator of 270 highly interconnected, carrier-neutral colocation data centers spanning 36 countries across six continents. For further detail, please refer to our “Top net purchases” section.

Shares of **Welltower Inc.**, a leading operator of senior housing real estate, continued to perform well during the quarter, supported by strong cash flow growth in its senior housing portfolio. This performance was driven by sustained occupancy gains, rent increases, and margin expansion, resulting in outsized bottom-line earnings growth. The company also issued a solid initial full-year 2026 outlook and continues to execute on accretive external growth opportunities.

In addition, Welltower is advancing initiatives to enhance asset-light, recurring earnings streams, highlighted by the announcement of its first customer partnerships to license and monetize its proprietary data analytics platform.

Welltower remains well positioned to benefit from both cyclical recovery and long-term secular demand growth, supported by constrained new supply. We maintain a positive outlook, underpinned by the company’s high-quality, luxury-focused portfolio and disciplined capital allocation, which we believe position it to capitalize on both organic and external growth opportunities.

Prologis, Inc., the pre-eminent global industrial REIT, was a top contributor in the first quarter. A strong fourth quarter financial report, constructive full-year 2026 guidance, and management's confident multi-year outlook all contributed to the positive share price momentum.

The quarter's performance reflects a thesis that has been building for some time. As we outlined early last year, we believed leasing activity was stabilizing and poised to reaccelerate — a view that played out through 2025 and carried into the first quarter. The underlying investment case remains as compelling as ever: a favorable demand/supply/rent growth backdrop, significantly embedded upside from in-place rents that sit more than 20% below market and roughly 40% below replacement cost, and a set of durable secular tailwinds — e-commerce penetration, supply chain reconfiguration, inventory safety stock rebuilding, and nearshoring/onshoring. A growing pipeline of data center development opportunities adds another lucrative dimension to the growth story.

We continue to see meaningful appreciation potential in Prologis shares. The runway for cash flow and earnings growth over the next several years is long, and the valuation remains undemanding relative to that opportunity.

Top detractors from performance for the quarter

	Quarter End Market Cap or Market Cap When Sold (\$B)	Contribution to Return (%)
Jones Lang LaSalle Incorporated	13.2	(0.49)
UWM Holdings Corporation	1.2	(0.39)
American Tower Corporation	80.4	(0.35)
Wynn Resorts, Limited	10.6	(0.32)
Blackstone Inc.	165.6	(0.26)

Jones Lang LaSalle Incorporated (JLL) was a detractor in the first quarter — not on any fundamental news, but on an abrupt market concern that AI could eventually disrupt certain of the company's business lines. The share price fell approximately 20% in two days.

We think the market has this wrong. Business fundamentals remain excellent, with broad-based strength across segments and a healthy management outlook. More importantly, we view JLL as an AI winner. The company has been an early and deliberate adopter of AI — deploying it to sharpen competitive advantages and accelerate market share gains rather than waiting to see how the technology develops.

The structural case is unchanged. JLL operates in a large, fragmented market and continues to benefit from two durable long-term trends: the outsourcing of commercial real estate services and the growing institutionalization of the asset class. We also believe we are in the early stages of a recovery in commercial real estate transaction and leasing activity — a tailwind that should become increasingly visible in JLL's results over the next several years.

Against that backdrop, the valuation is difficult to ignore. The stock trades at less than 14 times our earnings estimate — a modest multiple for a business we believe can compound earnings per share at a mid-to-high-teens rate over the next few years.

Shares of **UWM Holdings Corporation** detracted from performance during the period, reflecting investor concerns that rising mortgage rates could pressure origination volumes and lead to lower profitability amid heightened competitive intensity. We were also surprised by management's decision not to take analyst questions on its most recent earnings call, particularly given the elevated level of market uncertainty. As a result, we exited the position and redeployed the capital into higher conviction opportunities.

Despite valuation levels approaching historical lows, shares of **American Tower Corporation** underperformed during the quarter, primarily due to rising long-term interest rates, which pressured valuation multiples for companies with long-duration contracted cash flows. Performance was further weighed down by uncertainty surrounding the company's legal dispute with DISH related to unpaid rent, as well as increasing investor concern over evolving competitive dynamics, including the potential impact of Starlink on long-term growth.

American Tower, a global owner of approximately 150,000 wireless communications sites with a strong presence in developed markets, continues to benefit from durable data demand trends. While we have reduced our position and reallocated capital toward higher-conviction ideas, we would consider revisiting the name as the competitive and legal landscape becomes clearer, particularly given its ability to invest in its portfolio while returning capital to shareholders through dividends and share repurchases.

Recent Activity

Top net purchases for the quarter

	Quarter End Market Cap (\$B)	Net Amount Purchased (\$M)
Equinix, Inc.	96.3	11.8
Essential Properties Realty Trust, Inc.	6.4	9.0
Public Storage Incorporated	47.6	7.9
Marriott Vacations Worldwide Corporation	2.2	6.6
Digital Realty Trust, Inc.	63.0	6.2

As outlined in our Q2 and Q4 2025 shareholder letters, shares of **Equinix, Inc.** underperformed for much of 2025, primarily due to slower near-term earnings growth. At the time, we viewed Equinix as a clear fit within the Baron investment framework — a competitively advantaged business willing to accept short-term earnings pressure in exchange for enhanced long-term growth. Specifically, the company increased capital investment to extend its growth runway, even at the expense of near-term profitability.

As the shares became increasingly discounted, we added to our long-term position, reflecting greater conviction in the company's growth trajectory. This was supported by emerging inference AI use cases, which we believe will be a meaningful tailwind, as

well as strong execution by management in improving cash flow conversion (i.e., shortening the “book-to-bill” cycle) and securing capital at a lower cost than initially underwritten.

During the quarter, we initiated a position in **Essential Properties Realty Trust, Inc.**, a triple net lease REIT that owns a portfolio of approximately 2,300 properties across the U.S. The company leases properties primarily to middle-market businesses operating in service-oriented or experienced-based industries, including car washes, auto services, medical and dental offices, education, restaurants, entertainment and more. Approximately 90% of its business is comprised of sale-leaseback transactions.

We are excited about our investment in Essential Properties for several reasons:

- 1. Well-diversified, high-quality portfolio:** Essential Properties maintains a well-diversified property portfolio with only one tenant representing more than 2% of annualized rent. This has produced credit metrics on par with industry leaders, despite Essential Properties’ portfolio consisting predominantly of non-investment grade rated tenants. We believe the quality of Essential Properties’ portfolio is often overlooked by investors who favor competitors with more investment grade tenant exposure, despite portfolio-level metrics that indicate the company’s underlying credit quality is comparable to peers.
- 2. Differentiated strategy targeting an underserved segment of the market:** Essential Properties focuses on small transactions (\$3 million average per property) with middle-market, service-oriented and experienced-based businesses, a segment that is largely ignored by peers who compete for larger, investment grade corporate sale leasebacks. This creates a meaningful competitive moat, while also enabling the company to potentially achieve higher yields without sacrificing portfolio quality.
- 3. Best-in-class earnings growth:** We believe the company is well-positioned to sustain high-single-digit earnings growth, which is best-in-class among triple net lease peers, driven by i) strong built-in organic growth, with contractual rent escalators averaging over 2% per year and resulting in predictable same-store growth, and ii) the ability to consistently execute a high volume of accretive property acquisitions at attractive yields (\$1.3 billion in 2025), supported by its focus on middle-market sale leasebacks with non-investment grade rated tenants as mentioned above.
- 4. Attractive total return profile:** The company pays a 4% dividend yield which, combined with high-single-digit earnings growth, should generate double-digit total annual returns for investors.
- 5. Proven management team:** We view management favorably, particularly CEO Pete Mavoides, who has an excellent track record going back to the company’s 2018 IPO and prior to that at Spirit Realty.

At the time we acquired shares, Essential Properties was valued at approximately 15 times our estimate of next year’s cash flows, which represents a discount to its historical average trading multiple of approximately 17 times. The stock was also trading at a roughly 0.5 times premium to its triple net lease peers, which is below the approximate 1.5 to 2 times premium it has historically commanded due to its best-in-class growth profile.

During the quarter, we reestablished a position in **Public Storage Incorporated**, the best-in-class self-storage REIT with a portfolio of more than 3,500 U.S. properties. We had been cautious about self-storage for several years, given a prolonged period of flat-to-negative growth. Our view has shifted. Recent due diligence suggests a fundamental inflection may be approaching — one where stabilizing demand and rents, combined with declining new supply, could drive a reacceleration in growth beginning in 2026.

Our optimism rests on five pillars:

- 1. A more pronounced inflection than the industry.** Beyond benefiting from a broader self-storage recovery, Public Storage is poised to lap several discrete headwinds that weighed on 2025 results — amplifying the potential earnings rebound. Ongoing acquisitions and development provide additional accretion.
- 2. An inherently attractive business model.** Self-storage benefits from less cyclical demand — a meaningful portion is effectively nondiscretionary — combined with strong pricing power on existing customers (the hassle of moving outweighs the monthly cost of staying) and low capital intensity. These characteristics make it a durable compounder across cycles.
- 3. Scale advantages that compound over time.** Large institutional operators like Public Storage command higher occupancy and rents than smaller competitors, driven by superior data analytics, technology, revenue management systems, and access to capital. We expect these advantages to widen as AI tools are applied across an increasing number of self-storage business functions.
- 4. PSA4.0 — a credible new chapter.** Public Storage recently unveiled PSA4.0, framed as a new era of leadership, growth, and value creation. The initiative encompasses favorable leadership transitions, a data-sharing partnership with Welltower to sharpen capital allocation, and a headquarters relocation. We view each element constructively.
- 5. Valuation is compelling.** The stock trades at a capitalization rate above 6% on what we consider depressed cash flow, against private market values in the low-5% range — a meaningful discount that we believe is unlikely to persist.

Near-term uncertainty may continue to weigh on the shares. But we believe the medium-term setup is attractive: a fundamental inflection, a refreshed strategic agenda, and a depressed valuation create the conditions for significant share price appreciation — driven by both earnings growth and potential multiple expansion.

Top net sales for the quarter

	Quarter End Market Cap or Market Cap When Sold (\$B)	Net Amount Sold (\$M)
Jones Lang LaSalle Incorporated	13.2	8.8
Simon Property Group, Inc.	60.6	5.8
Toll Brothers, Inc.	12.5	4.5
Goodman Group	39.9	4.3
Brookfield Corporation	99.4	4.2

We exited our **Jones Lang LaSalle Incorporated** position during the quarter. As discussed in the top detractors section, our conviction in the business and long-term outlook remains high. However, we acknowledge that AI-related sentiment may continue to weigh on the shares in the near term, and we chose to reallocate the capital in the near term.

During the quarter, we reduced our stake in **Simon Property Group, Inc.** after its impressive multi-year share price performance and rising valuation multiples. However, we remain optimistic about our investment in Simon for several reasons:

- 1. Strong Reputation:** Simon is a blue-chip company with a proven history of both organic and external growth, complemented by a robust balance sheet and an experienced management team.
- 2. Favorable Market Conditions:** The outlook for high-quality malls and outlets is encouraging, characterized by solid demand, limited supply, full occupancy, and increasing rents.
- 3. Attractive Dividend:** Simon offers a well-supported and growing dividend with a yield nearing 5%.
- 4. Reasonable Valuation:** The current valuation multiple is considered undemanding.

During the quarter, we decided to exit our position in **Toll Brothers, Inc.**, a leading U.S. homebuilder. Recently, the outlook for the U.S. residential housing market has deteriorated further due to persistently high mortgage rates and home prices, along with ongoing macroeconomic challenges and consumer uncertainty, which have dampened homebuyer demand. Homebuilders are increasingly offering incentives to attract buyers, negatively affecting margins and cash flow.

However, we anticipate that Toll Brothers may be less affected than its peers, as it caters to more affluent consumers and has longer build times. As we mentioned earlier, we remain optimistic about the medium- and long-term prospects for the U.S. housing market and may consider revisiting this investment opportunity in the future.

Concluding Thoughts on the Prospects for Real Estate and the Fund

We remain mindful of several factors that could weigh on equity markets in the months ahead. Historically, our team has used periods of market volatility and sharp price corrections to reposition the Fund for strong recoveries and attractive multi-year return potential. We are actively engaged and optimistic about our ability to do so again.

We maintain a constructive outlook and see compelling reasons to stay the course. We remain optimistic about the broader equity market, public real estate, and the Fund.

Stock Market Outlook

We remain optimistic about the outlook for the stock market in the balance of 2026. Our research suggests that broadly stable economic conditions could accelerate, supported by several potential tailwinds: reduced trade uncertainty, lower taxes, and enhanced depreciation incentives that encourage capital investment in equipment, research and development. Additional support may come from deregulation and increased merger and acquisition activity, a Federal Reserve that may ease financial conditions, and policy efforts by the new administration to alleviate constraints in the housing market. We also see AI-driven productivity gains as a meaningful catalyst, with the potential to moderate inflation, lower long-term interest rates, and expand profit margins.

For these reasons, **we remain positive about the outlook for the stock market.**

Real Estate Market Outlook

We believe the conditions are in place for real estate to perform well in the next few years. As discussed earlier, demand across most property sectors remains steady, with growth expected to improve over the next several years. At the same time, new supply has declined – often by more than 50% from peak 2002 levels – a dynamic we believe is underappreciated.

As a result, growth may rebound more quickly than in prior cycles, as the sector is not burdened by excess supply or elevated vacancies. Public real estate shares have lagged, and valuations have reset to reflect a higher cost of capital, leaving many trading at attractive discounts relative to private market values. This disparity could drive increased acquisition activity by private equity firms.

Balance sheets remain strong, and credit markets are supportive. Additionally, moderating shelter inflation and productivity gains from AI could contribute to lower long-term interest rates – an important potential catalyst for the sector.

Taken together, we believe a favorable combination of cash flow growth, dividends, and the potential for multiple expansion in public real estate valuations could generate double-digit annual returns in the years ahead.

So, in our opinion, **this is an attractive time to invest in real estate.**

Baron Real Estate Income Fund® Outlook

We remain optimistic about our differentiated approach: a diversified real estate income fund anchored in REITs (at least 75% of net assets), with the flexibility to invest up to 25% in high-quality, typically dividend-paying non-REIT real estate companies. We believe this structure is increasingly well-suited to today's rapidly evolving real estate landscape — one that demands more discerning analysis as tailwinds accelerate for some companies and headwinds persist for others. The portfolio is built around competitively advantaged real estate companies we expect to grow faster than the peer group. Valuations are attractive, and we believe the return outlook is compelling.

For these reasons, **we remain positive about the outlook for the Baron Real Estate Income Fund®.**

Top 10 holdings

	Quarter End Market Cap (\$B)	Quarter End Investment Value (\$M)	Percentage of Net Assets (%)
Equinix, Inc.	96.3	26.1	9.9
Welltower Inc.	138.0	26.1	9.9
Prologis, Inc.	126.3	24.9	9.4
Ventas, Inc.	38.8	15.0	5.7
Digital Realty Trust, Inc.	63.0	10.5	4.0
EastGroup Properties, Inc.	9.9	10.4	3.9
The Macerich Company	4.9	10.4	3.9
Host Hotels & Resorts, Inc.	13.2	8.9	3.3
Essential Properties Realty Trust, Inc.	6.4	8.8	3.3
Weyerhaeuser Company	17.6	7.4	2.8

Our Core Real Estate Team

A special note of appreciation to our core real estate team – David Kirshenbaum (assistant portfolio manager), George Taras (senior analyst), and David Berk (analyst). Their dedication, work ethic, and passion for the business are truly impressive, and their deep knowledge of real estate is invaluable. Equally important, they are simply great people.

Our team and I remain fully committed and energized to delivering strong long-term results.

I proudly remain a major shareholder of the Baron Real Estate Income Fund®.

Sincerely,



Jeffrey Kolitch
Portfolio Manager

¹ The **MSCI US REIT Index Net (USD)** is designed to measure the performance of all equity REITs in the U.S. equity market, except for specialty equity REITs that do not generate a majority of their revenue and income from real estate rental and leasing operations. The **S&P 500 Index** measures the performance of 500 widely held large-cap U.S. companies. MSCI is the source and owner of the trademarks, service marks and copyrights related to the MSCI Indexes. The MSCI US REIT Index and the Fund include reinvestment of dividends, net of foreign withholding taxes, while the S&P 500 Index includes reinvestment of dividends before taxes. Reinvestment of dividends positively impacts 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 Not annualized.

* **Vanguard Real ETF's** annualized returns as of March 31, 2026: 1-year, 5.94%; 5-year, 5.57%; and Since Fund Inception (12/31/2017), 4.76%.

The 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: In addition to general market conditions, the value of the Fund will be affected by the strength of the real estate markets as well as by interest rate fluctuations, credit risk, environmental issues and economic conditions. The Fund invests in debt securities which are affected by changes in prevailing interest rates and the perceived credit quality of the issuer. The Fund invests in companies of all sizes, including small and medium sized companies whose securities may be thinly traded and more difficult to sell during market downturns.

The Fund may not achieve its objectives. **Portfolio holdings are subject to change. Current and future portfolio holdings are subject to risk.**

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 Real Estate Income Fund® by anyone in any jurisdiction where it would be unlawful under the laws of that jurisdiction to make such an offer or solicitation.

For information pertaining to competitor funds, please refer to that firm's website.

Diversification does not guarantee a profit or protect against a loss.

The **Morningstar Rating™** for funds, or "star rating", is calculated for managed products (including mutual funds, variable annuity and variable life subaccounts, exchange-traded funds, closed-end funds, and separate accounts) with at least a three-year history. Exchange-traded funds and open-ended mutual funds are considered a single population for comparative purposes. It is calculated based on a Morningstar Risk-Adjusted Return measure that accounts for variation in a managed product's monthly excess performance, placing more emphasis on downward variations and rewarding consistent performance. The Morningstar Rating does not include any adjustment for sales loads. The top 10% of products in each product category receive 5 stars, the next 22.5% receive 4 stars, the next 35% receive 3 stars, the next 22.5% receive 2 stars, and the bottom 10% receive 1 star. The Overall Morningstar Rating for a managed product is derived from a weighted average of the performance figures associated with its three-, five-, and 10-year (if applicable) Morningstar Rating metrics. The weights are: 100% three-year rating for 36-59 months of total returns, 60% five-year rating/40% three-year rating for 60-119 months of total returns, and 50% 10-year rating/30% five-year rating/20% three-year rating for 120 or more months of total returns. While the 10-year overall star rating formula seems to give the most weight to the 10-year period, the most recent three-year period actually has the greatest impact because it is included in all three rating periods.

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The portfolio manager defines "Best-in-class" as well-managed, competitively advantaged, faster growing companies with higher margins and returns on invested capital and lower leverage that are leaders in their respective markets. Note that this statement represents the manager's opinion and is not based on a third-party ranking.

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QUARTERLY LETTER | MARCH 31, 2026

Baron Technology ETF[®]

Ticker: BCTK



Ashim Mehra
Portfolio Manager

Michael Lippert
Head of Technology Research
Portfolio Manager

Dear Baron Technology ETF[®] Shareholder,

Performance

During the first quarter, Baron Technology ETF[®] (the Fund) declined 6.90% (NAV), roughly in line with the MSCI ACWI Information Technology Index (the Benchmark), which fell 6.73%. The Fund's performance trailed the Invesco QQQ Trust (the QQQ) and the S&P 500 Index, which dropped 1.77% and 4.33%, respectively.

On a trailing three-year basis, the Fund generated an annualized return of 29.15%, outpacing both the Benchmark and QQQ, which yielded 24.83% and 22.33%, respectively.

Review and Outlook

Market Backdrop

U.S. equity markets maintained positive momentum to begin the year, supported by investor enthusiasm about the pro-growth policies of the Trump administration, with an emphasis on reshoring and AI-driven productivity. Easing inflation pressures, resilient economic data, and strong corporate earnings also contributed to buoyant market conditions early in the quarter. At the same time, investors appeared unfazed by rising geopolitical risks associated with the U.S. military operation to remove Venezuelan President Maduro, President Trump's threats to impose tariffs on several European countries that opposed his plans to take over Greenland, and Iran's brutal crackdown on protests and the possibility of U.S. military intervention.

Market sentiment began to shift in February, with the early catalyst being widespread losses across a range of industries, including software, business services, and information services, owing to fears about AI-driven disruption. Anthropic's release of specialized Claude Cowork plugins, which enable AI to function as domain-specific analysts across legal, finance/accounting, sales/

Annualized performance (%) for periods ended March 31, 2026

	ETF Market Price ^{1,2}	ETF NAV ^{1,2}	MSCI ACWI Information Technology Index ¹	S&P 500 Index ¹	MSCI ACWI Index ¹
QTD ³	(7.13)	(6.90)	(6.73)	(4.33)	(3.20)
1 Year	27.30	28.20	33.41	17.80	20.01
3 Years	28.85	29.15	24.83	18.32	16.58
Since Inception (12/31/2021)	9.29	9.47	11.93	9.28	8.02

marketing, and customer support, initially contributed to software and services weakness, as it caused investors to worry that AI agents could directly replace expensive human-led, subscription-based business workflows.

The sell-off worsened after the U.S. and Israel attacked Iran on February 28, killing the country's Supreme Leader and other high-ranking officials. In response, Iran launched retaliatory missile and drone strikes against U.S. and Israeli interests, targeting areas in the Gulf, including Kuwait, Iraq, Qatar, and the United Arab Emirates. The conflict disrupted energy supplies and blocked shipping lanes in the Strait of Hormuz. With no clear signs of de-escalation in sight, investors became concerned about the potential for sustained inflation and reduced economic growth from surging oil prices and supply chain disruptions.

Against this backdrop, the dominant market trend was the continued rotation out of the Magnificent Seven, software, and other growth-oriented stocks into cyclical/commodity sensitive, defensive, and other value-leaning segments of the market. The

Performance listed in the above table is net of annual operating expenses. The total annual fund operating expense ratio as of December 5, 2025 was 0.75%. 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. Total returns assume the reinvestment of all distributions and the deduction of all fund expenses. 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. NAV and Market Price returns include returns of the Institutional Shares of the predecessor mutual fund prior to the ETF's commencement of operations. Prior to the ETFs listing on 12/15/2025 the NAV returns of the Institutional Shares of the predecessor mutual fund are used as proxy market price returns. If the predecessor mutual fund had been structured as an ETF, its performance may have differed.

Magnificent Seven complex declined 11.3%, accounting for about 90% of the S&P 500 Index's losses. The group was hurt by concerns about earnings growth being pressured by substantial AI-driven capital expenditures. The non-Magnificent Seven stocks in the Index were down only 0.6% for the quarter. Sector performance was mixed for the quarter, with the gainers being defensive and cyclical/commodity sensitive sectors such as Energy, Materials, Utilities, Consumer Staples, Industrials, and Real Estate.

Performance

We manage the Fund with an unwavering focus on powerful technology trends disrupting industries and creating sustained, profitable growth opportunities — not short-term geopolitical disruptions or sentiment swings, like those that pressured markets and the Fund alike in the first quarter. Transformative technology disruptions, particularly AI, will shape the future and drive long-term investment returns.

Versus the Benchmark

The Fund performed in line with the Benchmark during the quarter. Within the Information Technology (IT) sector, the Fund outperformed, led by strong contributions from optical networking leaders **Lumentum Holdings Inc.** and **Coherent Corp.**, along with semiconductor equipment leader **Lam Research Corporation**. Our underweight in **Microsoft Corporation** also contributed positively to relative performance.

These gains were partially offset by meaningful pullbacks in select software holdings, including **PAR Technology Corporation** (which was the Fund's largest individual relative detractor) and **Zscaler, Inc.**, as well as weaker performance from non-IT positions in **Tesla, Inc.** and **Spotify Technology S.A.** Lack of exposure to Samsung Electronics Co., Ltd. further detracted from relative performance. Our underweight in semiconductors was a modest additional drag.

In Communication Services, positions in Spotify, **Alphabet Inc.** — a significant new position initiated during the quarter — and, to a lesser extent, **Meta Platforms, Inc.** weighed on relative performance. In Consumer Discretionary, Tesla was the primary detractor, with a smaller detraction from **Amazon.com, Inc.** The Fund's exposure to Energy and Industrials contributed slightly positively to relative performance, while Health Care was a modest negative.

Versus the QQQ

The Fund also outperformed within IT relative to the QQQ. Lumentum, **Taiwan Semiconductor Manufacturing Company Limited**, and Coherent were the primary drivers of outperformance. Offsetting this strength were negative returns from PAR, **Broadcom Inc.**, and Zscaler, as well as a lack of exposure to Applied Materials, Inc. and Intel Corporation.

Consumer Staples was the largest sector headwind, driven by the Fund's lack of exposure to Walmart Inc. and Costco Wholesale Corporation. Communication Services also detracted meaningfully, with weak performance from Spotify and, to a lesser extent, the initiation of a position in Alphabet during the quarter. In Consumer Discretionary, positions in Tesla and **DraftKings**

Inc. — which we exited during the quarter — hindered relative performance. An underweight in Health Care, mainly due to a lack of exposure to biotechnology, and lack of exposure to Materials versus the QQQ were additional modest drags.

AI Update

Just over three years since the “ChatGPT moment” rang the opening bell of the age of AI, we find ourselves in the fastest-moving technology disruption we have experienced as investors. The pace of innovation across AI models, semiconductors, networking, and software is extraordinary. As we have written before, we are deep research, evidence-based investors — and in an environment moving this fast, we believe it is critical to be on the ground, meeting with the people building the technology, the companies deploying it, and the enterprises adopting it, rather than relying on second-hand analysis.

During the quarter, our team traveled to the West Coast to meet with senior leadership across semiconductors, software, infrastructure, and private AI-native companies. We attended NVIDIA's GTC Conference and the Optical Fiber Conference, participated in expert panels and technical sessions, and spoke with IT teams at Fortune 500 companies and global systems integrators to understand firsthand how AI adoption is expanding across workflows and budgets. We also met with venture capital investors and domain experts focused on where durable AI value will and will not accrue. As our founder and CEO Ron Baron says, research starts with people — and this level of corporate access informs not just individual stock decisions but the broader analytical framework we apply across the portfolio.

AI Infrastructure: Silicon and Networking

Multiple AI scaling laws remain intact — across pre-training, post-training, inference-time compute, context windows, and memory — and frontier AI labs continue to demonstrate step-function improvements in model capability with each successive generation of compute. This insatiable demand has fueled an infrastructure buildout of historic proportions. Amazon, Alphabet, Microsoft, and Meta have collectively guided to approximately \$650–\$700 billion of capital expenditures in 2026, roughly triple the level from just two years ago, with the vast majority directed at AI data centers, chips, and networking.

NVIDIA Corporation remains the dominant platform for AI training and inference. At GTC, the company unveiled a more diversified product roadmap — including Vera CPU-only servers for agentic workloads and an expanded inference strategy — reflecting the organizational agility we look for in management teams. We continue to view NVIDIA as the leading merchant platform for bringing AI to the world, with a long runway driven by enterprise adoption and Physical AI.

The shift toward custom silicon is also accelerating. Broadcom confirmed an expanded agreement with Alphabet for next-generation Tensor Processing Units (TPUs) and a deal to supply approximately 3.5 gigawatts of compute capacity to Anthropic. Broadcom is the only partner capable of matching the annual development cadence hyperscalers and AI labs require at scale.

On the Amazon side, CEO Andy Jassy disclosed that its custom chip business — spanning Trainium, Graviton, and Nitro — has reached a \$20 billion annual revenue run rate, growing at triple-digit rates. We are positioned to potentially benefit from this multi-architecture evolution through our ownership of NVIDIA, Broadcom, Alphabet, and Amazon.

In networking and optical interconnects, all component suppliers are supply constrained and the content opportunity is expanding as optics penetrate deeper into the data center. We hold positions in Lumentum and Coherent, well-positioned for this multi-year expansion, and in **Arista Networks, Inc.**, whose software moat and hardware leadership make it a core long-term holding.

The Rise of the AI Labs and the ROI Inflection

A persistent question throughout 2025 was whether hundreds of billions of dollars poured into AI infrastructure would yield a meaningful return on investment. We are now seeing compelling evidence that an ROI inflection is underway. AI inference hit a step-function acceleration in late 2025, catalyzed by Anthropic's Opus 4.5 release, triggering a surge in corporate AI adoption and token consumption. Anthropic's annualized revenue run rate surged from approximately \$9 billion at year end 2025 to over \$30 billion as of early April 2026, with more than 1,000 enterprise customers spending over \$1 million annually — a figure that doubled in under two months. OpenAI is now generating \$2 billion in monthly revenue, ChatGPT's weekly active user base exceeds 900 million, and its coding agent serves over 2 million users, up 5 times in three months. Both companies are investing aggressively in compute, with expected capacity buildouts of 5 to 6 gigawatts each by year-end. The ROI case we have been building is showing strong promise.

We are not just observers — our research teams are actively using AI models, agents, and purpose-built tools from all leading providers to enhance our process: accelerating earnings analysis, synthesizing filings and transcripts, building proprietary data trackers, and developing structured investment frameworks. I'm using Anthropic's Claude to help edit this letter!

Navigating the Software Transition

While semiconductors and infrastructure are indisputable beneficiaries of the AI revolution, the software sector is experiencing its most dramatic valuation re-rating since the dot-com era. Year-to-date through March 31, the median public software company declined roughly 25%, with multiples compressing to 10-year lows. This decline has been largely indiscriminate — driven not by deteriorating fundamentals but by fear that AI will disrupt software incumbents. We take these concerns seriously, but we believe the selling has created an analytical opportunity. Not all software companies face the same AI risk. Some will be disrupted, some will prove resilient, and some will emerge as significant beneficiaries. We have used this sell-off to upgrade portfolio quality and position the Fund in businesses that can survive and thrive through the AI transition — companies that are market-share leaders growing faster than competitors, with pricing models aligned to usage or outcomes rather than headcount, leveraging AI and proprietary data to compound their competitive advantages, and led by founders with the authority and willingness to self-disrupt.

Samsara Inc. is the market-share leader in connected operations and fleet telematics, with cameras and sensors on millions of commercial vehicles generating 20 trillion data points annually — physical and data moats the AI labs cannot easily replicate. **Shopify Inc.** grew revenue 30% last year at nearly \$12 billion in scale, with founders Tobi Lütke and Harley Finkelstein building the platform for agentic commerce. **Datadog, Inc.** has accelerated revenue growth for three consecutive quarters and is one of the largest commercial vendors to nearly every major AI startup; its consumption-based observability platform grows as AI workloads multiply. These stocks are down this year because the market sold the sector indiscriminately — yet all are bigger businesses, growing faster, with stronger competitive positioning than a year ago. We believe these are the types of companies that emerge intact on the other side of the AI transition — and at current valuations, the risk/reward is increasingly attractive.

Our AI Infrastructure Positioning

Our AI infrastructure holdings — NVIDIA, Broadcom, Alphabet, Amazon, Arista Networks, Lumentum, Coherent, and Datadog — span every critical layer of the buildout. We are particularly constructive on Alphabet and Amazon as the only two hyperscalers designing custom AI chips at scale, with Alphabet also developing frontier models — a vertical integration of silicon, infrastructure, and intelligence that we believe gives both companies a structural advantage the market does not yet fully reflect.

Beyond silicon and networking, we have been adding exposure to the power infrastructure underpinning this buildout. Energy has become a binding constraint on AI scaling, and we are positioned across the power value chain through **Quanta Services, Inc.**, our long-standing holding in electric grid construction and hardening, as well as new positions in **Solaris Energy Infrastructure, Inc.** and **Forgent Power Solutions, Inc.**, two companies addressing the co-location and distributed generation challenges that traditional utility infrastructure has been slow to solve.

Looking further ahead, the infrastructure stack required to sustain AI scaling — semiconductors, networking, hardware, and power — is deepening in complexity and capital intensity with each successive generation of compute. We believe owning critical enablers across each of these layers positions the Fund to capture the full breadth of what is shaping up to be the largest infrastructure buildout of the 21st century.

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

- Digital services: **Alphabet Inc.** and **Spotify Technology S.A.**
- Semiconductor equipment: **Lam Research Corporation** and **ASML Holding N.V.**
- Power and energy infrastructure: **Solaris Energy Infrastructure, Inc.** and **Forgent Power Solutions, Inc.**
- Software: **Shopify Inc.**, **Palantir Technologies, Inc.**, **Rubrik, Inc.**, **Snowflake Inc.**, and **Guidewire Software, Inc.**
- Digital health care: **Heartflow, Inc.**
- Public safety: **Axon Enterprise, Inc.**

Top contributors to performance for the quarter

	Contribution to Return (%)
Lumentum Holdings Inc.	1.65
Taiwan Semiconductor Manufacturing Company Limited	0.82
Coherent Corp.	0.78
Lam Research Corporation	0.63
Nova Ltd.	0.40

Shares of **Lumentum Holdings Inc.**, a photonics company delivering critical optical components and solutions to data center end markets, contributed to performance during the quarter. Lumentum occupies a distinctive position as the largest merchant supplier of indium phosphide-based lasers, arguably the most vital component in today's optical infrastructure. The company is capitalizing on an acute supply shortage in lasers, which is not only strengthening near-term financial performance through favorable pricing dynamics but also reshaping the long-term industry structure as Lumentum secures multi-year agreements with both volume and price commitments. Beyond its core laser franchise, Lumentum is broadening its reach by supplying silicon photonics-based transceivers to major hyperscalers, most notably Alphabet, while gaining traction in high-growth adjacencies such as optical circuit switches and co-packaged optics. Shares rose during the quarter on mounting optimism around optics penetrating into scale-up fabrics — the interconnect architecture that enables thousands of AI processors to function as a unified compute cluster — an emerging opportunity that significantly expands the addressable market for optical components and plays directly to Lumentum's strengths. Sentiment was further bolstered by a strategic investment from NVIDIA, underscoring the growing importance of photonics within the AI infrastructure stack and validating Lumentum's positioning at the heart of it. We continue to hold the stock and view Lumentum as a scarce asset — one of the few companies structurally positioned to potentially benefit as optical communication assumes an ever-larger role within data center architectures and the broader AI infrastructure buildout.

Shares of **Taiwan Semiconductor Manufacturing Company Limited (TSMC)**, the world's dominant advanced semiconductor foundry, contributed to performance during the quarter as revenue growth again exceeded expectations, driven by surging AI demand. TSMC controls the cutting-edge manufacturing nodes that power AI servers, flagship smartphones, and autonomous vehicles, and benefits from a virtuous cycle in which its massive scale and profitability fund industry-leading research and development and capital investment, which in turn widens its technological moat and reinforces pricing power. As the ultimate picks-and-shovels provider of the AI era, the company remains insulated from competitive dynamics within the chip design ecosystem: whether hyperscalers deploy custom accelerators or merchant processors, nearly all advanced AI silicon is manufactured exclusively at TSMC's facilities. Arizona has become the centerpiece of the company's geographic diversification strategy, with its first domestic fabrication facility

reportedly already shipping to customers, two additional facilities underway, and construction timelines accelerated as part of a \$165 billion U.S. investment commitment. Early Arizona yields are tracking comparably to Taiwan, demonstrating the company's ability to replicate its manufacturing excellence internationally. Management has guided for long-term gross margins of 56% or higher through the cycle, and we believe leading-edge node pricing and the strategic value of Arizona capacity to customers could support margins above that level over time. We project strong earnings growth over the next five years, supported by secular AI-driven demand and an increasingly diversified manufacturing footprint.

Shares of **Coherent Corp.**, a leading photonics company delivering optical solutions to data center and industrial markets, contributed to performance during the quarter. The company's growth is driven by two powerful tailwinds: the AI infrastructure buildout and the increasing penetration of optical communication throughout data center infrastructure. Coherent is the only major western optical transceiver manufacturer connecting servers within data centers, and its vertical integration spanning materials, lasers, and critical components not only supports its own modules but also supplies optical systems for customers across the AI infrastructure stack. Shares rose on several positive developments during the quarter, including continued strong demand signals for the coming years, growing confidence in new growth avenues such as optical switches for networking, participation in emerging technologies like co-packaged optics, and a strategic investment from NVIDIA Corporation. We continue to hold the stock and believe Coherent will remain one of the few primary beneficiaries of optical communication's expanding role in data centers and, by extension, the broader AI infrastructure buildout.

Top detractors from performance for the quarter

	Contribution to Return (%)
Broadcom Inc.	(0.97)
Amazon.com, Inc.	(0.81)
Tesla, Inc.	(0.80)
Axon Enterprise, Inc.	(0.78)
Spotify Technology S.A.	(0.69)

Shares of **Broadcom Inc.**, a leading semiconductor and infrastructure software company whose solutions sit at the core of modern computing and networking, detracted from performance during the quarter as concerns emerged that the company's key customers, primarily Alphabet, are designing entire chips in-house and coordinating non-design elements directly with other vendors, potentially reducing their dependence on Broadcom over the long run. This narrative shift came even as Broadcom guided to a substantial ramp in revenues this year and next, with its largest customers signing increasingly larger contracts. We have long believed that AI labs and hyperscalers possess the scale to pursue their own silicon and systems over time, as the sheer magnitude of their demand necessitates silicon tailored to different workloads

— but to realize this ambition, they must also develop systems comparable to those offered by leading merchant silicon providers while maintaining an annual development cadence to keep pace with rapidly advancing AI capabilities. Broadcom is the only proven silicon design partner that enables these large customers to pursue this vision at scale, and we therefore believe it is uniquely positioned to capture the large majority of the custom silicon market without facing any terminal risk to its business over the foreseeable future. We continue to hold the stock and believe Broadcom is well positioned to emerge as one of the largest technology companies in the world in the coming years.

Shares of **Amazon.com, Inc.**, the world's largest retailer and cloud services provider, detracted from performance earlier in the quarter as the company guided to \$200 billion in capital expenditures for the full year, well ahead of expectations. We have since grown more confident in the return path of Amazon's AI investment, driven by mounting evidence of significant customer demand. In April, Chief Executive Officer Andy Jassy disclosed that Amazon's AI business has already reached a \$15 billion revenue run rate — 260 times larger than Amazon Web Services was at the same stage of its development — with a substantial portion of 2026 capital expenditures already backed by customer commitments and meaningful monetization planned for 2027 and 2028. This includes strong momentum in Amazon's custom chip business, where a significant percentage of the next two generations of chips has already been reserved by customers. OpenAI recently described demand for Amazon Web Services' managed AI service as "frankly staggering," citing the competitive advantages of Amazon's data infrastructure. On the retail side, Amazon continued to perform solidly at scale, and we believe its unmatched fulfillment network and vast consumer and logistics data position it uniquely well in an AI-first world — where the ability to anticipate demand, optimize operations, and personalize commerce at scale only deepens its competitive moat. We also expect Amazon to continue expanding operating margins across its North American and international retail businesses through improving cost discipline and further efficiencies in its fulfillment model. Long term, we believe Amazon should remain the dominant player in e-commerce, where it holds less than 15% penetration of its total addressable market, while also emerging as a leading force in cloud infrastructure and the broader AI ecosystem.

Shares of **Tesla, Inc.**, which designs, manufactures, and sells fully electric vehicles, solar products, and energy storage solutions while developing real-world AI technologies and applications, detracted from performance this quarter as the stock consolidated following robust gains in late 2025, with investors awaiting robotaxi progress and digesting Tesla's sizable investments in manufacturing and AI. Operationally, results were strong despite a challenging electric vehicle market: automotive gross margins rose materially in the fourth quarter of 2025, beating expectations and reaching their highest level in two and a half years, while energy storage margins approached 30%. Tesla continues to advance its AI and autonomy initiatives at full speed — the company anticipates meaningful robotaxi expansion in 2026,

released a newer version of its autonomous driving software, and commenced production of its Cybercab, its first purpose-built autonomous transportation platform. Nevertheless, investors continue to scrutinize the pace of robotaxi deployment against Waymo's ongoing scaling, and Tesla's decision to more than double its annual capital expenditures — including its ambitious Terafab domestic chip manufacturing initiative — has heightened near-term perceived risk. We believe these strategic investments can materially strengthen Tesla's competitive position in the AI-first world, and we remain confident in the company's long-term growth across electric vehicles, energy storage, and autonomous driving. Looking further ahead, Tesla's Optimus humanoid robot program may prove to be its most transformative initiative of all — Elon Musk has called it potentially the most valuable product in human history, and we believe the program's progress warrants serious attention from long-term investors.

Portfolio Structure

We invest in companies of any market capitalization that we believe will deliver durable growth from the development, advancement, and/or use of technology. We invest principally in U.S. securities but may invest up to 35% in non-U.S. securities.

At the end of the first quarter, the largest market cap holding in the Fund was \$4.2 trillion and the smallest was \$572.6 million. The median market cap of the Fund was \$63.2 billion and the weighted average market cap was \$1.2 trillion.

We had investments in 38 unique companies at the quarter-end.

Our top 10 positions accounted for 60.7% of net assets.

To end the quarter, the Fund had \$143.5 million in net assets. Flows were positive in the first quarter.

Top 10 holdings

	Quarter End Market Cap (\$B)	Quarter End Investment Value (\$M)	Percent of Net Assets (%)
NVIDIA Corporation	4,237.9	16.6	11.5
Taiwan Semiconductor Manufacturing Company Limited	1,752.8	12.6	8.8
Broadcom Inc.	1,465.4	12.0	8.4
Amazon.com, Inc.	2,235.8	10.0	6.9
Lam Research Corporation	266.8	8.1	5.6
Spotify Technology S.A.	99.8	6.4	4.5
Alphabet Inc.	3,474.5	5.9	4.1
Coherent Corp.	44.7	5.2	3.6
Shopify Inc.	154.9	5.2	3.6
Tesla, Inc.	1,395.0	5.1	3.5

Fund investments in GICS industries

	Percent of Net Assets (%)
Semiconductors & Semiconductor Equipment	39.6
Software	13.1
Broadline Retail	6.9
Interactive Media & Services	6.0
IT Services	5.7
Entertainment	4.5
Communications Equipment	4.0
Electronic Equipment Instruments & Components	3.6
Automobiles	3.5
Aerospace & Defense	3.5
Construction & Engineering	1.8
Energy Equipment & Services	1.5
Health Care Providers & Services	1.5
Electrical Equipment	1.4
Building Products	0.9
Health Care Technology	0.9
Health Care REITs	0.5
Cash and Cash Equivalents	1.0
Total	100.0*

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

Recent Activity

Top net purchases for the quarter

	Quarter End Market Cap (\$B)	Net Amount Purchased (\$M)
Alphabet Inc.	3,474.5	6.9
Shopify Inc.	154.9	3.8
ASML Holding N.V.	502.1	2.9
Lam Research Corporation	266.8	2.2
Solaris Energy Infrastructure, Inc.	4.3	2.1

During the first quarter, we initiated a position in **Alphabet Inc.**, the parent company of Google and one of the world's most valuable technology franchises. After missing Alphabet's strong run in the latter part of 2025, we took a fresh look at the competitive landscape across hyperscalers and frontier AI labs and concluded that Alphabet offers the most compelling combination of assets in AI at an attractive valuation. We believe that combination includes unmatched consumer distribution across Search, YouTube, Chrome, and Android — including seven products with over two billion users each — proprietary Gemini frontier models, custom tensor processing unit chips, owned data center infrastructure, and decades of unrivaled user and advertiser data. This fully integrated and cost-advantaged AI stack is funded by one of the most cash-generative business models in the world. Despite the rise of AI-native competitors, Search and YouTube continue to

grow at double-digit rates at enormous scale and have not missed advertising revenue expectations once since the launch of ChatGPT in November 2022. Meanwhile, Google Cloud is accelerating (we are projecting over 60% year-over-year revenue growth for this segment), driven by demand from leading frontier AI labs and a growing base of AI-forward enterprise customers. We are also encouraged by management's observation that AI features are deepening user engagement rather than disrupting it, with more complex and multimodal queries driving more time on platform. Alphabet is one of a very small number of companies in the world with the distribution, capital, proprietary data, and technical infrastructure to compete and win across multiple layers of the AI ecosystem simultaneously — and at a reasonable valuation, we see a compelling long-term opportunity for shareholders.

We added to our position in **Shopify Inc.**, the leading global operating system for commerce, after shares pulled back in a broader software sell-off. Shopify is growing gross merchandise value (GMV) at roughly 30% — a remarkable rate at nearly \$400 billion in scale — and we believe the business has many years of growth ahead. The most significant driver is the move up-market: Shopify is winning a disproportionate share of new and migrating enterprise merchants. International markets represent a second long runway, where penetration remains well below North American levels. Layered on top are several emerging initiatives — Shop Campaigns and the broader Shopify Partner Network, B2B, and offline POS — that are largely absent from consensus estimates and represent meaningful optionality. We also see Shopify as well positioned in the AI transition. The platform is the natural gateway through which brands will access LLM-driven distribution, and a transaction completed through an AI agent should be economically indistinguishable from one completed through any other Shopify storefront. AI displacement risk, in our view, is materially overstated: the value Shopify delivers to merchants is reinforced by deep switching costs across payments, fulfillment, and capital. Over time, we expect mix shift toward LLM-mediated discovery to disproportionately benefit the long tail of commerce — precisely where Shopify's share is highest — making AI a potential accelerant rather than a headwind.

During the first quarter, we initiated a position in **ASML Holding N.V.**, a Dutch semiconductor equipment company and the world's sole provider of extreme ultraviolet lithography (EUV) systems — the indispensable technology required to manufacture the most advanced chips at the smallest geometries. Without ASML's machines, chipmakers cannot achieve the transistor densities needed to power artificial intelligence accelerators, flagship smartphones, autonomous vehicles, and other high-performance computing applications. This is not a temporary competitive advantage — the extraordinary complexity of EUV lithography and its sprawling global supply chain make it virtually impossible for any competitor to replicate, and we expect ASML's monopoly position to endure for the foreseeable future. We exited our position in Nova Ltd. and redeployed the proceeds into ASML, where we see a more compelling long-term opportunity across several dimensions. As leading chipmakers race to expand

advanced manufacturing capacity to meet surging AI demand, we expect ASML to benefit from rising EUV layer counts across advanced logic and memory, as well as the eventual ramp of its next-generation High-NA EUV, which offers superior resolution and enables continued transistor scaling. We are also entering a period of significant memory capacity expansion, driven by insatiable demand for high-bandwidth memory (HBM) in AI applications, and ASML is more directly levered to this buildout than Nova. Finally, ASML's pricing power and increasing scale support significant gross margin expansion and strong double-digit earnings growth — and we believe it stands as one of the most competitively protected businesses in global technology.

During the first quarter, we added to our position in **Lam Research Corporation**, a leading provider of wafer fabrication equipment specializing in deposition and etch — two of the most critical and layer-intensive steps in chip manufacturing. We believe the semiconductor equipment industry is at an important inflection point, and that Lam is exceptionally well positioned to benefit. As CEO Tim Archer noted on the fiscal first quarter 2026 earnings call, “the surge in AI data center demand is creating billions of dollars of served available market expansion and share gain opportunity for Lam in the coming years.” To understand why, it helps to know that as chips become more complex, manufacturers must stack more layers of materials on top of one another — and each additional layer requires precisely depositing new materials and etching away unwanted ones. The proliferation of AI workloads, shrinking chip geometries, and the verticalization of chip designs are all driving a significant increase in layer counts, directly expanding demand for Lam's core capabilities. Lam is competitively advantaged by decades of proprietary expertise in plasma etch and deposition, deep integration into its customers' fabrication processes — which creates high switching costs — and a global installed base of over 100,000 chambers that generates recurring, annuity-like revenue, earning more over the life of a tool than from the initial sale itself. This advantage is perhaps most visible in HBM, where Lam holds virtually 100% market share for the highly complex precision etching required. We also believe the market is underestimating Lam's earnings power as NAND memory (flash memory or non-volatile storage) capital expenditure spending recovers from one of its most severe downturns on record — having fallen approximately 50% from its 2022 peak — creating meaningful pent-up demand that we expect to benefit Lam significantly in the coming years.

We initiated a position in **Solaris Energy Infrastructure Inc.**, the market leader in electricity-as-a-service for data centers, delivering gas-fired turbine behind-the-meter power through modular microgrids. Solaris has more than 3 gigawatts of capacity on order by 2029 (from less than 1 gigawatt today), contracted at fixed prices with increasingly long durations. The average payback on rented equipment is approximately 5 years, and we believe current market conditions will allow the company to contract incremental capacity at similar if not better economics. Solaris was chosen as the foundational power partner for xAI's Colossus data center in Memphis — subsequently upsizing that relationship into

a 50.1%-owned JV supplying approximately 900 megawatts under a seven-year commercial contract. Most recently, Solaris signed a 10-year agreement to supply 500-plus megawatts to an affiliate of a global AI technology leader, with a framework to convert the arrangement into a long-term power purchase agreement. Data centers are complicated electricity loads to manage, and Solaris is the first-mover in the industry, having developed deep know-how, strong relationships with turbine suppliers, and a trained skilled labor base — all difficult to replicate. We believe the market is underappreciating Solaris' ability to continue creatively securing additional capacity — as evidenced by its most recent acquisition of generating assets and turbine delivery slots from a third party — and importantly, the company's ability to contract this capacity at favorable economics with increasing duration, which we believe will lead to continued upside in the stock over time.

Top net sales for the quarter

	Quarter End Market Cap or Market Cap When Sold (\$B)	Net Amount Sold (\$M)
Microsoft Corporation	2,967.3	6.4
Lumentum Holdings Inc.	50.2	4.0
Apple Inc.	3,756.8	3.7
Nova Ltd.	14.7	2.3
Tesla, Inc.	1,395.0	2.1

We exited our underweight position in **Apple Inc.**, as the company's pace of AI integration has lagged competitors and we see growing risk to its competitive positioning in an increasingly AI-driven consumer device landscape.

We exited our investment in **Microsoft Corporation** due to a combination of near-term execution shortfalls and longer-term structural concerns about its competitive positioning in AI. Azure revenue growth disappointed as capacity constraints weighed on results. With Copilot adoption remaining limited and nimbler competitors pulling ahead at the enterprise AI application layer, we believe Microsoft's historical moat — built on distribution, bundling, and enterprise entrenchment — is less durable than in prior platform shifts. We exited the position during the quarter but remain open to revisiting our view should competitive dynamics shift in Microsoft's favor.

We exited our successful investment in **Nova Ltd.** and utilized the proceeds to initiate a position in ASML, as described above.

We trimmed our positions in **Tesla, Inc.** and **Lumentum Holdings Inc.**

Looking Ahead

While the first quarter was mixed, we enter the second quarter with growing optimism. A subset of our semiconductor-related names delivered very strong performance, while several of our larger-cap positions underperformed. On the portfolio construction side, we consolidated our software holdings — exiting certain names and adding to our highest-conviction positions. We were also encouraged by the new names we identified during the quarter in areas like power and energy that meet our investment criteria and should position the Fund well going forward.

We remain focused on owning category-defining technology businesses that sit at the heart of durable, secular growth trends. Led by visionary, execution-driven management teams, these companies convert breakthrough innovation into expanding free cash flow. We believe this combination uniquely positions the Fund to compound our investors' capital over the long term.

Sincerely,



Michael A. Lippert
Head of Technology Research
Portfolio Manager



Ashim Mehra
Portfolio Manager

¹ The **MSCI ACWI Information Technology Index Net (USD)** is designed to measure large and mid cap securities across 23 Developed Markets (DM) countries and 24 Emerging Markets (EM) countries. All securities in the index are classified in the Information Technology sector as per the Global Industry Classification Standard (GICS®). The **S&P 500 Index** measures the performance of 500 widely held large-cap U.S. companies. The **MSCI ACWI Index Net (USD)** is designed to measure the equity market performance of large and midcap securities across 23 DM and 24 EM countries. MSCI is the source and owner of the trademarks, service marks and copyrights related to the MSCI Indexes. The MSCI Indexes and the Fund include reinvestment of dividends, net of foreign withholding taxes, while the S&P 500 Index includes 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 Not annualized.

* As of March 31, 2026, the annualized returns of the Invesco QQQ Trust were 23.73%, 22.33%, and 9.88% for the 1-year, 3-year, and since Fund inception (12/31/2021) periods, respectively.

On December 12, 2025, Baron Technology Fund® was converted from a mutual fund into an exchange-traded fund, Baron Technology ETF™. The ETF has an identical investment goal and substantially similar investment strategy as its predecessor mutual fund. For additional information please refer to the prospectus.

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.

The performance data quoted represents past performance. Past performance is no guarantee of future results. The investment return and principal value of an investment fluctuate; and investor's shares, when sold, may be worth more or less than the original cost. Total returns assume the reinvestment of all distributions and the deduction of all fund expenses. 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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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.

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Invesco QQQ™ is an exchange-traded fund based on the Nasdaq-100 Index®. The Fund will, under most circumstances, consist of all of stocks in the Index. The Index includes 100 of the largest domestic and international nonfinancial companies listed on the Nasdaq Stock Market based on market capitalization. The Fund and the Index are rebalanced quarterly and reconstituted annually.

For information pertaining to competitor funds, please refer to that firm's website.

Free Cash Flow (FCF) represents the cash that a company generates after accounting for cash outflows to support operations and maintain its capital assets.

Investors generally incur the cost of the spread between the prices at which shares are bought and sold. Buying and selling shares may result in brokerage commissions which will reduce returns.

Prior to trading in the secondary market, shares of the fund are "created" at NAV by market makers, large investors and institutions only in block-size Creation Units. Each "creator" or "Authorized Participant" enters into an authorized participant agreement with Baron Capital, Inc. Only an Authorized Participant may create or redeem Creation Units directly with the fund.

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Portfolio Market Capitalization

Baron Asset Fund is a diversified fund that invests in mid-sized growth companies with market capitalizations above \$2.5 billion or the smallest market cap stock in the Russell Midcap Growth Index at reconstitution, whichever is larger, and below the largest market cap stock in the Russell Midcap Growth Index at reconstitution.

Company	Equity Market Cap (\$M)	Percent of Net Assets (%)
Space Exploration Technologies Corp.	1,250,000 [^]	25.5
The Charles Schwab Corporation	168,130	2.5
Amphenol Corporation	155,311	5.3
Welltower Inc.	137,953	1.3
Spotify Technology S.A.	99,810	1.3
Equinix, Inc.	96,313	1.4
Vertiv Holdings Co	95,872	2.2
Quanta Services, Inc.	82,144	4.2
Hilton Worldwide Holdings Inc.	69,723	0.3
IDEXX Laboratories, Inc.	44,681	4.6
CBRE Group, Inc.	39,982	2.0
MSCI Inc.	39,413	0.9
Roper Technologies, Inc.	36,422	1.8
Vulcan Materials Company	35,525	0.6
Arch Capital Group Ltd.	34,199	4.4
Axon Enterprise, Inc.	34,144	0.8
Veeva Systems Inc.	28,691	0.8
Willis Towers Watson Public Limited Company	27,385	0.7
Verisk Analytics, Inc.	26,175	3.6
Rollins, Inc.	25,743	1.5
Tradeweb Markets Inc.	25,653	1.1
Mettler-Toledo International Inc.	25,537	3.3
Fair Isaac Corporation	25,324	1.6
LPL Financial Holdings Inc.	24,123	0.5
Samsara Inc.	18,403	0.8
West Pharmaceutical Services, Inc.	18,067	0.4
CoStar Group, Inc.	16,935	2.3
SS&C Technologies Holdings, Inc.	16,319	0.8

Company	Equity Market Cap (\$M)	Percent of Net Assets (%)
CDW Corporation	15,576	0.6
IDEX Corporation	14,065	0.2
The Cooper Companies, Inc.	13,951	0.9
Hyatt Hotels Corporation	13,586	2.2
TransUnion	13,350	1.2
Guidewire Software, Inc.	12,661	3.9
On Holding AG	11,261	1.2
Gartner, Inc.	11,155	2.8
DraftKings Inc.	10,718	0.6
Booz Allen Hamilton Holding Corporation	9,410	0.8
Forgent Power Solutions, Inc.	8,911	0.8
Procore Technologies, Inc.	8,556	0.9
FactSet Research Systems Inc.	8,050	1.0
Repligen Corporation	6,637	0.5
Birkenstock Holding plc	6,589	0.6
ServiceTitan, Inc.	6,045	0.5
Floor & Decor Holdings, Inc.	5,491	0.5
Loar Holdings Inc.	5,364	1.0
Choice Hotels International, Inc.	4,758	1.2
Vail Resorts, Inc.	4,572	1.2
StubHub Holdings, Inc.	2,226	0.3
Skyryse, Inc.	941 [^]	0.2
Total		99.3%*

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

[^] Estimate based upon available information.

Baron Growth Fund is a diversified fund that invests in small-sized growth companies with market capitalizations up to the largest market cap stock in the Russell 2000 Growth Index at reconstitution, or companies with market capitalizations up to \$2.5 billion, whichever is larger.

Company	Equity Market Cap (\$M)	Percent of Net Assets (%)
IDEXX Laboratories, Inc.	44,681	4.3
MSCI Inc.	39,413	18.4
Arch Capital Group Ltd.	34,199	22.0
CoStar Group, Inc.	16,935	4.1
Guidewire Software, Inc.	12,661	4.3
Gartner, Inc.	11,155	6.4
Houlihan Lokey, Inc.	10,023	2.2
FactSet Research Systems Inc.	8,050	5.6
Primerica, Inc.	7,930	5.5
Kinsale Capital Group, Inc.	7,911	11.3
Morningstar, Inc.	6,566	3.5
Red Rock Resorts, Inc.	5,610	4.8

Company	Equity Market Cap (\$M)	Percent of Net Assets (%)
Choice Hotels International, Inc.	4,758	10.9
Vail Resorts, Inc.	4,572	3.7
FIGS, Inc.	2,457	7.0
Farmers Business Network, Inc.	500 [^]	0.0 ^{**}
Northvolt AB	0	0.0
Total		114.1%*

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

[^] Estimate based upon available information.

** Rounds to less than 0.1%.

Portfolio Market Capitalization

Baron Small Cap Fund is a diversified fund that invests 80% of its net assets in small-sized growth companies with market capitalizations up to the largest market cap stock in the Russell 2000 Growth Index at reconstitution, or companies with market capitalizations up to \$2.5 billion, whichever is larger.

Company	Equity Market Cap (\$M)	Percent of Net Assets (%)
Vertiv Holdings Co	95,872	7.9
TransDigm Group Incorporated	65,451	3.0
Waste Connections, Inc.	41,459	1.1
Mettler-Toledo International Inc.	25,537	0.4
DexCom, Inc.	24,170	0.5
Liberty Media Corporation - Liberty Formula One	21,073	2.5
RBC Bearings Incorporated	17,173	2.8
Kratos Defense & Security Solutions, Inc.	13,209	1.2
Guidewire Software, Inc.	12,661	4.2
Gartner, Inc.	11,155	2.2
DraftKings Inc.	10,718	1.2
Karman Holdings Inc.	10,592	1.3
Houlihan Lokey, Inc.	10,023	2.6
Liberty Live Holdings, Inc.	8,591	2.1
ICON plc	8,450	1.6
Cognex Corporation	8,182	3.2
Kinsale Capital Group, Inc.	7,911	4.7
Madison Square Garden Sports Corp.	7,736	2.0
Installed Building Products, Inc.	7,153	1.7
HealthEquity, Inc.	7,060	2.3
JBT Marel Corporation	6,647	3.1
Legence Corp.	6,144	2.3
SiteOne Landscape Supply, Inc.	5,918	4.8
Planet Fitness, Inc.	5,906	3.3
JFrog Ltd.	5,686	1.0
Red Rock Resorts, Inc.	5,610	5.0
Floor & Decor Holdings, Inc.	5,491	0.7
Enpro Inc.	5,295	1.7

Company	Equity Market Cap (\$M)	Percent of Net Assets (%)
VSE Corporation	5,173	0.5
Mirion Technologies, Inc.	4,658	0.5
Bright Horizons Family Solutions, Inc.	4,527	2.6
RadNet, Inc.	4,338	1.6
Novanta Inc.	4,225	1.8
Neptune Insurance Holdings Inc.	3,342	0.6
Avient Corporation	3,329	1.0
Exponent, Inc.	3,214	0.8
The Baldwin Insurance Group, Inc.	3,134	2.2
Andersen Group Inc.	3,041	0.9
Hinge Health, Inc.	3,037	1.0
Accelerant Holdings	2,968	0.6
The Cheesecake Factory Incorporated	2,730	2.0
Driven Brands Holdings Inc.	2,074	2.1
Intapp, Inc.	2,065	1.6
First Advantage Corporation	2,050	1.6
Neogen Corp.	2,021	1.7
GCM Grosvenor Inc.	1,984	0.8
nCino Inc.	1,716	0.9
ASGN Incorporated	1,599	1.4
indie Semiconductor, Inc.	724	0.7
Once Upon a Farm, PBC	685	0.9
PAR Technology Corporation	573	0.4
Grid Dynamics Holdings, Inc.	487	0.6
Holley Inc.	371	0.4
Total		99.8%*

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

Baron Opportunity Fund is a diversified fund that invests in high growth businesses of any market capitalization selected for their capital appreciation potential.

Company	Equity Market Cap (\$M)	Percent of Net Assets (%)
NVIDIA Corporation	4,237,920	13.3
Alphabet Inc.	3,474,514	3.8
Amazon.com, Inc.	2,235,762	6.3
Taiwan Semiconductor Manufacturing Company Limited	1,752,779	2.6
Broadcom Inc.	1,465,427	6.3
Meta Platforms, Inc.	1,447,693	3.9
Tesla, Inc.	1,394,967	5.4
Space Exploration Technologies Corp.	1,250,000 [^]	15.4
Eli Lilly and Company	869,016	3.4
Visa Inc.	589,966	1.9
ASML Holding N.V.	502,119	0.8
Mastercard Incorporated	445,674	1.7
Lam Research Corporation	266,812	0.7
The Charles Schwab Corporation	168,130	0.6
Intuitive Surgical, Inc.	163,644	1.2
Shopify Inc.	154,884	1.5
Arista Networks, Inc.	154,278	0.6
Welltower Inc.	137,953	0.3
ServiceNow, Inc.	109,359	0.8
Spotify Technology S.A.	99,810	4.0
CrowdStrike Holdings, Inc.	99,014	0.2
Quanta Services, Inc.	82,144	0.8
Cloudflare, Inc.	72,661	1.3
Monolithic Power Systems, Inc.	53,703	1.3
Snowflake Inc.	52,139	1.1
Lumentum Holdings Inc.	50,177	0.7

Company	Equity Market Cap (\$M)	Percent of Net Assets (%)
argenx SE	45,190	2.1
Coherent Corp.	44,660	0.6
Datadog, Inc.	41,772	1.4
Axon Enterprise, Inc.	34,144	1.0
Zscaler, Inc.	22,557	0.5
Samsara Inc.	18,403	1.8
CoStar Group, Inc.	16,935	1.1
Guidewire Software, Inc.	12,661	1.4
On Holding AG	11,261	0.8
Gartner, Inc.	11,155	0.8
Rubrik, Inc.	11,133	0.7
Forgent Power Solutions, Inc.	8,911	1.3
GDS Holdings Limited	8,315	1.5
BillionToOne, Inc.	3,629	0.4
Netskope, Inc.	3,339	0.1
Hinge Health, Inc.	3,037	0.9
Heartflow, Inc.	2,087	1.0
Via Transportation, Inc.	1,218	0.3
indie Semiconductor, Inc.	724	1.3
Farmers Business Network, Inc.	500 [^]	0.2
Total		99.0 %*

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

[^] Estimate based upon available information.

Portfolio Market Capitalization

Baron Partners Fund is a non-diversified fund that invests primarily in U.S. companies of any size with significant growth potential.

Company	Equity Market Cap (\$M)	Percent of Net Assets (%)
Tesla, Inc.	1,394,967	20.4
Space Exploration Technologies Corp.	1,250,000 [^]	33.0
The Charles Schwab Corporation	168,130	3.9
Shopify Inc.	154,884	2.0
Spotify Technology S.A.	99,810	2.2
IDEXX Laboratories, Inc.	44,681	3.0
MSCI Inc.	39,413	4.1
Arch Capital Group Ltd.	34,199	5.0
HEICO Corporation	32,910	0.5
Verisk Analytics, Inc.	26,175	1.2
CoStar Group, Inc.	16,935	2.5
Hyatt Hotels Corporation	13,586	4.1
Guidewire Software, Inc.	12,661	2.2
Gaming and Leisure Properties, Inc.	12,567	0.7

Company	Equity Market Cap (\$M)	Percent of Net Assets (%)
On Holding AG	11,261	0.9
Gartner, Inc.	11,155	3.2
Figma, Inc.	11,029	0.2
FactSet Research Systems Inc.	8,050	3.5
Kinsale Capital Group, Inc.	7,911	1.1
Birkenstock Holding plc	6,589	1.1
Red Rock Resorts, Inc.	5,610	1.4
Choice Hotels International, Inc.	4,758	2.2
Vail Resorts, Inc.	4,572	2.0
Northvolt AB	0	0.0
Total		100.0%*

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

[^] Estimate based upon available information.

Baron Fifth Avenue Growth Fund is a diversified fund that invests in large-sized growth companies with market capitalizations no smaller than the top 85th percentile by total market capitalization of the Russell 1000 Growth Index at June 30, or companies with market capitalizations above \$10 billion, whichever is smaller.

Company	Equity Market Cap (\$M)	Percent of Net Assets (%)
NVIDIA Corporation	4,237,920	13.5
Alphabet Inc.	3,474,514	6.6
Amazon.com, Inc.	2,235,762	8.8
Taiwan Semiconductor Manufacturing Company Limited	1,752,779	7.0
Broadcom Inc.	1,465,427	2.5
Meta Platforms, Inc.	1,447,693	6.5
Tesla, Inc.	1,394,967	4.1
Space Exploration Technologies Corp.	1,250,000 [^]	7.5
Eli Lilly and Company	869,016	1.1
ASML Holding N.V.	502,119	3.0
Intuitive Surgical, Inc.	163,644	3.0
Amphenol Corporation	155,311	0.9
Shopify Inc.	154,884	4.7
CrowdStrike Holdings, Inc.	99,014	2.1
MercadoLibre, Inc.	87,656	2.9
KKR & Co. Inc.	82,469	2.9

Company	Equity Market Cap (\$M)	Percent of Net Assets (%)
Cloudflare, Inc.	72,661	4.2
Monolithic Power Systems, Inc.	53,703	2.8
Snowflake Inc.	52,139	2.5
argenx SE	45,190	2.7
Datadog, Inc.	41,772	2.9
Coupang, Inc.	34,516	1.6
Illumina, Inc.	18,847	1.7
Samsara Inc.	18,403	3.7
Figma, Inc.	11,029	0.2
Grail, Inc.	2,120	0.0 ^{**}
Total		99.6%[*]

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

[^] Estimate based upon available information.

^{**} Rounds to less than 0.1%.

Portfolio Market Capitalization

Baron Focused Growth Fund is a non-diversified fund that invests in small and mid-sized growth companies with market capitalizations up to the largest market cap stock in the Russell Midcap Growth Index at reconstitution.

Company	Equity Market Cap (\$M)	Percent of Net Assets (%)
Tesla, Inc.	1,394,967	6.0
Space Exploration Technologies Corp.	1,250,000 [^]	21.2
Shopify Inc.	154,884	3.1
Interactive Brokers Group, Inc.	114,032	3.7
Spotify Technology S.A.	99,810	3.9
Airbnb, Inc.	76,868	2.8
IDEXX Laboratories, Inc.	44,681	3.5
MSCI Inc.	39,413	5.5
Las Vegas Sands Corporation	36,203	1.3
Live Nation Entertainment, Inc.	35,810	1.0
Arch Capital Group Ltd.	34,199	2.5
Verisk Analytics, Inc.	26,175	3.8
Samsara Inc.	18,403	1.8
CoStar Group, Inc.	16,935	1.5
Hyatt Hotels Corporation	13,586	3.9
Toll Brothers, Inc.	12,925	1.0
Guidewire Software, Inc.	12,661	3.5
On Holding AG	11,261	3.5

Company	Equity Market Cap (\$M)	Percent of Net Assets (%)
Gartner, Inc.	11,155	3.1
Figma, Inc.	11,029	0.4
Wynn Resorts, Limited	10,566	1.1
Neuralink Corp.	9,652	0.1
Jefferies Financial Group Inc.	8,524	1.6
FactSet Research Systems Inc.	8,050	3.4
Birkenstock Holding plc	6,589	3.0
Morningstar, Inc.	6,566	0.4
Red Rock Resorts, Inc.	5,610	3.3
Choice Hotels International, Inc.	4,758	3.0
Vail Resorts, Inc.	4,572	3.4
FIGS, Inc.	2,457	3.4
Total		99.6%*

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

[^] Estimate based upon available information.

Baron International Growth Fund is a diversified fund that invests in non-U.S. companies with significant growth potential. Investments may be made across all market capitalizations. The Fund invests principally in companies of developed countries and may invest up to 35% in companies of developing countries.

Company	Equity Market Cap (\$M)	Percent of Net Assets (%)
Taiwan Semiconductor Manufacturing Company Limited	1,752,779	5.4
Samsung Electronics Co., Ltd.	698,770	1.5
Tencent Holdings Limited	576,807	1.2
SK hynix Inc.	405,756	0.7
AstraZeneca PLC	305,884	2.2
Alibaba Group Holding Limited	299,525	0.4
LVMH Moët Hennessy Louis Vuitton SE	271,837	0.4
Contemporary Amperex Technology Co., Limited	268,501	0.6
Nestle S.A.	252,690	1.5
Linde plc	231,064	2.1
TotalEnergies SE	204,659	2.8
Mitsubishi UFJ Financial Group, Inc.	201,395	2.0
Reliance Industries Limited	191,746	0.3
Industria de Diseno Textil, S.A.	177,381	0.9
Airbus SE	147,273	1.4
BYD Company Limited	133,114	0.6
Palo Alto Networks, Inc.	130,821	1.0
Sumitomo Mitsui Financial Group, Inc.	127,820	1.9
Tokyo Electron Limited	115,286	2.1
Bharti Airtel Limited	114,505	1.4
Prosus N.V.	107,474	0.5
EssilorLuxottica SA	106,242	0.7
BNP Paribas S.A.	103,123	2.9
Agnico Eagle Mines Limited	101,704	0.9
BAE Systems plc	87,268	1.9
Keyence Corporation	86,246	1.8
Deutsche Bank AG	56,897	1.4
argenx SE	45,190	3.1
Doosan Enerbility Co., Ltd.	40,818	0.4
Constellation Software Inc.	37,200	0.6
Universal Music Group N.V.	35,267	1.5
Sberbank of Russia PJSC	34,657 [†]	0.0**
Arch Capital Group Ltd.	34,199	2.2
Agilent Technologies, Inc.	32,211	1.4
Experian plc	31,050	1.0
HD Hyundai Heavy Industries Co., Ltd.	29,947	0.2
Mitsui Fudosan Co., Ltd.	29,425	1.0
Power Grid Corporation of India Limited	29,035	0.5
Epiroc AB	28,183	1.9
Ajinomoto Co., Inc.	27,338	2.3
Credicorp Ltd.	26,919	1.5
Kuaishou Technology	25,050	0.2
Nomura Holdings, Inc.	24,278	1.7
Eternal Limited	23,298	0.6
Montage Technology Co., Ltd.	22,301	0.3
Sociedad Quimica y Minera de Chile S.A.	21,939	0.7
Lundin Mining Corporation	21,307	3.1
Bank of Ireland Group plc	16,978	1.8

Company	Equity Market Cap (\$M)	Percent of Net Assets (%)
Euronext N.V.	16,599	1.3
HD Korea Shipbuilding & Offshore Engineering Co., Ltd.	16,519	0.5
InterGlobe Aviation Limited	16,074	0.5
Lynas Rare Earths Limited	13,750	1.7
Eurofins Scientific SE	13,193	1.7
Cummins India Limited	13,152	0.5
Trent Limited	12,353	0.3
Japan Exchange Group, Inc.	12,086	1.9
Symrise AG	11,845	0.7
On Holding AG	11,261	0.6
XP Inc.	10,233	0.7
Localiza Rent a Car S.A.	10,183	0.6
Piraeus Bank S.A.	9,980	1.1
Max Healthcare Institute Limited	9,873	0.5
WiseTech Global Limited	9,092	0.5
JSW Energy Limited	8,738	0.4
InPost S.A.	8,715	1.5
Full Truck Alliance Co. Ltd.	8,681	0.4
GDS Holdings Limited	8,315	0.9
eMemory Technology Inc.	6,144	0.7
Brunello Cucinelli S.p.A.	5,868	0.3
Nippon Life India Asset Management Limited	5,393	0.5
Godrej Properties Limited	4,672	0.3
Zhejiang Shuanghuan Driveline Co., Ltd.	4,429	0.3
The Japan Steel Works, Ltd.	4,188	1.6
Pony AI Inc.	4,093	0.2
Kingdee International Software Group Company Limited	3,879	0.3
Stevanato Group S.p.A.	3,754	0.5
ISC Co., Ltd.	3,654	1.3
Kaynes Technology India Limited	2,424	0.3
HPSP Co., Ltd.	2,340	0.6
Zai Lab Limited	2,133	0.5
Kirloskar Oil Engines Limited	2,037	0.4
Afya Limited	1,344	0.4
AMG Critical Materials N.V.	1,278	1.7
Park Systems Corporation	1,156	0.4
JM Financial Limited	1,146	0.4
SMS Co., Ltd.	926	0.7
ODDITY Tech Ltd.	758	0.3
GMR Power and Urban Infra Limited	739	0.4
Centum Electronics Limited	430	1.0
eDreams ODIGEO SA	410	0.5
Total		97.2%*

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

** Rounds to less than 0.1%.

[†] Source: FactSet PA.

Portfolio Market Capitalization

Baron Real Estate Fund is a diversified fund that invests 80% of its net assets in equity securities of U.S. and non-U.S. real estate and real estate-related companies of any size. The Fund's investment in non-U.S. companies will not exceed 35%.

Company	Equity Market Cap (\$M)	Percent of Net Assets (%)
Welltower Inc.	137,953	7.0
Lowe's Companies, Inc.	132,332	2.2
Prologis, Inc.	126,309	4.7
Brookfield Corporation	99,372	4.2
Equinix, Inc.	96,313	6.8
The Sherwin-Williams Company	79,292	1.0
Airbnb, Inc.	76,868	3.2
Brookfield Asset Management Ltd.	72,880	0.8
CRH public limited company	70,367	3.1
Hilton Worldwide Holdings Inc.	69,723	3.1
Digital Realty Trust, Inc.	63,041	3.1
Simon Property Group, Inc.	60,614	1.0
Public Storage Incorporated	47,551	2.8
Rocket Companies, Inc.	40,182	1.8
CBRE Group, Inc.	39,982	3.3
Ventas, Inc.	38,843	2.7
Las Vegas Sands Corporation	36,203	0.8
Vulcan Materials Company	35,525	0.9
Iron Mountain Incorporated	30,385	2.1
Equity Residential	22,332	1.0
Jones Lang LaSalle Incorporated	14,258	3.4
Hyatt Hotels Corporation	13,586	2.8

Company	Equity Market Cap (\$M)	Percent of Net Assets (%)
Toll Brothers, Inc.	12,925	4.0
UDR, Inc.	11,099	1.0
Advanced Drainage Systems, Inc.	10,682	1.8
Wynn Resorts, Limited	10,566	3.4
MGM Resorts International	9,469	1.7
GDS Holdings Limited	8,315	2.6
AAON, Inc.	6,752	1.6
Legence Corp.	6,144	0.4
SiteOne Landscape Supply, Inc.	5,918	3.2
Taylor Morrison Home Corporation	5,611	1.5
Red Rock Resorts, Inc.	5,610	1.7
Caesars Entertainment, Inc.	5,379	2.0
The Macerich Company	4,851	2.8
Vail Resorts, Inc.	4,572	1.5
Champion Homes, Inc.	4,113	1.6
Blackstone Mortgage Trust, Inc.	3,231	1.1
PENN Entertainment, Inc.	2,007	1.4
Total		95.0%*

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

Baron Emerging Markets Fund is a diversified fund that invests 80% of its net assets in non-U.S. companies of all sizes domiciled, headquartered or whose primary business activities or principal trading markets are in developing countries. The Fund may invest up to 20% in companies in developed market countries and in Frontier Countries.

Company	Equity Market Cap (\$M)	Percent of Net Assets (%)
Taiwan Semiconductor Manufacturing Company Limited	1,752,779	13.9
Samsung Electronics Co., Ltd.	698,770	4.6
Tencent Holdings Limited	576,807	4.1
SK hynix Inc.	405,756	2.2
Alibaba Group Holding Limited	299,525	2.0
Contemporary Amperex Technology Co., Limited	268,501	1.5
Reliance Industries Limited	191,746	0.8
BYD Company Limited	133,114	1.5
HDFC Bank Limited	118,726	0.3
Bharti Airtel Limited	114,505	1.6
Delta Electronics, Inc.	112,124	2.2
Grupo Mexico, S.A.B. de C.V.	83,362	1.7
Nu Holdings Ltd.	69,776	0.4
Banco BTG Pactual S.A.	54,278	1.2
Bajaj Finance Limited	52,585	1.7
Samsung Biologics Co., Ltd.	45,727	0.5
WuXi AppTec Co., Ltd.	42,763	0.8
Naspers Limited	41,929	0.4
Doosan Enerbility Co., Ltd.	40,818	1.0
Kotak Mahindra Bank Limited	37,060	0.6
Banco Bradesco S.A.	36,752	0.9
Sberbank of Russia PJSC	34,657 [†]	0.0**
Coupang, Inc.	34,516	0.1
Bharat Electronics Limited	30,877	1.0
HD Hyundai Heavy Industries Co., Ltd.	29,947	0.5
Power Grid Corporation of India Limited	29,035	1.1
FirstRand Limited	28,556	0.7
S.F. Holding Co., Ltd.	27,534	0.4
Credicorp Ltd.	26,919	1.8
Kuaishou Technology	25,050	0.7
Zhejiang Sanhua Intelligent Controls Co., Ltd.	24,701	0.6
Eternal Limited	23,298	1.0
Montage Technology Co., Ltd.	22,301	0.7
Sociedad Quimica y Minera de Chile S.A.	21,939	1.1
Fuyao Glass Industry Group Co., Ltd.	21,060	0.8
Chroma ATE Inc.	19,487	1.1
SBI Life Insurance Company Limited	18,796	1.0
Jiangsu Hengli Hydraulic Co., Ltd.	18,633	1.0
WuXi Biologics (Cayman) Inc.	17,424	0.4
HD Korea Shipbuilding & Offshore Engineering Co., Ltd.	16,519	1.0
InterGlobe Aviation Limited	16,074	0.9
Hanwha Systems Co., Ltd.	15,344	0.7
Tencent Music Entertainment Group	14,374	0.5
Cummins India Limited	13,152	1.2
Absa Group Limited	12,748	0.8
ASPEED Technology Inc.	12,652	1.0
Trent Limited	12,353	0.7

Company	Equity Market Cap (\$M)	Percent of Net Assets (%)
Cholamandalam Investment and Finance Company Limited	12,169	0.4
Korea Aerospace Industries, Ltd.	11,449	0.9
Prio S.A.	11,152	0.9
Tata Consumer Products Limited	10,588	0.5
HYUNDAI Glovis Co., Ltd.	10,528	1.0
XP Inc.	10,233	1.3
Localiza Rent a Car S.A.	10,183	1.4
Piraeus Bank S.A.	9,980	1.1
BDO Unibank, Inc.	9,905	0.6
Max Healthcare Institute Limited	9,873	1.2
JSW Energy Limited	8,738	0.5
InPost S.A.	8,715	1.6
Full Truck Alliance Co. Ltd.	8,681	0.9
China Mengniu Dairy Company Limited	8,509	1.0
GDS Holdings Limited	8,315	1.4
Vista Energy, S.A.B. de C.V.	7,868	1.1
Swiggy Limited	7,568	0.7
eMemory Technology Inc.	6,144	1.1
Nippon Life India Asset Management Limited	5,393	0.9
E Ink Holdings Inc.	4,912	0.4
Godrej Properties Limited	4,672	0.4
Zhejiang Shuanghuan Driveline Co., Ltd.	4,429	0.7
The Japan Steel Works, Ltd.	4,188	0.8
Pony AI Inc.	4,093	0.5
Tata Communications Limited	4,050	0.4
Kingdee International Software Group Company Limited	3,879	0.8
ISC Co., Ltd.	3,654	2.2
Inter & Co, Inc.	3,519	0.2
Pine Labs Limited	3,037	0.7
GPS Participacoes e Empreendimentos S.A.	2,426	0.9
Kaynes Technology India Limited	2,424	0.5
HPSP Co., Ltd.	2,340	1.0
Nuvama Wealth Management Limited	2,229	0.4
Zai Lab Limited	2,133	0.8
Kirloskar Oil Engines Limited	2,037	0.5
Afya Limited	1,344	0.4
d'Alba Global Co., Ltd.	1,181	0.6
Park Systems Corporation	1,156	0.4
JM Financial Limited	1,146	0.7
Codere Online Luxembourg, S.A.	383	0.5
Think & Learn Private Limited	21 [^]	0.0**
Total		97.3%*

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

[^] Estimate based upon available information.

** Rounds to less than 0.1%.

[†] Source: FactSet PA.

Portfolio Market Capitalization

Baron Global Opportunity Fund is a diversified fund that invests primarily in established and emerging markets companies located throughout the world with capitalization within the range of companies included in the MSCI ACWI Index.

Company	Equity Market Cap (\$M)	Percent of Net Assets (%)
NVIDIA Corporation	4,237,920	7.4
Amazon.com, Inc.	2,235,762	5.0
Taiwan Semiconductor Manufacturing Company Limited	1,752,779	5.0
Tesla, Inc.	1,394,967	1.2
Space Exploration Technologies Corp.	1,250,000 [^]	20.5
ASML Holding N.V.	502,119	2.7
Shopify Inc.	154,884	5.1
PDD Holdings Inc.	145,060	0.6
CrowdStrike Holdings, Inc.	99,014	2.3
MercadoLibre, Inc.	87,656	4.8
Cloudflare, Inc.	72,661	3.7
Nu Holdings Ltd.	69,776	3.0
Bajaj Finance Limited	52,585	2.7
Snowflake Inc.	52,139	1.9
argenx SE	45,190	2.8
Datadog, Inc.	41,772	2.2
Block, Inc.	36,054	0.8
Coupang, Inc.	34,516	3.5
Adyen N.V.	31,442	1.3
Nebius Group N.V.	26,253	0.5
Eternal Limited	23,298	2.6
Zscaler, Inc.	22,557	1.3
Illumina, Inc.	18,847	1.4
Figma, Inc.	11,029	0.2

Company	Equity Market Cap (\$M)	Percent of Net Assets (%)
Forgent Power Solutions, Inc.	8,911	1.4
InPost S.A.	8,715	1.4
GDS Holdings Limited	8,315	2.9
SailPoint, Inc.	7,465	0.4
ServiceTitan, Inc.	6,045	0.6
Loar Holdings Inc.	5,364	1.9
Wix.com Ltd.	4,958	0.9
Viking Therapeutics, Inc.	3,760	0.3
BillionToOne, Inc.	3,629	0.5
Netskope, Inc.	3,339	0.7
Grail, Inc.	2,120	0.0
Heartflow, Inc.	2,087	1.0
Afya Limited	1,344	0.7
Taboola.com Ltd.	867	0.0 ^{**}
indie Semiconductor, Inc.	724	1.0
Farmers Business Network, Inc.	500 [^]	0.1
Codere Online Luxembourg, S.A.	383	1.3
Fiverr International Ltd.	360	0.3
Think & Learn Private Limited	21 [^]	0.0 ^{**}
Total		97.9%*

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

[^] Estimate based upon available information.

^{**} Rounds to less than 0.1%.

Baron Discovery Fund is a diversified fund that invests in small-sized growth companies with market capitalizations up to the largest market cap stock in the Russell 2000 Growth Index at reconstitution, or companies with market capitalizations up to \$2.5 billion, whichever is larger.

Company	Equity Market Cap (\$M)	Percent of Net Assets (%)
Liberty Media Corporation - Liberty Formula One	21,073	0.9
RBC Bearings Incorporated	17,173	1.0
Nova Ltd.	13,803	1.4
Kratos Defense & Security Solutions, Inc.	13,209	0.8
Guidewire Software, Inc.	12,661	2.8
Advanced Energy Industries, Inc.	12,214	3.8
On Holding AG	11,261	0.9
Dynatrace, Inc.	11,029	3.7
Texas Roadhouse, Inc.	10,887	2.1
DraftKings Inc.	10,718	1.7
Karman Holdings Inc.	10,592	1.8
Wynn Resorts, Limited	10,566	2.2
SiTime Corporation	9,083	1.8
Forgent Power Solutions, Inc.	8,911	2.5
Liberty Live Holdings, Inc.	8,591	3.9
Procore Technologies, Inc.	8,556	1.8
Tempus AI, Inc.	8,084	1.8
Kinsale Capital Group, Inc.	7,911	1.6
Primo Brands Corporation	6,839	1.8
AAON, Inc.	6,752	1.6
Repligen Corporation	6,637	2.0
Birkenstock Holding plc	6,589	1.9
ServiceTitan, Inc.	6,045	1.6
SiteOne Landscape Supply, Inc.	5,918	2.5
Brunello Cucinelli S.p.A.	5,868	1.4
StepStone Group Inc.	5,710	1.7
Floor & Decor Holdings, Inc.	5,491	1.2
Loar Holdings Inc.	5,364	2.8
Enpro Inc.	5,295	1.5
Casella Waste Systems, Inc.	5,039	2.0

Company	Equity Market Cap (\$M)	Percent of Net Assets (%)
Waystar Holding Corp.	4,621	2.5
Badger Meter, Inc.	4,446	1.6
SentinelOne, Inc.	4,386	1.1
Mercury Systems, Inc.	4,376	1.8
Wingstop Inc.	4,234	1.4
Novanta Inc.	4,225	2.1
iRhythm Holdings, Inc.	3,814	0.9
Stevanato Group S.p.A.	3,754	1.4
BillionToOne, Inc.	3,629	1.4
Netskope, Inc.	3,339	1.0
Arcutis Biotherapeutics, Inc.	2,922	1.0
Veracyte, Inc.	2,559	0.9
Varonis Systems, Inc.	2,522	1.2
Heartflow, Inc.	2,087	2.4
Enerpac Tool Group Corp.	1,880	0.8
AxoGen, Inc.	1,719	0.9
Establishment Labs Holdings Inc.	1,665	2.4
Alkami Technology Inc.	1,663	1.6
Inspire Medical Systems, Inc.	1,485	0.7
GCI Liberty, Inc.	1,480	1.3
TWFG, Inc.	1,034	1.1
CareDx, Inc.	889	2.6
ARS Pharmaceuticals, Inc.	797	0.5
Montrose Environmental Group, Inc.	792	1.9
indie Semiconductor, Inc.	724	1.0
Total		93.9%*

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

Portfolio Market Capitalization

Baron Durable Advantage Fund is a diversified fund that invests primarily in large-sized companies with market capitalizations no smaller than the top 90th percentile by market capitalization of the S&P 500 Index at June 30, or companies with market capitalizations above \$10 billion, whichever is smaller.

Company	Equity Market Cap (\$M)	Percent of Net Assets (%)
NVIDIA Corporation	4,237,920	8.3
Alphabet Inc.	3,474,514	6.9
Microsoft Corporation	2,748,745	4.9
Amazon.com, Inc.	2,235,762	7.0
Taiwan Semiconductor Manufacturing Company Limited	1,752,779	8.0
Broadcom Inc.	1,465,427	4.9
Meta Platforms, Inc.	1,447,693	6.8
Visa Inc.	589,966	4.1
Mastercard Incorporated	445,674	1.6
Costco Wholesale Corporation	442,069	1.3
Lam Research Corporation	266,812	1.0
Thermo Fisher Scientific Inc.	182,596	1.3
Amphenol Corporation	155,311	2.1
Blackstone Inc.	141,835	2.3
Welltower Inc.	137,953	3.3
S&P Global Inc.	130,154	2.9

Company	Equity Market Cap (\$M)	Percent of Net Assets (%)
Intuit Inc.	119,575	1.5
CME Group, Inc.	107,155	2.8
Brookfield Corporation	99,372	3.0
Quanta Services, Inc.	82,144	1.2
Moody's Corporation	77,654	3.0
TransDigm Group Incorporated	65,451	1.9
Apollo Global Management, Inc.	64,428	2.3
Monolithic Power Systems, Inc.	53,703	5.0
MSCI Inc.	39,413	3.1
Arch Capital Group Ltd.	34,199	1.3
HEICO Corporation	32,910	2.8
Mettler-Toledo International Inc.	25,537	1.1
LPL Financial Holdings Inc.	24,123	3.0
Texas Roadhouse, Inc.	10,887	1.1
Total		99.5%*

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

Baron Real Estate Income Fund is a non-diversified fund that under normal circumstances, invests at least 80% of its net assets in real estate income-producing securities and other real estate securities of any market capitalization, including common stocks and equity securities, debt and preferred securities, non-U.S. real estate income-producing securities, and any other real estate-related yield securities.

Company	Equity Market Cap (\$M)	Percent of Net Assets (%)
Welltower Inc.	137,953	9.9
Prologis, Inc.	126,309	9.4
Brookfield Corporation	99,372	2.1
Equinix, Inc.	96,313	9.9
American Tower Corporation	80,437	1.0
CRH public limited company	70,367	2.3
Digital Realty Trust, Inc.	63,041	4.0
Simon Property Group, Inc.	60,614	2.1
Public Storage Incorporated	47,551	2.8
Ventas, Inc.	38,843	5.7
Iron Mountain Incorporated	30,385	2.2
Extra Space Storage Inc.	27,687	2.0
Equity Residential	22,332	1.5
Weyerhaeuser Company	17,606	2.8
Essex Property Trust, Inc.	15,604	1.0
Host Hotels & Resorts, Inc.	13,178	3.3
UDR, Inc.	11,099	1.2
Wynn Resorts, Limited	10,566	2.3

Company	Equity Market Cap (\$M)	Percent of Net Assets (%)
EastGroup Properties, Inc.	9,872	3.9
Agree Realty Corporation	9,048	1.6
American Healthcare REIT, Inc.	8,962	2.4
CubeSmart	8,323	1.7
GDS Holdings Limited	8,315	2.4
Terreno Realty Corporation	6,526	1.0
Essential Properties Realty Trust, Inc.	6,389	3.3
Janus Living, Inc.	6,202	1.3
The Macerich Company	4,851	3.9
Vail Resorts, Inc.	4,572	1.7
Blackstone Mortgage Trust, Inc.	3,231	1.6
Marriott Vacations Worldwide Corporation	2,234	2.7
Pebblebrook Hotel Trust	1,435	2.2
Total		95.2%*

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

Portfolio Market Capitalization

Baron Health Care Fund is a non-diversified fund that under normal circumstances, invests at least 80% of its net assets in equity securities in the form of common stock of companies engaged in the research, development, production, sale, delivery or distribution of products and services related to the health care industry.

Company	Equity Market Cap (\$M)	Percent of Net Assets (%)
Eli Lilly and Company	869,016	10.3
Johnson & Johnson	588,761	4.7
AbbVie Inc.	384,688	1.5
AstraZeneca PLC	305,884	5.3
Merck & Co., Inc.	297,404	2.6
Thermo Fisher Scientific Inc.	182,596	4.4
Gilead Sciences, Inc.	172,987	3.6
Intuitive Surgical, Inc.	163,644	3.3
Welltower Inc.	137,953	2.2
Stryker Corporation	125,845	1.6
Vertex Pharmaceuticals Incorporated	113,436	2.9
Medline Inc.	58,457	0.5
Edwards Lifesciences Corporation	46,170	2.3
argenx SE	45,190	3.3
IDEXX Laboratories, Inc.	44,681	2.3
Insmid Incorporated	35,247	2.8
Teva Pharmaceutical Industries Limited	35,079	3.4
Natera, Inc.	28,345	2.5
Mettler-Toledo International Inc.	25,537	4.1
DexCom, Inc.	24,170	0.9
Roivant Sciences Ltd.	19,825	3.0
Revolution Medicines, Inc.	19,272	0.2

Company	Equity Market Cap (\$M)	Percent of Net Assets (%)
Insulet Corporation	14,772	1.4
Ascendis Pharma A/S	14,176	1.1
Ionis Pharmaceuticals, Inc.	12,404	2.9
Guardant Health, Inc.	12,116	2.6
Madrigal Pharmaceuticals, Inc.	12,008	2.4
Elanco Animal Health Incorporated	11,897	2.9
Abivax S.A.	8,815	0.5
Cytokinetics, Incorporated	8,118	1.3
Kymera Therapeutics, Inc.	6,800	1.4
Protagonist Therapeutics, Inc.	6,725	1.4
Repligen Corporation	6,637	0.9
Apogee Therapeutics, Inc.	6,295	1.1
Terns Pharmaceuticals, Inc.	6,085	1.6
Xenon Pharmaceuticals Inc.	5,364	1.3
RadNet, Inc.	4,338	2.9
BillionToOne, Inc.	3,629	1.8
Arcutis Biotherapeutics, Inc.	2,922	1.5
Veradermics, Incorporated	2,358	0.5
Heartflow, Inc.	2,087	1.0
Total		98.5%*

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

Baron India Fund is a diversified fund that, under normal circumstances, invests at least 80% of its net assets in equities of companies located in India.

Company	Equity Market Cap (\$M)	Percent of Net Assets (%)
Reliance Industries Limited	191,746	2.7
HDFC Bank Limited	118,726	5.4
Bharti Airtel Limited	114,505	7.9
ICICI Bank Limited	92,724	4.4
Tata Consultancy Services Limited	89,982	0.7
Bajaj Finance Limited	52,585	4.2
Mahindra & Mahindra Limited	38,738	2.5
Axis Bank Limited	38,052	2.5
Kotak Mahindra Bank Limited	37,060	2.4
Titan Company Limited	36,985	1.3
Bharat Electronics Limited	30,877	4.4
Power Grid Corporation of India Limited	29,035	3.5
Bajaj Finserv Limited	27,536	1.0
Eternal Limited	23,298	4.1
SBI Life Insurance Company Limited	18,796	3.7
Divi's Laboratories Limited	16,645	1.6
InterGlobe Aviation Limited	16,074	1.2
Cummins India Limited	13,152	3.1
Trent Limited	12,353	1.0
Cholamandalam Investment and Finance Company Limited	12,169	2.9
Indus Towers Limited	11,631	1.5
Tata Consumer Products Limited	10,588	2.7

Company	Equity Market Cap (\$M)	Percent of Net Assets (%)
Max Healthcare Institute Limited	9,873	2.3
Siemens Energy India Limited	9,633	1.1
JSW Energy Limited	8,738	0.9
Dixon Technologies (India) Limited	6,201	0.4
Godrej Properties Limited	4,672	0.5
360 ONE WAM Limited	4,066	2.4
Aster DM Healthcare Limited	3,660	4.0
Amber Enterprises India Limited	2,430	0.8
Kaynes Technology India Limited	2,424	0.5
Aditya Infotech Limited	2,233	0.6
Nuvama Wealth Management Limited	2,229	1.3
Acutaas Chemicals Limited	2,209	1.5
Kirloskar Oil Engines Limited	2,037	3.1
Shaily Engineering Plastics Limited	1,010	1.3
Astra Microwave Products Limited	857	0.9
HealthCare Global Enterprises Limited	827	2.3
GMR Power and Urban Infra Limited	739	1.4
Precision Wires India Limited	563	5.5
Centum Electronics Limited	430	3.7
Total		99.5%*

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

Portfolio Market Capitalization

Baron First Principles ETF is a non-diversified fund that, under normal circumstances, invests primarily in equity securities (including depositary receipts) of U.S. growth companies of any market capitalization.

Company	Equity Market Cap (\$M)	Percent of Net Assets (%)
Tesla, Inc.	1,394,967	13.6
Space Exploration Technologies Corp.	1,250,000	12.6
The Charles Schwab Corporation	168,130	4.7
Shopify Inc.	154,884	5.4
Interactive Brokers Group, Inc.	114,032	3.0
Spotify Technology S.A.	99,810	4.3
Airbnb, Inc.	76,868	1.7
IDEXX Laboratories, Inc.	44,681	1.9
MSCI Inc.	39,413	6.6
Live Nation Entertainment, Inc.	35,810	1.9
Arch Capital Group Ltd.	34,199	2.3
HEICO Corporation	32,910	1.7
Verisk Analytics, Inc.	26,175	4.7
Hyatt Hotels Corporation	13,586	4.6

Company	Equity Market Cap (\$M)	Percent of Net Assets (%)
Guidewire Software, Inc.	12,661	3.7
On Holding AG	11,261	2.3
Gartner, Inc.	11,155	4.2
FactSet Research Systems Inc.	8,050	4.4
Kinsale Capital Group, Inc.	7,911	2.9
Birkenstock Holding plc	6,589	1.8
Red Rock Resorts, Inc.	5,610	3.6
Choice Hotels International, Inc.	4,758	2.9
Vail Resorts, Inc.	4,572	2.7
FIGS, Inc.	2,457	2.5
Total		99.9%*

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

Baron Global Durable Advantage ETF is a non-diversified fund that seeks to achieve its investment objective by investing primarily in equity securities of established and developing countries throughout the world, with capitalizations within the range of companies included in the MSCI ACWI Index (USD).

Company	Equity Market Cap (\$M)	Percent of Net Assets (%)
NVIDIA Corporation	4,237,920	6.3
Alphabet Inc.	3,474,514	5.0
Amazon.com, Inc.	2,235,762	6.0
Taiwan Semiconductor Manufacturing Company Limited	1,752,779	7.0
Meta Platforms, Inc.	1,447,693	3.3
Eli Lilly and Company	869,016	2.7
Visa Inc.	589,966	5.3
Tencent Holdings Limited	576,807	2.0
ASML Holding N.V.	502,119	3.9
LVMH Moët Hennessy Louis Vuitton SE	271,837	1.3
Hermès International S.A.	200,276	2.3
Thermo Fisher Scientific Inc.	182,596	1.7
Amphenol Corporation	155,311	0.9
Welltower Inc.	137,953	2.7
AppLovin Corporation	134,237	0.9
S&P Global Inc.	130,154	4.4
HDFC Bank Limited	118,726	1.4
CME Group, Inc.	107,155	2.9
Brookfield Corporation	99,372	3.4
MercadoLibre, Inc.	87,656	1.5
Keyence Corporation	86,246	1.2
Atlas Copco AB	83,414	2.3

Company	Equity Market Cap (\$M)	Percent of Net Assets (%)
KKR & Co. Inc.	82,469	1.4
Quanta Services, Inc.	82,144	1.1
Nu Holdings Ltd.	69,776	2.2
Hilton Worldwide Holdings Inc.	69,723	2.6
TransDigm Group Incorporated	65,451	2.4
Ferrari N.V.	60,000	1.0
Monolithic Power Systems, Inc.	53,703	1.7
MSCI Inc.	39,413	2.5
Constellation Software Inc.	37,200	1.7
Coupang, Inc.	34,516	1.4
HEICO Corporation	32,910	1.8
Ajinomoto Co., Inc.	27,338	2.5
LPL Financial Holdings Inc.	24,123	1.2
Watsco, Inc.	14,791	1.1
Lifco AB	13,521	2.4
Indutrade AB	8,251	1.8
Wix.com Ltd.	4,958	1.3
Stevanato Group S.p.A.	3,754	1.0
Total		99.6%*

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

Portfolio Market Capitalization

Baron SMID Cap ETF is a diversified fund that, under normal circumstances, invests at least 80% of its net assets in equity securities (including depositary receipts) of small- and mid-sized companies.

Company	Equity Market Cap (\$M)	Percent of Net Assets (%)
Hilton Worldwide Holdings Inc.	69,723	2.1
TransDigm Group Incorporated	65,451	2.2
Ferrari N.V.	60,000	1.7
Monolithic Power Systems, Inc.	53,703	2.1
Edwards Lifesciences Corporation	46,170	2.2
argenx SE	45,190	2.0
Coherent Corp.	44,660	2.7
Datadog, Inc.	41,772	1.3
Chipotle Mexican Grill, Inc.	41,691	1.7
Waste Connections, Inc.	41,459	1.6
MSCI Inc.	39,413	2.1
Vulcan Materials Company	35,525	1.8
Axon Enterprise, Inc.	34,144	2.5
Natera, Inc.	28,345	1.5
Rollins, Inc.	25,743	2.2
Reddit, Inc.	25,723	1.4
Tradeweb Markets Inc.	25,653	1.7
Fair Isaac Corporation	25,324	1.5
LPL Financial Holdings Inc.	24,123	2.1
Liberty Media Corporation - Liberty Formula One	21,073	2.7
BWX Technologies, Inc.	18,734	1.3
Samsara Inc.	18,403	3.7
Insulet Corporation	14,772	2.6
Lattice Semiconductor Corporation	12,696	2.6
Guidewire Software, Inc.	12,661	3.2
Elanco Animal Health Incorporated	11,897	1.9

Company	Equity Market Cap (\$M)	Percent of Net Assets (%)
Rubrik, Inc.	11,133	2.3
Dynatrace, Inc.	11,029	3.7
DraftKings Inc.	10,718	1.4
Karman Holdings Inc.	10,592	1.8
Wynn Resorts, Limited	10,566	2.1
Booz Allen Hamilton Holding Corporation	9,410	2.6
Rambus Inc.	9,305	1.0
Forgent Power Solutions, Inc.	8,911	2.0
Liberty Live Holdings, Inc.	8,591	3.1
MP Materials Corp.	8,574	0.5
Tempus AI, Inc.	8,084	1.1
Repligen Corporation	6,637	1.9
Churchill Downs Incorporated	6,261	1.8
SiteOne Landscape Supply, Inc.	5,918	2.3
Hamilton Lane Incorporated	5,578	1.5
Loar Holdings Inc.	5,364	2.6
Enpro Inc.	5,295	2.0
Waystar Holding Corp.	4,621	2.5
Mercury Systems, Inc.	4,376	1.7
Wingstop Inc.	4,234	1.5
Stevanato Group S.p.A.	3,754	1.3
Netskope, Inc.	3,339	1.4
Heartflow, Inc.	2,087	1.2
Total		97.9%*

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

Baron Financials ETF is a diversified fund that seeks capital appreciation through investments primarily in equity securities (including depositary receipts) of Financials and Financials-related companies.

Company	Equity Market Cap (\$M)	Percent of Net Assets (%)
Visa Inc.	589,966	5.5
Mastercard Incorporated	445,674	5.6
Bank of America Corporation	348,353	3.0
Morgan Stanley	261,314	3.3
The Charles Schwab Corporation	168,130	4.4
BlackRock Inc.	157,599	2.3
Shopify Inc.	154,884	1.7
S&P Global Inc.	130,154	5.5
Intuit Inc.	119,575	3.3
The Progressive Corporation	115,963	1.5
Interactive Brokers Group, Inc.	114,032	3.6
Capital One Financial Corporation	113,458	2.4
CME Group, Inc.	107,155	3.5
MercadoLibre, Inc.	87,656	3.6
KKR & Co. Inc.	82,469	3.5
Moody's Corporation	77,654	3.4
Nu Holdings Ltd.	69,776	3.3
Apollo Global Management, Inc.	64,428	2.9
Robinhood Markets, Inc.	62,443	1.2
Rocket Companies, Inc.	40,182	0.5
MSCI Inc.	39,413	3.4
Block, Inc.	36,054	0.9
Arch Capital Group Ltd.	34,199	2.1
Verisk Analytics, Inc.	26,175	2.5

Company	Equity Market Cap (\$M)	Percent of Net Assets (%)
Tradeweb Markets Inc.	25,653	3.5
Fair Isaac Corporation	25,324	2.1
LPL Financial Holdings Inc.	24,123	4.0
Equifax Inc.	21,723	1.1
TransUnion	13,350	1.2
Guidewire Software, Inc.	12,661	2.4
Wise plc	12,259	1.8
Jack Henry & Associates, Inc.	11,405	1.7
Houlihan Lokey, Inc.	10,023	2.4
FactSet Research Systems Inc.	8,050	0.4
Primerica, Inc.	7,930	1.3
Kinsale Capital Group, Inc.	7,911	0.9
ServiceTitan, Inc.	6,045	0.8
Neptune Insurance Holdings Inc.	3,342	0.4
The Baldwin Insurance Group, Inc.	3,134	0.5
Accelerant Holdings	2,968	0.3
Alkami Technology Inc.	1,663	0.5
TWFG, Inc.	1,034	0.7
Total		99.0%*

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

Portfolio Market Capitalization

Baron Technology ETF is a non-diversified fund that seeks capital appreciation through investments primarily in equity securities (including depositary receipts) of U.S. and non-U.S. technology companies, selected for their durable growth potential from the development, advancement, and use of technology.

Company	Equity Market Cap (\$M)	Percent of Net Assets (%)
NVIDIA Corporation	4,237,920	11.5
Alphabet Inc.	3,474,514	4.1
Amazon.com, Inc.	2,235,762	6.9
Taiwan Semiconductor Manufacturing Company Limited	1,752,779	8.8
Broadcom Inc.	1,465,427	8.4
Meta Platforms, Inc.	1,447,693	1.9
Tesla, Inc.	1,394,967	3.5
ASML Holding N.V.	502,119	2.0
Micron Technology, Inc.	380,994	0.8
Palantir Technologies Inc.	349,854	1.3
Lam Research Corporation	266,812	5.6
Shopify Inc.	154,884	3.6
Arista Networks, Inc.	154,278	1.4
Welltower Inc.	137,953	0.5
Spotify Technology S.A.	99,810	4.5
CrowdStrike Holdings, Inc.	99,014	0.3
Quanta Services, Inc.	82,144	1.8
Synopsys, Inc.	75,951	0.9
Cloudflare, Inc.	72,661	1.5
Monolithic Power Systems, Inc.	53,703	1.3

Company	Equity Market Cap (\$M)	Percent of Net Assets (%)
Snowflake Inc.	52,139	1.4
Lumentum Holdings Inc.	50,177	2.6
Coherent Corp.	44,660	3.6
Datadog, Inc.	41,772	1.2
Axon Enterprise, Inc.	34,144	2.6
Zscaler, Inc.	22,557	1.1
Samsara Inc.	18,403	2.1
Guidewire Software, Inc.	12,661	1.8
Rubrik, Inc.	11,133	1.1
Forgent Power Solutions, Inc.	8,911	1.4
GDS Holdings Limited	8,315	2.1
AAON, Inc.	6,752	0.9
Loar Holdings Inc.	5,364	0.9
Solaris Energy Infrastructure, Inc.	4,300	1.5
Hinge Health, Inc.	3,037	1.5
Heartflow, Inc.	2,087	0.9
indie Semiconductor, Inc.	724	1.2
PAR Technology Corporation	573	0.4
Total		99.0%*

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

Baron Asset Fund

Shares	Cost	Value	
Common Stocks (73.62%)			
Communication Services (1.65%)			
Movies & Entertainment (1.65%)			
90,030	Spotify Technology SA ^{1,2}	\$ 22,203,025	\$ 43,656,447
1,766,765	StubHub Holdings, Inc., Cl A ^{1,4}	68,279,309	11,024,614
Total Communication Services		<u>90,482,334</u>	<u>54,681,061</u>
Consumer Discretionary (7.72%)			
Casinos & Gaming (0.62%)			
950,000	DraftKings, Inc., Cl A ¹	36,748,925	20,539,000
Footwear (1.82%)			
591,069	Birkenstock Holding PLC ^{1,2}	26,321,038	21,178,002
1,147,000	On Holding AG, Cl A ^{1,2}	35,496,145	39,020,940
		<u>61,817,183</u>	<u>60,198,942</u>
Home Improvement Retail (0.46%)			
300,000	Floor & Decor Holdings, Inc., Cl A ¹	26,497,918	15,240,000
Hotels, Resorts & Cruise Lines (3.67%)			
388,682	Choice Hotels International, Inc.	1,672,734	40,228,587
31,000	Hilton Worldwide Holdings, Inc.	6,489,341	9,426,480
500,233	Hyatt Hotels Corp., Cl A	13,700,166	71,928,503
		<u>21,862,241</u>	<u>121,583,570</u>
Leisure Facilities (1.15%)			
298,231	Vail Resorts, Inc.	5,755,019	38,269,002
Total Consumer Discretionary		<u>152,681,286</u>	<u>255,830,514</u>
Financials (11.00%)			
Financial Exchanges & Data (2.97%)			
152,719	FactSet Research Systems, Inc.	8,111,765	33,138,496
53,000	MSCI, Inc.	19,223,355	28,567,530
311,189	Tradeweb Markets, Inc., Cl A	12,937,284	36,614,497
		<u>40,272,404</u>	<u>98,320,523</u>
Insurance Brokers (0.65%)			
74,451	Willis Towers Watson PLC ²	9,189,144	21,642,906
Investment Banking & Brokerage (2.96%)			
868,394	The Charles Schwab Corp.	767,067	81,611,668
55,000	LPL Financial Holdings, Inc.	20,659,483	16,545,650
		<u>21,426,550</u>	<u>98,157,318</u>
Property & Casualty Insurance (4.42%)			
1,523,417	Arch Capital Group Ltd. ^{1,2}	5,499,102	146,232,798
Total Financials		<u>76,387,200</u>	<u>364,353,545</u>

Shares	Cost	Value	
Common Stocks (continued)			
Health Care (10.43%)			
Health Care Equipment (4.56%)			
269,176	IDEXX Laboratories, Inc. ¹	\$ 5,106,120	\$ 151,247,303
Health Care Supplies (0.89%)			
411,198	The Cooper Companies, Inc. ¹	17,222,441	29,400,657
Health Care Technology (0.78%)			
146,728	Veeva Systems, Inc., Cl A ¹	8,211,614	25,774,240
Life Sciences Tools & Services (4.20%)			
85,647	Mettler-Toledo International, Inc. ¹	5,094,628	108,017,997
144,000	Repligen Corp. ¹	23,336,583	16,966,080
56,474	West Pharmaceutical Services, Inc.	2,439,756	14,154,643
		<u>30,870,967</u>	<u>139,138,720</u>
Total Health Care		<u>61,411,142</u>	<u>345,560,920</u>
Industrials (17.00%)			
Aerospace & Defense (1.72%)			
60,000	Axon Enterprise, Inc. ¹	15,677,319	25,481,400
550,000	Loar Holdings, Inc. ¹	40,056,269	31,509,500
		<u>55,733,588</u>	<u>56,990,900</u>
Construction & Engineering (4.23%)			
255,080	Quanta Services, Inc.	43,127,971	140,044,022
Data Processing & Outsourced Services (0.82%)			
403,076	SS&C Technologies Holdings, Inc.	10,805,709	27,235,845
Electrical Components & Equipment (2.97%)			
873,738	Forgent Power Solutions, Inc. ^{1,4}	24,824,448	25,574,311
290,000	Vertiv Holdings Co., Cl A	27,408,196	72,668,200
		<u>52,232,644</u>	<u>98,242,511</u>
Environmental & Facilities Services (1.46%)			
905,558	Rollins, Inc.	11,646,413	48,365,853
Industrial Machinery & Supplies & Components (0.19%)			
33,460	IDEX Corp.	2,409,866	6,342,343
Research & Consulting Services (5.61%)			
360,000	Booz Allen Hamilton Holding Corp.	37,329,077	28,090,800
575,500	TransUnion	24,489,693	39,818,845
621,476	Verisk Analytics, Inc.	16,077,901	117,925,071
		<u>77,896,671</u>	<u>185,834,716</u>
Total Industrials		<u>253,852,862</u>	<u>563,056,190</u>

Portfolio of Investments

Baron Asset Fund (continued)

Shares	Cost	Value
Common Stocks (continued)		
Information Technology (18.28%)		
Application Software (9.55%)		
51,047 Fair Isaac Corp. ¹	\$ 20,148,932	\$ 54,494,714
862,495 Guidewire Software, Inc. ¹	43,112,663	128,994,752
515,000 Procore Technologies, Inc. ¹	37,516,513	29,355,000
170,692 Roper Technologies, Inc.	14,441,721	60,401,071
850,000 Samsara, Inc., Cl A ¹	33,416,962	26,936,500
256,493 ServiceTitan, Inc., Cl A ¹	20,395,336	16,277,046
	169,032,127	316,459,083
Electronic Components (5.34%)		
1,398,270 Amphenol Corp., Cl A	33,277,000	176,671,415
IT Consulting & Other Services (2.75%)		
575,973 Gartner, Inc. ¹	12,046,961	91,199,565
Technology Distributors (0.64%)		
175,011 CDW Corp.	10,561,989	21,179,831
Total Information Technology	224,918,077	605,509,894
Materials (0.57%)		
Construction Materials (0.57%)		
70,000 Vulcan Materials Co.	18,696,217	19,061,000
Real Estate (6.97%)		
Data Center REITs (1.37%)		
46,116 Equinix, Inc.	2,965,260	45,204,748
Health Care REITs (1.31%)		
220,000 Welltower, Inc.	31,846,794	43,496,200
Real Estate Services (4.29%)		
496,323 CBRE Group, Inc., Cl A ¹	5,552,581	67,231,914
1,854,901 CoStar Group, Inc. ¹	37,631,527	74,826,706
	43,184,108	142,058,620
Total Real Estate	77,996,162	230,759,568
Total Common Stocks	956,425,280	2,438,812,692

Shares	Cost	Value
Private Common Stocks (10.19%)		
Industrials (10.19%)		
Aerospace & Defense (10.19%)		
571,270 Space Exploration Technologies Corp., Cl A ^{1,3,4}	\$ 47,115,255	\$ 300,825,069
69,932 Space Exploration Technologies Corp., Cl C ^{1,3,4}	5,384,764	36,825,492
Total Private Common Stocks	52,500,019	337,650,561
Private Preferred Stocks (15.50%)		
Industrials (15.50%)		
Aerospace & Defense (15.50%)		
277,529 Skyrise, Inc., Series C ^{1,3,4}	7,499,999	6,299,909
96,298 Space Exploration Technologies Corp., Series N ^{1,3,4}	26,000,460	507,095,638
Total Private Preferred Stocks	33,500,459	513,395,547
Total Investments (99.31%)	\$ 1,042,425,758	3,289,858,800
Cash and Other Assets		
Less Liabilities (0.69%)		22,808,304
Net Assets		\$ 3,312,667,104

% Represents percentage of net assets.

¹ Non-income producing securities.

² Foreign corporation.

³ At March 31, 2026, the market value of restricted securities amounted to \$851,046,108 or 25.69% of net assets.

⁴ Sector levels are provided from the Global Industry Classification Standard (GICS), developed and exclusively owned by MSCI Inc. (MSCI) and Standard and Poor's Financial Services LLC (S&P). The Adviser has reclassified/classified certain securities in or out of this sub-industry. Such reclassifications/classifications are not supported by S&P or MSCI.

Baron Growth Fund

Shares	Cost	Value	
Common Stocks (114.12%)			
Consumer Discretionary (26.41%)			
Apparel, Accessories & Luxury Goods (7.00%)			
12,368,569	Figs, Inc., Cl A ^{1,6}	\$ 87,745,510	\$ 182,683,764
Casinos & Gaming (4.80%)			
2,347,802	Red Rock Resorts, Inc., Cl A ⁶	61,849,524	125,278,715
Hotels, Resorts & Cruise Lines (10.90%)			
2,750,000	Choice Hotels International, Inc. ^{4,6}	74,401,886	284,625,000
Leisure Facilities (3.71%)			
755,000	Vail Resorts, Inc. ⁶	34,344,189	96,881,600
Total Consumer Discretionary		<u>258,341,109</u>	<u>689,469,079</u>
Financials (68.58%)			
Financial Exchanges & Data (27.52%)			
675,000	FactSet Research Systems, Inc. ⁶	39,552,157	146,468,250
535,000	Morningstar, Inc. ⁶	11,283,789	90,441,750
893,400	MSCI, Inc. ⁶	17,037,791	481,551,534
		67,873,737	718,461,534
Investment Banking & Brokerage (2.20%)			
400,000	Houlihan Lokey, Inc. ⁶	17,562,923	57,448,000
Life & Health Insurance (5.53%)			
576,000	Primerica, Inc. ⁶	12,443,393	144,276,480
Property & Casualty Insurance (33.33%)			
5,991,000	Arch Capital Group Ltd. ^{1,2,6}	19,245,668	575,076,090
863,900	Kinsale Capital Group, Inc. ⁶	28,683,670	295,160,074
		47,929,338	870,236,164
Total Financials		<u>145,809,391</u>	<u>1,790,422,178</u>
Health Care (4.30%)			
Health Care Equipment (4.30%)			
200,000	IDEXX Laboratories, Inc. ^{1,6}	2,814,668	112,378,000
Information Technology (10.73%)			
Application Software (4.30%)			
750,000	Guidewire Software, Inc. ^{1,6}	22,750,078	112,170,000
IT Consulting & Other Services (6.43%)			
1,060,000	Gartner, Inc. ^{1,6}	15,058,991	167,840,400
Total Information Technology		<u>37,809,069</u>	<u>280,010,400</u>

Shares	Cost	Value	
Common Stocks (continued)			
Real Estate (4.10%)			
Real Estate Services (4.10%)			
2,650,000	CoStar Group, Inc. ^{1,6}	\$ 11,168,482	\$ 106,901,000
Total Common Stocks		<u>455,942,719</u>	<u>2,979,180,657</u>
Private Common Stocks (0.03%)			
Unclassified (0.03%)			
Unclassified (0.03%)			
422,278	Farmers Business Network, Inc. ^{1,3,5,7}	16,300,002	785,437
Private Convertible Preferred Stocks (0.00%)			
Unclassified (0.00%)			
Unclassified (0.00%)			
59,407,006	Northvolt AB (Sweden) ^{1,2,3,5,8}	9,374,988	0
Total Investments (114.15%)		<u>\$ 481,617,709</u>	<u>2,979,966,094</u>
Liabilities Less Cash and Other Assets (-14.15%)			
			<u>(369,380,517)</u>
Net Assets			
			<u>\$ 2,610,585,577</u>

% Represents percentage of net assets.

¹ Non-income producing securities.

² Foreign corporation.

³ At March 31, 2026, the market value of restricted securities amounted to \$785,437 or 0.03% of net assets.

⁴ An "Affiliated" investment may include any company in which the Fund owns 5% or more of its outstanding shares.

⁵ Sector levels are provided from the Global Industry Classification Standard (GICS), developed and exclusively owned by MSCI Inc. (MSCI) and Standard and Poor's Financial Services LLC (S&P). The Adviser has reclassified/classified certain securities in or out of this sub-industry. Such reclassifications/classifications are not supported by S&P or MSCI.

⁶ All or a portion of this security is pledged with the custodian in connection with the Fund's loans payable outstanding. At March 31, 2026, the total market value of pledged securities amounted to \$746,022,984 or 28.58% of net assets.

⁷ The Adviser reclassified sector and sub-industry to Unclassified due to ongoing principal business activity restructuring.

⁸ The Adviser reclassified sector and sub-industry to Unclassified as a result of the company declaring bankruptcy and no longer having a principal business activity.

Portfolio of Investments

Baron Small Cap Fund

Shares	Cost	Value	
Common Stocks (99.78%)			
Communication Services (4.48%)			
Movies & Entertainment (4.48%)			
800,000	Liberty Media Corp.-Liberty Formula One, Cl C ¹	\$ 15,267,597	\$ 68,016,000
165,000	Madison Square Garden Sports Corp. ¹	6,210,197	53,031,000
Total Communication Services		<u>21,477,794</u>	<u>121,047,000</u>
Consumer Discretionary (21.17%)			
Automotive Parts & Equipment (0.37%)			
3,250,000	Holley, Inc. ¹	15,612,642	9,977,500
Casinos & Gaming (6.24%)			
1,500,000	DraftKings, Inc., Cl A ¹	27,760,213	32,430,000
2,550,000	Red Rock Resorts, Inc., Cl A	80,807,313	136,068,000
		<u>108,567,526</u>	<u>168,498,000</u>
Education Services (2.59%)			
850,000	Bright Horizons Family Solutions, Inc. ¹	41,901,355	69,810,500
Home Improvement Retail (0.72%)			
380,000	Floor & Decor Holdings, Inc., Cl A ¹	12,604,199	19,304,000
Homebuilding (1.72%)			
175,000	Installed Building Products, Inc.	7,629,502	46,401,250
Leisure Facilities (3.31%)			
1,200,000	Planet Fitness, Inc., Cl A ¹	51,236,511	89,256,000
Restaurants (2.03%)			
1,000,000	The Cheesecake Factory, Inc.	25,222,081	54,750,000
Specialized Consumer Services (4.19%)			
4,500,000	Driven Brands Holdings, Inc. ¹	76,882,119	56,745,000
600,000	Liberty Live Holdings, Inc., Cl C ¹	34,070,759	56,466,000
		<u>110,952,878</u>	<u>113,211,000</u>
Total Consumer Discretionary		<u>373,726,694</u>	<u>571,208,250</u>
Consumer Staples (0.91%)			
Packaged Foods & Meats (0.91%)			
1,500,000	Once Upon a Farm PBC ¹	27,847,079	24,525,000
Financials (11.51%)			
Asset Management & Custody Banks (0.80%)			
2,200,000	GCM Grosvenor, Inc., Cl A	24,160,896	21,560,000
Insurance Brokers (3.42%)			
1,200,000	Accelerant Holdings, Cl A ^{1,2}	26,436,576	16,032,000
2,700,000	Baldwin Insurance Group, Inc., Cl A ¹	38,913,842	59,238,000
700,000	Neptune Insurance Holdings, Inc., Cl A ^{1,3}	14,860,182	16,933,000
		<u>80,210,600</u>	<u>92,203,000</u>

Shares	Cost	Value	
Common Stocks (continued)			
Financials (continued)			
Investment Banking & Brokerage (2.61%)			
490,000	Houlihan Lokey, Inc.	\$ 22,571,571	\$ 70,373,800
Property & Casualty Insurance (4.68%)			
370,000	Kinsale Capital Group, Inc.	54,889,638	126,414,200
Total Financials		<u>181,832,705</u>	<u>310,551,000</u>
Health Care (9.13%)			
Health Care Equipment (0.52%)			
225,000	DexCom, Inc. ¹	746,235	14,130,000
Health Care Services (2.55%)			
700,000	Hinge Health, Inc., Cl A ¹	23,746,715	26,992,000
750,000	RadNet, Inc. ¹	44,042,531	41,917,500
		<u>67,789,246</u>	<u>68,909,500</u>
Health Care Supplies (1.72%)			
5,000,000	Neogen Corp. ¹	50,262,368	46,450,000
Life Sciences Tools & Services (2.02%)			
400,000	ICON plc ^{1,2}	11,417,367	44,264,000
8,000	Mettler-Toledo International, Inc. ¹	386,055	10,089,600
		<u>11,803,422</u>	<u>54,353,600</u>
Managed Health Care (2.32%)			
750,000	HealthEquity, Inc. ¹	12,292,452	62,677,500
Total Health Care		<u>142,893,723</u>	<u>246,520,600</u>
Industrials (33.17%)			
Aerospace & Defense (6.08%)			
445,000	Karman Holdings, Inc. ¹	13,208,896	35,622,250
475,000	Kratos Defense & Security Solutions, Inc. ¹	10,313,729	33,492,250
70,000	TransDigm Group, Inc. ¹	0	81,127,200
75,000	VSE Corp.	14,100,061	13,830,000
		<u>37,622,686</u>	<u>164,071,700</u>
Construction & Engineering (2.30%)			
1,100,000	Legence Corp., Cl A ¹	30,800,000	62,106,000
Electrical Components & Equipment (7.89%)			
850,000	Vertiv Holdings Co., Cl A	9,617,072	212,993,000
Environmental & Facilities Services (1.14%)			
190,000	Waste Connections, Inc. ²	8,296,667	30,863,600
Human Resource & Employment Services (1.64%)			
3,750,000	First Advantage Corp. ¹	60,629,977	44,100,000

Baron Small Cap Fund (continued)

Shares		Cost	Value
Common Stocks (continued)			
Industrials (continued)			
Industrial Machinery & Supplies & Components (7.62%)			
180,000	Enpro, Inc.	\$ 31,537,948	\$ 45,117,000
660,000	JBT Marel Corp.	59,851,004	84,394,200
140,000	RBC Bearings, Inc. ¹	21,040,660	76,036,800
		<u>112,429,612</u>	<u>205,548,000</u>
Research & Consulting Services (1.69%)			
900,000	Andersen Group, Inc., CI A ¹	16,676,713	24,480,000
325,000	Exponent, Inc.	24,588,630	21,206,250
		<u>41,265,343</u>	<u>45,686,250</u>
Trading Companies & Distributors (4.81%)			
975,000	SiteOne Landscape Supply, Inc. ¹	48,472,808	129,782,250
		<u>48,472,808</u>	<u>129,782,250</u>
Total Industrials		<u>349,134,165</u>	<u>895,150,800</u>
Information Technology (18.36%)			
Application Software (7.05%)			
750,000	Guidewire Software, Inc. ¹	19,187,566	112,170,000
1,675,000	Intapp, Inc. ¹	65,120,759	43,030,750
1,550,000	nCino, Inc. ¹	49,646,801	23,219,000
900,000	PAR Technology Corp. ¹	55,901,507	11,997,000
		<u>189,856,633</u>	<u>190,416,750</u>
Electronic Equipment & Instruments (5.42%)			
1,740,000	Cognex Corp.	38,600,852	85,242,600
750,000	Mirion Technologies, Inc. ¹	16,605,355	13,942,500
400,000	Novanta, Inc. ^{1,2}	44,477,575	47,244,000
		<u>99,683,782</u>	<u>146,429,100</u>

Shares		Cost	Value
Common Stocks (continued)			
Information Technology (continued)			
IT Consulting & Other Services (4.27%)			
1,000,000	ASGN, INC. ¹	\$ 20,162,788	\$ 38,710,000
375,000	Gartner, Inc. ¹	5,045,128	59,377,500
3,000,000	Grid Dynamics Holdings, Inc. ¹	36,322,597	17,100,000
		<u>61,530,513</u>	<u>115,187,500</u>
Semiconductors (0.66%)			
5,500,000	indie Semiconductor, Inc., CI A ¹	33,521,133	17,710,000
Systems Software (0.96%)			
550,000	JFrog Ltd. ^{1,2}	17,628,411	25,811,500
		<u>17,628,411</u>	<u>25,811,500</u>
Total Information Technology		<u>402,220,472</u>	<u>495,554,850</u>
Materials (1.05%)			
Specialty Chemicals (1.05%)			
778,000	Avient Corp.	24,540,793	28,241,400
		<u>24,540,793</u>	<u>28,241,400</u>
Total Investments (99.78%)		<u>\$ 1,523,673,425</u>	<u>2,692,798,900</u>
Cash and Other Assets			
Less Liabilities (0.22%)			<u>5,887,452</u>
Net Assets			<u>\$ 2,698,686,352</u>

% Represents percentage of net assets.

¹ Non-income producing securities.

² Foreign corporation.

³ Sector levels are provided from the Global Industry Classification Standard (GICS), developed and exclusively owned by MSCI Inc. (MSCI) and Standard and Poor's Financial Services LLC (S&P). The Adviser has reclassified/classified certain securities in or out of this sub-industry. Such reclassifications/classifications are not supported by S&P or MSCI.

Portfolio of Investments

Baron Opportunity Fund

Shares		Cost	Value
Common Stocks (83.48%)			
Communication Services (11.64%)			
Interactive Media & Services (7.67%)			
214,000	Alphabet, Inc., Cl A	\$ 72,135,042	\$ 61,537,840
109,200	Meta Platforms, Inc., Cl A	22,795,646	62,476,596
		94,930,688	124,014,436
Movies & Entertainment (3.97%)			
132,500	Spotify Technology SA ^{1,2}	43,037,447	64,250,575
Total Communication Services		137,968,135	188,265,011
Consumer Discretionary (12.47%)			
Automobile Manufacturers (5.41%)			
235,200	Tesla, Inc. ¹	15,496,090	87,435,600
Broadline Retail (6.25%)			
485,500	Amazon.com, Inc. ¹	29,742,116	101,115,085
Footwear (0.81%)			
382,000	On Holding AG, Cl A ^{1,2}	14,700,015	12,995,640
Total Consumer Discretionary		59,938,221	201,546,325
Financials (4.22%)			
Investment Banking & Brokerage (0.61%)			
106,000	The Charles Schwab Corp.	10,125,077	9,961,880
Transaction & Payment Processing Services (3.61%)			
56,400	Mastercard, Incorporated, Cl A	12,019,014	28,180,824
99,800	Visa, Inc., Cl A	15,336,163	30,163,552
		27,355,177	58,344,376
Total Financials		37,480,254	68,306,256
Health Care (8.96%)			
Biotechnology (2.12%)			
46,869	argenx SE, ADR ^{1,2}	5,811,341	34,226,087
Health Care Equipment (1.17%)			
41,105	Intuitive Surgical, Inc. ¹	4,585,816	18,948,994
Health Care Services (0.85%)			
356,785	Hinge Health, Inc., Cl A ¹	12,727,678	13,757,630
Health Care Technology (0.98%)			
652,259	HeartFlow, Inc. ¹	16,691,543	15,869,461
Life Sciences Tools & Services (0.43%)			
87,803	BillionToOne, Inc., Cl A ^{1,4}	6,241,877	6,931,169
Pharmaceuticals (3.41%)			
59,900	Eli Lilly & Co.	46,313,970	55,094,223
Total Health Care		92,372,225	144,827,564
Industrials (3.15%)			
Aerospace & Defense (1.05%)			
39,900	Axon Enterprise, Inc. ¹	22,012,993	16,945,131
Construction & Engineering (0.85%)			
25,000	Quanta Services, Inc.	6,003,860	13,725,500
Electrical Components & Equipment (1.25%)			
691,290	Forgent Power Solutions, Inc. ^{1,4}	19,005,798	20,234,058
Total Industrials		47,022,651	50,904,689

Shares		Cost	Value
Common Stocks (continued)			
Information Technology (41.68%)			
Application Software (4.34%)			
152,100	Guidewire Software, Inc. ¹	\$ 12,497,459	\$ 22,748,076
933,000	Samsara, Inc., Cl A ¹	30,988,156	29,566,770
120,500	ServiceNow, Inc. ^{1,4}	3,170,684	12,598,275
350,577	Via Transportation, Inc., Cl A ¹	12,055,943	5,258,655
		58,712,242	70,171,776
Communications Equipment (1.28%)			
83,097	Arista Networks, Inc. ¹	12,383,993	10,202,650
15,000	Lumentum Holdings, Inc. ¹	6,763,850	10,541,400
		19,147,843	20,744,050
Electronic Components (0.59%)			
40,000	Coherent Corp. ¹	9,101,220	9,528,400
Internet Services & Infrastructure (3.09%)			
622,000	GDS Holdings Ltd., ADR ^{1,2}	11,046,841	25,060,380
209,200	Shopify, Inc., Cl A ^{1,2}	10,216,257	24,815,304
		21,263,098	49,875,684
IT Consulting & Other Services (0.81%)			
82,887	Gartner, Inc. ¹	3,628,227	13,124,327
Semiconductor Materials & Equipment (1.47%)			
9,400	ASML Holding N.V. ²	13,186,287	12,415,802
53,200	Lam Research Corp.	12,120,991	11,366,712
		25,307,278	23,782,514
Semiconductors (24.72%)			
328,400	Broadcom, Inc.	45,961,515	101,643,084
6,500,000	indie Semiconductor, Inc., Cl A ¹	28,706,932	20,930,000
19,500	Monolithic Power Systems, Inc.	11,338,786	21,320,325
1,229,900	NVIDIA Corp.	7,077,559	214,494,560
122,200	Taiwan Semiconductor Manufacturing Co., Ltd., ADR ²	14,811,451	41,297,490
		107,896,243	399,685,459
Systems Software (5.38%)			
105,600	Cloudflare, Inc., Cl A ^{1,4}	6,681,505	21,789,504
10,000	Crowdstrike Holdings, Inc., Cl A ¹	4,110,591	3,904,100
186,000	Datadog, Inc., Cl A ^{1,4}	20,837,091	21,957,300
278,138	Netskope, Inc., Cl A ¹	4,583,371	2,361,392
220,500	Rubrik, Inc., Cl A ¹	11,574,490	10,797,885
119,100	Snowflake, Inc., Cl A ^{1,4}	20,035,929	17,962,662
58,500	Zscaler, Inc. ¹	10,827,409	8,206,965
		78,650,386	86,979,808
Total Information Technology		323,706,537	673,892,018
Real Estate (1.36%)			
Health Care REITs (0.25%)			
21,000	Welltower, Inc.	4,099,171	4,151,910
Real Estate Services (1.11%)			
443,730	CoStar Group, Inc. ¹	21,674,450	17,900,068
Total Real Estate		25,773,621	22,051,978
Total Common Stocks		724,261,644	1,349,793,841

Baron Opportunity Fund (continued)

Shares		Cost	Value
Private Common Stocks (9.35%)			
Industrials (9.33%)			
Aerospace & Defense (9.33%)			
202,952	Space Exploration Technologies Corp., Cl A ^{1,3,4}	\$ 25,042,992	\$ 106,872,493
83,588	Space Exploration Technologies Corp., Cl C ^{1,3,4}	10,957,102	44,016,605
Total Industrials		36,000,094	150,889,098
Unclassified (0.02%)			
Unclassified (0.02%)			
182,067	Farmers Business Network, Inc. ^{1,3,4,5}	2,394,651	338,645
Total Private Common Stocks		38,394,745	151,227,743
Private Convertible Preferred Stocks (0.17%)			
Unclassified (0.17%)			
Unclassified (0.17%)			
37,254	Farmers Business Network, Inc., Series F ^{1,3,4,5}	4,855,355	684,729
615,761	Farmers Business Network, Inc., Units ^{1,3,4,5}	615,761	2,081,272
Total Private Convertible Preferred Stocks		5,471,116	2,766,001

Shares		Cost	Value
Private Preferred Stocks (6.03%)			
Industrials (6.03%)			
Aerospace & Defense (6.03%)			
18,519	Space Exploration Technologies Corp., Series N ^{1,3,4}	\$ 5,000,130	\$ 97,519,202
Total Investments (99.03%)		\$ 773,127,635	1,601,306,787
Cash and Other Assets			
Less Liabilities (0.97%)			15,652,712
Net Assets			\$ 1,616,959,499

% Represents percentage of net assets.

¹ Non-income producing securities.

² Foreign corporation.

³ At March 31, 2026, the market value of restricted securities amounted to \$251,512,946 or 15.55% of net assets.

⁴ Sector levels are provided from the Global Industry Classification Standard (GICS), developed and exclusively owned by MSCI Inc. (MSCI) and Standard and Poor's Financial Services LLC (S&P). The Adviser has reclassified/classified certain securities in or out of this sub-industry. Such reclassifications/classifications are not supported by S&P or MSCI.

⁵ The Adviser reclassified sector and sub-industry to Unclassified due to ongoing principal business activity restructuring.

^{ADR} American Depositary Receipt.

Portfolio of Investments

Baron Partners Fund

Shares	Cost	Value
Common Stocks (75.93%)		
Communication Services (2.44%)		
Movies & Entertainment (2.44%)		
524,000	Spotify Technology SA ^{1,2,7}	\$ 187,026,515 \$ 254,092,840
Consumer Discretionary (36.20%)		
Automobile Manufacturers (23.09%)		
6,455,000	Tesla, Inc. ^{1,6,7}	95,897,630 2,399,646,250
Casinos & Gaming (1.61%)		
3,140,000	Red Rock Resorts, Inc., CI A ⁷	142,345,674 167,550,400
Footwear (2.17%)		
3,490,000	Birkenstock Holding PLC ^{1,2,7}	148,751,040 125,046,700
2,948,579	On Holding AG, CI A ^{1,2,7}	112,584,294 100,310,657
		261,335,334 225,357,357
Hotels, Resorts & Cruise Lines (7.11%)		
2,488,000	Choice Hotels International, Inc. ^{4,7}	248,875,789 257,508,000
3,350,000	Hyatt Hotels Corp., CI A ⁷	120,944,360 481,696,500
		369,820,149 739,204,500
Leisure Facilities (2.22%)		
1,800,000	Vail Resorts, Inc. ^{4,7}	192,334,241 230,976,000
Total Consumer Discretionary		
		1,061,733,028 3,762,734,507
Financials (19.89%)		
Financial Exchanges & Data (8.58%)		
1,875,000	FactSet Research Systems, Inc. ^{4,7}	411,222,334 406,856,250
898,500	MSCI, Inc. ⁷	450,508,188 484,300,485
		861,730,522 891,156,735
Investment Banking & Brokerage (4.40%)		
4,865,500	The Charles Schwab Corp. ⁷	157,813,402 457,259,690
Property & Casualty Insurance (6.91%)		
6,175,000	Arch Capital Group Ltd. ^{1,2,7}	27,361,902 592,738,250
368,401	Kinsale Capital Group, Inc. ⁷	140,062,300 125,867,886
		167,424,202 718,606,136
Total Financials		
		1,186,968,126 2,067,022,561
Health Care (3.35%)		
Health Care Equipment (3.35%)		
620,000	IDEXX Laboratories, Inc. ^{1,7}	27,074,536 348,371,800

Shares	Cost	Value
Common Stocks (continued)		
Industrials (1.93%)		
Aerospace & Defense (0.57%)		
125,625	HEICO Corp. ⁷	\$ 9,632,520 \$ 34,446,375
116,875	HEICO Corp., CI A ⁷	7,586,429 24,671,144
		17,218,949 59,117,519
Research & Consulting Services (1.36%)		
746,000	Verisk Analytics, Inc. ⁷	146,099,785 141,553,500
Total Industrials		
		163,318,734 200,671,019
Information Technology (8.55%)		
Application Software (2.69%)		
1,257,000	Figma, Inc., CI A ^{1,7}	36,904,178 26,572,980
1,694,550	Guidewire Software, Inc. ^{1,7}	187,223,861 253,436,898
		224,128,039 280,009,878
Internet Services & Infrastructure (2.24%)		
1,960,000	Shopify, Inc., CI A ^{1,2,7}	245,433,871 232,495,200
IT Consulting & Other Services (3.62%)		
2,372,500	Gartner, Inc. ^{1,7}	425,873,305 375,661,650
Total Information Technology		
		895,435,215 888,166,728
Real Estate (3.57%)		
Other Specialized REITs (0.76%)		
1,775,000	Gaming and Leisure Properties, Inc. ⁷	55,052,805 78,756,750
Real Estate Services (2.81%)		
7,250,000	CoStar Group, Inc. ^{1,7}	116,351,106 292,465,000
Total Real Estate		
		171,403,911 371,221,750
Total Common Stocks		
		3,692,960,065 7,892,281,205
Private Common Stocks (12.76%)		
Industrials (12.76%)		
Aerospace & Defense (12.76%)		
2,216,310	Space Exploration Technologies Corp., CI A ^{1,3,5}	29,920,185 1,167,086,683
302,210	Space Exploration Technologies Corp., CI C ^{1,3,5}	4,079,835 159,140,764
Total Private Common Stocks		
		34,000,020 1,326,227,447

Baron Partners Fund (continued)

Shares	Cost	Value
Private Convertible Preferred Stocks (0.00%)		
Unclassified (0.00%)		
Unclassified (0.00%)		
21,213,656 Northvolt AB, Series E2 (Sweden) ^{1,2,3,8}	\$ 7,843,621	\$ 0
Private Preferred Stocks (24.66%)		
Industrials (24.66%)		
Aerospace & Defense (24.66%)		
311,111 Space Exploration Technologies Corp., Cl H ^{1,3,5}	41,999,985	1,638,279,415
131,657 Space Exploration Technologies Corp., Cl I ^{1,3,5}	22,250,032	693,292,596
44,146 Space Exploration Technologies Corp., Series N ^{1,3,5}	11,919,420	232,468,421
Total Private Preferred Stocks	76,169,437	2,564,040,432
Total Investments (113.35%)	\$ 3,810,973,143	11,782,549,084
Liabilities Less Cash and Other Assets (-13.35%)		(1,388,078,940)
Net Assets		\$10,394,470,144

% Represents percentage of net assets.

¹ Non-income producing securities.

² Foreign corporation.

³ At March 31, 2026, the market value of restricted securities amounted to \$3,890,267,879 or 37.43% of net assets.

⁴ An "Affiliated" investment may include any company in which the Fund owns 5% or more of its outstanding shares.

⁵ Sector levels are provided from the Global Industry Classification Standard (GICS), developed and exclusively owned by MSCI Inc. (MSCI) and Standard and Poor's Financial Services LLC (S&P). The Adviser has reclassified/classified certain securities in or out of this sub-industry. Such reclassifications/classifications are not supported by S&P or MSCI.

⁶ Investors in the Fund may view Tesla, Inc.'s financial statements on the EDGAR website of the U.S. Securities and Exchange Commission by going to <https://www.sec.gov/cgi-bin/browse-edgar?CIK=1318605&owner=exclude>. Please note that the Fund is not responsible for Tesla's financial statements and can provide no assurances as to their accuracy or completeness.

⁷ All or a portion of this security is pledged with the custodian in connection with the Fund's loans payable outstanding. At March 31, 2026, the total market value of pledged securities amounted to \$2,872,509,991 or 27.63% of net assets.

⁸ The Adviser reclassified sector and sub-industry to Unclassified as a result of the company declaring bankruptcy and no longer having a principal business activity.

Portfolio of Investments

Baron Fifth Avenue Growth Fund

Shares	Cost	Value
Common Stocks (92.03%)		
Communication Services (13.10%)		
Interactive Media & Services (13.10%)		
154,207 Alphabet, Inc., Cl A	\$ 25,748,132	\$ 44,343,765
75,852 Meta Platforms, Inc., Cl A	5,985,553	43,397,205
Total Communication Services	31,733,685	87,740,970
Consumer Discretionary (17.51%)		
Automobile Manufacturers (4.12%)		
74,227 Tesla, Inc. ¹	16,024,679	27,593,887
Broadline Retail (13.39%)		
284,121 Amazon.com, Inc. ¹	2,673,396	59,173,881
580,389 Coupang, Inc. ¹	10,557,520	10,957,744
11,282 MercadoLibre, Inc. ¹	8,336,830	19,506,804
	21,567,746	89,638,429
Total Consumer Discretionary	37,592,425	117,232,316
Financials (2.88%)		
Asset Management & Custody Banks (2.88%)		
208,498 KKR & Co., Inc.	25,934,424	19,286,065
Health Care (8.43%)		
Biotechnology (2.69%)		
24,676 argenx SE, ADR ^{1,2}	8,466,336	18,019,649
Health Care Equipment (2.99%)		
43,393 Intuitive Surgical, Inc. ¹	5,068,231	20,003,739
Life Sciences Tools & Services (1.70%)		
4,609 GRAIL, Inc. ^{1,4}	28,246	238,193
90,524 Illumina, Inc. ¹	6,777,437	11,157,988
	6,805,683	11,396,181
Pharmaceuticals (1.05%)		
7,654 Eli Lilly & Co.	5,255,146	7,039,920
Total Health Care	25,595,396	56,459,489
Information Technology (50.11%)		
Application Software (3.83%)		
47,676 Figma, Inc., Cl A ¹	1,573,308	1,007,871
776,874 Samsara, Inc., Cl A ¹	29,003,919	24,619,137
	30,577,227	25,627,008
Electronic Components (0.93%)		
49,381 Amphenol Corp., Cl A	7,189,255	6,239,289
Internet Services & Infrastructure (4.72%)		
266,539 Shopify, Inc., Cl A ^{1,2}	12,692,489	31,616,856
Semiconductor Materials & Equipment (3.00%)		
15,222 ASML Holding N.V. ²	2,954,473	20,105,674

Shares	Cost	Value
Common Stocks (continued)		
Information Technology (continued)		
Semiconductors (25.88%)		
53,852 Broadcom, Inc.	\$ 18,465,447	\$ 16,667,732
17,279 Monolithic Power Systems, Inc.	16,192,052	18,891,995
519,452 NVIDIA Corp.	6,777,240	90,592,429
139,558 Taiwan Semiconductor Manufacturing Co., Ltd., ADR ²	26,454,594	47,163,626
	67,889,333	173,315,782
Systems Software (11.75%)		
136,622 Cloudflare, Inc., Cl A ¹	10,915,868	28,190,584
36,869 CrowdStrike Holdings, Inc., Cl A ¹	6,131,149	14,394,026
163,005 Datadog, Inc., Cl A ¹	10,904,741	19,242,740
111,629 Snowflake, Inc., Cl A ¹	14,448,366	16,835,886
	42,400,124	78,663,236
Total Information Technology	163,702,901	335,567,845
Total Common Stocks	284,558,831	616,286,685
Private Common Stocks (7.53%)		
Industrials (7.53%)		
Aerospace & Defense (7.53%)		
83,486 Space Exploration Technologies Corp., Cl A ^{1,3,4}	15,432,194	43,962,893
12,240 Space Exploration Technologies Corp., Cl C ^{1,3,4}	567,692	6,445,461
Total Private Common Stocks	15,999,886	50,408,354
Total Investments (99.56%)	\$ 300,558,717	666,695,039
Cash and Other Assets		
Less Liabilities (0.44%)		2,977,145
Net Assets		\$ 669,672,184

⁰ Represents percentage of net assets.

¹ Non-income producing securities.

² Foreign corporation.

³ At March 31, 2026, the market value of restricted securities, excluding Rule 144A securities as separately described below, amounted to \$50,408,354 or 7.53% of net assets.

⁴ Sector levels are provided from the Global Industry Classification Standard (GICS), developed and exclusively owned by MSCI Inc. (MSCI) and Standard and Poor's Financial Services LLC (S&P). The Adviser has reclassified/classified certain securities in or out of this sub-industry. Such reclassifications/classifications are not supported by S&P or MSCI.

^{ADR} American Depositary Receipt.

Baron Focused Growth Fund

Shares	Cost	Value
Common Stocks (78.25%)		
Communication Services (4.90%)		
Movies & Entertainment (4.90%)		
265,000 Live Nation Entertainment, Inc. ¹	\$ 35,488,718	\$ 40,415,150
307,800 Spotify Technology SA ^{1,2}	57,311,630	149,255,298
Total Communication Services	92,800,348	189,670,448
Consumer Discretionary (35.68%)		
Apparel, Accessories & Luxury Goods (3.43%)		
9,000,000 Figs, Inc., Cl A ¹	70,373,876	132,930,000
Automobile Manufacturers (5.98%)		
622,800 Tesla, Inc. ¹	11,144,474	231,525,900
Casinos & Gaming (5.65%)		
900,000 Las Vegas Sands Corp.	34,975,522	48,492,000
2,368,500 Red Rock Resorts, Inc., Cl A	105,455,976	126,383,160
431,500 Wynn Resorts Ltd.	47,455,025	43,818,825
	187,886,523	218,693,985
Footwear (6.53%)		
3,275,500 Birkenstock Holding PLC ^{1,2}	149,824,187	117,361,165
3,977,872 On Holding AG, Cl A ^{1,2}	150,834,402	135,327,206
	300,658,589	252,688,371
Homebuilding (1.00%)		
285,000 Toll Brothers, Inc.	30,630,554	38,893,950
Hotels, Resorts & Cruise Lines (9.64%)		
852,700 Airbnb, Inc., Cl A ¹	103,954,060	107,678,956
1,105,000 Choice Hotels International, Inc.	108,947,158	114,367,500
1,052,400 Hyatt Hotels Corp., Cl A	105,273,492	151,324,596
	318,174,710	373,371,052
Leisure Facilities (3.45%)		
1,040,000 Vail Resorts, Inc.	157,449,616	133,452,800
Total Consumer Discretionary	1,076,318,342	1,381,556,058
Financials (17.11%)		
Financial Exchanges & Data (9.31%)		
604,100 FactSet Research Systems, Inc.	155,690,861	131,083,659
91,000 Morningstar, Inc.	15,338,965	15,383,550
397,300 MSCI, Inc.	217,153,376	214,148,673
	388,183,202	360,615,882
Investment Banking & Brokerage (5.34%)		
2,160,000 Interactive Brokers Group, Inc., Cl A	47,496,721	144,871,200
1,500,700 Jefferies Financial Group, Inc.	66,685,919	61,933,889
	114,182,640	206,805,089
Property & Casualty Insurance (2.46%)		
990,100 Arch Capital Group Ltd. ^{1,2}	33,660,935	95,039,699
Total Financials	536,026,777	662,460,670

Shares	Cost	Value
Common Stocks (continued)		
Health Care (3.47%)		
Health Care Equipment (3.47%)		
238,900 IDEXX Laboratories, Inc. ¹	\$ 101,746,139	\$ 134,235,521
Industrials (3.78%)		
Research & Consulting Services (3.78%)		
772,500 Verisk Analytics, Inc.	158,572,590	146,581,875
Information Technology (11.78%)		
Application Software (5.66%)		
658,500 Figma, Inc., Cl A ¹	17,258,683	13,920,690
895,500 Guidewire Software, Inc. ¹	104,937,422	133,930,980
2,251,800 Samsara, Inc., Cl A ¹	78,475,671	71,359,542
	200,671,776	219,211,212
Internet Services & Infrastructure (3.06%)		
998,700 Shopify, Inc., Cl A ^{1,2}	72,441,389	118,465,794
IT Consulting & Other Services (3.06%)		
749,647 Gartner, Inc. ¹	118,050,676	118,699,106
Total Information Technology	391,163,841	456,376,112
Real Estate (1.53%)		
Real Estate Services (1.53%)		
1,465,900 CoStar Group, Inc. ¹	72,979,377	59,134,406
Total Common Stocks	2,429,607,414	3,030,015,090
Private Common Stocks (14.04%)		
Industrials (14.04%)		
Aerospace & Defense (14.04%)		
732,896 Space Exploration Technologies Corp., Cl A ^{1,3,4}	48,295,957	385,935,705
299,280 Space Exploration Technologies Corp., Cl C ^{1,3,4}	39,904,140	157,597,855
Total Private Common Stocks	88,200,097	543,533,560
Private Preferred Stocks (7.30%)		
Health Care (0.13%)		
Health Care Equipment (0.13%)		
99,010 Neuralink Corp., Series E ^{1,3,4}	5,000,005	5,000,005

Portfolio of Investments

Baron Focused Growth Fund (continued)

Shares		Cost	Value
Private Preferred Stocks (continued)			
Industrials (7.17%)			
Aerospace & Defense (7.17%)			
29,630	Space Exploration Technologies Corp., CI A ^{1,3,4}	\$ 4,000,050	\$ 156,028,617
1,479	Space Exploration Technologies Corp., CI I ^{1,3,4}	249,951	7,788,266
12,346	Space Exploration Technologies Corp., Series K ^{1,3,4}	10,000,260	65,012,801
9,259	Space Exploration Technologies Corp., Series N ^{1,3,4}	2,499,930	48,756,968
Total Industrials		<u>16,750,191</u>	<u>277,586,652</u>
Total Private Preferred Stocks		<u>21,750,196</u>	<u>282,586,657</u>
Total Investments (99.59%)		<u>\$ 2,539,557,707</u>	<u>3,856,135,307</u>
Cash and Other Assets Less Liabilities (0.41%)			<u>15,952,105</u>
Net Assets			<u>\$ 3,872,087,412</u>

% Represents percentage of net assets.

¹ Non-income producing securities.

² Foreign corporation.

³ At March 31, 2026, the market value of restricted securities amounted to 826,120,217 or 21.34% of net assets.

⁴ Sector levels are provided from the Global Industry Classification Standard (GICS), developed and exclusively owned by MSCI Inc. (MSCI) and Standard and Poor's Financial Services LLC (S&P). The Adviser has reclassified/classified certain securities in or out of this sub-industry. Such reclassifications/classifications are not supported by S&P or MSCI.

Baron International Growth Fund

Shares	Cost	Value
Common Stocks (97.18%)		
Australia (2.20%)		
370,796 Lynas Rare Earths Ltd. ¹	\$ 1,592,817	\$ 5,034,469
50,436 WiseTech Global Ltd.	3,207,034	1,360,792
Total Australia	4,799,851	6,395,261
Brazil (1.70%)		
69,380 Afya Ltd., CI A	895,591	1,031,680
202,834 Localiza Rent a Car SA	1,865,786	1,837,191
109,601 XP, Inc., CI A	2,111,925	2,086,803
Total Brazil	4,873,302	4,955,674
Canada (4.69%)		
13,367 Agnico Eagle Mines Ltd.	616,374	2,713,234
1,070 Constellation Software, Inc.	124,918	1,878,319
362,620 Lundin Mining Corp.	3,779,533	9,042,691
Total Canada	4,520,825	13,634,244
Chile (0.71%)		
25,688 Sociedad Quimica y Minera de Chile SA, ADR ¹	1,175,625	2,079,187
China (5.89%)		
9,245 Alibaba Group Holding Limited, ADR	726,905	1,159,878
128,103 BYD Co. Ltd., CI H	1,747,696	1,751,338
31,537 Contemporary Amperex Technology Co. Ltd., CI A	1,315,362	1,865,920
127,005 Full Truck Alliance Co. Ltd., ADR	780,224	1,054,142
63,700 GDS Holdings Ltd., ADR1	2,353,305	2,566,473
767,508 Kingdee International Software Group Co. Ltd. ¹	253,848	852,045
103,503 Kuaishou Technology, 144A	951,560	609,666
48,172 Montage Technology Co. Ltd., CI A	1,049,851	896,064
61,101 Pony AI, Inc., ADR ¹	799,511	576,793
26,896 Tencent Holdings Limited	39,495	1,696,394
27,255 Tencent Holdings Limited, ADR	1,112,351	1,723,061
81,821 Zai Lab Limited, ADR ¹	1,682,055	1,539,053
162,091 Zhejiang Shuanghuan Driveline Co. Ltd., CI A	750,857	859,058
Total China	13,563,020	17,149,885
France (11.27%)		
21,954 Airbus SE ³	3,603,732	4,150,905
88,837 BNP Paribas S.A.	3,205,453	8,462,935
8,276 EssilorLuxottica SA	2,463,089	1,928,516
69,573 Eurofins Scientific SE	962,422	5,076,671
24,097 Euronext NV, 144A	3,527,258	3,869,541
2,275 LVMH Moët Hennessy Louis Vuitton SE	508,679	1,243,627
87,652 TotalEnergies SE	5,385,679	8,044,184
Total France	19,656,312	32,776,379

Shares	Cost	Value
Common Stocks (continued)		
Germany (2.17%)		
139,697 Deutsche Bank AG	\$ 3,243,230	\$ 4,160,177
25,181 Symrise AG	1,103,824	2,150,249
Total Germany	4,347,054	6,310,426
Greece (1.14%)		
404,257 Piraeus Bank SA	2,381,748	3,321,378
India (8.49%)		
219,872 Bharti Airtel Ltd.	2,081,329	4,178,311
94,972 Centum Electronics Ltd.	2,618,989	2,812,774
31,458 Cummins India Ltd.	1,638,084	1,506,231
704,059 Eternal Ltd. ¹	2,167,624	1,732,145
1,301,048 GMR Power & Urban Infra Ltd. ¹	1,877,374	1,251,399
48,164 Godrej Properties Ltd. ¹	623,962	754,110
36,993 InterGlobe Aviation Ltd., 144A	1,478,987	1,561,495
912,395 JM Financial Limited	860,570	1,092,868
243,528 JSW Energy Ltd.	1,308,306	1,220,200
24,890 Kaynes Technology India Ltd. ¹	787,336	914,646
85,289 Kirloskar Oil Engines Ltd.	1,321,012	1,215,004
151,166 Max Healthcare Institute Ltd.	1,010,143	1,551,087
187,655 Nippon Life India Asset Management Ltd., 144A	601,069	1,586,037
467,254 Power Grid Corp. of India Ltd.	1,533,633	1,471,050
70,253 Reliance Industries Limited	573,178	1,010,348
23,974 Trent Ltd.	434,014	844,302
Total India	20,915,610	24,702,007
Ireland (1.80%)		
287,980 Bank of Ireland Group PLC	2,073,088	5,224,887
Israel (0.29%)		
62,630 Oddity Tech Ltd., CI A ¹	1,948,345	837,989
Italy (0.80%)		
10,374 Brunello Cucinelli SpA	1,120,824	906,627
103,456 Stevanato Group SpA	2,048,522	1,422,520
Total Italy	3,169,346	2,329,147
Japan (17.11%)		
234,031 Ajinomoto Co., Inc.	4,383,842	6,616,346
461,502 Japan Exchange Group, Inc.	4,827,836	5,389,410
86,300 The Japan Steel Works Ltd.	5,476,115	4,753,734
14,845 Keyence Corporation	4,366,791	5,283,441
336,533 Mitsubishi UFJ Financial Group, Inc., ADR	2,711,400	5,710,965
272,100 Mitsui Fudosan Co. Ltd.	3,158,925	2,900,705
646,422 Nomura Holdings, Inc.	4,674,553	5,089,948
205,200 SMS Co. Ltd.	3,202,129	2,170,950
171,957 Sumitomo Mitsui Financial Group, Inc.	2,433,730	5,653,999
25,048 Tokyo Electron Limited	2,776,488	6,223,199
Total Japan	38,011,809	49,792,697

Portfolio of Investments

Baron International Growth Fund (continued)

Shares	Cost	Value
Common Stocks (continued)		
Korea, Republic of (5.68%)		
18,934 Doosan Enerbility Co. Ltd. ¹	\$ 1,318,246	\$ 1,189,774
2,166 HD Hyundai Heavy Industries Co. Ltd.	196,028	693,813
5,888 HD Korea Shipbuilding & Offshore Engineering Co. Ltd.	347,615	1,364,646
61,203 HPSP Co. Ltd.	1,505,642	1,728,026
24,031 ISC Co. Ltd.	977,638	3,861,115
8,023 Park Systems Corp.	1,048,597	1,271,773
38,117 Samsung Electronics Co., Ltd.	3,094,783	4,458,214
3,474 SK Hynix, Inc.	457,614	1,971,025
Total Korea, Republic of	8,946,163	16,538,386
Netherlands (6.76%)		
125,709 AMG Critical Materials NV	2,906,933	5,035,786
12,315 argenx SE, ADR ¹	345,189	8,993,029
28,782 Prosus NV	1,009,886	1,332,478
221,172 Universal Music Group NV	6,269,662	4,293,127
Total Netherlands	10,531,670	19,654,420
Peru (1.55%)		
13,270 Credicorp, Ltd.	1,981,657	4,500,919
Poland (1.50%)		
246,233 InPost SA ¹	1,636,792	4,359,300
Russia (0.00%)[^]		
487,800 Sberbank of Russia PJSC ^{1,2}	1,650,983	347
Spain (1.41%)		
374,143 eDreams ODIGEO SA1	2,111,701	1,336,807
47,358 Industria de Diseno Textil, S.A.	1,323,774	2,756,652
Total Spain	3,435,475	4,093,459
Sweden (1.91%)		
225,591 Epiroc AB, Cl A	3,535,421	5,553,335
Switzerland (2.10%)		
44,417 Nestle S.A.	4,099,979	4,356,908
51,307 On Holding AG, Cl A ¹	2,546,758	1,745,464
Total Switzerland	6,646,737	6,102,372
Taiwan (6.20%)		
25,614 eMemory Technology, Inc.	1,856,041	2,180,930
273,943 Taiwan Semiconductor Manufacturing Co., Ltd.	5,363,909	15,843,363
Total Taiwan	7,219,950	18,024,293
United Kingdom (7.16%)		
32,835 AstraZeneca PLC, ADR	2,335,459	6,475,719
184,989 BAE Systems PLC	3,469,508	5,423,600
82,008 Experian plc	1,178,211	2,837,025
12,265 Linde Public Limited Company	1,748,440	6,106,882
Total United Kingdom	8,731,618	20,843,226

Shares	Cost	Value
Common Stocks (continued)		
United States (4.65%)		
36,589 Agilent Technologies, Inc.	\$ 1,219,419	\$ 4,170,414
67,613 Arch Capital Group Ltd. ¹	872,367	6,490,172
17,932 Palo Alto Networks, Inc. ¹	2,859,011	2,874,858
Total United States	4,950,797	13,535,444
Total Common Stocks	180,703,198	282,714,662
Warrants (0.00%)		
Canada (0.00%)		
5,029 Constellation Software, Inc. Exp. 3/31/2040 ^{1,2}	0	0
Total Investments (97.18%)	\$ 180,703,198	282,714,662
Cash and Other Assets		8,192,704
Less Liabilities (2.82%)		8,192,704
Net Assets		\$ 290,907,366

% Represents percentage of net assets.

¹ Non-income producing securities.

² At March 31, 2026, the market value of restricted securities, excluding Rule 144A securities as separately described below, amounted to 347 or 0.00% of net assets.

[^] Rounds to less than 0.01%.

^{ADR} American Depositary Receipt.

^{144A} Security is exempt from registration pursuant to Rule 144A under the Securities Act of 1933. This security may be resold in transactions that are exempt from registration, normally to qualified institutional buyers. At March 31, 2026, the market value of Rule 144A securities amounted to 7,626,739 or 2.62% of net assets.

Summary of Investments by Sector as of March 31, 2026	Percentage of Net Assets (%)
Financials	21.5%
Information Technology	19.8%
Industrials	14.7%
Materials	11.1%
Health Care	10.7%
Consumer Discretionary	5.7%
Communication Services	4.3%
Consumer Staples	4.1%
Energy	3.1%
Real Estate	1.3%
Utilities	0.9%
Cash and Cash Equivalents*	2.7%
Total	100.0%**

* Includes other assets and liabilities-net.

** Individual weights may not sum to 100% due to rounding.

Baron Real Estate Fund

Shares	Cost	Value	
Common Stocks (95.00%)			
Consumer Discretionary (30.93%)			
Casinos & Gaming (10.99%)			
1,617,000	Caesars Entertainment, Inc. ¹	\$ 34,577,062	\$ 42,737,310
321,200	Las Vegas Sands Corp.	11,352,077	17,306,256
980,350	MGM Resorts International ¹	36,016,191	36,282,753
2,056,900	Penn Entertainment, Inc. ¹	30,963,032	30,915,207
700,649	Red Rock Resorts, Inc., Cl A	17,316,554	37,386,631
711,578	Wynn Resorts Ltd.	60,979,778	72,260,746
		191,204,694	236,888,903
Home Improvement Retail (2.23%)			
203,466	Lowe's Companies, Inc.	43,040,672	48,074,946
Homebuilding (7.10%)			
462,251	Champion Homes, Inc. ¹	34,731,892	34,377,607
545,700	Taylor Morrison Home Corp. ¹	32,992,860	31,781,568
636,600	Toll Brothers, Inc.	61,930,249	86,876,802
		129,655,001	153,035,977
Hotels, Resorts & Cruise Lines (9.11%)			
545,116	Airbnb, Inc., Cl A ¹	64,370,859	68,837,249
218,900	Hilton Worldwide Holdings, Inc.	34,287,300	66,563,112
424,900	Hyatt Hotels Corp., Cl A	52,171,547	61,096,371
		150,829,706	196,496,732
Leisure Facilities (1.50%)			
252,093	Vail Resorts, Inc.	34,397,314	32,348,574
	Total Consumer Discretionary	549,127,387	666,845,132
Financials (7.85%)			
Asset Management & Custody Banks (4.94%)			
378,510	Brookfield Asset Management Ltd., Cl A ²	12,184,332	16,824,769
2,216,900	Brookfield Corp., Cl A ²	60,589,445	89,717,943
		72,773,777	106,542,712
Commercial & Residential Mortgage Finance (1.83%)			
2,765,200	Rocket Cos., Inc., Cl A ¹	45,136,242	39,404,100
Mortgage REITs (1.08%)			
1,221,033	Blackstone Mortgage Trust, Inc., Cl A	23,326,006	23,382,782
	Total Financials	141,236,025	169,329,594
Industrials (6.92%)			
Building Products (3.37%)			
403,950	AAON, Inc.	31,792,563	33,426,863
286,400	Advanced Drainage Systems, Inc.	33,339,481	39,274,032
		65,132,044	72,700,895
Construction & Engineering (0.37%)			
143,281	Legence Corp., Cl A ¹	4,253,128	8,089,645
Trading Companies & Distributors (3.18%)			
514,535	SiteOne Landscape Supply, Inc. ¹	61,093,746	68,489,754
	Total Industrials	130,478,918	149,280,294

Shares	Cost	Value	
Common Stocks (continued)			
Information Technology (2.58%)			
Internet Services & Infrastructure (2.58%)			
1,378,675	GDS Holdings Ltd., ADR ^{1,2}	\$ 32,255,029	\$ 55,546,816
Materials (5.06%)			
Construction Materials (4.02%)			
640,600	CRH PLC ²	65,246,351	67,339,872
71,495	Vulcan Materials Co.	17,323,211	19,468,088
		82,569,562	86,807,960
Specialty Chemicals (1.04%)			
69,700	The Sherwin-Williams Co.	25,104,084	22,342,335
	Total Materials	107,673,646	109,150,295
Real Estate (41.66%)			
Data Center REITs (9.84%)			
367,601	Digital Realty Trust, Inc.	57,966,660	66,245,376
148,915	Equinix, Inc.	104,155,294	145,972,440
		162,121,954	212,217,816
Health Care REITs (9.74%)			
711,500	Ventas, Inc.	53,663,900	58,186,470
768,013	Welltower, Inc.	78,560,835	151,843,850
		132,224,735	210,030,320
Industrial REITs (4.73%)			
770,700	Prologis, Inc.	86,261,431	101,871,126
Multi-Family Residential REITs (1.98%)			
366,350	Equity Residential	22,747,577	21,669,602
618,900	UDR, Inc.	24,142,389	20,906,442
		46,889,966	42,576,044
Other Specialized REITs (2.05%)			
433,300	Iron Mountain, Inc.	41,531,279	44,257,262
Real Estate Services (6.67%)			
528,148	CBRE Group, Inc., Cl A ¹	42,423,804	71,542,928
237,392	Jones Lang LaSalle, Inc. ¹	48,389,394	72,243,134
		90,813,198	143,786,062
Retail REITs (3.85%)			
3,202,114	The Macerich Co.	55,831,667	60,519,955
120,500	Simon Property Group, Inc.	19,608,011	22,476,865
		75,439,678	82,996,820
Self Storage REITs (2.80%)			
222,950	Public Storage	64,536,914	60,392,696
	Total Real Estate	699,819,155	898,128,146
	Total Investments (95.00%)	\$ 1,660,590,160	2,048,280,277
	Cash and Other Assets Less Liabilities (5.00%)		107,721,548
	Net Assets		\$ 2,156,001,825

% Represents percentage of net assets.

¹ Non-income producing securities.

² Foreign corporation.

ADR American Depositary Receipt.

Portfolio of Investments

Baron Emerging Markets Fund

Shares	Cost	Value
Common Stocks (97.33%)		
Argentina (1.09%)		
495,093 Vista Energy SAB de CV, ADR ¹	\$ 29,123,894	\$ 37,364,669
Brazil (7.69%)		
810,246 Afya Ltd., Cl A	15,886,696	12,048,358
8,793,033 Banco Bradesco SA, ADR	35,102,688	32,094,570
3,893,296 Banco BTG Pactual SA	26,757,511	42,308,876
9,515,691 GPS Participacoes e Empreendimentos SA, 144A	23,073,621	30,678,888
972,122 Inter & Co., Inc., BDR	3,898,832	7,750,927
5,313,352 Localiza Rent a Car SA	31,780,211	48,127,121
1,047,515 NU Holdings Ltd., Cl A ¹	16,634,649	15,052,791
2,542,737 PRIO SA ¹	26,775,551	32,501,832
2,252,312 XP, Inc., Cl A	38,270,287	42,884,021
Total Brazil	218,180,046	263,447,384
Chile (1.11%)		
470,585 Sociedad Quimica y Minera de Chile SA, ADR ¹	20,981,050	38,089,150
China (21.18%)		
555,055 Alibaba Group Holding Limited, ADR	43,571,202	69,637,200
3,707,376 BYD Co. Ltd., Cl H	50,857,526	50,684,759
16,016,052 China Mengniu Dairy Co. Ltd.	28,190,267	35,384,302
883,036 Contemporary Amperex Technology Co. Ltd., Cl A	28,488,587	52,245,758
3,595,680 Full Truck Alliance Co. Ltd., ADR	23,761,933	29,844,144
3,357,882 Fuyao Glass Industry Group Co. Ltd., Cl A	23,081,261	28,009,509
1,211,004 GDS Holdings Ltd., ADR ¹	43,427,322	48,791,351
2,356,646 Jiangsu Hengli Hydraulic Co. Ltd., Cl A	18,690,105	33,216,301
24,549,896 Kingdee International Software Group Co. Ltd. ¹	11,596,763	27,253,935
4,064,354 Kuaishou Technology, 144A	38,001,919	23,940,369
586,152 Montage Technology Co. Ltd., Cl A	14,488,189	10,903,217
744,769 Montage Technology Co. Ltd., Cl H ¹	14,091,181	14,627,152
1,831,640 Pony AI, Inc., ADR1	24,204,521	17,290,682
2,907,050 SF Holding Co. Ltd., Cl H	12,956,527	13,129,551
1,840,043 Tencent Holdings Limited	31,178,207	116,055,814
366,025 Tencent Holdings Limited, ADR	15,071,009	23,140,101
1,822,788 Tencent Music Entertainment Group, ADR	19,255,193	16,915,473
1,923,387 WuXi AppTec Co. Ltd., Cl A	28,547,023	27,902,011
3,472,564 Wuxi Biologics Cayman, Inc., 144A ¹	10,250,520	14,933,732
1,397,386 Zai Lab Limited, ADR1	27,260,913	26,284,831
6,023,247 Zhejiang Sanhua Intelligent Controls Co. Ltd., Cl H	19,687,346	22,078,798
4,469,884 Zhejiang Shuanghuan Driveline Co. Ltd., Cl A	20,166,194	23,689,706
Total China	546,823,708	725,958,696
Greece (1.14%)		
4,767,625 Piraeus Bank SA	28,569,005	39,170,832

Shares	Cost	Value
Common Stocks (continued)		
India (19.73%)		
6,855,312 Bajaj Finance Limited	\$ 34,172,761	\$ 58,658,698
7,861,396 Bharat Electronics Ltd.	37,481,873	33,640,860
2,881,990 Bharti Airtel Ltd.	19,275,806	54,767,545
1,042,250 Cholamandalam Investment & Finance Co. Ltd.	15,856,050	15,068,928
839,932 Cummins India Ltd.	35,580,809	40,216,531
13,797,929 Eternal Ltd.1	43,146,569	33,946,029
937,096 Godrej Properties Ltd. ¹	16,977,315	14,672,223
1,397,701 HDFC Bank Ltd.	9,207,523	10,948,249
720,148 InterGlobe Aviation Ltd., 144A	28,647,402	30,397,849
21,289,939 JM Financial Limited	22,679,528	25,501,127
3,639,668 JSW Energy Ltd.	19,657,888	18,236,598
448,053 Kaynes Technology India Ltd. ¹	14,690,275	16,464,844
1,256,536 Kirloskar Oil Engines Ltd.	19,695,178	17,900,272
5,286,012 Kotak Mahindra Bank Ltd.	23,996,481	19,898,361
3,868,880 Max Healthcare Institute Ltd.	36,361,651	39,697,881
3,667,096 Nippon Life India Asset Management Ltd., 144A	12,462,036	30,993,846
1,129,325 Nuvama Wealth Management Ltd.	7,590,364	13,931,079
13,643,347 Pine Labs Ltd., 144A ^{1,2}	39,999,997	22,764,624
11,873,066 Power Grid Corp. of India Ltd.	43,144,723	37,379,837
1,811,548 Reliance Industries Limited	14,421,049	26,052,892
1,838,618 SBI Life Insurance Company Limited, 144A	18,583,724	34,779,411
8,882,772 Swiggy Ltd. ¹	42,358,666	24,648,393
916,909 Tata Communications Ltd.	6,828,323	13,030,237
1,595,351 Tata Consumer Products Ltd.	13,553,151	17,157,436
723,538 Trent Ltd.	16,914,551	25,481,126
Total India	593,283,693	676,234,876
Japan (0.82%)		
511,000 The Japan Steel Works Ltd.	32,420,722	28,147,833
Korea, Republic of (16.73%)		
186,388 Coupang, Inc. ¹	2,068,045	3,519,005
229,579 D'Alba Global Co. Ltd.	25,378,715	21,804,845
539,172 Doosan Enerbility Co. Ltd. ¹	16,279,384	33,880,476
307,471 Hanwha Systems Co. Ltd.	4,949,937	24,075,192
52,023 HD Hyundai Heavy Industries Co. Ltd.	2,726,096	16,664,011
148,455 HD Korea Shipbuilding & Offshore Engineering Co. Ltd.	9,990,514	34,407,009
1,267,437 HPSP Co. Ltd.	30,646,583	35,785,245
250,993 Hyundai Glovis Co. Ltd.	24,917,257	35,648,715
464,550 ISC Co. Ltd.	17,036,843	74,640,299
259,780 Korea Aerospace Industries Ltd.	11,803,462	29,367,017
90,778 Park Systems Corp.	11,579,327	14,389,749
15,967 Samsung Biologics Co. Ltd., 144A ¹	16,784,309	16,364,032
1,342,129 Samsung Electronics Co., Ltd.	45,038,219	156,977,144
133,967 SK Hynix, Inc.	16,199,785	76,008,154
Total Korea, Republic of	235,398,476	573,530,893

Baron Emerging Markets Fund (continued)

Shares	Cost	Value
Common Stocks (continued)		
Mexico (1.65%)		
5,299,034 Grupo Mexico S.A.B. de C.V., Series B	\$ 12,527,691	\$ 56,680,121
Peru (1.83%)		
185,173 Credicorp, Ltd.	21,983,912	62,806,978
Philippines (0.63%)		
11,423,620 BDO Unibank, Inc.	18,486,298	21,491,932
Poland (1.62%)		
3,134,099 InPost SA ¹	27,097,868	55,485,971
Russia (0.00%)[^]		
17,949,100 Sberbank of Russia PJSC ^{1,2}	64,430,586	12,783
South Africa (1.93%)		
1,976,902 Absa Group Ltd.	24,406,252	28,477,060
4,750,541 FirstRand Ltd.	23,023,442	24,319,496
254,705 Naspers Ltd., N Shares	7,095,787	13,175,119
Total South Africa	54,525,481	65,971,675
Spain (0.54%)		
2,176,630 Codere Online Luxembourg, S.A. Private Shares ¹	18,185,897	18,501,355
Taiwan (19.64%)		
99,410 ASPEED Technology, Inc.	10,608,142	34,266,093
786,537 Chroma ATE, Inc.	8,048,893	37,741,513
1,645,886 Delta Electronics, Inc.	5,673,093	74,213,568
3,196,672 E Ink Holdings, Inc.	25,876,734	13,943,860
428,688 eMemory Technology, Inc.	31,502,552	36,501,078
8,039,016 Taiwan Semiconductor Manufacturing Co., Ltd.	143,967,287	464,932,671
34,442 Taiwan Semiconductor Manufacturing Co., Ltd., ADR	600,951	11,639,674
Total Taiwan	226,277,652	673,238,457
Total Common Stocks	2,148,295,979	3,336,133,605
Private Convertible Preferred Stocks (0.00%)[^]		
India (0.00%)[^]		
15,334 Think & Learn Private Limited, Series F ^{1,2}	49,776,072	66,376

Shares	Cost	Value
Warrants (0.00%)[^]		
Spain (0.00%)[^]		
13,259 Codere Online Luxembourg S.A. Private Shares Exp. 11/30/2026 exercise price USD 11.50 ¹	\$ 0	\$ 9,016
Total Investments (97.33%)	\$2,198,072,051	3,336,208,997
Cash and Other Assets Less		
Liabilities (2.67%)		91,625,693
Net Assets		\$3,427,834,690

% Represents percentage of net assets.

¹ Non-income producing securities.

² At March 31, 2026, the market value of restricted securities, excluding Rule 144A securities as separately described below, amounted to 22,843,783 or 0.67% of net assets.

[^] Rounds to less than 0.01%.

^{ADR} American Depositary Receipt.

^{144A} Security is exempt from registration pursuant to Rule 144A under the Securities Act of 1933. This security may be resold in transactions that are exempt from registration, normally to qualified institutional buyers. At March 31, 2026, the market value of Rule 144A securities amounted to 204,852,751 or 5.98% of net assets.

Summary of Investments by Sector as of March 31, 2026	Percentage of Net Assets (%)
Information Technology	34.0%
Industrials	17.8%
Financials	16.0%
Consumer Discretionary	8.8%
Communication Services	7.2%
Health Care	3.7%
Energy	2.8%
Materials	2.8%
Consumer Staples	2.2%
Utilities	1.6%
Real Estate	0.4%
Cash and Cash Equivalents*	2.7%
Total	100.0%**

* Includes other assets and liabilities-net.

** Individual weights may not sum to 100% due to rounding.

Portfolio of Investments

Baron Global Opportunity Fund

Shares	Cost	Value
Common Stocks (77.24%)		
Argentina (4.82%)		
23,388 MercadoLibre, Inc. ¹	\$ 12,558,847	\$ 40,438,320
Brazil (3.75%)		
416,760 Afya Ltd., Cl A	7,447,704	6,197,221
1,760,205 NU Holdings Ltd., Cl A ¹	22,930,550	25,294,146
Total Brazil	30,378,254	31,491,367
Canada (5.05%)		
357,327 Shopify, Inc., Cl A ¹	21,066,709	42,386,129
China (3.53%)		
605,829 GDS Holdings Ltd., ADR ¹	13,215,667	24,408,850
51,155 PDD Holdings, Inc., ADR ¹	7,069,328	5,227,018
Total China	20,284,995	29,635,868
India (5.27%)		
2,603,165 Bajaj Finance Limited	17,595,628	22,274,445
8,914,430 Eternal Ltd. ¹	17,771,212	21,931,516
Total India	35,366,840	44,205,961
Israel (1.18%)		
231,622 Fiverr International Ltd. ¹	5,280,620	2,320,852
84,698 Wix.com Ltd. ¹	8,219,775	7,628,749
Total Israel	13,500,395	9,949,601
Korea, Republic of (3.54%)		
1,572,655 Coupang, Inc. ¹	26,837,723	29,691,726
Netherlands (7.43%)		
11,287 Adyen N.V., 144A ¹	9,602,869	11,296,599
32,477 argenx SE, ADR ¹	1,592,288	23,716,329
17,155 ASML Holding N.V.	3,495,349	22,811,964
43,753 Nebius Group NV ¹	4,908,915	4,539,811
Total Netherlands	19,599,421	62,364,703
Poland (1.43%)		
678,096 InPost SA ¹	7,568,083	12,004,986
Spain (1.22%)		
827,902 Codere Online Luxembourg S.A. ¹	7,576,156	7,037,167
375,992 Codere Online Luxembourg, S.A. Private Shares ¹	2,714,710	3,195,932
Total Spain	10,290,866	10,233,099
Taiwan (4.98%)		
123,587 Taiwan Semiconductor Manufacturing Co., Ltd., ADR	27,665,859	41,766,227

Shares	Cost	Value
Common Stocks (continued)		
United States (35.04%)		
200,807 Amazon.com, Inc. ¹	\$ 46,136,954	\$ 41,822,074
58,294 Billiontoone, Inc., Cl A ¹	4,173,994	4,601,728
109,976 Block, Inc. ¹	9,647,337	6,618,356
148,964 Cloudflare, Inc., Cl A ¹	10,498,970	30,737,232
49,466 CrowdStrike Holdings, Inc., Cl A ¹	15,032,305	19,312,021
153,422 Datadog, Inc., Cl A ¹	8,363,017	18,111,467
73,112 Figma, Inc., Cl A ¹	2,030,782	1,545,588
415,031 Forgent Power Solutions, Inc. ¹	12,164,803	12,147,957
154 GRAIL, Inc. ¹	7,341	7,959
340,420 HeartFlow, Inc. ¹	8,366,390	8,282,418
92,028 Illumina, Inc. ¹	9,839,166	11,343,371
2,546,326 indie Semiconductor, Inc., Cl A ¹	12,337,941	8,199,170
277,268 Loar Holdings, Inc. ¹	20,568,975	15,884,684
699,673 Netskope, Inc., Cl A ¹	12,349,074	5,940,224
356,883 NVIDIA Corp.	6,728,358	62,240,395
222,263 SailPoint, Inc. ¹	4,629,759	2,942,762
76,195 ServiceTitan, Inc., Cl A ¹	5,667,456	4,835,335
106,673 Snowflake, Inc., Cl A ¹	13,393,986	16,088,422
27,899 Tesla, Inc. ¹	6,610,652	10,371,453
74,811 Viking Therapeutics, Inc. ¹	4,953,838	2,434,350
75,960 Zscaler, Inc. ¹	6,468,045	10,656,428
Total United States	219,969,143	294,123,394
Total Common Stocks	445,087,135	648,291,381
Private Common Stocks (20.61%)		
United States (20.61%)		
299,761 Farmers Business Network, Inc. ^{1,2}	12,250,007	557,555
252,130 Space Exploration Technologies Corp., Cl A ^{1,2}	11,571,518	132,769,137
75,250 Space Exploration Technologies Corp., Cl C ^{1,2}	3,428,124	39,625,898
Total Private Common Stocks	27,249,649	172,952,590
Private Convertible Preferred Stocks (0.00%)[^]		
India (0.00%)[^]		
9,201 Think & Learn Private Limited, Series F ^{1,2}	29,867,591	39,828

Baron Global Opportunity Fund (continued)

Shares	Cost	Value
Warrants (0.04%)		
Israel (0.00%)[^]		
228,748 Taboola.com Ltd., Exp. 6/29/2026 exercise price USD 11.501	\$ 417,099	\$ 2,287
Spain (0.04%)		
502,360 Codere Online Luxembourg S.A., Exp. 11/30/2026 exercise price USD 11.501	845,632	341,605
Total Warrants	1,262,731	343,892
Total Investments (97.89%)	\$ 503,467,106	821,627,691
Cash and Other Assets Less Liabilities (2.11%)		17,667,572
Net Assets		\$ 839,295,263

% Represents percentage of net assets.

¹ Non-income producing securities.

² At March 31, 2026, the market value of restricted securities, excluding Rule 144A securities as separately described below, amounted to 172,992,418 or 20.61% of net assets.

[^] Rounds to less than 0.01%.

^{ADR} American Depositary Receipt.

^{144A} Security is exempt from registration pursuant to Rule 144A under the Securities Act of 1933. This security may be resold in transactions that are exempt from registration, normally to qualified institutional buyers. At March 31, 2026, the market value of Rule 144A securities amounted to 11,296,599 or 1.35% of net assets.

Summary of Investments by Sector as of March 31, 2026	Percentage of Net Assets (%)
Information Technology	38.6%
Industrials	25.6%
Consumer Discretionary	19.8%
Financials	7.8%
Health Care	6.0%
Unclassified	0.1%
Communication Services	0.0% [†]
Cash and Cash Equivalents*	2.1%
Total	100.0%**

[†] Rounds to less than 0.1%.

* Includes other assets and liabilities-net.

** Individual weights may not sum to 100% due to rounding.

Portfolio of Investments

Baron Discovery Fund

Shares	Cost	Value
Common Stocks (93.87%)		
Communication Services (2.22%)		
Integrated Telecommunication Services (1.32%)		
575,000	GCI Liberty, Inc., Cl C ¹ \$ 20,318,351	\$ 21,395,750
Movies & Entertainment (0.90%)		
185,000	Liberty Media Corporation-Liberty Formula One, Cl A ¹ 5,408,362	14,444,800
Total Communication Services	25,726,713	35,840,550
Consumer Discretionary (16.59%)		
Apparel, Accessories & Luxury Goods (1.35%)		
2,500,000	Brunello Cucinelli SpA, ADR ² 25,485,806	21,848,545
Casinos & Gaming (3.87%)		
1,250,000	DraftKings, Inc., Cl A ¹ 24,444,362	27,025,000
350,000	Wynn Resorts Ltd. 26,407,091	35,542,500
	50,851,453	62,567,500
Footwear (2.78%)		
850,000	Birkenstock Holding PLC ^{1,2} 41,577,112	30,455,500
425,000	On Holding AG, Cl A ^{1,2} 11,207,655	14,458,500
	52,784,767	44,914,000
Home Improvement Retail (1.19%)		
380,000	Floor & Decor Holdings, Inc., Cl A ¹ 15,077,919	19,304,000
Restaurants (3.53%)		
205,000	Texas Roadhouse, Inc. 19,789,735	33,853,700
150,000	Wingstop, Inc. 34,334,307	23,245,500
	54,124,042	57,099,200
Specialized Consumer Services (3.87%)		
665,000	Liberty Live Holdings, Inc., Cl C ¹ 23,321,810	62,583,150
Total Consumer Discretionary	221,645,797	268,316,395
Consumer Staples (1.83%)		
Soft Drinks & Non-alcoholic Beverages (1.83%)		
1,575,000	Primo Brands Corp. 37,995,724	29,657,250
Financials (4.35%)		
Asset Management & Custody Banks (1.70%)		
575,000	StepStone Group, Inc., Cl A 33,394,902	27,439,000
Insurance Brokers (1.06%)		
935,000	TWFG, Inc. ¹ 19,676,939	17,194,650
Property & Casualty Insurance (1.59%)		
75,000	Kinsale Capital Group, Inc. 3,355,498	25,624,500
Total Financials	56,427,339	70,258,150
Health Care (21.56%)		
Biotechnology (1.57%)		
710,000	Arcutis Biotherapeutics, Inc. ¹ 20,088,489	16,727,600
1,074,609	ARS Pharmaceuticals, Inc. ¹ 19,202,095	8,629,110
	39,290,584	25,356,710

Shares	Cost	Value
Common Stocks (continued)		
Health Care (continued)		
Health Care Equipment (2.58%)		
461,776	Axogen, Inc. ¹ \$ 14,867,922	\$ 15,298,639
215,211	Inspire Medical Systems, Inc. ¹ 21,559,322	11,100,583
130,000	IRhythm Holdings, Inc. ¹ 15,433,088	15,342,600
	51,860,332	41,741,822
Health Care Supplies (2.42%)		
689,845	Establishment Labs Holdings, Inc. ^{1,2} 36,099,001	39,169,399
Health Care Technology (4.87%)		
1,604,894	HeartFlow, Inc. ¹ 42,210,882	39,047,071
1,650,000	Waystar Holding Corp. ¹ 55,518,125	39,781,500
	97,729,007	78,828,571
Life Sciences Tools & Services (10.12%)		
286,830	BillionToOne, Inc., Cl A ^{1,3} 22,089,321	22,642,360
2,394,236	CareDx, Inc. ^{1,3} 29,718,372	41,563,937
273,653	Repligen Corp. ¹ 39,509,512	32,241,797
1,681,429	Stevanato Group SpA ² 38,898,057	23,119,649
639,474	Tempus AI, Inc., Cl A ¹ 28,854,871	28,917,014
468,790	Veracyte, Inc. ^{1,3} 11,556,243	15,099,726
	170,626,376	163,584,483
Total Health Care	395,605,300	348,680,985
Industrials (20.98%)		
Aerospace & Defense (7.17%)		
361,845	Karman Holdings, Inc. ¹ 10,800,404	28,965,692
174,558	Kratos Defense & Security Solutions, Inc. ¹ 1,770,429	12,308,085
799,000	Loar Holdings, Inc. ¹ 53,821,428	45,774,710
395,939	Mercury Systems, Inc. ¹ 16,317,798	28,867,912
	82,710,059	115,916,399
Building Products (1.61%)		
315,000	AAON, Inc. 23,661,925	26,066,250
Electrical Components & Equipment (2.49%)		
1,375,000	Forgent Power Solutions, Inc. ^{1,3} 38,179,272	40,246,250
Environmental & Facilities Services (3.91%)		
405,000	Casella Waste Systems, Inc., Cl A ¹ 38,176,402	32,132,700
1,419,000	Montrose Environmental Group, Inc. ¹ 32,832,103	31,061,910
	71,008,505	63,194,610
Industrial Machinery & Supplies & Components (3.33%)		
375,000	Enerpac Tool Group Corp. 14,358,665	13,676,250
95,256	Enpro, Inc. 23,782,405	23,875,917
30,000	RBC Bearings, Inc. ¹ 5,885,616	16,293,600
	44,026,686	53,845,767
Trading Companies & Distributors (2.47%)		
300,000	SiteOne Landscape Supply, Inc. ¹ 26,536,239	39,933,000
Total Industrials	286,122,686	339,202,276

Baron Discovery Fund (continued)

Shares	Cost	Value	
Common Stocks (continued)			
Information Technology (26.34%)			
Application Software (7.69%)			
1,650,000	Alkami Technology, Inc. ¹	\$ 35,542,566	\$ 25,855,500
300,000	Guidewire Software, Inc. ¹	30,067,960	44,868,000
500,000	Procore Technologies, Inc. ¹	32,493,235	28,500,000
395,000	ServiceTitan, Inc., Cl A ¹	37,281,538	25,066,700
		<u>135,385,299</u>	<u>124,290,200</u>
Electronic Equipment & Instruments (7.52%)			
191,980	Advanced Energy Industries, Inc.	12,868,980	61,953,866
165,000	Badger Meter, Inc.	31,027,818	25,137,750
292,550	Novanta, Inc. ^{1,2}	33,293,951	34,553,080
		<u>77,190,749</u>	<u>121,644,696</u>
Semiconductor Materials & Equipment (1.35%)			
50,329	Nova Ltd. ^{1,2}	11,364,234	21,856,878
Semiconductors (2.83%)			
5,252,665	indie Semiconductor, Inc., Cl A ¹	14,359,110	16,913,581
83,600	SiTime Corp. ¹	14,237,964	28,871,260
		<u>28,597,074</u>	<u>45,784,841</u>
Systems Software (6.95%)			
1,611,975	Dynatrace, Inc. ^{1,3}	60,641,675	59,610,836
1,886,441	Netskope, Inc., Cl A ¹	38,560,688	16,015,884
1,370,100	SentinelOne, Inc., Cl A ¹	21,235,592	17,646,888
886,000	Varonis Systems, Inc. ¹	31,005,932	19,022,420
		<u>151,443,887</u>	<u>112,296,028</u>
Total Information Technology	403,981,243	425,872,643	
Total Investments (93.87%)	\$ 1,427,504,802	1,517,828,249	
Cash and Other Assets		99,118,599	
Less Liabilities (6.13%)			
Net Assets		\$ 1,616,946,848	

% Represents percentage of net assets.

¹ Non-income producing securities.

² Foreign corporation.

³ Sector levels are provided from the Global Industry Classification Standard (GICS), developed and exclusively owned by MSCI Inc. (MSCI) and Standard and Poor's Financial Services LLC (S&P). The Adviser has reclassified/classified certain securities in or out of this sub-industry. Such reclassifications/classifications are not supported by S&P or MSCI.

^{ADR} American Depositary Receipt.

Portfolio of Investments

Baron Durable Advantage Fund

Shares	Cost	Value	
Common Stocks (99.55%)			
Communication Services (13.66%)			
Interactive Media & Services (13.66%)			
116,092	Alphabet, Inc., Cl C	\$ 15,513,532	\$ 33,302,151
57,053	Meta Platforms, Inc., Cl A	17,492,254	32,641,733
Total Communication Services		<u>33,005,786</u>	<u>65,943,884</u>
Consumer Discretionary (8.07%)			
Broadline Retail (6.99%)			
161,969	Amazon.com, Inc. ¹	23,545,745	33,733,284
Restaurants (1.08%)			
31,516	Texas Roadhouse, Inc.	5,290,548	5,204,552
Total Consumer Discretionary		<u>28,836,293</u>	<u>38,937,836</u>
Consumer Staples (1.31%)			
Consumer Staples Merchandise Retail (1.31%)			
6,349	Costco Wholesale Corp.	3,325,829	6,326,334
Financials (29.13%)			
Asset Management & Custody Banks (5.27%)			
94,599	Blackstone, Inc.	10,626,026	10,877,939
359,163	Brookfield Corp., Cl A ²	9,609,425	14,535,326
		20,235,451	25,413,265
Diversified Financial Services (2.26%)			
98,059	Apollo Global Management, Inc.	10,389,815	10,925,734
Financial Exchanges & Data (11.74%)			
45,561	CME Group, Inc.	10,424,756	13,456,441
32,680	Moody's Corp.	11,707,714	14,256,650
28,077	MSCI, Inc.	14,712,855	15,133,784
32,446	S&P Global, Inc.	13,855,268	13,800,582
		50,700,593	56,647,457
Investment Banking & Brokerage (2.97%)			
47,584	LPL Financial Holdings, Inc.	12,563,197	14,314,694
Property & Casualty Insurance (1.26%)			
63,527	Arch Capital Group Ltd. ^{1,2}	4,579,278	6,097,957
Transaction & Payment Processing Services (5.63%)			
15,077	Mastercard, Incorporated, Cl A	6,626,773	7,533,374
64,967	Visa, Inc., Cl A	16,730,005	19,635,626
		23,356,778	27,169,000
Total Financials		<u>121,825,112</u>	<u>140,568,107</u>
Health Care (2.45%)			
Life Sciences Tools & Services (2.45%)			
4,318	Mettler-Toledo International, Inc. ¹	5,274,877	5,445,861
13,011	Thermo Fisher Scientific, Inc.	6,420,194	6,395,297
Total Health Care		<u>11,695,071</u>	<u>11,841,158</u>

Shares	Cost	Value	
Common Stocks (continued)			
Industrials (5.91%)			
Aerospace & Defense (4.71%)			
63,732	HEICO Corp., Cl A	\$ 9,083,173	\$ 13,453,188
8,006	TransDigm Group, Inc. ¹	10,159,934	9,278,634
		19,243,107	22,731,822
Construction & Engineering (1.20%)			
10,562	Quanta Services, Inc.	4,707,300	5,798,749
Total Industrials		<u>23,950,407</u>	<u>28,530,571</u>
Information Technology (35.72%)			
Application Software (1.51%)			
16,783	Intuit, Inc.	9,600,752	7,256,633
Electronic Components (2.11%)			
80,619	Amphenol Corp., Cl A	6,994,854	10,186,211
Semiconductor Materials & Equipment (1.00%)			
22,660	Lam Research Corp.	5,026,128	4,841,536
Semiconductors (26.22%)			
77,086	Broadcom, Inc.	10,488,717	23,858,888
22,273	Monolithic Power Systems, Inc.	12,480,024	24,352,184
228,416	NVIDIA Corp.	12,523,204	39,835,750
113,945	Taiwan Semiconductor Manufacturing Co., Ltd., ADR ²	15,262,651	38,507,713
		50,754,596	126,554,535
Systems Software (4.88%)			
63,628	Microsoft Corporation	20,886,951	23,553,177
Total Information Technology		<u>93,263,281</u>	<u>172,392,092</u>
Real Estate (3.30%)			
Health Care REITs (3.30%)			
80,512	Welltower, Inc.	12,129,290	15,918,028
Total Investments (99.55%)		<u>\$ 328,031,069</u>	<u>480,458,010</u>
Cash and Other Assets			
Less Liabilities (0.45%)			<u>2,175,630</u>
Net Assets			<u>\$ 482,633,640</u>

% Represents percentage of net assets.

¹ Non-income producing securities.

² Foreign corporation.

ADR American Depository Receipt.

Baron Real Estate Income Fund

Shares	Cost	Value
Common Stocks (95.22%)		
Consumer Discretionary (6.71%)		
Casinos & Gaming (2.34%)		
61,083	Wynn Resorts Ltd. \$ 5,214,184	\$ 6,202,979
Hotels, Resorts & Cruise Lines (2.66%)		
108,140	Marriott Vacations Worldwide Corp. 6,570,203	7,042,077
Leisure Facilities (1.71%)		
35,173	Vail Resorts, Inc. 5,156,668	4,513,399
Total Consumer Discretionary		
	16,941,055	17,758,455
Financials (3.68%)		
Asset Management & Custody Banks (2.10%)		
137,263	Brookfield Corp., Cl A ² 4,704,919	5,555,034
Mortgage REITs (1.58%)		
217,794	Blackstone Mortgage Trust, Inc., Cl A 4,129,398	4,170,755
Total Financials		
	8,834,317	9,725,789
Information Technology (2.38%)		
Internet Services & Infrastructure (2.38%)		
156,241	GDS Holdings Ltd., ADR ^{1,2} 4,331,630	6,294,950
Materials (2.33%)		
Construction Materials (2.33%)		
58,675	CRH PLC ² 5,968,373	6,167,916
Real Estate (80.12%)		
Data Center REITs (13.83%)		
58,232	Digital Realty Trust, Inc. 9,525,895	10,493,989
26,639	Equinix, Inc. 20,856,376	26,112,613
	30,382,271	36,606,602
Diversified REITs (3.32%)		
289,266	Essential Properties Realty Trust, Inc. 8,971,421	8,782,116
Health Care REITs (19.28%)		
136,175	American Healthcare REIT, Inc. 3,937,813	6,422,013
149,832	Janus Living, Inc., Cl A ¹ 2,996,640	3,531,540
183,160	Ventas, Inc. 11,149,379	14,978,825
132,019	Welltower, Inc. 12,308,168	26,101,477
	30,392,000	51,033,855
Hotel & Resort REITs (5.57%)		
462,399	Host Hotels & Resorts, Inc. 7,635,324	8,859,565
465,632	Pebblebrook Hotel Trust 5,780,109	5,880,932
	13,415,433	14,740,497

Shares	Cost	Value
Common Stocks (continued)		
Real Estate (continued)		
Industrial REITs (14.37%)		
56,445	EastGroup Properties, Inc. \$ 9,452,304	\$ 10,447,405
188,042	Prologis, Inc. 20,932,483	24,855,392
44,575	Terreno Realty Corp. 2,551,316	2,737,796
	32,936,103	38,040,593
Multi-Family Residential REITs (3.71%)		
67,389	Equity Residential 4,116,037	3,986,059
10,760	Essex Property Trust, Inc. 2,735,877	2,603,920
95,832	UDR, Inc. 3,735,673	3,237,205
	10,587,587	9,827,184
Other Specialized REITs (2.19%)		
56,650	Iron Mountain, Inc. 5,412,187	5,786,231
Retail REITs (7.57%)		
55,422	Agree Realty Corp. 4,494,174	4,177,710
551,784	The Macerich Co. 9,045,085	10,428,718
29,101	Simon Property Group, Inc. 4,223,133	5,428,209
	17,762,392	20,034,637
Self Storage REITs (6.47%)		
125,271	CubeSmart 4,813,962	4,591,182
39,960	Extra Space Storage, Inc. 5,652,192	5,239,955
26,871	Public Storage 7,684,117	7,278,816
	18,150,271	17,109,953
Telecom Tower REITs (1.03%)		
15,798	American Tower Corp. 3,018,845	2,726,419
Timber REITs (2.78%)		
300,913	Weyerhaeuser Co. 6,840,329	7,351,305
Total Real Estate		
	177,868,839	212,039,392
Total Investments (95.22%)		\$ 213,944,214
Cash and Other Assets		
Less Liabilities (4.78%)		12,655,915
Net Assets		\$ 264,642,417

% Represents percentage of net assets.

¹ Non-income producing securities.

² Foreign corporation.

ADR American Depositary Receipt.

Portfolio of Investments

Baron WealthBuilder Fund

Shares		Cost	Value
Affiliated Mutual Funds (94.83%)			
Small Cap (28.95%)			
710,142	Baron Discovery Fund - Institutional Shares	\$ 17,049,594	\$ 22,930,495
1,018,059	Baron Growth Fund - Institutional Shares	88,371,962	61,307,514
2,172,114	Baron Small Cap Fund - Institutional Shares	68,348,713	60,493,375
Total Small Cap		<u>173,770,269</u>	<u>144,731,384</u>
Small/Mid Cap (6.76%)			
588,613	Baron Focused Growth Fund - Institutional Shares	16,112,298	33,815,823
Mid Cap (9.90%)			
559,158	Baron Asset Fund - Institutional Shares	49,397,930	49,502,227
Large Cap (8.30%)			
670,649	Baron Durable Advantage Fund - Institutional Shares	10,570,360	20,354,198
350,072	Baron Fifth Avenue Growth Fund - Institutional Shares	10,904,773	21,144,375
Total Large Cap		<u>21,475,133</u>	<u>41,498,573</u>
All Cap (18.85%)			
402,470	Baron Opportunity Fund - Institutional Shares	8,915,125	21,318,849
290,674	Baron Partners Fund - Institutional Shares	16,583,002	72,935,814
Total All Cap		<u>25,498,127</u>	<u>94,254,663</u>
Non-U.S./Global (10.30%)			
733,272	Baron Emerging Markets Fund - Institutional Shares	9,684,984	14,093,480
431,057	Baron Global Opportunity Fund - Institutional Shares	11,184,737	20,794,181
521,372	Baron International Growth Fund - Institutional Shares	13,264,231	16,584,843
Total Non-U.S./Global		<u>34,133,952</u>	<u>51,472,504</u>
Sector (11.77%)			
775,854	Baron Health Care Fund - Institutional Shares	13,595,125	15,330,880
793,580	Baron Real Estate Fund - Institutional Shares	25,523,750	30,489,362
756,554	Baron Real Estate Income Fund - Institutional Shares	11,777,465	13,050,548
Total Sector		<u>50,896,340</u>	<u>58,870,790</u>
Total Affiliated Mutual Funds		<u>371,284,049</u>	<u>474,145,964</u>
Affiliated Exchange-Traded Funds (5.20%)			
520,005	Baron Financials ETF	9,525,078	10,845,432
462,000	Baron SMID Cap ETF	11,321,310	9,969,960
222,000	Baron Technology ETF	5,635,470	5,178,927
Total Affiliated Exchange-Traded Funds		<u>26,481,858</u>	<u>25,994,319</u>
Total Investments in Affiliated Funds (100.03)		<u>\$ 397,765,907</u>	<u>500,140,283</u>
Liabilities Less Cash and Other Assets (-0.03%)			<u>(164,486)</u>
Net Assets			<u>\$ 499,975,797</u>

% Represents percentage of net assets.

Baron Health Care Fund

Shares	Cost	Value
Common Stocks (98.48%)		
Health Care (96.26%)		
Biotechnology (32.19%)		
8,000 AbbVie, Inc.	\$ 1,532,415	\$ 1,739,920
5,500 Abivax SA, ADR ^{1,2}	456,311	612,425
15,000 Apogee Therapeutics, Inc. ¹	1,051,173	1,262,550
73,000 Arcutis Biotherapeutics, Inc. ¹	2,137,772	1,719,880
5,200 argenx SE, ADR ^{1,2}	729,916	3,797,300
5,600 Ascendis Pharma AS, ADR ^{1,2}	980,180	1,280,888
23,000 Cytokinetics, Inc. ¹	1,488,277	1,515,930
30,000 Gilead Sciences, Inc.	3,509,409	4,181,100
20,000 Inmed, Inc. ¹	1,436,301	3,270,400
45,000 Ionis Pharmaceuticals, Inc. ¹	2,790,223	3,379,050
20,000 Kymera Therapeutics, Inc. ¹	1,189,645	1,665,800
5,300 Madrigal Pharmaceuticals, Inc. ¹	2,395,677	2,774,391
15,000 Protagonist Therapeutics, Inc. ¹	1,366,048	1,581,000
2,500 Revolution Medicines, Inc. ¹	243,638	243,125
125,000 Roivant Sciences Ltd. ^{1,2}	1,727,861	3,462,500
7,500 Vertex Pharmaceuticals, Incorporated ¹	2,306,922	3,349,050
25,000 Xenon Pharmaceuticals, Inc. ^{1,2}	738,848	1,453,750
	26,080,616	37,289,059
Health Care Equipment (11.80%)		
16,000 DexCom, Inc. ¹	1,412,699	1,004,800
33,300 Edwards Lifesciences Corp. ¹	2,632,793	2,666,664
4,700 IDEXX Laboratories, Inc. ¹	1,734,417	2,640,883
8,000 Insulet Corp. ¹	2,344,392	1,678,720
8,400 Intuitive Surgical, Inc. ¹	1,691,851	3,872,316
5,500 Stryker Corp.	1,442,251	1,807,245
	11,258,403	13,670,628
Health Care Services (2.89%)		
60,000 RadNet, Inc. ¹	2,871,502	3,353,400
Health Care Supplies (0.54%)		
14,000 Medline, Inc., Cl A ¹	602,723	623,000
Health Care Technology (1.03%)		
48,848 HeartFlow, Inc. ¹	1,131,100	1,188,472

Shares	Cost	Value
Common Stocks (continued)		
Health Care (continued)		
Life Sciences Tools & Services (16.40%)		
27,000 BillionToOne, Inc., Cl A ^{1,3}	\$ 2,022,447	\$ 2,131,380
32,000 Guardant Health, Inc. ^{1,3}	3,454,857	2,955,840
3,800 Mettler-Toledo International, Inc. ¹	4,188,883	4,792,560
14,700 Natera, Inc. ^{1,3}	2,974,120	2,939,853
9,000 Repligen Corp. ¹	1,396,625	1,060,380
10,400 Thermo Fisher Scientific, Inc.	4,589,753	5,111,912
	18,626,685	18,991,925
Pharmaceuticals (31.41%)		
31,000 AstraZeneca PLC, ADR ²	4,248,229	6,113,820
142,500 Elanco Animal Health, Inc. ¹	3,292,749	3,410,025
13,000 Eli Lilly & Co.	2,678,780	11,957,010
22,500 Johnson & Johnson	5,072,265	5,499,900
25,000 Merck & Co., Inc.	2,925,723	3,007,250
35,000 Terns Pharmaceuticals, Inc. ¹	1,526,831	1,845,200
130,000 Teva Pharmaceutical Industries Ltd., ADR ^{1,2}	2,590,790	3,915,600
10,000 VeraDermics, Inc. ¹	554,433	631,500
	22,889,800	36,380,305
Total Health Care	83,460,829	111,496,789
Real Estate (2.22%)		
Health Care REITs (2.22%)		
13,000 Welltower, Inc.	2,567,652	2,570,230
Total Investments (98.48%)	\$ 86,028,481	114,067,019
Cash and Other Assets		
Less Liabilities (1.52%)		
		1,766,404
Net Assets		\$ 115,833,423

% Represents percentage of net assets.

¹ Non-income producing securities.

² Foreign corporation.

³ Sector levels are provided from the Global Industry Classification Standard (GICS), developed and exclusively owned by MSCI Inc. (MSCI) and Standard and Poor's Financial Services LLC (S&P). The Adviser has reclassified/classified certain securities in or out of this sub-industry. Such reclassifications/classifications are not supported by S&P or MSCI.

^{ADR} American Depositary Receipt.

Portfolio of Investments

Baron India Fund

Shares		Cost	Value
Common Stocks (99.48%)			
Communication Services (9.43%)			
	Integrated Telecommunication Services (1.53%)		
78,610	Indus Towers Ltd. ¹	\$ 359,296	\$ 349,967
	Wireless Telecommunication Services (7.90%)		
95,171	Bharti Airtel Ltd.	1,730,266	1,808,570
	Total Communication Services	<u>2,089,562</u>	<u>2,158,537</u>
Consumer Discretionary (10.18%)			
	Apparel Retail (1.03%)		
6,695	Trent Ltd.	255,202	235,781
	Apparel, Accessories & Luxury Goods (1.27%)		
6,936	Titan Co. Ltd.	280,278	291,331
	Automobile Manufacturers (2.53%)		
18,480	Mahindra & Mahindra Ltd.	635,944	579,654
	Consumer Electronics (0.41%)		
911	Dixon Technologies India Ltd.	123,569	94,369
	Household Appliances (0.83%)		
2,709	Amber Enterprises India Ltd. ¹	222,748	189,211
	Restaurants (4.11%)		
382,345	Eternal Ltd. ¹	1,067,872	940,655
	Total Consumer Discretionary	<u>2,585,613</u>	<u>2,331,001</u>
Consumer Staples (2.69%)			
	Packaged Foods & Meats (2.69%)		
57,191	Tata Consumer Products Ltd.	709,826	615,069
Energy (2.72%)			
	Oil & Gas Refining & Marketing (2.72%)		
43,275	Reliance Industries Limited	672,618	622,362
Financials (30.23%)			
	Asset Management & Custody Banks (2.44%)		
55,330	360 ONE WAM Ltd.	657,222	558,971
	Consumer Finance (7.14%)		
112,788	Bajaj Finance Limited	1,070,926	965,091
46,327	Cholamandalam Investment & Finance Co. Ltd.	790,083	669,799
		1,861,009	1,634,890
	Diversified Banks (14.63%)		
45,622	Axis Bank Ltd.	663,292	565,038
157,252	HDFC Bank Ltd.	1,682,430	1,231,761
78,737	ICICI Bank Ltd.	1,187,088	1,010,767
143,305	Kotak Mahindra Bank Ltd.	654,822	539,449
		4,187,632	3,347,015

Shares		Cost	Value
Common Stocks (continued)			
Financials (continued)			
	Diversified Financial Services (1.04%)		
13,668	Bajaj Finserv Ltd.	\$ 286,353	\$ 237,413
	Investment Banking & Brokerage (1.31%)		
24,231	Nuvama Wealth Management Ltd.	359,838	298,908
	Life & Health Insurance (3.67%)		
44,466	SBI Life Insurance Company Limited, 144A	916,513	841,122
	Total Financials	<u>8,268,567</u>	<u>6,918,319</u>
Health Care (11.65%)			
	Health Care Facilities (8.55%)		
127,137	Aster DM Healthcare Ltd., 144A	762,787	904,106
93,229	HealthCare Global Enterprises Ltd. ¹	626,809	516,231
52,237	Max Healthcare Institute Ltd.	598,196	535,995
		1,987,792	1,956,332
	Life Sciences Tools & Services (1.61%)		
5,826	Divi's Laboratories Ltd.	402,542	368,120
	Pharmaceuticals (1.49%)		
12,504	Acutaas Chemicals Ltd.	296,401	340,787
	Total Health Care	<u>2,686,735</u>	<u>2,665,239</u>
Industrials (21.18%)			
	Aerospace & Defense (4.36%)		
233,351	Bharat Electronics Ltd.	1,036,508	998,567
	Construction & Engineering (1.45%)		
344,133	GMR Power & Urban Infra Ltd. ¹	443,373	331,001
	Construction & Machinery & Heavy Trucks (3.12%)		
14,900	Cummins India Ltd.	672,927	713,423
	Electrical Components & Equipment (5.47%)		
399,698	Precision Wires India Ltd.	840,861	1,251,923
	Heavy Electrical Equipment (1.13%)		
9,473	Siemens Energy India Ltd. ²	335,192	257,850
	Industrial Machinery & Supplies & Components (4.47%)		
50,526	Kirloskar Oil Engines Ltd.	641,483	719,780
13,642	Shaily Engineering Plastics Ltd.	247,766	302,424
		889,249	1,022,204
	Passenger Airlines (1.18%)		
6,423	InterGlobe Aviation Ltd., 144A	312,901	271,118
	Total Industrials	<u>4,531,011</u>	<u>4,846,086</u>

Baron India Fund (continued)

Shares	Cost	Value
Common Stocks (continued)		
Information Technology (6.53%)		
Communications Equipment (0.91%)		
22,921 Astra Microwave Products Ltd.	\$ 260,825	\$ 208,291
Electronic Components (3.74%)		
28,937 Centum Electronics Ltd.	775,765	857,024
Electronic Equipment & Instruments (0.62%)		
7,424 Aditya Infotech Ltd. ¹	138,711	140,756
Electronic Manufacturing Services (0.51%)		
3,185 Kaynes Technology India Ltd. ¹	120,781	117,041
IT Consulting & Other Services (0.75%)		
6,775 Tata Consultancy Services Ltd.	243,203	170,599
Total Information Technology	<u>1,539,285</u>	<u>1,493,711</u>
Real Estate (0.52%)		
Real Estate Development (0.52%)		
7,570 Godrej Properties Ltd. ¹	158,541	118,524
Utilities (4.35%)		
Electric Utilities (3.48%)		
253,444 Power Grid Corp. of India Ltd.	845,430	797,915
Independent Power Producers & Energy Traders (0.87%)		
39,681 JSW Energy Ltd.	204,906	198,822
Total Utilities	<u>1,050,336</u>	<u>996,737</u>
Total Investments (99.48%)	<u>\$ 24,292,094</u>	<u>22,765,585</u>
Cash and Other Assets Less		<u>118,893</u>
Liabilities (0.52%)		
Net Assets		<u>\$ 22,884,478</u>

% Represents percentage of net assets.

¹ Non-income producing securities.

² Sector levels are provided from the Global Industry Classification Standard (GICS), developed and exclusively owned by MSCI Inc. (MSCI) and Standard and Poor's Financial Services LLC (S&P). The Adviser has reclassified/classified certain securities in or out of this sub-industry. Such reclassifications/classifications are not supported by S&P or MSCI.

^{144A} Security is exempt from registration pursuant to Rule 144A under the Securities Act of 1933. This security may be resold in transactions that are exempt from registration, normally to qualified institutional buyers. At March 31, 2026, the market value of Rule 144A securities amounted to 2,016,346 or 8.81% of net assets.

Portfolio of Investments

Baron First Principles ETF

Shares	Cost	Value
Common Stocks (87.34%)		
Communication Services (6.19%)		
Movies & Entertainment (6.19%)		
30,271 Live Nation Entertainment, Inc. ¹	\$ 4,796,584	\$ 4,616,630
20,926 Spotify Technology SA ^{1,2}	11,208,339	10,147,227
Total Communication Services	16,004,923	14,763,857
Consumer Discretionary (35.64%)		
Apparel, Accessories & Luxury Goods (2.48%)		
400,000 Figs, Inc., Cl A ¹	4,132,640	5,908,000
Automobile Manufacturers (13.57%)		
87,082 Tesla, Inc. ¹	37,411,075	32,372,733
Casinos & Gaming (3.57%)		
159,350 Red Rock Resorts, Inc., Cl A	9,887,051	8,502,916
Footwear (4.09%)		
120,495 Birkenstock Holding PLC ^{1,2}	4,845,985	4,317,336
160,046 On Holding AG, Cl A ^{1,2}	7,284,659	5,444,765
	12,130,644	9,762,101
Hotels, Resorts & Cruise Lines (9.21%)		
32,874 Airbnb, Inc., Cl A ¹	4,415,964	4,151,329
66,645 Choice Hotels International, Inc.	7,067,865	6,897,757
76,005 Hyatt Hotels Corp., Cl A	12,426,990	10,928,759
	23,910,819	21,977,845
Leisure Facilities (2.72%)		
50,609 Vail Resorts, Inc.	6,928,181	6,494,147
Total Consumer Discretionary	94,400,410	85,017,742
Financials (23.92%)		
Financial Exchanges & Data (11.02%)		
48,661 FactSet Research Systems, Inc.	11,960,867	10,558,950
29,143 MSCI, Inc.	16,958,261	15,708,369
	28,919,128	26,267,319
Investment Banking & Brokerage (7.70%)		
108,218 Interactive Brokers Group, Inc., Cl A	8,037,441	7,258,181
118,225 The Charles Schwab Corp.	11,679,003	11,110,785
	19,716,444	18,368,966
Property & Casualty Insurance (5.20%)		
57,080 Arch Capital Group Ltd. ^{1,2}	5,696,894	5,479,109
20,283 Kinsale Capital Group, Inc.	7,982,801	6,929,890
	13,679,695	12,408,999
Total Financials	62,315,267	57,045,284

Shares	Cost	Value
Common Stocks (continued)		
Health Care (1.89%)		
Health Care Equipment (1.89%)		
8,047 IDEXX Laboratories, Inc. ¹	\$ 5,461,485	\$ 4,521,529
Industrials (6.42%)		
Aerospace & Defense (1.72%)		
19,408 HEICO Corp., Cl A	4,926,979	4,096,835
Research & Consulting Services (4.70%)		
59,067 Verisk Analytics, Inc.	12,554,441	11,207,963
Total Industrials	17,481,420	15,304,798
Information Technology (13.27%)		
Application Software (3.70%)		
59,034 Guidewire Software, Inc. ¹	9,672,455	8,829,125
Internet Services & Infrastructure (5.38%)		
108,177 Shopify, Inc., Cl A ^{1,2}	14,522,253	12,831,956
IT Consulting & Other Services (4.19%)		
63,147 Gartner, Inc. ¹	11,453,079	9,998,696
Total Information Technology	35,647,787	31,659,777
Total Common Stocks	231,311,292	208,312,987
Private Preferred Stocks (12.58%)		
Industrials (12.58%)		
Aerospace & Defense (12.58%)		
30,105 Space Exploration Technologies Corp., Cl C ^{1,3,4}	12,674,205	15,852,992
26,896 Space Exploration Technologies Corp., Cl A ^{1,3,4}	12,325,801	14,163,165
Total Private Preferred Stocks	25,000,006	30,016,157
Total Investments (99.92%)	\$ 256,311,298	238,329,144
Cash and Other Assets Less Liabilities (0.08%)		195,419
Net Assets		\$ 238,524,563

% Represents percentage of net assets.

¹ Non-income producing securities.

² Foreign corporation.

³ At March 31, 2026, the market value of restricted securities amounted to 30,016,157 or 12.58% of net assets.

⁴ Sector levels are provided from the Global Industry Classification Standard (GICS), developed and exclusively owned by MSCI Inc. (MSCI) and Standard and Poor's Financial Services LLC (S&P). The Adviser has reclassified/classified certain securities in or out of this sub-industry. Such reclassifications/classifications are not supported by S&P or MSCI.

Baron Global Durable Advantage ETF

Shares	Cost	Value
Common Stocks (99.60%)		
Argentina (1.55%)		
65 MercadoLibre, Inc. ¹	\$ 132,403	\$ 112,386
Brazil (2.23%)		
11,256 NU Holdings Ltd., Cl A ¹	189,172	161,749
Canada (5.10%)		
6,132 Brookfield Corp., Cl A	281,639	248,162
70 Constellation Software, Inc.	151,135	122,881
Total Canada	432,774	371,043
China (2.05%)		
2,354 Tencent Holdings Limited, ADR	181,514	148,820
France (3.60%)		
87 Hermes International SCA	214,688	164,808
177 LVMH Moët Hennessy Louis Vuitton SE	124,341	96,757
Total France	339,029	261,565
India (1.37%)		
3,989 HDFC Bank Ltd., ADR	131,326	99,246
Israel (1.30%)		
1,046 Wix.com Ltd. ¹	91,078	94,213
Italy (1.99%)		
221 Ferrari NV	79,356	74,798
5,103 Stevanato Group SpA	78,828	70,166
Total Italy	158,184	144,964
Japan (3.65%)		
6,414 Ajinomoto Co., Inc.	146,244	181,332
237 Keyence Corporation	87,081	84,350
Total Japan	233,325	265,682
Korea, Republic of (1.43%)		
5,501 Coupang, Inc. ¹	118,286	103,859
Netherlands (3.85%)		
212 ASML Holding N.V.	259,398	280,016
Sweden (6.52%)		
9,336 Atlas Copco AB, Cl A	177,782	164,751
5,835 Indutrade AB	146,278	133,790
5,800 Lifco AB, Cl B	209,769	175,464
Total Sweden	533,829	474,005
Taiwan (6.96%)		
1,498 Taiwan Semiconductor Manufacturing Co., Ltd., ADR	469,936	506,249

Shares	Cost	Value
Common Stocks (continued)		
United States (58.00%)		
1,261 Alphabet, Inc., Cl C	\$ 404,621	\$ 361,730
2,111 Amazon.com, Inc. ¹	490,554	439,658
545 Amphenol Corp., Cl A	79,741	68,861
173 AppLovin Corp., Cl A ¹	71,308	68,854
715 CME Group, Inc.	199,570	211,175
216 Eli Lilly & Co.	226,228	198,670
604 HEICO Corp., Cl A	154,292	127,498
618 Hilton Worldwide Holdings, Inc.	182,172	187,921
1,123 KKR & Co., Inc.	142,396	103,878
279 LPL Financial Holdings, Inc.	100,655	83,932
421 Meta Platforms, Inc., Cl A	275,037	240,867
112 Monolithic Power Systems, Inc.	114,469	122,455
334 MSCI, Inc.	192,788	180,029
2,616 NVIDIA Corp.	480,637	456,230
151 Quanta Services, Inc.	78,826	82,902
746 S&P Global, Inc.	370,868	317,304
250 Thermo Fisher Scientific, Inc.	148,521	122,883
152 TransDigm Group, Inc. ¹	205,730	176,162
1,281 Visa, Inc., Cl A	434,557	387,169
219 Watsco, Inc.	80,530	79,670
1,005 Welltower, Inc.	192,115	198,699
Total United States	4,625,615	4,216,547
Total Common Stocks	7,895,869	7,240,344
Total Investments (99.60%)	\$ 7,895,869	7,240,344
Cash and Other Assets Less Liabilities (0.40%)		29,192
Net Assets		\$ 7,269,536

% Represents percentage of net assets.

¹ Non-income producing securities.

ADR American Depositary Receipt.

Summary of Investments by Sector as of March 31, 2026	Percentage of Net Assets (%)
Information Technology	24.8%
Financials	24.7%
Consumer Discretionary	16.2%
Industrials	12.9%
Communication Services	10.3%
Health Care	5.4%
Real Estate	2.7%
Consumer Staples	2.5%
Cash and Cash Equivalents*	0.4%
Total	100.0%**

* Includes other assets and liabilities-net.

** Individual weights may not sum to 100% due to rounding.

Portfolio of Investments

Baron SMID Cap ETF

Shares		Cost	Value
Common Stocks (97.95%)			
Communication Services (4.10%)			
	Interactive Media & Services (1.43%)		
2,760	Reddit, Inc., Cl A ¹	\$ 458,939	\$ 371,634
	Movies & Entertainment (2.67%)		
8,919	Liberty Media Corporation-Liberty Formula One, Cl A ¹	742,984	696,396
	Total Communication Services	<u>1,201,923</u>	<u>1,068,030</u>
Consumer Discretionary (15.40%)			
	Automobile Manufacturers (1.65%)		
1,274	Ferrari NV ²	410,694	431,185
	Casinos & Gaming (5.35%)		
5,201	Churchill Downs, Inc.	446,004	467,206
17,220	DraftKings, Inc., Cl A ¹	435,543	372,297
5,475	Wynn Resorts Ltd.	621,434	555,986
		<u>1,502,981</u>	<u>1,395,489</u>
	Hotels, Resorts & Cruise Lines (2.05%)		
1,759	Hilton Worldwide Holdings, Inc.	515,474	534,877
	Restaurants (3.23%)		
13,803	Chipotle Mexican Grill, Inc. ¹	487,702	441,834
2,588	Wingstop, Inc.	566,420	401,062
		<u>1,054,122</u>	<u>842,896</u>
	Specialized Consumer Services (3.12%)		
8,628	Liberty Live Holdings, Inc., Cl C ¹	749,959	811,981
	Total Consumer Discretionary	<u>4,233,230</u>	<u>4,016,428</u>
Financials (7.43%)			
	Asset Management & Custody Banks (1.52%)		
4,000	Hamilton Lane, Inc., Cl A	486,395	397,600
	Financial Exchanges & Data (3.76%)		
999	MSCI, Inc.	564,742	538,471
3,749	Tradeweb Markets, Inc., Cl A	426,282	441,107
		<u>991,024</u>	<u>979,578</u>
	Investment Banking & Brokerage (2.15%)		
1,864	LPL Financial Holdings, Inc.	621,846	560,747
	Total Financials	<u>2,099,265</u>	<u>1,937,925</u>
Health Care (18.22%)			
	Biotechnology (2.03%)		
726	argenx SE, ADR ^{1,2}	562,831	530,161
	Health Care Equipment (4.76%)		
7,051	Edwards Lifesciences Corp. ¹	581,108	564,644
3,229	Insulet Corp. ¹	830,217	677,573
		<u>1,411,325</u>	<u>1,242,217</u>

Shares		Cost	Value
Common Stocks (continued)			
Industrials (Continued)			
	Health Care Technology (3.67%)		
12,874	HeartFlow, Inc. ¹	\$ 288,086	\$ 313,225
26,639	Waystar Holding Corp. ¹	710,039	642,266
		<u>998,125</u>	<u>955,491</u>
	Life Sciences Tools & Services (5.84%)		
1,946	Natera, Inc. ^{1,3}	413,440	389,181
4,251	Repligen Corp. ¹	613,775	500,853
25,207	Stevanato Group SpA ²	462,291	346,596
6,318	Tempus AI, Inc., Cl A ¹	351,963	285,700
		<u>1,841,469</u>	<u>1,522,330</u>
	Pharmaceuticals (1.92%)		
20,963	Elanco Animal Health, Inc. ¹	502,284	501,645
	Total Health Care	<u>5,316,034</u>	<u>4,751,844</u>
Industrials (24.90%)			
	Aerospace & Defense (12.16%)		
1,546	Axon Enterprise, Inc. ¹	766,264	656,571
1,626	BWX Technologies, Inc.	300,407	332,501
5,984	Karman Holdings, Inc. ¹	506,112	479,019
11,670	Loar Holdings, Inc. ¹	781,120	668,574
6,229	Mercury Systems, Inc. ¹	474,171	454,156
501	TransDigm Group, Inc. ¹	656,963	580,639
		<u>3,485,037</u>	<u>3,171,460</u>
	Electrical Components & Equipment (2.00%)		
17,834	Forgent Power Solutions, Inc., Cl A ^{1,3}	588,028	522,001
	Environmental & Facilities Services (3.79%)		
10,546	Rollins, Inc.	615,863	563,262
2,621	Waste Connections, Inc. ²	429,114	425,755
		<u>1,044,977</u>	<u>989,017</u>
	Industrial Machinery & Supplies & Components (2.04%)		
2,119	Enpro, Inc.	489,762	531,128
	Research & Consulting Services (2.63%)		
8,794	Booz Allen Hamilton Holding Corp.	731,443	686,196
	Trading Companies & Distributors (2.28%)		
4,464	SiteOne Landscape Supply, Inc. ¹	575,757	594,203
		<u>6,915,004</u>	<u>6,494,005</u>
	Total Industrials		

Baron SMID Cap ETF (continued)

Shares	Cost	Value
Common Stocks (continued)		
Information Technology (25.63%)		
Application Software (8.47%)		
374 Fair Isaac Corp. ¹	\$ 562,862	\$ 399,260
5,593 Guidewire Software, Inc. ¹	935,405	836,489
30,723 Samsara, Inc., Cl A ¹	1,007,854	973,612
	<u>2,506,121</u>	<u>2,209,361</u>
Electronic Components (2.74%)		
2,995 Coherent Corp. ¹	634,842	713,439
Semiconductors (5.72%)		
7,292 Lattice Semiconductor Corp. ¹	587,193	676,406
502 Monolithic Power Systems, Inc.	496,613	548,862
3,111 Rambus, Inc. ¹	308,989	267,639
	<u>1,392,795</u>	<u>1,492,907</u>
Systems Software (8.70%)		
2,964 Datadog, Inc., Cl A ^{1,3}	384,395	349,900
25,795 Dynatrace, Inc. ^{1,3}	1,040,080	953,899
43,552 Netskope, Inc., Cl A ¹	635,945	369,756
12,170 Rubrik, Inc., Cl A ¹	795,829	595,965
	<u>2,856,249</u>	<u>2,269,520</u>
Total Information Technology	<u>7,390,007</u>	<u>6,685,227</u>
Materials (2.27%)		
Construction Materials (1.82%)		
1,741 Vulcan Materials Co.	491,577	474,075
Diversified Metals & Mining (0.45%)		
2,455 MP Materials Corp. ¹	146,176	118,478
Total Materials	<u>637,753</u>	<u>592,553</u>
Total Investments (97.95%)	<u>\$ 27,793,216</u>	<u>25,546,012</u>
Cash and Other Assets		
Less Liabilities (2.05%)		<u>535,331</u>
Net Assets		<u>\$ 26,081,343</u>

% Represents percentage of net assets.

¹ Non-income producing securities.

² Foreign corporation.

³ Sector levels are provided from the Global Industry Classification Standard (GICS), developed and exclusively owned by MSCI Inc. (MSCI) and Standard and Poor's Financial Services LLC (S&P). The Adviser has reclassified/classified certain securities in or out of this sub-industry. Such reclassifications/classifications are not supported by S&P or MSCI.

^{ADR} American Depositary Receipt.

Portfolio of Investments

Baron Financials ETF

Shares	Cost	Value
Common Stocks (98.99%)		
Consumer Discretionary (3.65%)		
Broadline Retail (3.65%)		
968 MercadoLibre, Inc. ¹	\$ 1,343,537	\$ 1,673,691
Financials (79.74%)		
Asset Management & Custody Banks (5.86%)		
1,110 Blackrock, Inc.	866,439	1,067,498
17,560 KKR & Co., Inc.	1,969,198	1,624,300
	2,835,637	2,691,798
Commercial & Residential Mortgage Finance (0.50%)		
16,000 Rocket Cos., Inc., Cl A ¹	370,349	228,000
Consumer Finance (2.39%)		
6,000 Capital One Financial Corp.	1,329,718	1,094,580
Diversified Banks (6.29%)		
28,200 Bank of America Corp.	1,539,349	1,374,750
105,168 NU Holdings Ltd., Cl A ^{1,2}	827,227	1,511,264
	2,366,576	2,886,014
Diversified Financial Services (2.93%)		
12,060 Apollo Global Management, Inc.	947,629	1,343,725
Financial Exchanges & Data (19.72%)		
5,400 CME Group, Inc.	1,184,730	1,594,890
927 FactSet Research Systems, Inc.	374,586	201,150
3,552 Moody's Corp.	1,260,646	1,549,560
2,896 MSCI, Inc.	1,231,765	1,560,973
5,960 S&P Global, Inc.	2,345,984	2,535,027
13,690 Tradeweb Markets, Inc., Cl A	1,154,354	1,610,765
	7,552,065	9,052,365
Insurance Brokers (1.82%)		
8,680 Accelerant Holdings, Cl A ^{1,2}	182,280	115,965
9,865 Baldwin Insurance Group, Inc., Cl A ¹	283,787	216,438
8,336 Neptune Insurance Holdings, Inc., Cl A ^{1,3}	168,272	201,648
16,400 TWFG, Inc. ¹	292,937	301,596
	927,276	835,647
Investment Banking & Brokerage (18.89%)		
7,720 Houlihan Lokey, Inc.	547,415	1,108,746
24,312 Interactive Brokers Group, Inc., Cl A	485,175	1,630,606
6,176 LPL Financial Holdings, Inc.	1,106,497	1,857,926
9,100 Morgan Stanley	1,651,310	1,497,587
7,720 Robinhood Markets, Inc., Cl A ¹	313,178	534,996
21,708 The Charles Schwab Corp.	1,760,804	2,040,118
	5,864,379	8,669,979
Life & Health Insurance (1.26%)		
2,312 Primerica, Inc.	592,104	579,110

Shares	Cost	Value
Common Stocks (continued)		
Financials (continued)		
Property & Casualty Insurance (4.55%)		
10,132 Arch Capital Group Ltd. ^{1,2}	\$ 823,583	\$ 972,571
1,267 Kinsale Capital Group, Inc.	224,761	432,883
3,452 The Progressive Corp.	400,179	684,324
	1,448,523	2,089,778
Transaction & Payment Processing Services (15.53%)		
6,693 Block, Inc. ¹	785,332	402,785
5,016 Jack Henry & Associates, Inc.	828,646	792,729
5,131 Mastercard, Incorporated, Cl A	1,784,261	2,563,755
8,396 Visa, Inc., Cl A	1,778,363	2,537,607
69,058 Wise PLC, Cl A (United Kingdom) ^{1,2}	703,101	831,609
	5,879,703	7,128,485
Total Financials	30,113,959	36,599,481
Industrials (4.74%)		
Research & Consulting Services (4.74%)		
2,704 Equifax, Inc.	579,664	486,909
7,770 TransUnion	691,681	537,607
6,076 Verisk Analytics, Inc.	1,207,790	1,152,921
Total Industrials	2,479,135	2,177,437
Information Technology (10.86%)		
Application Software (9.19%)		
14,406 Alkami Technology, Inc. ¹	374,996	225,742
918 Fair Isaac Corp. ¹	385,615	980,002
7,336 Guidewire Software, Inc. ¹	829,080	1,097,172
3,552 Intuit, Inc.	1,300,794	1,535,814
5,984 ServiceTitan, Inc., Cl A ¹	503,676	379,744
	3,394,161	4,218,474
Internet Services & Infrastructure (1.67%)		
6,468 Shopify, Inc., Cl A ^{1,2}	952,746	767,234
Total Information Technology	4,346,907	4,985,708
Total Investments (98.99%)	\$ 38,283,538	45,436,317
Cash and Other Assets Less Liabilities (1.01%)		464,221
Net Assets		\$ 45,900,538

% Represents percentage of net assets.

¹ Non-income producing securities.

² Foreign corporation.

³ Sector levels are provided from the Global Industry Classification Standard (GICS), developed and exclusively owned by MSCI Inc. (MSCI) and Standard and Poor's Financial Services LLC (S&P). The Adviser has reclassified/classified certain securities in or out of this sub-industry. Such reclassifications/classifications are not supported by S&P or MSCI.

Baron Technology ETF

Shares	Cost	Value
Common Stocks (99.01%)		
Communication Services (10.47%)		
Interactive Media & Services (6.00%)		
20,503 Alphabet, Inc., Cl C	\$ 6,808,697	\$ 5,881,491
4,779 Meta Platforms, Inc., Cl A	3,370,032	2,734,209
	10,178,729	8,615,700
Movies & Entertainment (4.47%)		
13,219 Spotify Technology SA ^{1,2}	5,751,744	6,410,025
Total Communication Services	15,930,473	15,025,725
Consumer Discretionary (10.48%)		
Automobile Manufacturers (3.53%)		
13,621 Tesla, Inc. ¹	4,810,489	5,063,607
Broadline Retail (6.95%)		
47,871 Amazon.com, Inc. ¹	9,712,233	9,970,093
Total Consumer Discretionary	14,522,722	15,033,700
Energy (1.53%)		
Oil & Gas Equipment & Services (1.53%)		
38,970 Solaris Energy Infrastructure, Inc.	2,079,312	2,202,195
Health Care (2.37%)		
Health Care Services (1.47%)		
54,742 Hinge Health, Inc., Cl A ¹	2,216,773	2,110,852
Health Care Technology (0.90%)		
53,109 HeartFlow, Inc. ¹	1,416,520	1,292,142
Total Health Care	3,633,293	3,402,994
Industrials (7.55%)		
Aerospace & Defense (3.46%)		
8,792 Axon Enterprise, Inc. ¹	4,692,872	3,733,874
21,565 Loar Holdings, Inc. ¹	1,548,220	1,235,459
	6,241,092	4,969,333
Building Products (0.91%)		
15,852 AAON, Inc.	1,313,691	1,311,753
Construction & Engineering (1.79%)		
4,669 Quanta Services, Inc.	1,736,822	2,563,375
Electrical Components & Equipment (1.39%)		
67,974 Forgent Power Solutions, Inc., Cl A ^{1,3}	1,964,886	1,989,599
Total Industrials	11,256,491	10,834,060
Information Technology (66.08%)		
Application Software (6.54%)		
17,249 Guidewire Software, Inc. ¹	2,836,586	2,579,761
13,005 Palantir Technologies, Inc., Cl A ¹	1,910,872	1,902,371
44,190 PAR Technology Corp. ¹	2,103,160	589,053
93,157 Samsara, Inc., Cl A ¹	3,537,316	2,952,145
3,427 Synopsys, Inc. ¹	1,536,311	1,358,737
	11,924,245	9,382,067
Communications Equipment (4.01%)		
16,928 Arista Networks, Inc. ¹	2,384,148	2,078,420
5,230 Lumentum Holdings, Inc. ¹	1,496,029	3,675,435
	3,880,177	5,753,855

Shares	Cost	Value
Common Stocks (continued)		
Information Technology (continued)		
Electronic Components (3.65%)		
21,981 Coherent Corp. ¹	\$ 2,961,672	\$ 5,236,094
Internet Services & Infrastructure (5.73%)		
74,390 GDS Holdings Ltd., ADR ^{1,2}	1,982,052	2,997,173
44,073 Shopify, Inc., Cl A ^{1,2}	5,129,438	5,227,939
	7,111,490	8,225,112
Semiconductor Materials & Equipment (7.57%)		
2,127 ASML Holding N.V. ²	2,901,134	2,809,405
37,713 Lam Research Corp.	5,925,993	8,057,760
	8,827,127	10,867,165
Semiconductors (32.02%)		
38,857 Broadcom, Inc.	9,251,548	12,026,630
526,418 indie Semiconductor, Inc., Cl A ¹	2,046,889	1,695,066
3,347 Micron Technology, Inc.	769,117	1,130,751
1,767 Monolithic Power Systems, Inc.	1,608,770	1,931,949
94,916 NVIDIA Corp.	11,784,745	16,553,350
37,306 Taiwan Semiconductor Manufacturing Co., Ltd., ADR ²	8,304,267	12,607,563
	33,765,336	45,945,309
Systems Software (6.56%)		
10,296 Cloudflare, Inc., Cl A ^{1,3}	1,309,537	2,124,476
1,004 CrowdStrike Holdings, Inc., Cl A ¹	422,789	391,972
14,290 Datadog, Inc., Cl A ^{1,3}	1,910,663	1,686,934
33,401 Rubrik, Inc., Cl A ¹	1,754,241	1,635,647
13,451 Snowflake, Inc., Cl A ^{1,3}	2,569,928	2,028,680
11,051 Zscaler, Inc. ¹	2,550,120	1,550,345
	10,517,278	9,418,054
Total Information Technology	78,987,325	94,827,656
Real Estate (0.53%)		
Health Care REITs (0.53%)		
3,854 Welltower, Inc.	752,405	761,974
Total Investments (99.01%)	\$ 127,162,021	142,088,304
Cash and Other Assets Less Liabilities (0.99%)		
		1,424,650
Net Assets		
		\$ 143,512,954

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