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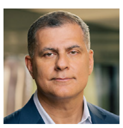
BCTK Baron Technology ETF — Portfolio Managers Q&A

There is an ongoing shift toward active solutions in the Exchange Traded Fund (ETF) market. Investors seek liquid, tax-efficient products that deliver alpha[1]. 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.

Michael Lippert
VP, Portfolio Manager,
Head of Technology Research



Ashim Mehra
VP, Portfolio Manager

Could you outline the key pillars that underpin the ETF's investment philosophy?

Ashim: The ETF, BCTK, is a conversion of the Baron Technology Fund, which we have managed since its launch at the end of 2021. Its investment philosophy closely aligns with that of the mutual fund and with the Baron Capital investment approach.

First, we seek out major secular growth changes that are taking place across industries but are driven by technology. These should be durable, long-term shifts driven by disruptive innovation that is reshaping the global economy. Examples include the internet, mobile telephones, cloud computing, and most recently, AI. While identifying these themes is not hard, finding the companies best positioned to benefit from them over the long term is more challenging.

This represents the second pillar of our process: seeking out businesses with economic moats and sustainable competitive advantages. We look for companies whose products deliver more meaningful value than substitutes, create high customer switching costs, and benefit from unique or proprietary data assets. These businesses often maintain direct and persistent customer relationships, exhibit network effects, and build strong brands. When combined with a rapid pace of innovation, high customer adoption and retention help support durable long-term advantages.

The third tenet of our process is the quality of management teams. We want to hold companies led by exceptional entrepreneurs and leaders, with a proven track record of long-term value creation. When we talk about leadership, we mean more than just the CEO and CFO. We dedicate time to actively engage with other key members of the broader executive team who are driving the strategic direction of the company.

Finally, potential investments must offer compelling value. We seek businesses with favorable risk-reward profiles that we deem capable of doubling over a four-to-five-year timeframe.

Could you outline the structure of the ETF and touch on some of its key holdings?

Mike: We fish in a larger pond than our peers. Rather than focusing solely on information technology (IT), we search for technology-related opportunities across a range of sectors and sub-industries. Currently, around 60% of the ETF is invested in IT, but it also has sizeable exposure to the consumer discretionary sector (e-commerce, electric vehicles, autonomous navigation, and online education), as well as the communication services space (digital advertising and entertainment). Industrials are also represented, particularly in areas like robotics, AI and machine learning, and energy transition. The portfolio also has exposure to fintech and innovators within the health care space.

This expansive investable universe allows us to unearth opportunities often overlooked by investors. Many of these businesses lie within the small- and mid-cap segments, whereas our peers tend to focus on the larger end of the scale. Moreover, we express our high conviction through a concentrated, focused portfolio, typically consisting of around 45 stocks.

There has been a massive wave of capital flowing into the Magnificent Seven stocks, leading to significant concentration in equity markets. While five of our top 10 holdings fall within this group, we size positions based on research-driven conviction, not market capitalization. The top 10 investments also include innovators such as digital audio streaming leader **Spotify Technology S.A.,** and the world's first dedicated semiconductor manufacturing company **Taiwan Semiconductor Manufacturing Company.** These types of businesses are often overlooked or underrepresented in passive indexes that base their allocations on market capitalization, whereas our stock selection strategy aims to balance exposure between proven leaders and emerging innovators, managing concentration risk while also targeting sustainable growth.

Where do you see key opportunities in the technology space?

Ashim: It is impossible to answer that question without mentioning AI. AI frontier model builders and hyperscalers continue to invest enormous amounts in training and inference infrastructure, but this is only the start. Industry leaders recognize that the potential opportunity is measured in trillions, not billions. As NVIDIA's CEO Jensen Huang recently stated, "No technology has ever had the opportunity to address a larger part of the world's GDP than AI."

We are living in an unprecedented era of technological innovation. Trends such as cloud computing, autonomous transportation, robotics, cybersecurity, digital commerce, and media and services are shaping the future, disrupting existing industries, and driving long-term investment returns.

But we must emphasize that companies risk being disrupted and eventual irrelevance if they fail to continuously innovate. The demise of businesses such as Nokia and BlackBerry during the smartphone revolution serves as a stark reminder of this reality.

As such, we manage the ETF with an unwavering emphasis on identifying and investing in a portfolio of technology winners with durable competitive advantages, relentless focus on maintaining a high rate of innovation, and outsized growth prospects.

What are the main advantages of the ETF over its peers?

Mike: Turning again to market concentration, the Magnificent Seven occupies seven of the top nine positions in the Nasdaq 100 Index. We believe this level of concentration, especially given the portfolio weights are rooted in historical returns and current market capitalizations instead of future growth prospects and expected returns, exposes investors to considerable risk, particularly as the lion's share of the asset class is now made up of passive technology investors. However, Baron Technology ETF seeks to offer a differentiated, more balanced, active solution that benefits from greater diversification and an unrelenting focus on identifying long-term winners. This active approach not only can mitigate the risks of market concentration found in indexes and passive funds, but also allows us to uncover compelling opportunities beyond the typical dominant names.

We believe another key advantage is our ability to leverage Baron Capital's deep experience in the small-cap space. We seek companies in the early stages of their development and hold them over many years, which allows the significant returns they may generate to compound over time—something many passive strategies and indexes in this sector may often miss out on. A good example is **AXON Enterprise, Inc.,** a near-monopoly provider of tasers to core U.S. state and local law enforcement agencies, and a leading developer of body and in-car cameras as well as cloud-based storage platforms. Since we first added AXON to our portfolio in 2022, when it was considered a small- to mid-cap company, it has delivered 25% revenue growth for 12 consecutive quarters, while consistently improving its free cash flow. When we refer to the rate of innovation, this is precisely the type of execution we seek across our investments. Another notable ETF position includes **Amazon.com, Inc,** which has been a Baron Capital holding for over 16 years. Meanwhile, **Taiwan Semiconductor Manufacturing Company Limited, Tesla, Inc.,** and **ServiceNow, Inc.** were first purchased just over a decade ago.

Experience, expertise, and continuity are also key differentiators. We are both industry veterans. I have been at Baron Capital for 24 years and am Head of Technology Research, while Ashim joined the Firm 15 years ago and has 26 years of research and investment experience. Over this time, we have witnessed the emergence of numerous technology-related trends. Accordingly, we have gained considerable expertise in identifying long-term secular shifts and the companies that should be best positioned to capitalize on them, while remaining disciplined in avoiding being dragged into shorter-term cyclical swings.

[1] 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. 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: In addition to general market conditions, technology companies, including internet-related and information technology companies, as well as companies propelled by new technologies, may present the risk of rapid change and product obsolescence, and their successes may be difficult to predict for the long term. Technology companies may also be adversely affected by changes in governmental policies, competitive pressures and changing demand. 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. 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 companies of all sizes, including small and medium-sized companies whose securities may be thinly traded and more difficult to sell during market downturns.

On or about December 12, 2025, Baron Technology Fund® will be converted from a mutual fund into an exchange-traded fund, Baron Technology ETF. For additional information please refer to the prospectus. The ETF has an identical investment goal and substantially similar investment strategies as the predecessor mutual fund.

Top ten holdings as a percentage of net assets as of 09/30/2025 are as follows: **NVIDIA Corporation** 14.3%, **Broadcom Inc.** 9.6%, **Amazon.com, Inc.** 7.3%, **Taiwan Semiconductor Manufacturing Company Limited** 6.6%, **Tesla, Inc.** 5.0%, **Spotify Technology S.A.** 4.2%, **Microsoft Corporation** 4.2%, **Eternal Limited** 2.7%, **Meta Platforms, Inc.** 2.7%, **Lumentum Holdings Inc.** 2.3%.

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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