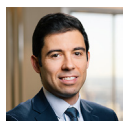


# BCGD Baron Global Durable Advantage ETF — Portfolio Managers Q&A

There is an ongoing shift toward active solutions in the Exchange Traded Fund (ETF) market. Investors seek liquid, tax-efficient products that deliver alpha<sup>1</sup>. Baron Capital launched a range of active ETFs on December 12, 2025 that meet this need. These ETFs apply our proven approach in a new format. With a long-term track record of outperformance and a disciplined investment process, we believe we are well positioned to meet this evolving demand.



**Alex Umansky**  
VP, Portfolio Manager



**Guy Tartakovsky**  
VP, Portfolio Manager

## Could you give an overview of Baron Global Durable Advantage ETF?

**Alex:** Baron Global Durable Advantage ETF, BCGD, will seek to provide investors access to companies that benefit from durable growth characteristics and sustainable competitive advantages. These are often industry leaders that we believe have a low risk of being disrupted by competitors and may carry limited downside.

We find companies across all sectors and on a global basis. The portfolio is highly concentrated in 30 to 40 companies at all times, with position sizes reflecting our level of conviction.

The ETF is appropriate for investors seeking to invest in the highest-quality growth businesses around the world with a lower risk profile.

## What is the investment philosophy of Baron Global Durable Advantage ETF?

**Guy:** The ETF invests in established leaders that we believe can sustain growth over long periods (the N rather than the

G), supported by differentiated business models and high-quality management teams. We focus on understanding disruptive change and the opportunities it creates, employing a fundamental, bottom-up, long-term active management approach that focuses on a company's intrinsic value by forecasting fundamental value drivers. Our focus on the N enables us to uncover and hold on to great businesses, benefiting from the long-term compounding of their value.

Companies we invest in must meet the following investment criteria: outsized long-term growth potential, durable competitive advantages, exceptional leadership, and compelling valuations that we believe could offer the opportunity to compound value for a long period of time while mitigating the risk of permanent loss of capital.

## To what extent can you draw on your experience of managing similar strategies?

**Alex:** We already manage a domestic version of our Durable Advantage strategy, which focuses exclusively on U.S. companies.

The ETF uses a similar process and is able to source U.S.-listed ideas from Baron Durable Advantage Fund, but its global mandate will significantly widen the investable universe, which opens up a plethora of opportunities worldwide.

Given our objective of durable growth and commitment to investing in high-quality businesses, we get to know these companies for years, and as they progress through their life cycles, they may become eligible for investment in Baron Global Durable Advantage ETF.

## Could you share some examples of companies held in Baron Global Durable Advantage ETF?

**Guy:** In the consumer discretionary sector, we own **Hermès International**, **LVMH Moët Hennessy Louis Vuitton SE**, and **Ferrari N.V.**—three iconic luxury franchises with exceptional brand strength, pricing power, and enduring appeal. Hermès exemplifies craftsmanship and scarcity; LVMH combines scale and brand diversity; Ferrari blends innovation and exclusivity. Each reflects the potential for durable growth and disciplined execution we seek.

In financials, **Visa Inc.**, **S&P Global Inc.**, and **HDFC Bank** are three dominant franchises that are gaining market share through superior technology, prudent lending, and consistent execution. Their scale, stability, and long-term compounding potential align closely with our focus on high-quality, durable businesses.

## How do you manage risk in the ETF?

**Alex:** We define risk as the probability of an adverse outcome leading to permanent loss of capital.

Risk is evaluated based on four parameters: valuation risk (purchase price provides an insufficient margin of safety); business risk (ability to combat disruption, increasing competition, and punitive regulations); financial risk (degree of leverage in capital structure); and analysis risk (our assumptions prove to be incorrect).

We manage risk bottom up, company by company, investing against the full range of outcomes and their probabilities. We also diversify portfolio exposure across industry verticals, geographies, and fundamental business drivers, and size holdings according to our assessment of relative risk and reward.

At the same time, we are conscious that we must avoid overly diversifying the portfolio as this can erode returns. We are also not in the business of forecasting macroeconomic variables, as we select stocks that we believe can effectively navigate cyclical fluctuations. In addition, we maintain limits on position sizes and exposure to sub-industries.

We believe risk management is embedded in our philosophy and process as we aim to invest in businesses that manage disruptive secular change and are built to enable durable growth.

## What are the key advantages of investing in Baron Global Durable Advantage ETF?

**Guy:** Legendary investor Benjamin Graham famously said: “In the short run, the market is a voting machine, but in the long run, it is a weighing machine.” In other words, while short-term price movements are driven by market expectations, long-term results are determined by the quality of businesses.

Our decades-long experience in being able to forecast long-term fundamentals of businesses should continue to enable us to analyze every organization with a long-term ownership mindset. We focus on durable growth businesses and hold them for extended periods with the goal to never sell, whereas we find that many large-cap equity managers align their core strategies more closely with the benchmark. While some managers hold a combination of higher-quality growth stocks and lower-quality value stocks, we invest only in high-quality companies and hold them as their value compounds over time. To quote another legendary investor - “*Time is the friend of the wonderful business. The enemy of the mediocre*” (Buffett).

Another major advantage is that we leverage Baron Capital’s in-house research team. This provides us with a consistent, healthy pipeline of investment ideas across a wide range of sectors. Many of these ideas have been held in other Baron Funds over a multi-year period. As they transition from the high-growth phase to a durable growth phase, their risk declines as the range of outcomes should narrow, and they become eligible for this strategy. These companies may still be at the forefront of their industries with a competitive leadership position in their markets.

By investing in the ETF, investors can have confidence that each portfolio company is selected based on our high-quality standards and meets our rigorous investment criteria. As a firm, Baron Capital believes strongly in investing in businesses, not stocks.

In addition, we are acutely aware of the impact behavioral biases can have on investment decisions. To minimize the influence of these biases, we practice probabilistic decision-making, seek disconfirming evidence, and stay focused on long-term fundamental drivers. We believe embedding these checks and balances into our investment process differentiates us and bolsters our ability to deliver long-term value for investors.

<sup>1</sup> Source: Nasdaq “ETFs Are More Active Than You Think”. As of 11/13/2025. ETFs can be more tax efficient compared to traditional mutual funds. When assets are delivered from the ETF via an in-kind transfer, no capital gains are realized. This can allow investors more control over the timing of their tax liabilities based on when they sell their position in the ETF. Please consult your tax advisor or financial professional for more information.

*Investors should consider the investment objectives, risks, charges, and expenses of the Fund carefully before investing. The prospectus and summary prospectus contain this and other ETF and can be obtained from the Fund’s distributor, Baron Capital, Inc., by calling 1-800-99-BARON or visiting [BaronCapitalGroup.com](http://BaronCapitalGroup.com). Please read them carefully before investing.*

This information does not constitute an offer to sell or a solicitation of any offer to buy securities.

**Risks:** The ETF invests primarily in equity securities, which are subject to price fluctuations in the stock market. Securities of small and medium-sized companies may be thinly traded and more difficult to sell. 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.

**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.**

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