QUARTERLY REPORT | DECEMBER 31, 2025

Baron Funds®

EST 1987

Ron's 2025 "Changing Lives" Conference Speech

During a rare conversation at the 32nd Annual Baron Investment Conference, virtual Elon Musk—arguably doing more than anyone alive to 'change lives'—reflected on his relationship with Ron: "The test of friendship is who supports you when the chips are down and everyone is against you… that's a real friend—and that's you, Ron."

32nd Annual Baron Investment Conference
November 14, 2025

In August, I was at the Mayo Clinic in Rochester, Minnesota for an annual physical. The Mayo is a pretty serious place. When it comes to my health, I do not fool around.

I was standing with a group of doctors waiting for my next examination when an older man, who was probably younger than I am, caught my eye.

"You're Ron Baron," he said. "There's something I need to tell you. *You've changed my life.* Thank you." Which, for some reason, made me tear up.

The "thank yous," which come virtually every day, never fail to touch me.

That's what inspired this year's **Changing Lives** theme. That, and the awesome impact AI will have changing all our lives.

Today is the 32nd Annual Baron Investment Conference. Every year, I look forward to this day the same way I once looked forward to fraternity house party weekends in college.

We were then entertained by the party band, Hot Nuts. That's their name. Just like Otis Day & the Knights in Animal House.

The Hot Nuts, by the way, were banned from Bucknell my senior year. We were going to bring them back to entertain you for lunch today, but I decided not to... JUST KIDDING.

Today's meeting may look like a party, but it's not. Baron Capital, like the Mayo, is a pretty serious place…most of the time.

Today, we want you to have a good time. But most of all, we want to thank you for trusting us with your savings. That trust has enabled Baron Capital to achieve what Bloomberg and Morningstar call "success envied by Wall Street."

Your trust is also at the core of our mission: to change the lives of you, your families, and our fellow employees by making you financially secure. Baron Capital's **Changing Lives** theme this year is about more than improving your finances. It's also about how progress transforms lives.

Baron Capital believes humanity is entering its most important epoch yet: the Intelligence Revolution—due to awesome possibilities created by science and engineering, and profoundly influenced by our friend, Elon Musk.

Today, we are going to talk about four topics: living through revolutions, our origin story, the opportunities and unknowns of AI, and why our process hasn't changed.

The Agricultural Revolution, which unfolded over the past 10,000 years, changed farming practices and marked the end of "eat what you kill."

The Industrial Revolution of the 1880s led to mass production facilities and unprecedented growth. People were worried about it when it happened.

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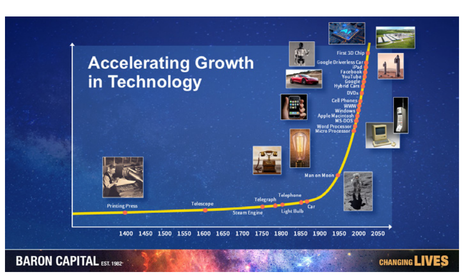
And the Information Revolution of the 1990s, enabled by the internet, transformed communication.

Until recently, world economic growth and life expectancy increased arithmetically for 5786 years.

Does anyone know what that means?

Since the dawn of civilization!

We now expect exponential economic growth and dramatically improved health care and life expectancy because of AI. Beginning now!



Right now! Today!

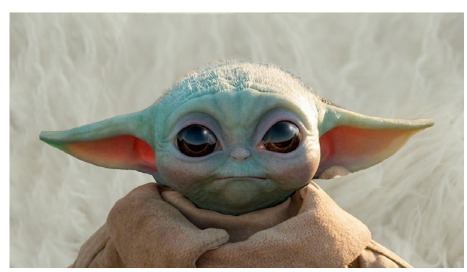
We chose the imagery of first light from 13.5 billion years ago, captured by the James Webb Space Telescope, as illustrative.

That was when dust from the Big Bang—the nebula—coalesced into stars, 500 million years after the Big Bang.

Now, we talk about ancient times as 5,000 years ago… or even 10,000 years ago.

This was **13.5 billion years ago**. Crazy stuff.

We believe that evolution has not stopped. And that our lives, our health—and even the physical appearances of our children's children and their children—will be a lot different than we expected.



I didn't say better, I said different.

Finally, because of AI and machine intelligence, Elon believes planet Earth could achieve what he calls *sustainable abundance*.

CLIP: Elon's *Age of Abundance*

We sure hope he's right.

We met Elon in 2010 and have been investors in his businesses since 2014.

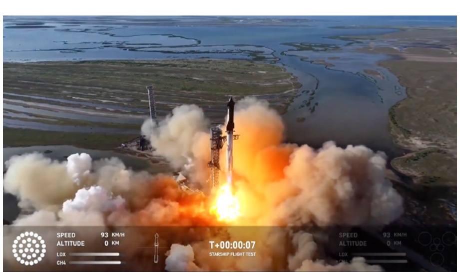
Took me a while. 15 years I've been following Tesla.

And if you think it's easy to follow a company that grows so fast and changes so much…

It's hard for me to understand how he manages it, because even following it is an incredible task.

Today, Elon's Tesla, SpaceX, and xAI represent about 24% of our assets, due to $13 billion in realized and unrealized gains.

We've made $13 billion from him so far. I think we're going to make a lot more than five times that over the next 10 years.



I'm an analyst. My handle on X—@RonBaronAnalyst—says it all.

I became interested in a career as a financial analyst in 1966. The Dow Jones Industrial Average was at 1,000. 16 years later, in 1982, it was still at 1,000.

Since 1982, the Dow has increased 50 times—from 1,000 to nearly 48,000!

We outperformed in the 1970s when the index didn't change. And when the market went up 50 times since 1982, we outperformed again.

We think stocks of growth businesses are better investments than gold—and better than Bitcoin too. We believe markets in our economy will continue to at least double in size every 10 to 12 years, as they have throughout my entire 82-year lifetime.

Don't be afraid. Don't ever be afraid. And, like Elon, never give up.

We founded Baron Capital on March 15, 1982. The Ides of March.

A good day for us. Not such a good day for Caesar. I founded the Firm on March 15 intentionally. It was a risk-taking decision.

Baron Capital then had $10 million in assets under management—all from a single investor who had given me $5 million to manage in 1977. Over five years, I doubled it. And that success led him to give me a piece of advice I have never forgotten.

"When you find investments with outstanding growth prospects—based on your *own* research, not someone else's—you cannot possibly own as much as you should."

That was one of the best lessons I have ever received. We have had many winners since—10 times, 30 times, 50 times, 100 times.

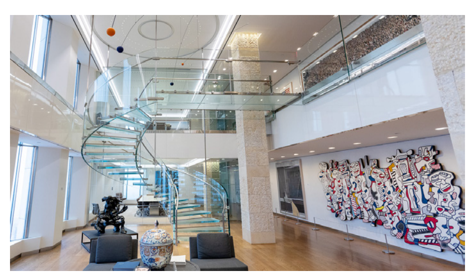
Charles Schwab. Arch Capital. Hyatt. Wynn Resorts. Choice Hotels. FedEx. Disney. Tropicana. MSCI. ManorCare. Nike. Tesla.

We could go on and on. And potentially the biggest yet, SpaceX.

With each one of these investments, I relied on Baron Capital research, not outside recommendations.

In 1992, we managed $100 million. Today, we manage $46 billion. And over that time, we've earned more than $52 billion in realized and unrealized gains. So we went from $100 million in 1992 to $46 billion under management and $52 billion in profits. Pretty amazing.

It's a good thing I didn't get into medical school. But I was good at parties.



Every day, I try to walk around our three tower floors in the General Motors building on Central Park, speaking with our 217 young, talented, hardworking team members chosen for their character, intelligence, work ethic, curiosity, and passion.

And when I meet them, shake their hands, and talk with them, it makes me feel like we're just getting started.

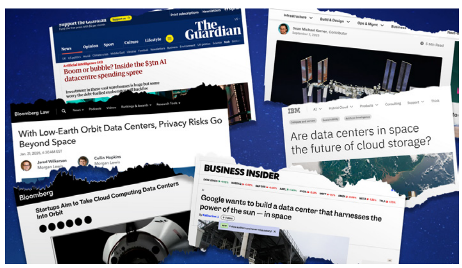
Working with my two sons, David and Michael—the Firm's Co-Presidents—for the past 22 years makes it hard to imagine how I could have a more meaningful life.

Most investors focus on daily stock price changes, quarterly earnings, tariffs, wars, and politics. In other words, short-term results and the macro. Many invest using math and algorithms and try to predict bubbles and crashes. We believe these events are not predictable, and not even relevant, if your investment horizon, like ours, is decades, not quarters.

If you think long term, it just doesn't matter. It's a long upward line, and these events are just little blips.

Others are anxious about returns that could be earned from AI capital investments, and about AI taking jobs from blue-collar and white-collar workers.

Data center and AI capital spending are now front-page news.



Data center investments represent the largest capital deployments on planet Earth ever. That's what xAI is doing. That's an investment we've made.

The $350 million we've invested so far is now worth about $700 million, and at the next pricing, it could be worth a billion.

Hundreds of billions annually—trillions ultimately—created by super successful entrepreneurs. That's who's making data center investments.

As much as they are building right now, they believe it still will not be enough to satisfy the demand for what they are creating. Yet every day, we read about the possibility of AI data center overbuilding.

Further, data center projects have become so expensive that builders and owners increasingly need sovereign nation partners to help finance construction. Big sovereign funds are standing in line to participate, and they are paying premiums to get in, yet they are not able to invest as much as they want.

Within 10 years, we expect, as do Elon and Jeff Bezos, to build data centers in low Earth orbit, provisioned by SpaceX. These would harness energy—first from our planet, which Elon thinks now represents about 5% of the energy we could capture, and then from our sun, and ultimately our galaxy—to power and cool data centers.

If it costs so much to power and cool a data center on Earth, why wouldn't you just use the sun for free, and why wouldn't you use the hundreds of degrees below zero in space to cool it?

I don't think it's going to be five or 10 years. I think it's going to be much sooner.

Musk estimates Earth is now using only 5% of the energy we could capture from our planet, less than a trillionth of what could be harnessed from our sun.

Way less, not Waymo. Get it?

In the meantime, since America's energy grid is being obsoleted and fully utilized during peak daytime hours, it's boom time for Tesla's massive industrial storage batteries.

That's a $4 billion-a-quarter business right now, and it's making about $1 billion a quarter, growing 30% to 40% a year.

Tesla batteries that store electricity purchased during off-peak hours could double the electricity available in the U.S. with no further investment in utility peaker plants.

Data centers currently use 3% of U.S. electricity, which should increase to 8% in 10 years. So during the daytime, electricity can command a premium rate, while at nighttime, when people want less energy, it's available at a real discount.

So when you take the energy produced at night, buy it at low prices, store it in a battery, and then sell it back to the grid at higher daytime prices, that's what our battery business is now. It's meeting unprecedented demand.

The competitor is China. But with China, if you are at war or something bad happens, do you really want a foreign nation to be in control of your energy? That is what we are providing. We are providing that service with our Tesla energy.

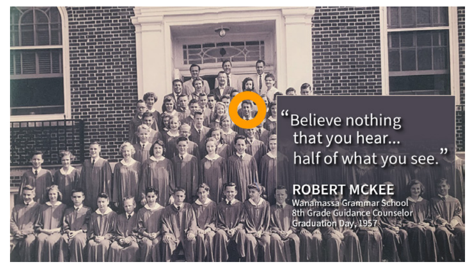
Mary Daly heads the Federal Reserve Bank of San Francisco. To understand economic activity in her region, Mary regularly visits businesses, talks to people, and observes activity firsthand.

On a recent ride from Salt Lake City's airport to downtown, she caught up on the news. It felt really pessimistic, she said. But driving through town, she saw activity everywhere. Full parking lots, busy retail outlets, and most importantly, construction cranes.

The cranes told a different story. Cranes are expensive and businesses only build when they're optimistic. That visit gave Mary confidence that business was much better than news reports had portrayed.

In other words, she believed what she saw, not what she read, which was similar to the advice my grammar school class received from our counselor on graduation day in 1957.

He said, "don't believe anything you hear and believe half of what you see."



So I'm 13 or 14 years old, and that's what I'm hearing from our guidance counselor. How scary is that?

I'm sure it fits a **Question Everything** pillar.

One more thing. The spectacular market advance over the past 25 years was concentrated in large-cap technology businesses.

Smaller and medium-sized growth companies dramatically underperformed. Baron funds, partnerships, and managed accounts that invested in technology companies did great. Baron funds that owned small and mid-sized entrepreneurial growth companies, not so much.

We think many smaller and mid-sized growth stocks now offer awesome opportunity, in part because of AI's ability to affect their revenues and their costs.

Also because they are so effing cheap...

As investors, we consider ourselves lucky to be alive in America, in the greatest city in the world.

CLIP: *Hamilton* – "The Schuyler Sisters" musical performance

That's what I believe New York is. The greatest city in the world.

CLIP: *Star Trek* – Baron Capital's **Changing Lives** mission

"Space: the final frontier.

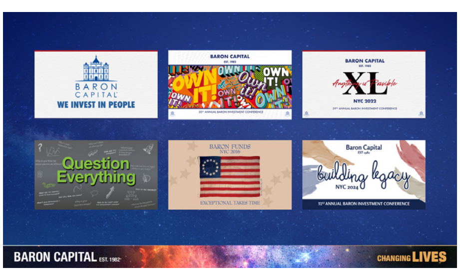
This is the journey of the Baron Capital Enterprise.

Its mission: to **Change Lives.**

To boldly go where Ron Baron has never gone before...

Saying something different."

My wife says I say the same thing all the time, so this one made sense to me.



I have described our investment process in excruciating detail at each of our prior 31 conferences. Our process has been successful, which is why it has not changed, and I'm not going to speak about it today.

With one exception.

AI will enhance our research by providing extensive explanations of complicated technologies in minutes. They used to take us hours to learn. So AI, for us, is going to be fantastic.

What's actually changed through the years are the facts and circumstances of what we purchase. Our holding periods and our absolute obsession with the character and the culture of a business. The soul of a company.

We hire and train extraordinary individuals and analysts to conduct interviews, visit companies, and help us identify superiorly managed, unique, competitively advantaged, singular growth companies.

If we're uncomfortable with executive character, regardless of how favorable we believe a business' prospects, we're not going to invest.

As a result, we ask different questions than other investors. Questions that get really personal about executives' families, backgrounds, and lifestyles. This decades-long practice of one-on-one conversations like these, asking questions that reveal to us who people really are, is Baron Capital's secret sauce.

That is what we mean when we say we are different.

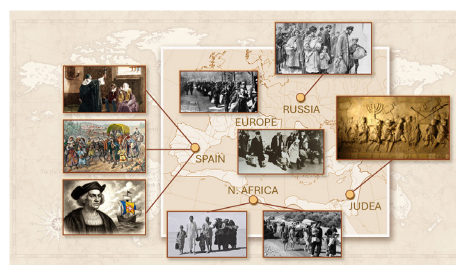
We Invest in People.

In addition, we teach our analysts to identify what Fred Stein, one of Cliff's and my favorite clients years ago, called "dimension": open-ended growth opportunities. A bow to Fred.

During the past 50 years, 21 companies were created in America's garages, college dorm rooms, and basements that now have market capitalizations of more than $200 billion each.

Among them are some of the largest technology companies today, referred to as the Magnificent Seven. Those seven stocks make up around 37% to 38% of the S&P 500 Index.

The founders of 10 of those companies are Jewish. The founders of 12 are either first- or second-generation immigrants.



The U.S. population is 340 million people. 2% are Jews, 24% are first- or second-generation immigrants. Jews and immigrants are risk takers by necessity, not by choice.

We believe the biggest risk is not taking risk.

Through generative AI, over the next 50 years, entirely new industries will give birth to businesses we cannot even imagine and materially increase the profits of existing businesses.

Talk about businesses with dimension.

We believe the next 50 years will produce what we call a Seismic 16: transformational businesses that will disrupt and redefine industries.

AI will enable the creation of more $200 billion market-capitalization companies in the next 50 years than in the past 50. Due to growth and inflation, a $200 billion company today implies a market capitalization of roughly $6 trillion 50 years from now. So, a $2 billion company today could be equivalent to a $6 trillion company in 50 years.

It's our job to discover and invest in those businesses while they are young and growing rapidly.

We expect companies like SpaceX, CoStar, MSCI, Spotify, Shopify, xAI, and Tesla to become perhaps 40% of our portfolios, maybe even more. But not our entire portfolios. That would be too risky.

Many unique double-digit growth businesses across health care, real estate, industrials, consumer, and innovative finance, with exceptional management teams—such as Hyatt, Red Rock Resorts, Arch Capital Group, Gartner, Morningstar, and FactSet—provide a sound foundation that allows us to own riskier, very fast-growing businesses that benefit the most from AI.

We're really anxious to invest in America's rapidly changing and accelerating growth through the autonomous, electrified, digitized, AI-driven, sustainable abundance economy that Elon describes. There is so much opportunity on planet Earth that it is often difficult for me to sleep. It drives my wife crazy... I'm so wired...

Our process starts by hiring talented individuals whose character and family backgrounds we believe give them the best chance for success. In addition to being smart and intensely curious, they're really hungry.

A CEO friend founded cellular, telco, and cable TV businesses 30 years ago, before the internet bubble burst. He believed Baron Capital escaped nearly unscathed when the bubble burst due to our process.

He said, "Ron tore apart and reassembled those businesses in his head."

That's how we train our analysts to learn about businesses. The essence of them, what's potentially positive or negative. It's to learn how businesses really function and to judge the character of their CEO founders.

One of my favorite executives is Henry Fernandez, MSCI's Founder and CEO. He recently gave me a wonderful compliment.

"Ron sees what others don't." Thank you, Henry.

Another of my good friends is Hyatt Chairman and Principal Owner Tom Pritzker.

Noting I never seem to be without my iPad taking notes, Tom suggested that to best help David and Michael, I should make sure they inherit my digital notebooks.

These days, I spend much of my time teaching my process to others.

We believe the Seismic 16 will consist of more than just large-cap technology growth companies, data centers, chip makers, and generative AI. Although we're going to have plenty of those.

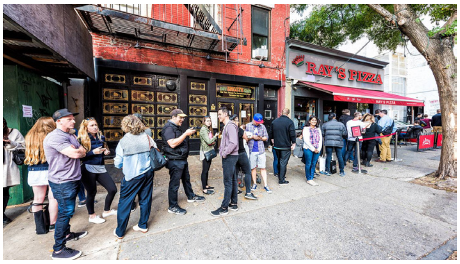
We've earned more than 75% of our $52 billion in profits in businesses other than EVs, spaceships, satellites, energy storage, data centers, and soon, robots...

For example, in 1992, we believed Charles Schwab's mutual fund marketplace would revitalize mutual funds distribution.

That's Chuck and me at our annual meeting, about five or six years after we started.

We still own Schwab and we've made 100 times our money so far.

Judy and I had a recent Friday night pizza dinner with Marjorie and Roy Furman.



Roy is the Vice Chairman of Jefferies, a fast-growing, well-managed institutional brokerage firm in which Baron Capital is a shareholder.

During dinner, Roy asked Judy if I had told her about Charles Schwab's earning report that day. I hadn't. Assets at Charles Schwab increased from $60 billion in 1992, when we began to invest in Schwab, to $12 trillion today.

"Stunning," Roy remarked. Absolutely stunning. 200 times.

Judy and I recently watched the incredible Broadway actor Jonathan Groff portray Bobby Darin in *Just in Time*.

At the show's end, Jonathan was standing less than five feet from me. When he tried to explain to the theater audience how much this role affected him, his tears were flowing. I'm five feet away from him, and he's sobbing.

"It didn't feel like acting. I was made for this. I can't believe I get paid for this," he said.

That's exactly the way I feel every day.

CLIP: Bobby Darin performance – "Mack the Knife"

I've been an analyst for 55 years, and I still can't believe I get to meet, question, and learn from the most extraordinary people every day, while investing in ideas that make the world a better place.

For me, it's never been about making as much money as I could, as fast as I could, so I can go somewhere and just sit on the beach. It's always been about impact, about **Changing Lives**.

I want to thank you again for believing in us, and I want to say to you what that guy at the Mayo Clinic said to me: you've changed my life.

Thank you.

Ron Baron
CEO

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

Portfolio holdings as a percentage of net assets as of December 31, 2025 for securities mentioned are as follows: Morningstar, Inc. - Baron Asset Fund (0.8%), Baron Growth Fund (4.3%), Baron Financials ETF (0.5%), Baron First Principles ETF (2.1%); **Tesla, Inc.** - Baron Fifth Avenue Growth Fund (4.2%), Baron Focused Growth Fund (8.1%), Baron Global Opportunity Fund (1.7%), Baron Opportunity Fund (6.0%), Baron Partners Fund (26.7%*), Baron Technology ETF (5.6%), Baron First Principles ETF (10.3%); **Space Exploration Technologies Corporation** - Baron Asset Fund (12.5%), Baron Fifth Avenue Growth Fund (2.9%), Baron Focused Growth Fund (19.2%), Baron Global Opportunity Fund (18.7%), Baron Opportunity Fund (8.8%), Baron Partners Fund (28.6%*); **X.AI Holdings Corp.** - Baron Asset Fund (6.7%), Baron Fifth Avenue Growth Fund (2.8%), Baron Focused Growth Fund (3.7%), Baron Opportunity Fund (2.8%), Baron Partners Fund (1.4%*), Baron First Principles ETF (7.1%); **The Charles Schwab Corporation** - Baron Asset Fund (2.5%), Baron Partners Fund (4.0%*), Baron Financials ETF (3.8%), Baron First Principles ETF (3.1%); **Arch Capital Group Ltd.** - Baron Asset Fund (3.9%), Baron Durable Advantage Fund (1.2%), Baron Focused Growth Fund (2.5%), Baron Growth Fund (17.5%), Baron International Growth Fund (2.1%), Baron Partners Fund (5.4%*), Baron Financials ETF (1.9%), Baron First Principles ETF (2.8%); **Hyatt Hotels Corporation** - Baron Asset Fund (2.1%), Baron Focused Growth Fund (3.7%), Baron Partners Fund (4.9%*), Baron Real Estate Fund (3.0%), Baron First Principles ETF (4.0%); **Wynn Resorts, Limited** - Baron Discovery Fund (2.2%), Baron Real Estate Fund (3.4%), Baron Real Estate Income Fund (2.3%), Baron SMID Cap ETF (2.0%); **Choice Hotels International, Inc.** - Baron Asset Fund (1.0%), Baron Focused Growth Fund (2.5%), Baron Growth Fund (7.3%), Baron Partners Fund (1.8%*), Baron First Principles ETF (2.6%); **MSCI Inc.** - Baron Asset Fund (0.8%), Baron Durable Advantage Fund (2.3%), Baron Focused Growth Fund (4.3%), Baron Growth Fund (17.3%), Baron Partners Fund (4.2%*), Baron Financials ETF (3.0%), Baron First Principles ETF (5.5%), Baron SMID Cap ETF (1.9%), Baron Global Durable Advantage ETF (2.0%); **CoStar Group, Inc.** - Baron Asset Fund (3.5%), Baron Durable Advantage Fund (1.5%), Baron Focused Growth Fund (2.7%), Baron Growth Fund (7.7%), Baron Opportunity Fund (1.7%), Baron Partners Fund (4.2%*), Baron Real Estate Fund (2.9%), Baron First Principles ETF (4.2%); **Spotify Technology S.A.** - Baron Asset Fund (1.4%), Baron Focused Growth Fund (4.5%), Baron Opportunity Fund (4.3%), Baron Partners Fund (1.2%*), Baron Technology ETF (4.2%), Baron First Principles ETF (5.1%); **Shopify Inc.** - Baron Fifth Avenue Growth Fund (5.4%), Baron Focused Growth Fund (3.2%), Baron Global Opportunity Fund (5.6%), Baron Opportunity Fund (1.6%), Baron Financials ETF (2.0%), Baron Technology ETF (1.5%), Baron First Principles ETF (5.5%); **Red Rock Resorts, Inc.** - Baron Focused Growth Fund (3.7%), Baron Growth Fund (3.7%), Baron Partners Fund (1.1%*), Baron Real Estate Fund (1.7%), Baron Small Cap Fund (5.4%), Baron First Principles ETF (4.0%); **Gartner, Inc.** - Baron Asset Fund (3.8%), Baron Growth Fund (7.8%), Baron Opportunity Fund (1.5%), Baron Partners Fund (2.9%*), Baron Small Cap Fund (3.1%), Baron First Principles ETF (3.6%); **FactSet Research Systems Inc.** - Baron Asset Fund (1.2%), Baron Focused Growth Fund (2.8%), Baron Growth Fund (5.4%), Baron Partners Fund (3.5%*), Baron Financials ETF (0.5%), Baron First Principles ETF (4.0%); **Jefferies Financial Group Inc.** - Baron Focused Growth Fund (1.0%).

* % of Long Positions

As of December 31, 2025 the Funds did not own shares of Mayo Clinic, Bloomberg, FedEx, Disney, Tropicana, ManorCare, Nike, General Motors, or Waymo.

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)

2025 Baron Investment Conference: *(First row, from left to right)* Joe Mansueto, Founder and Executive Chairman of Morningstar, Inc., reflects on building a home-grown idea into a $2 billion global investment research leader. Eugene Hall, Chief Executive Officer of Gartner, Inc., offers an inside look at how the business equips senior executives worldwide to tackle critical strategic priorities. Harley Finkelstein, President of Shopify Inc., highlights the company's long-term mindset and focus on nurturing the next generation of entrepreneurs. David Baron, Co-President and Portfolio Manager, and Martin Hoffmann, Chief Executive Officer of On Holding AG, discuss On's culture of innovation and excellence. *(Second row, from left to right)* Ron Baron, Founder and Chief Executive Officer, speaks about the transformative potential of the emerging intelligence revolution. The Baron Capital Executive Team takes the stage at the Metropolitan Opera House. *(Third row, from left to right)* Pat Patalino, Chief Operating Officer, opens the 32nd Annual Baron Investment Conference with welcoming remarks. Adam Sabban, Associate Director of Equity Strategies at Morningstar Research Services LLC, moderates a discussion with Baron Capital portfolio managers on compelling growth themes across technology and emerging markets. Michael Baron, Co-President and Portfolio Manager, shares how Baron Capital is growing with purpose while staying true to the enduring principles behind its 40-plus years of success. *(Fourth row, from left to right)* At the 32nd Annual Baron Investment Conference, we dedicated the day to Changing Lives, a theme inspired by the profound impact of long-term investing. Cliff Greenberg, Co-Chief Investment Officer and Portfolio Manager, kicks off the afternoon program.








2025 Baron Investment Conference: *(First row, from left to right)* Stand-up comedian Sebastian Maniscalco brings laughter to David H. Koch Theater. Country-pop icon Shania Twain wows the crowd at David Geffen Hall. Three-time Grammy Award winner Pink closes out the 32nd Annual Baron Investment Conference with a show-stopping finale. *(Second row, from left to right)* Tony Award winner Kelli O'Hara sings a heartfelt rendition of God Bless America. Kelli O'Hara and Broadway star Sutton Foster perform at Alice Tully Hall. Ron Baron, Founder and Chief Executive Officer, greets Tesla Optimus, the humanoid robot who joined the action. *(Third row, from left to right)* Flexing acrobatic artistry under the open sky outside the historic Metropolitan Opera House. Breakdancers on Lincoln Center Plaza turned heads and kept the energy high all day long. Final agenda item at the 2025 Baron Investment Conference: T-shirts and ice cream. Worth the wait.

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

BARON CAPITAL'S TOP 20 HOLDINGS*

as of 12/31/2025

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	931JQH909	Space Exploration Technologies Corp.	2017	10,478	19.8	9,212	2,835.8	29.4	50.3
2	TSLA	Tesla, Inc.	2014	5,364	10.1	8,060	3,681.7	37.8	35.7
3	ACGL	Arch Capital Group Ltd.	2002	1,725	3.3	2,307	3,428.1	35.3	16.2
4	XAICOM.R	X.AI Holdings Corp.	2022	1,718	3.2	1,053	158.3[4]	2.6	34.8
5	MSCI	MSCI Inc.	2007	1,581	3.0	1,416	2,504.4	26.0	19.7
6	CSGP	CoStar Group, Inc.	2001	1,311	2.5	1,572	3,775.5	38.8	16.3
7	IDXX	IDEXX Laboratories, Inc.	2005	1,216	2.3	2,553	4,600.6	47.0	20.2
8	IT	Gartner, Inc.	2007	1,063	2.0	1,866	890.9	9.9	13.0
9	GWRE	Guidewire Software, Inc.	2012	1,035	2.0	981	768.7	8.7	17.2
10	H	Hyatt Hotels Corporation	2009	979	1.9	691	491.6	5.9	11.6
11	FDS	FactSet Research Systems Inc.	2006	838	1.6	990	598.6	7.0	10.7
12	RRR	Red Rock Resorts, Inc.	2016	776	1.5	454	335.9	4.4	16.4
13	SCHW	The Charles Schwab Corporation	1992	705	1.3	1,697	16,259.5	163.6	16.7
14	CHH	Choice Hotels International, Inc.	1996	704	1.3	633	2,650.6	27.5	12.0
15	KNSL	Kinsale Capital Group, Inc.	2016	697	1.3	714	2,098.4	22.0	38.8
16	FIGS	FIGS, Inc.	2022	681	1.3	232	24.0	1.2	6.2
17	TSM	Taiwan Semiconductor Manufacturing Company Limited	2013	664	1.3	791	2,114.9	22.1	28.0
18	MTN	Vail Resorts, Inc.	1997	639	1.2	829	755.1	8.6	7.7
19	SPOT	Spotify Technology S.A.	2020	579	1.1	148	378.2	4.8	31.3
20	NVDA	NVIDIA Corporation	2018	557	1.1	718	2,721.1	28.2	58.4

* 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] Ending weight is represented as a percentage of the Firm's long only holdings.

[3] Reflects security performance from the date of Baron Capital's first purchase until 12/31/2025. Depending on Baron Capital's purchases and sales over the period, this performance may be lower or higher than the performance of the investment.

[4] On 3/28/2025, X.AI Holdings Corp. ("X.AI Holdings") acquired X Holdings Corp. ("X") and X.AI Corp. ("xAI") in an all-stock transaction. Prior to the acquisition, the cumulative total return for xAI was 80.9%, and the cumulative total return for X was 1.5% from the dates of first purchase in a Fund. The total return of X.AI Holdings represents the combined return on investment for X, xAI, and xAI Holdings. Prior to our latest investment in X.AI Holdings Corp., which has not increased in value yet, the cumulative return on investment was 314%.

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 December 31, 2025 for securities mentioned are as follows:

Space Exploration Technologies Corporation - Baron Asset Fund (12.5%), Baron Fifth Avenue Growth Fund (2.9%), Baron Focused Growth Fund (19.2%), Baron Global Opportunity Fund (18.7%), Baron Opportunity Fund (8.8%), Baron Partners Fund (28.6%*); **Tesla, Inc.** - Baron Fifth Avenue Growth Fund (4.2%), Baron Focused Growth Fund (8.1%), Baron Global Opportunity Fund (1.7%), Baron Opportunity Fund (6.0%), Baron Partners Fund (26.7%*), Baron Technology ETF (5.6%), Baron First Principles ETF (10.3%); **Arch Capital Group Ltd.** - Baron Asset Fund (3.9%), Baron Durable Advantage Fund (1.2%), Baron Focused Growth Fund (2.5%), Baron Growth Fund (17.5%), Baron International Growth Fund (2.1%), Baron Partners Fund (5.4%*), Baron Financials ETF (1.9%), Baron First Principles ETF (2.8%); **X.AI Holdings Corp.** - Baron Asset Fund (6.7%), Baron Fifth Avenue Growth Fund (2.8%), Baron Focused Growth Fund (3.7%), Baron Opportunity Fund (2.8%), Baron Partners Fund (1.4%*), Baron First Principles ETF (7.1%); **MSCI Inc.** - Baron Asset Fund (0.8%), Baron Durable Advantage Fund (2.3%), Baron Focused Growth Fund (4.3%), Baron Growth Fund (17.3%), Baron Partners Fund (4.2%*), Baron Financials ETF (3.0%), Baron First Principles ETF (5.5%), Baron SMID Cap ETF (1.9%), Baron Global Durable Advantage ETF (2.0%); **CoStar Group, Inc.** - Baron Asset Fund (3.5%), Baron Durable Advantage Fund (1.5%), Baron Focused Growth Fund (2.7%), Baron Growth Fund (7.7%), Baron Opportunity Fund (1.7%), Baron Partners Fund (4.2%*), Baron Real Estate Fund (2.9%), Baron First Principles ETF (4.2%); **IDEXX Laboratories, Inc.** - Baron Asset Fund (5.4%), Baron Focused Growth Fund (4.7%), Baron Growth Fund (5.2%), Baron Health Care Fund (2.8%), Baron Partners Fund (3.9%*), Baron First Principles ETF (3.3%); **Gartner, Inc.** - Baron Asset Fund (3.8%), Baron Growth Fund (7.8%), Baron Opportunity Fund (1.5%), Baron Partners Fund (2.9%*), Baron Small Cap Fund (3.1%), Baron First Principles ETF (3.6%); **Guidewire Software, Inc.** - Baron Asset Fund (4.6%), Baron Discovery Fund (1.8%), Baron Focused Growth Fund (3.4%), Baron Growth Fund (3.9%), Baron Opportunity Fund (1.3%), Baron Partners Fund (1.6%*), Baron Small Cap Fund (4.3%), Baron Financials ETF (3.1%), Baron Technology ETF (1.5%), Baron First Principles ETF (4.7%), Baron SMID Cap ETF (2.0%); **Hyatt Hotels Corporation** - Baron Asset Fund (2.1%), Baron Focused Growth Fund (3.7%), Baron Partners Fund (4.9%*), Baron Real Estate Fund (3.0%), Baron First Principles ETF (4.0%); **FactSet Research Systems Inc.** - Baron Asset Fund (1.2%), Baron Focused Growth Fund (2.8%), Baron Growth Fund (5.4%), Baron Partners Fund (3.5%*), Baron Financials ETF (0.5%), Baron First Principles ETF (4.0%); **Red Rock Resorts, Inc.** - Baron Focused Growth Fund (3.7%), Baron Growth Fund (3.7%), Baron Partners Fund (1.1%*), Baron Real Estate Fund (1.7%), Baron Small Cap Fund (5.4%), Baron First Principles ETF (4.0%); **The Charles Schwab Corporation** - Baron Asset Fund (2.5%), Baron Partners Fund (4.0%*), Baron Financials ETF (3.8%), Baron First Principles ETF (3.1%); **Choice Hotels International, Inc.** - Baron Asset Fund (1.0%), Baron Focused Growth Fund (2.5%), Baron Growth Fund (7.3%), Baron Partners Fund (1.8%*), Baron First Principles ETF (2.6%); **Kinsale Capital Group, Inc.** - Baron Discovery Fund (1.5%), Baron Growth Fund (9.1%), Baron Small Cap Fund (4.8%), Baron Financials ETF (0.9%), Baron First Principles ETF (3.0%); **FIGS, Inc.** - Baron Focused Growth Fund (2.8%), Baron Growth Fund (3.6%); **Taiwan Semiconductor Manufacturing Company Limited** - Baron Durable Advantage Fund (6.6%), Baron Emerging Markets Fund (11.7%), Baron Fifth Avenue Growth Fund (5.4%), Baron Global Opportunity Fund (5.1%), Baron International Growth Fund (4.4%), Baron Opportunity Fund (2.1%), Baron Technology ETF (7.4%), Baron Global Durable Advantage ETF (6.1%); **Vail Resorts, Inc.** - Baron Asset Fund (1.2%), Baron Focused Growth Fund (3.3%), Baron Growth Fund (3.4%), Baron Partners Fund (1.9%*), Baron Real Estate Income Fund (1.7%), Baron First Principles ETF (1.9%); **Spotify Technology S.A.** - Baron Asset Fund (1.4%), Baron Focused Growth Fund (4.5%), Baron Opportunity Fund (4.3%), Baron Partners Fund (1.2%*), Baron Technology ETF (4.2%), Baron First Principles ETF (5.1%); **NVIDIA Corporation** - Baron Durable Advantage Fund (8.1%), Baron Fifth Avenue Growth Fund (12.3%), Baron Global Opportunity Fund (9.0%), Baron Opportunity Fund (12.8%), Baron Technology ETF (11.8%), Baron Global Durable Advantage ETF (6.3%).

*% 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).

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

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 12/31/2025	Year	Cost	December 2025	Multiple	CAGR
Ron's Home 1948-1955 1122 Grassmere Avenue, Wanamassa, NJ (Asbury Park, NJ "suburb")	1948	$5,000	$610,600[1]	122.1x	6.4%
Ron's Home 1955-1975 542 Deal Parkway, West Allenhurst, NJ (Asbury Park, NJ "suburb")	1955	$20,000	$1,351,400[1]	67.6x	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	$2.81[3] gallon	9.1x	3.5%
Ron's Annual Tuition at Bucknell University	1965	$3,500	$69,976[4]	20.0x	5.1%
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	4.5%
Sirloin Steak	1966	$0.67 pound	$13.37[7] pound	19.9x	5.2%
NYC Top Law Firm – First Year Associate Annual Salary	1970	$15,000	$225,000[8]	15.0x	5.1%
Gold	1974	$188 ounce	$4,332[9] ounce	23.0x	6.3%
Dow Jones Industrial Average	1982	795	$48,063[10]	60.4x*	9.8%*
S&P 500 Index	1982	107	$6,845[10]	63.8x*	9.9%*
Gross Domestic Product (GDP)	1968	$968 billion	$31,095[11] billion	32.1x	6.3%

"Sirloin Steak" information is as of November 30, 2025.

"Gross Domestic Product (GDP)" information is as of September 30, 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] 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] FactSet. 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.

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BARON CAPITAL

DECEMBER 31, 2025

Letter from Michael

Baron Capital marks the launch of its Active Exchange Traded Funds with a bell-ringing ceremony at the New York Stock Exchange on December 15, 2025

In November, we hosted our 32nd Annual Baron Investment Conference. It is a unique day, mixing investment insights with more than a touch of entertainment. The entire premise of the Conference has always been to showcase the consistency of and to provide transparency into our investment process. It is meant to build trust more than revenue. These are words you don't often hear on Wall Street.

Others look for an "edge," something discreet, something they do not want to share. They look for an opportunity to exploit. They want to make money NOW, as much as possible and as quickly as possible, and then TRY something else. We are different. We do not (as Gen Z would call it) "gatekeep" our edge.

Our investment philosophy is simple, understandable, repeatable. But most do not have the foresight or the patience to implement it. Our edge is "*time*," and that will remain constant.

But we do recognize the industry is continuously evolving, and we are excited to expand along with it. It is an expansion that builds and improves Baron Capital while maintaining what makes us unique. These are improvements we believe will benefit clients both directly and indirectly.

A Strong Foundation in Mutual Funds

Over nearly 44 years, Baron Capital has become known as one of the preeminent growth equity mutual fund firms. As *Kiplinger's* stated in an article: "Baron Funds: The Masters of Growth Investing."

The mutual fund is a fabulous structure offering many benefits. It transacts at net asset value, provides seamless access to less liquid securities, and allows for dividend reinvestment programs, to name just a few. And our Baron Mutual Funds have delivered for clients. Since their respective inceptions as mutual funds, 14 funds, representing 96% of Baron Funds' AUM, rank in the top quartile of their respective Morningstar categories. In addition, 15 funds have delivered more than 1% of annualized alpha, including 6 funds with annualized alpha greater than 3%. Given our long-term success and the democratization of investing for more than four decades, which we helped advance, it is no wonder some refer to Baron Capital as a "mutual fund company."

But we are a lot more than a single structure. If we can deliver an investment strategy in a manner that is more suitable for a client, we will do it. Our goal is to meet clients' needs. That is how we "Change Lives," the mission of our business.

Launching Active ETFs the Right Way

At the 2024 Conference, I was asked if Baron Capital would offer an active ETF. My answer back then was, "We are studying it." And over the subsequent year, we did exactly that. We repeatedly met with legal and operational experts, spoke with clients and prospects, and exchanged ideas with respected competitors. We understood the structure's attributes, but we wanted to confirm we could achieve our investment goals without unintended consequences. It took time.

We never rush important decisions that impact clients. For us, it is never a race to see who can be first. Rather, it is a challenge to see who can do it right. We never experiment with client capital. Whether it is a new investment strategy or a new investment structure, we want to do it right the first time.

After all that studying, researching, and debating, I am thrilled that in December we launched five actively managed ETFs. They consist of three new strategies and two conversions from existing mutual funds. These are strategies that are quintessential Baron Capital.

Baron First Principles ETF® is a concentrated, all-cap growth portfolio. After attaining considerable success in the concentrated Baron Partners and Baron Focused Growth Funds, we are now bringing a similar mindset to an ETF. This ETF will invest across market caps in a balanced portfolio while investing in select, thoroughly researched businesses emphasizing their formidable competitive advantages.

Baron SMID Cap ETF® reflects the heritage of our Firm. **Over half** of our assets under management are in small- and mid-cap companies. We have a unique and proven ability to identify, purchase, and hold small- and mid-cap companies as they grow significantly larger over time. However, we have never offered a SMID portfolio that is able to invest across both market caps to balance exciting growth opportunities with thoughtful risk assessment.

Baron Global Durable Advantage ETF® extends our distinctive U.S. Durable Advantage strategies into global markets. Investments focus on large-cap compounders that tend to earn high returns on investment capital and generate excess free cash flow. It is an area that has recently been disregarded due to emphasis placed on the mega-cap companies.

Baron Technology ETF® and **Baron Financials ETF®** were converted from established Baron Mutual Funds, and target investments in sectors that we believe have long-term, enduring growth. These ETFs can complement core and other tactical positions, rounding out a client's portfolio.

ETFs Should Be Built for Investors, Not Trends

ETFs have gained fanfare based on perceived benefits: ease of use, intraday liquidity, holdings transparency, operational savings, and tax efficiency. It is a long list. In my opinion, some of these advantages are impactful, some are more trivial, and some only apply to a few. But nothing is free. These benefits come with the cost of portfolio creation. And we will be judging our ETF success, not by assets raised in the initial months, but rather by how effectively we manage transaction costs over time.

We have made new hires, trained our professionals, and engaged third party experts to help maintain tight spreads; not only those quoted by market makers, but more importantly, the spreads investors receive when purchasing our ETFs... To me, that means going slow.

The industry has a mentality that ETFs are sold rather than bought. It is a mentality that you must get big and do it quickly. Products are designed to appeal to the masses. I disagree with this mindset.

ETFs are more than marketing campaigns, catchy slogans, and exotic features. We have an incredibly deep, talented, and growing distribution team. Katya Rosenblatt, our Global Head of Distribution and Business Development, has reorganized the group. They are eager to have thoughtful conversations about investment strategies, structure, attributes, and limitations. We want to understand clients' unique objectives and challenges and help find the right solution and right point of access.

But there is no doubt that ETFs are hot. Firms are flooding the market with new strategies attempting to gain a piece of the growing pie. There are now more ETFs on the market than publicly traded companies. How is that even possible? And does the market really need another ETF?

I believe the answer is yes. But not just another ETF, there is a need for a different kind.

The current ETF lineup often provides access to two extremes. On one end: low-cost index hugging exposure. Low risk (as measured by dispersion from the market), but limited ability to uniquely shape investor outcomes. And on the other end: high-cost beta. Indulgent bets like triple leverage single stock securities or ultra short cryptocurrency plays. These "portfolios" provide traders with quick exposure to things they could not achieve on their own (and probably for good reason). And they charge handsomely for access to what feels like a casino.

Our approach will be different. All our investment strategies and products are designed to meet long-term goals, rather than short-term tactical impulses. This philosophy applies equally to our ETFs. These ETFs are not trading vehicles or structured products. They are foundational investment strategies and building-block tools to offset or amplify important factors. They represent investment categories that are synonymous with Baron Capital. Most firms are not taking this approach, and I am extremely confident in our potential to benefit clients in this distinct and durable manner.

Expanding Access Across Structures Without Changing Who We Are

While ETFs may get the headlines, we are also expanding in other areas.

I have worked at Baron Capital since 2004 and have been trained (or some say "indoctrinated") by my dad on the business and our investment philosophy since birth. Over that time, I do not believe we have ever been busier. Just as we studied ETFs, we have also evaluated a variety of additional structures, and we are now positioned to deliver them. Separately managed accounts, model delivery, Collective Investment Trusts, UCITS, sub-advised, special purpose vehicles, and interval funds have all been launched or evaluated.

This is not product proliferation. Each structure has unique attributes that appeal to certain investors and help them achieve their specific desired outcomes. CITs for retirement plans. Model Delivery separately managed accounts for tax alpha. UCITS for non-U.S. investors. We have been thoughtful about the strategies to offer in various markets and formats.

Over the past year, I have traveled extensively, both domestically and internationally, including Europe, the Middle East, Asia, and South America. With a young family at home, my wife Genna is convinced I take these international flights to catch up on quality sleep. Clients and prospects that range from sovereigns, institutions, banks, insurers, family offices are all eager to have face-to-face conversations focused on their objectives and how they can access our investment expertise to change the lives of their constituents. That is the backbone for this expansion.

An expanding Baron Capital is also beneficial for existing clients. Greater segmentation by structure should reduce unnecessary transaction costs. It will allow us to go deeper with our research and provide additional investment strategies and solutions that will meet clients' long-term goals.

I do want to be clear: we are building, not replacing. Our entire lineup will not shift to any one structure. We will keep what we have established, what has served our clients, and build upon it.

While our structures are expanding, our DNA is not. Our investment philosophy, process, and mission to **Change Lives** remain constant. We will not alter what got us here.

I like being a boutique asset manager, specialists who have been consistent for more than 40 years. And we will remain a boutique regardless of the pressures around us. A boutique asset manager with some of the best-performing mutual funds and one that now feels confident bringing our investment process to new strategies and products.

Michael Baron
Co-President
Portfolio Manager

New York Stock Exchange on December 15, 2025

Baron Capital Investment Capabilities

Growth Equity Style	Strategy	Available Vehicles: Mutual Fund	ETF	Separate Account[2]	Sub-Advised	UCITS	Offshore	Model Delivery	CIT
Small Cap	Baron Discovery Strategy	●		●	●				●
	Baron Growth Strategy	●		●	●				●
	Baron Small Cap Strategy	●		●	●	●		●	●
Small-Mid Cap	Baron Focused Growth Strategy	●							
	Baron SMID Cap Strategy		●	●	●			●	●
Mid Cap	Baron Asset Strategy	●		●	●			●	●
Large Cap	Baron Durable Advantage Strategy	●		●	●			●	
	Baron Fifth Avenue Growth Strategy	●		●	●			●	●
All Cap	Baron All Cap Focused Growth Strategy			●	●			●	
	Baron All Cap Focused Growth Plus Strategy					●			
	Baron First Principles Strategy		●						
	Baron Opportunity Strategy	●		●	●	●		●	
	Baron Partners Strategy	●					●		
Non-U.S./Global	Baron Emerging Markets Strategy	●		●	●		●		●
	Baron Global Durable Advantage Strategy		●	●	●	●			
	Baron Global Opportunity Strategy	●		●	●	●		●	●
	Baron India Strategy	●		●	●				
	Baron International Growth Strategy	●		●	●				
Sector	Baron Financials Strategy[1]		●	●	●				
	Baron Health Care Strategy	●		●	●				
	Baron Real Estate Strategy	●		●	●	●		●	
	Baron Real Estate Income Strategy	●		●	●				
	Baron Technology Strategy		●	●	●				
Equity Allocation	Baron WealthBuilder Fund	●							

As of 12/31/2025.
[1] Effective December 12, 2025, Baron FinTech Strategy has changed its name to Baron Financials Strategy.
[2] Institutional separate account minimums begin at $10 million.

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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.

Risks: Equity securities 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. 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. FinTech companies may be adversely impacted by government regulations, economic conditions and deterioration in credit markets. 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.

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.

Alpha measures the difference between a fund's actual returns and its expected performance, given its level of risk as measured by beta.

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).

Ranking information provided is calculated for the Institutional Share Class and is as of 12/31/2025. Does not include the three new ETFs launched on December 12, 2025. 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 1080, 936, and 755, share classes for the 1-, 5-, and 10-year periods. Morningstar ranked **Baron Opportunity Fund** in the 22nd, 70th, 3rd, 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 540 share classes. Morningstar ranked **Baron Partners Fund** in the 7th, 40th, 1st, and 1st percentiles for the 1-, 5-, 10-year, and since inception periods, respectively. The Fund converted into a mutual fund 4/30/2003, and the category consisted of 666 share classes. The **Morningstar Mid Cap Growth Category** consisted of 490, 446, and 371, share classes for the 1-, 5-, and 10-year periods. Morningstar ranked **Baron Asset Fund** in the 40th, 56th, 33rd, 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, 90th, 80th, and 15th 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 7th, 2nd, 1st, and 1st percentiles for the 1-, 5-, 10-year, and since inception periods, respectively. The Fund converted into a mutual fund 6/30/2008, and the category consisted of 378 share classes. The **Morningstar Small Cap Growth Category** consisted of 531, 496, and 389, share classes for the 1-, 5-, and 10-year periods. Morningstar ranked **Baron Small Cap Fund** in the 85th, 53rd, 30th, and 12th 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 34th, 65th, 6th, and 5th percentiles for the 1-, 5-, 10-year, and since inception periods, respectively. The Fund launched 9/30/2013, and the category consisted of 453 share classes. The **Morningstar Real Estate Category** consisted of 215, 196, and 153, share classes for the 1-, 5-, and 10-year periods. Morningstar ranked **Baron Real Estate Fund** in the 8th, 26th, 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 156 share classes. Morningstar ranked **Baron Real Estate Income Fund** in the 15th, 24th, and 2nd percentiles for the 1-, 5-year, and since inception periods, respectively. The Fund launched 12/29/2017, and the category consisted of 188 share classes. The **Morningstar Foreign Large Growth Category** consisted of 395, 343, 224, share classes for the 1-, 5-, and 10-year periods. Morningstar ranked **Baron International Growth Fund** in the 42nd, 70th, 48th, 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 227 share classes. The **Morningstar Diversified Emerging Markets Category** consisted of 751, 620, and 460, share classes for the 1-, 5-, and 10-year periods. Morningstar ranked **Baron Emerging Markets Fund** in the 58th, 81st, 79th, and 12th 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 172 and 152 share classes for the 1- and 5-year periods. Morningstar ranked **Baron Health Care Fund** in the 82nd, 64th, and 6th percentiles for the 1-, 5-year, and since inception periods, respectively. The Fund launched 04/30/2018, and the category consisted of 134 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 81st, 94th, 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 313, 271, and 187, share classes for the 1-, 5-, and 10-year periods. Morningstar ranked **Baron Global Opportunity Fund** in the 5th, 96th, 11th, and 17th percentiles for the 1-, 5-, 10-year, and since inception periods, respectively. The Fund launched 12/29/2017, and the category consisted of 198 share classes. The **Morningstar Technology Category** consisted of 251 share classes for the 1-year period. Morningstar ranked **Baron Technology ETF** in the 71st, 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. Risk: All investments are subject to risk and may lose value. Index performance is not fund performance; one cannot invest directly into 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).

Baron Funds (Institutional Shares) and Benchmark Performance 12/31/2025

Fund/Benchmark	Inception Date	Annualized Returns (%)					Annual Expense Ratio (%)	Net Assets
		1 Year	3 Years	5 Years	10 Years	Since Inception		
Small Cap								
Baron Discovery Fund®	9/30/2013	10.96	16.51	1.48	14.20	12.61	1.05 (6)	$1.89 billion
Russell 2000 Growth Index		13.01	15.59	3.18	9.57	8.80		
Baron Growth Fund®	12/31/1994	(14.18)	1.19	(0.69)	9.06	11.62	1.08 (6)(7)	$3.90 billion
Russell 2000 Growth Index		13.01	15.59	3.18	9.57	8.08		
Baron Small Cap Fund®	9/30/1997	(0.66)	12.80	2.77	11.00	9.89	1.05 (6)	$3.47 billion
Russell 2000 Growth Index		13.01	15.59	3.18	9.57	6.67		
Small/Mid Cap								
Baron Focused Growth Fund®[1]	5/31/1996	22.26	26.59	11.68	20.97	14.16	1.05 (8)	$3.42 billion
Russell 2500 Growth Index		10.31	14.32	2.98	10.55	8.31		
Mid Cap								
Baron Asset Fund®	6/12/1987	8.20	12.04	3.56	11.44	11.27	1.04 (6)	$3.78 billion
Russell Midcap Growth Index[2]		8.66	18.64	6.65	12.49	10.45		
Large Cap								
Baron Durable Advantage Fund®	12/29/2017	16.56	29.20	16.47		16.42	0.77/0.70 (6)(10)	$527.29 million
S&P 500 Index		17.88	23.01	14.42		14.33		
Baron Fifth Avenue Growth Fund®	4/30/2004	18.15	36.88	7.15	14.91	10.77	0.76/0.75 (6)(11)	$790.13 million
Russell 1000 Growth Index		18.56	31.15	15.32	18.13	12.76		
All Cap								
Baron Opportunity Fund®	2/29/2000	19.73	36.05	10.08	20.15	10.60	1.05 (6)	$1.80 billion
Russell 3000 Growth Index		18.15	30.25	14.59	17.59	8.07		
Baron Partners Fund®[3,4]	1/31/1992	24.86	33.59	12.58	24.37	15.93	1.99 (8)(12)	$9.69 billion
Russell Midcap Growth Index		8.66	18.64	6.65	12.49	10.22		
Non-U.S./Global								
Baron Emerging Markets Fund®	12/31/2010	30.14	14.99	1.16	6.86	5.10	1.11 (8)	$3.54 billion
MSCI Emerging Markets Index		33.57	16.40	4.20	8.42	3.82		
MSCI Emerging Markets IMI Growth Index		32.03	16.02	2.36	8.53	4.58		
Baron Global Opportunity Fund®[†]	4/30/2012	27.53	26.50	(0.22)	13.95	12.81	0.96/0.91 (8)(13)	$737.17 million
MSCI ACWI Index		22.34	20.65	11.19	11.72	10.62		
MSCI ACWI Growth Index		22.44	26.54	11.12	13.99	12.59		
Baron India Fund®	7/30/2021	(0.34)	7.47			(1.81)	6.86/1.20 (8)(14)	$25.38 million
MSCI AC Asia ex Japan/India Linked Index		2.62	3.24			(3.47)		
MSCI India Index		2.62	11.30			8.15		
MSCI Emerging Markets Index		33.57	16.40			4.71		
Baron International Growth Fund®	12/31/2008	21.16	10.81	1.68	7.74	9.35	1.04/0.96 (8)(15)	$326.92 million
MSCI ACWI ex USA Index		32.39	17.33	7.91	8.41	8.03		
MSCI ACWI ex USA IMI Growth Index		25.74	14.55	4.03	7.86	8.32		
Sector								
Baron Financials ETF™[19]	12/31/2019	0.91	16.52	4.01		10.21	0.80 (9)	$56.61 million
MSCI USA Financials Index		15.23	19.82	15.17		11.97		
Baron Health Care Fund®	4/30/2018	10.28	6.03	2.77		10.75	0.87/0.85 (8)(16)	$143.99 million
Russell 3000 Health Care Index		14.56	6.84	6.31		9.99		
Baron Real Estate Fund®	12/31/2009	5.19	13.94	5.65	10.69	13.13	1.05 (8)	$2.33 billion
MSCI USA IMI Extended Real Estate Index		4.88	13.32	8.64	8.88	10.77		
Baron Real Estate Income Fund®	12/29/2017	3.74	12.04	5.74		8.80	0.90/0.80 (8)(17)	$258.83 million
MSCI US REIT Index		1.68	7.06	5.35		4.18		
Baron Technology ETF™[19]	12/31/2021	17.34	41.50			12.08	0.75 (9)	$149.14 million
MSCI ACWI Information Technology Index		26.37	35.93			14.70		
Equity Allocation								
Baron WealthBuilder Fund®	12/29/2017	10.20	18.05	5.29		13.18	1.21/1.18 (8)(18)	$559.09 million
S&P 500 Index		17.88	23.01	14.42		14.33		
Broad-Based Benchmarks[5]								
Russell 3000 Index		17.15	22.25	13.15	14.29			
S&P 500 Index		17.88	23.01	14.42	14.82			
MSCI ACWI Index		22.34	20.65	11.19	11.72			
MSCI ACWI ex USA Index		32.39	17.33	7.91	8.41			
MSCI Emerging Markets Index		33.57	16.40	4.20	8.42			

[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 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, 39.5% of the Fund’s long holdings were invested in SMID, Mid and Mid/Large-Cap securities (as defined by Russell, Inc.) as of 12/31/2025 (SMID represents 11.2% of the portfolio and has market capitalizations between $5.4 – $16.8 billion; Mid represents 23.0% and has market capitalizations between $16.8 – $55.7 billion; Mid /Large represents 5.2% and has market capitalizations between $55.7 – $206.2 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 1/28/2025.

[7] Comprised of operating expenses of 1.03% and interest expense of 0.05%.

[8] As of 4/30/2025.

[9] As of 12/5/2025.

[10] Gross annual expense ratio was 0.77%, 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.

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

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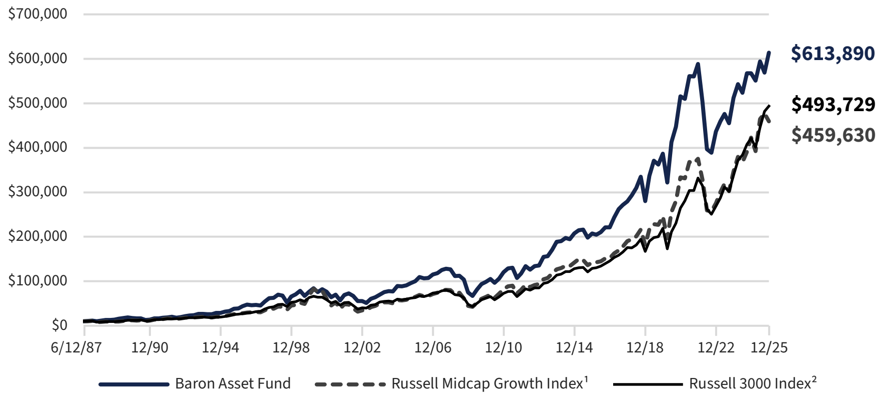
Growth of $10,000 Investment (Institutional Shares)^

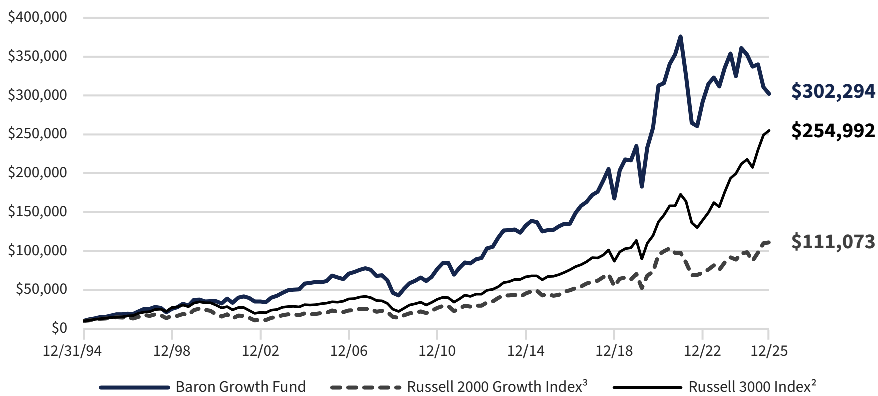
Baron Asset Fund® *(Inception Date:* 6/12/1987*)*



	Annualized Returns (%)		
	BARIX	Russell Midcap Growth Index[1]	Russell 3000 Index[2]
3 Months*	7.89	(3.70)	2.40
1 Year	8.20	8.66	17.15
3 Years	12.04	18.64	22.25
5 Years	3.56	6.65	13.15
10 Years	11.44	12.49	14.29
Since Inception	11.27	10.45[†]	10.64
Net Assets	$3.78B	—	—

M Mid Cap

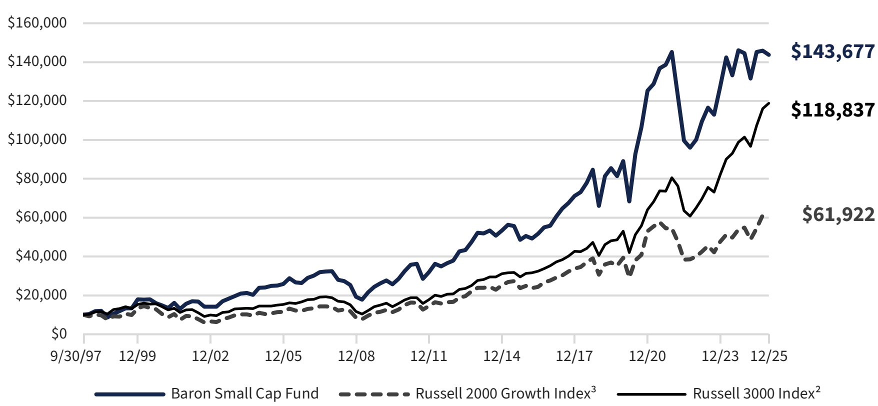
Baron Growth Fund® *(Inception Date:* 12/31/1994*)*



	Annualized Returns (%)		
	BGRIX	Russell 2000 Growth Index[3]	Russell 3000 Index[2]
3 Months*	(2.69)	1.22	2.40
1 Year	(14.18)	13.01	17.15
3 Years	1.19	15.59	22.25
5 Years	(0.69)	3.18	13.15
10 Years	9.06	9.57	14.29
Since Inception	11.62	8.08	11.01
Net Assets	$3.90B	—	—

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*	(1.56)	1.22	2.40
1 Year	(0.66)	13.01	17.15
3 Years	12.80	15.59	22.25
5 Years	2.77	3.18	13.15
10 Years	11.00	9.57	14.29
Since Inception	9.89	6.67	9.16
Net Assets	$3.47B	—	—

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.

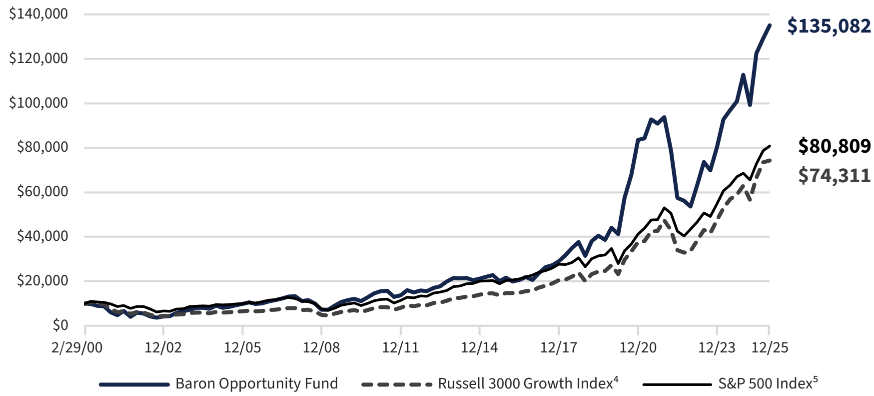
† For the period June 30, 1987 to December 31, 2025.

* 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 30.

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

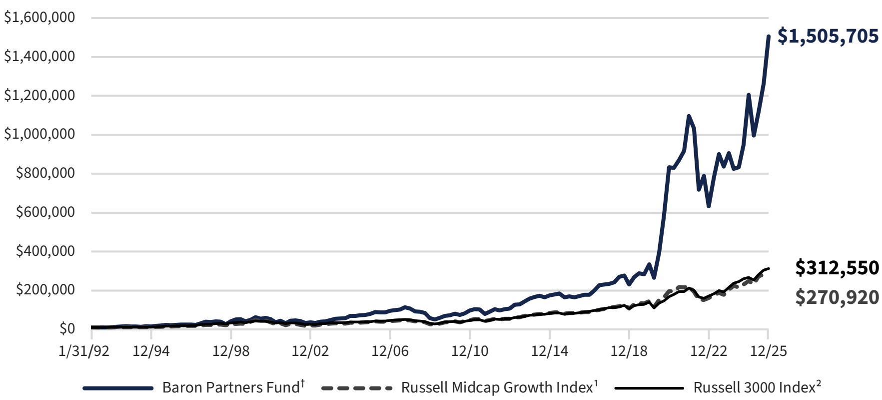
Baron Opportunity Fund® *(Inception Date:* 2/29/2000*)*



	Annualized Returns (%)		
	BIOIX	Russell 3000 Growth Index[4]	S&P 500 Index[5]
3 Months*	4.63	1.14	2.66
1 Year	19.73	18.15	17.88
3 Years	36.05	30.25	23.01
5 Years	10.08	14.59	14.42
10 Years	20.15	17.59	14.82
Since Inception	10.60	8.07	8.42
Net Assets	$1.80B	—	—

A All Cap

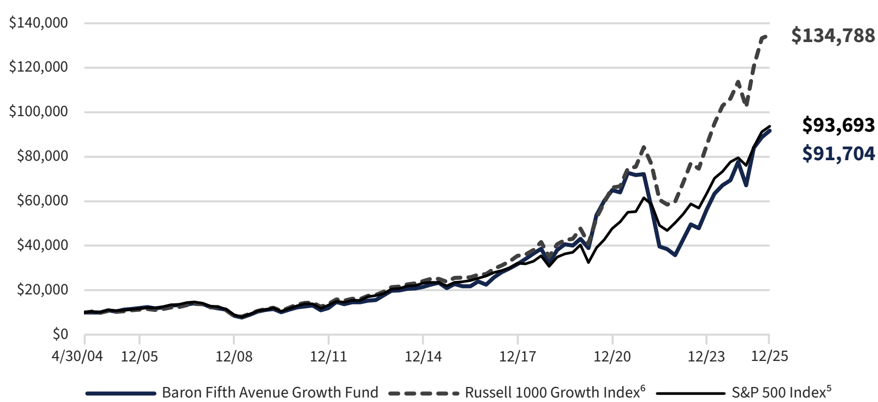
Baron Partners Fund® *(Inception Date:* 1/31/1992*)*



	Annualized Returns (%)		
	BPTIX	Russell Midcap Growth Index[1]	Russell 3000 Index[2]
3 Months*	19.07	(3.70)	2.40
1 Year	24.86	8.66	17.15
3 Years	33.59	18.64	22.25
5 Years	12.58	6.65	13.15
10 Years	24.37	12.49	14.29
Since Inception	15.93	10.22	10.68
Net Assets	$9.69B	—	—

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*	3.32	1.12	2.66
1 Year	18.15	18.56	17.88
3 Years	36.88	31.15	23.01
5 Years	7.15	15.32	14.42
10 Years	14.91	18.13	14.82
Since Inception	10.77	12.76	10.88
Net Assets	$790.13M	—	—

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.

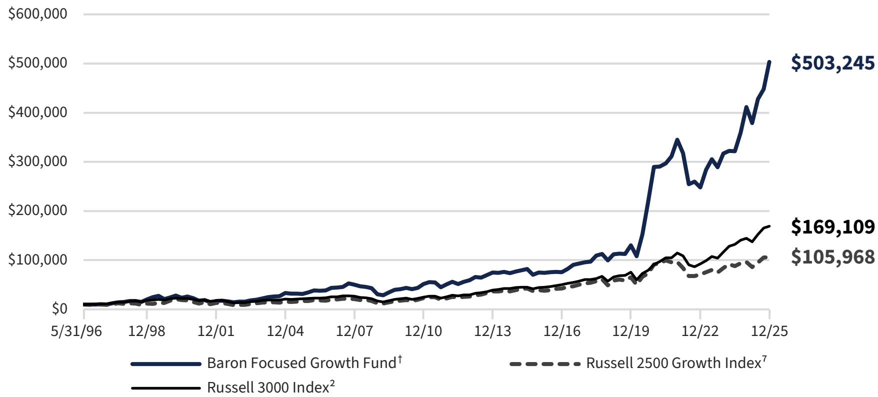
* Not annualized.

^ 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 30.

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

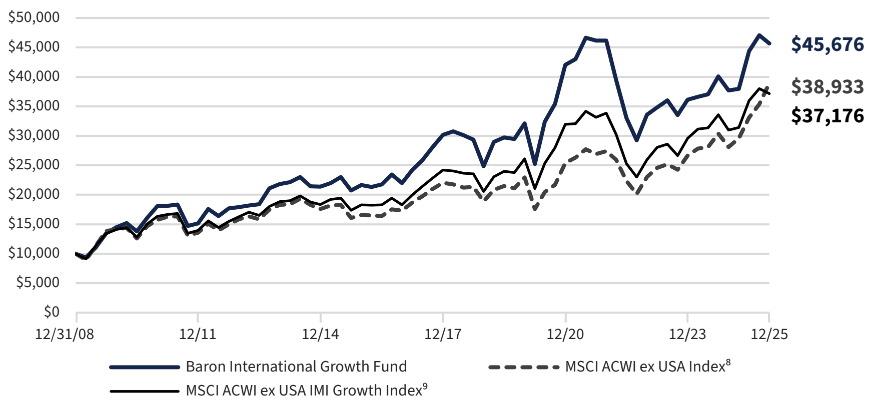
Baron Focused Growth Fund® *(Inception Date:* 5/31/1996*)*



Annualized Returns (%)	BFGIX	Russell 2500 Growth Index[7]	Russell 3000 Index[2]
3 Months*	12.34	0.33	2.40
1 Year	22.26	10.31	17.15
3 Years	26.59	14.32	22.25
5 Years	11.68	2.98	13.15
10 Years	20.97	10.55	14.29
Since Inception	14.16	8.31	10.03
Net Assets	$3.42B	—	—

S-M **Small-Mid Cap**

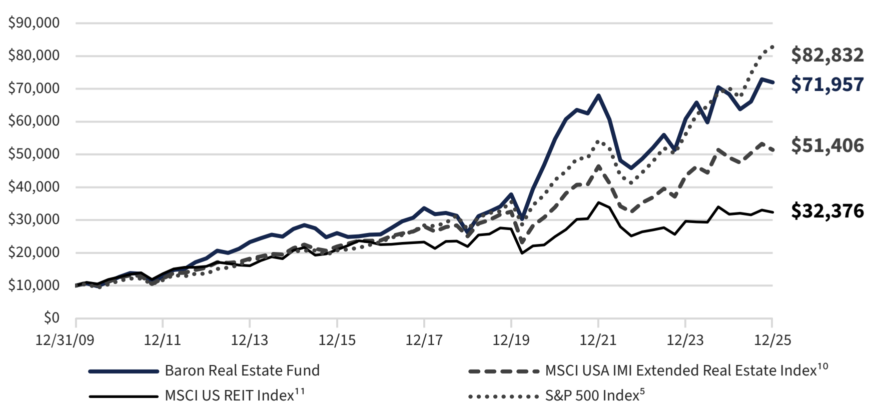
Baron International Growth Fund® *(Inception Date:* 12/31/2008*)*



Annualized Returns (%)	BINIX	MSCI ACWI ex USA Index[8]	MSCI ACWI ex USA IMI Growth Index[9]
3 Months*	(2.96)	5.05	2.44
1 Year	21.16	32.39	25.74
3 Years	10.81	17.33	14.55
5 Years	1.68	7.91	4.03
10 Years	7.74	8.41	7.86
Since Inception	9.35	8.03	8.32
Net Assets	$326.92M	—	—

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*	(1.32)	(3.45)	(1.99)	2.66
1 Year	5.19	4.88	1.68	17.88
3 Years	13.94	13.32	7.06	23.01
5 Years	5.65	8.64	5.35	14.42
10 Years	10.69	8.88	4.42	14.82
Since Inception	13.13	10.77	7.62	14.13
Net Assets	$2.33B	—	—	—

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.

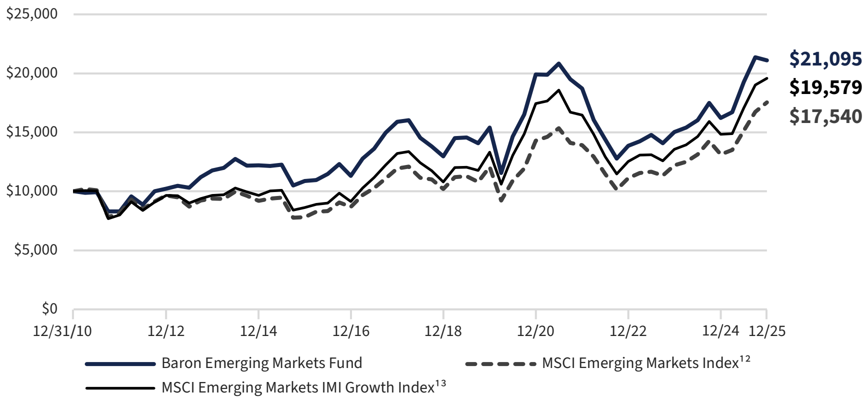
* Not annualized.

^ 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 30.

Growth of $10,000 Investment (Institutional Shares)

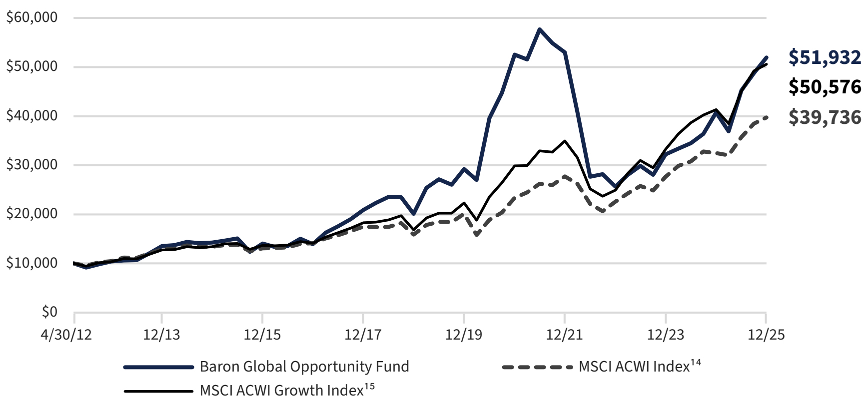
Baron Emerging Markets Fund® *(Inception Date:* **12/31/2010***)*



	Annualized Returns (%)		
	BEXIX	MSCI Emerging Markets Index[12]	MSCI Emerging Markets IMI Growth Index[13]
3 Months*	(1.26)	4.73	2.99
1 Year	30.14	33.57	32.03
3 Years	14.99	16.40	16.02
5 Years	1.16	4.20	2.36
10 Years	6.86	8.42	8.53
Since Inception	5.10	3.82	4.58
Net Assets	$3.54B	—	—

non US **Non-U.S./Global**

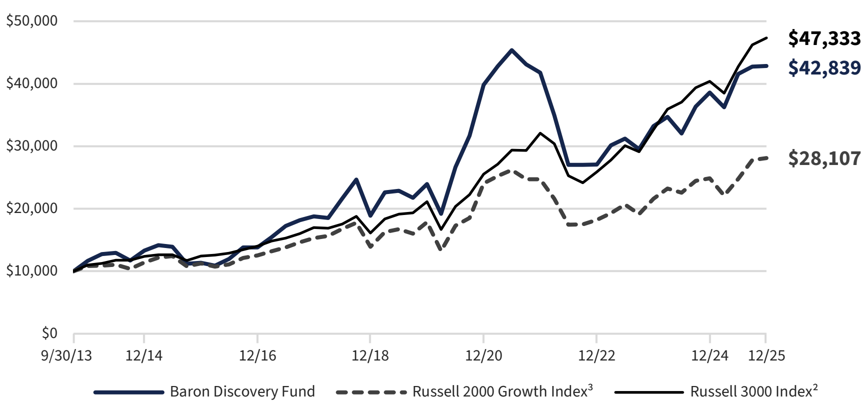
Baron Global Opportunity Fund®† *(Inception Date:* **4/30/2012***)*



	Annualized Returns (%)		
	BGAIX	MSCI ACWI Index[14]	MSCI ACWI Growth Index[15]
3 Months*	6.52	3.29	2.84
1 Year	27.53	22.34	22.44
3 Years	26.50	20.65	26.54
5 Years	(0.22)	11.19	11.12
10 Years	13.95	11.72	13.99
Since Inception	12.81	10.62	12.59
Net Assets	$737.17M	—	—

non US **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*	0.19	1.22	2.40
1 Year	10.96	13.01	17.15
3 Years	16.51	15.59	22.25
5 Years	1.48	3.18	13.15
10 Years	14.20	9.57	14.29
Since Inception	12.61	8.80	13.53
Net Assets	$1.89B	—	—

S **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.

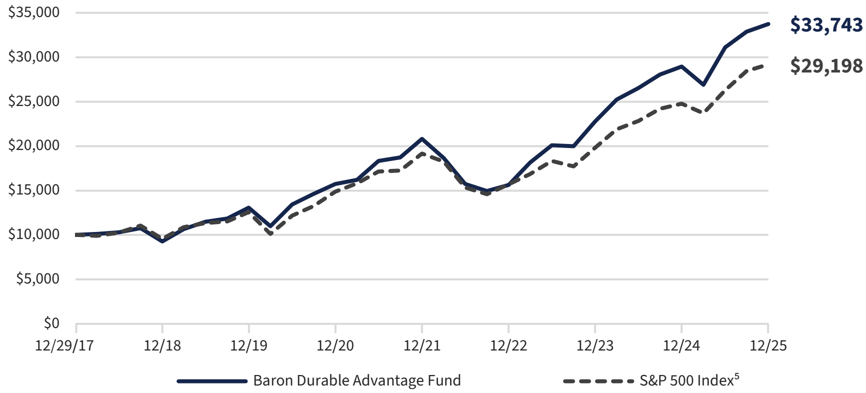
* Not annualized.

† 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 30.

Growth of $10,000 Investment (Institutional Shares)

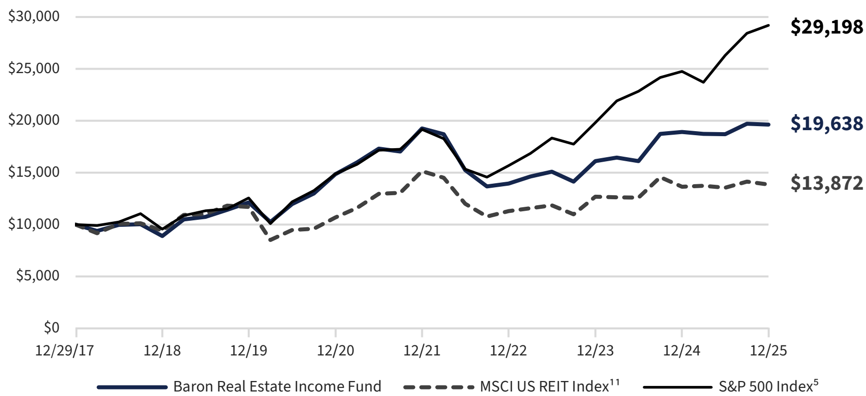
Baron Durable Advantage Fund® *(Inception Date:* 12/29/2017*)*



Annualized Returns (%)		
	BDAIX	S&P 500 Index[5]
3 Months*	2.65	2.66
1 Year	16.56	17.88
3 Years	29.20	23.01
5 Years	16.47	14.42
Since Inception	16.42	14.33
Net Assets	$527.29M	—

L Large Cap

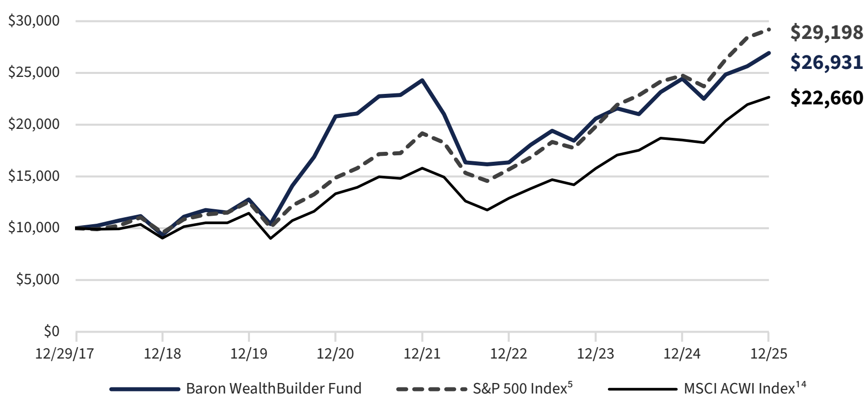
Baron Real Estate Income Fund® *(Inception Date:* 12/29/2017*)*



Annualized Returns (%)			
	BRIIX	MSCI US REIT Index[11]	S&P 500 Index[5]
3 Months*	(0.40)	(1.99)	2.66
1 Year	3.74	1.68	17.88
3 Years	12.04	7.06	23.01
5 Years	5.74	5.35	14.42
Since Inception	8.80	4.18	14.33
Net Assets	$258.83M	—	—

SCT Sector

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



Annualized Returns (%)			
	BWBIX	S&P 500 Index[5]	MSCI ACWI Index[14]
3 Months*	4.95	2.66	3.29
1 Year	10.20	17.88	22.34
3 Years	18.05	23.01	20.65
5 Years	5.29	14.42	11.19
Since Inception	13.18	14.33	10.77
Net Assets	$559.09M	—	—

EA Equity Allocation

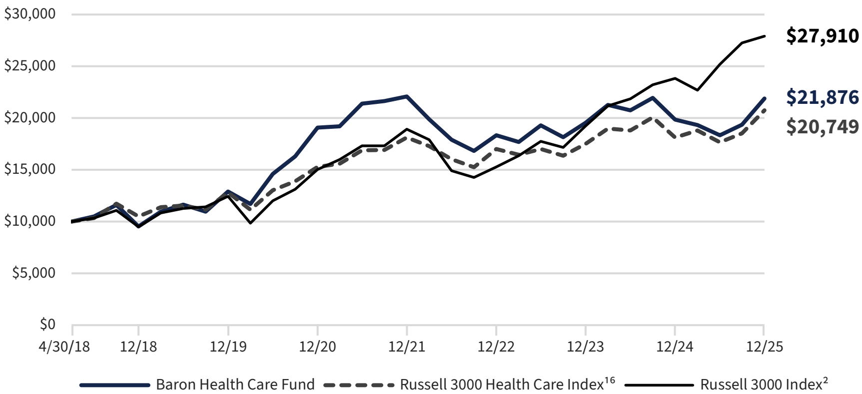
The Funds, MSCI US REIT Index, and MSCI ACWI Index include reinvestment of dividends, net of foreign withholding taxes, while the S&P 500 Index includes reinvestment of dividends before taxes. Reinvestment of dividends positively impacts performance results. The indexes are unmanaged. Index performance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

* Not annualized.

See index footnotes on page 30.

Growth of $10,000 Investment (Institutional Shares)

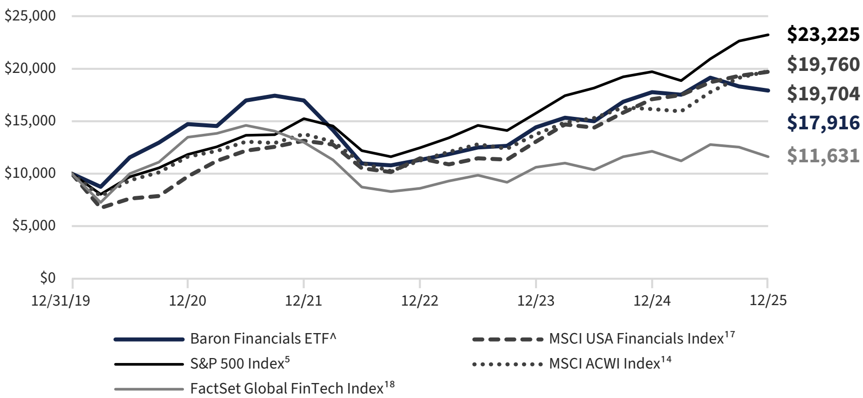
Baron Health Care Fund® *(Inception Date:* **4/30/2018***)*



	Annualized Returns (%)		
	BHCHX	Russell 3000 Health Care Index[16]	Russell 3000 Index[2]
3 Months*	13.10	11.92	2.40
1 Year	10.28	14.56	17.15
3 Years	6.03	6.84	22.25
5 Years	2.77	6.31	13.15
Since Inception	10.75	9.99	14.33
Net Assets	$143.99M	—	—

SCT Sector

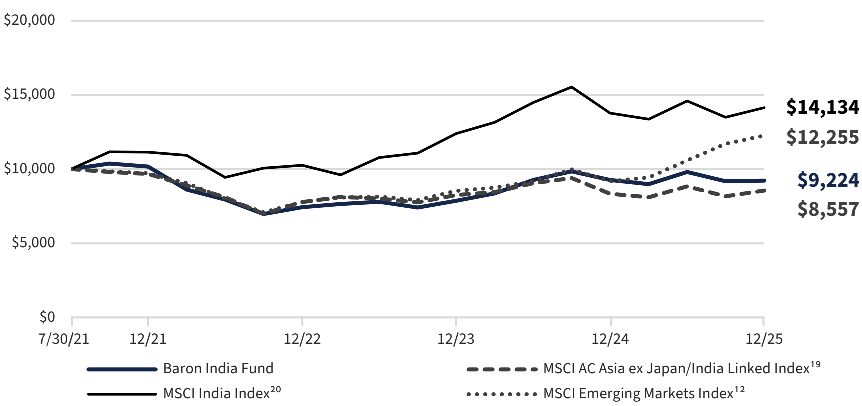
Baron Financials ETF® *(Inception Date:* **12/31/2019***)*[†]



	Annualized Returns (%)				
	BCFN^	MSCI USA Financials Index[17]	S&P 500 Index[5]	MSCI ACWI Index[14]	FactSet Global FinTech Index[18]
3 Months*	(2.22)	2.07	2.66	3.29	(7.19)
1 Year	0.91	15.23	17.88	22.34	(4.16)
3 Years	16.52	19.82	23.01	20.65	10.55
5 Years	4.01	15.17	14.42	11.19	(2.90)
Since Inception	10.21	11.97	15.08	12.02	2.55
Net Assets	$56.61M	—	—	—	—

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*	0.42	4.78	4.78	4.73
1 Year	(0.34)	2.62	2.62	33.57
3 Years	7.47	3.24	11.30	16.40
Since Inception	(1.81)	(3.47)	8.15	4.71
Net Assets	$25.38M	—	—	—

non US Non-U.S./Global

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 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.

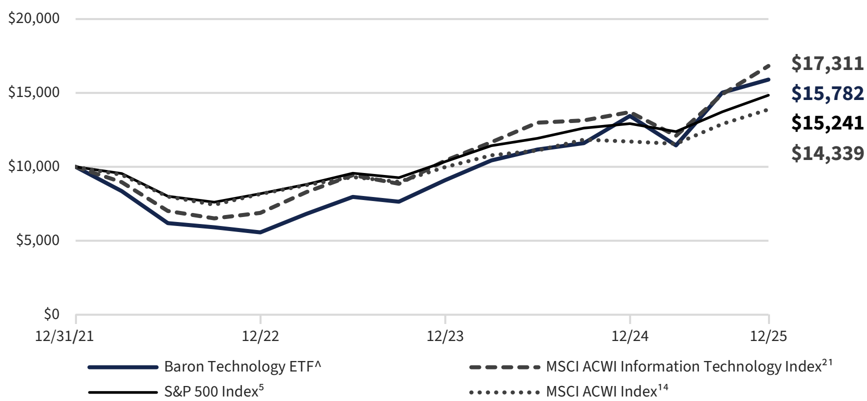
^ NAV returns include returns of the institutional shares of the predecessor mutual fund prior to the ETF's commencement of operations. Prior to the ETFs listing on 12/15/2025 the NAV returns of the Institutional shares of the predecessor mutual fund are used as proxy market price returns. If the predecessor 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 30.

Growth of $10,000 Investment (Institutional Shares)

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



	Annualized Returns (%)			
	BCTK^	MSCI ACWI Information Technology Index[21]	S&P 500 Index[5]	MSCI ACWI Index[14]
3 Months*	(0.77)	2.88	2.66	3.29
1 Year	17.34	26.37	17.88	22.34
3 Years	41.50	35.93	23.01	20.65
Since Inception	12.08	14.70	11.11	9.43
Net Assets	$149.14M	—	—	—

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.

^ 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®).

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).

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BARON CAPITAL

QUARTERLY LETTER | DECEMBER 31, 2025

Baron Discovery Fund®

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

Randy Gwirtzman
Portfolio Manager

Laird Bieger
Portfolio Manager

SMALL CAP

Dear Baron Discovery Fund Shareholder,

“The fear of machines turning evil is [a] red herring. The real worry isn’t malevolence, but competence. A super-intelligent AI is by definition very good at attaining its goals, whatever they may be, so we need to ensure that its goals are aligned with ours... If we cede our position as smartest on our planet, it’s possible that we might also cede control.”
- *Life 3.0: Being Human in the Age of Artificial Intelligence*, *Max Tegmark, pp. 67-68.*

“Today, many of us choose to live in a form of pseudo-reality governed by algorithmically enabled individual experiences. Much of what passes for authentic experience today is vicarious and virtual... [W]hat began as a slow bleed of reality on the edges has now become a culture-wide destabilizing force. Reality has competition, from both augmented and alternative forms... In these new worlds, we are Users, not individuals.”
- *The Extinction of Experience: Being Human in a Disembodied World*, *Christine Rosen, pp. 2-4.*

“You do not rise to the levels of your goals, you fall to the level of your systems.”
- *Atomic Habits: An Easy & Proven Way to Build Good Habits & Break Bad Ones*, *James Clear, p. 27*

“Throughout my career I’ve had my antennae up, looking for examples of people who use systems as opposed to goals. In most cases, as far as I can tell, the people who use systems do better... To put it bluntly, goals are for losers. That’s literally true most of the time.”
- *How to Fail at Almost Everything and Still Win Big*, *Scott Adams, pp. 31-32*

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

	Fund Retail Shares[1,2]	Fund Institutional Shares[1,2]	Russell 2000 Growth Index[1]	Russell 3000 Index[1]
QTD[3]	0.11	0.19	1.22	2.40
1 Year	10.69	10.96	13.01	17.15
3 Years	16.21	16.51	15.59	22.25
5 Years	1.22	1.48	3.18	13.15
10 Years	13.91	14.20	9.57	14.29
Since Inception (9/30/2013)	12.33	12.61	8.80	13.53
Since Inception (9/30/2013) (Cumulative)[3]	315.28	328.39	181.07	373.33

The above quotes seem to be strange juxtapositions, but actually mesh together pretty well, and are very apropos to the world in which we live right now. As a society, we are at the cusp of massive advances in the realm of AI. We hope that this will be to the benefit of humanity, but right now is the time in which humanity will determine the parameters (goals) around which AI algorithms are ultimately limited in their negative abilities. At the same time, we are at a crossroads in the manner in which we interact not only with the world, but with the machines that are increasingly blurring what is real and what is artificially created. This is an existential rubicon demarcating the very essence of which we define ourselves as human beings. Are we merely “Users” who are social vassals to our algorithmically driven devices (and the social media virtual realities that they convey)? Or do we have the power to deterministically (via systems) lead ourselves to brighter humanistic and societal outcomes?

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 1.32% 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.

Laird and I are huge optimists, and we believe that the companies in which we invest (and more importantly the people that run them) are being systemically built for positive outcomes that will make every generation more prosperous, healthy, and intelligent than ever before. Goals may indeed be for losers (let that be the AI machines). Being systems-based might be the key characteristic that distinguishes humanity from the relentless goal seeking of AI models.

Critically, the process we use to manage Baron Discovery Fund (the Fund) is also systemic and is keyed to strictly adhering to our core long-term growth investing principles. Our target of earning 15% compounded returns over time is merely the fruit of our "system." We invest for the long term in competitively advantaged companies that are well managed and have the potential of large untapped market opportunities. We then continuously monitor these companies and their competitors via our due diligence process. We allocate our overall portfolio via our risk process which includes balancing index sectors, types of growth, position sizing, and valuation parameters. We also spend many hours with the teams that manage the companies in which we invest, to gauge their mettle, morality and ability. No algorithm can substitute for this "live" research.

Performance

In the fourth quarter of 2025, the the Fund returned 0.19% (Institutional Shares), trailing the Russell 2000 Growth Index (the Index) by 1.03%. For the full year 2025, the Fund returned 10.96%, and trailed the Index by 2.05%.

On every rolling five-year period since we started the Fund, our returns (Institutional Class) have beaten the market 93% of the time. Over the last 12 years, our process has led to very consistent annualized returns for the Fund of 12.61%, which has outpaced the Index by 3.81% annually. And this is AFTER management and other fees. So definitionally, our investors have meaningfully outperformed small-cap index funds.

Of course, this strategy will not work in the short periods of time in which the market is fixated on "hype" versus objective long-term valuation metrics. This is what occurred in spectacular fashion in the third quarter of 2025, and to some extent in the fourth quarter as well. In these periods, low quality (high debt and poor profitability) and short-term price momentum-oriented stocks outperformed. Because low quality stocks outperformed, our portfolio experienced a 4.7% headwind versus the Index in 2025 just for owning higher quality stocks! This was the worst year on record for underperformance by high quality* stocks (going back to when data first started to be collected in 1975). We doubt it will re-occur. Similarly, short-term momentum* was a 2.8% headwind to the Fund in 2025 versus the Index due to our long-term orientation. Stacked together, these "factors" hurt the Fund's relative performance versus the Index by about 7%, putting the Fund's overall 2% relative performance shortfall into some context. We plead guilty to not owning quantum computing companies with minimal revenues until the 2030s (or small nuclear reactor companies with the same profile). Not owning some of these speculative areas hurt us (relatively). This has just been the nature of the stock market for the second half of 2025. History informs that this should almost certainly change.

* Based on MSCI Barra factor performance.

Portfolio Structure

Top 10 holdings

	Year Acquired	Quarter End Investment Value ($M)	Percent of Net Assets (%)
Exact Sciences Corporation	2024	65.5	3.5
Liberty Live Holdings, Inc.	2023	58.2	3.1
DraftKings Inc.	2023	53.4	2.8
Establishment Labs Holdings Inc.	2022	50.3	2.7
Alkami Technology Inc.	2021	49.6	2.6
Loar Holdings Inc.	2024	49.6	2.6
Dynatrace, Inc.	2019	46.5	2.5
Repligen Corporation	2023	44.8	2.4
Clearwater Analytics Holdings, Inc.	2021	44.6	2.4
Mercury Systems, Inc.	2015	43.4	2.3

The top 10 positions in the Fund represented 26.7% of the net assets, and cash was 3.3%. Both of these were consistent with historical levels for the Fund.

Recent Activity

We remain high quality, long-term, and "anti-momentum" investors (contrary to the style of the 2025 market). What do we mean by "anti-momentum?" Basically, we do not buy stocks just because they are going up (the definition of momentum investing). In fact, our process makes us more likely to buy high quality companies when their stock prices are down, valuations are compelling, and when we have a divergent view from the market. Classically these are "fallen angel" investments.

We added to our position in **Exact Sciences Corporation** in 2025 at average prices of about $51. Exact was trading at what we viewed as an extreme multiple discount because investors were growing concerned that its fecal-based colorectal cancer tests would be replaced by blood draw tests. It received a buyout offer in the fourth quarter by Abbott Laboratories for a price of $105 in cash (we believe Abbott saw the same terrific cash flow progression for Exact as we did!).

We bought more **indie Semiconductor, Inc.** in the second quarter at an average price of $1.82, down around 55% in the quarter due to concerns about the company's ability to grow. It ended the year at $3.53. Similarly, we purchased **SiTime Corporation** in the first quarter at average prices of $178.63 when it was down 17% (general concerns about the semiconductor sector) – shares finished the year at over $353. In each case, we "anti-momentum" bought on conviction based on our in-depth fundamental research.

We believe that the economy is set up extremely well in 2026 given:(1) inflation is lowering (it peaked at 9.0% in June 2022 and has now annualized at 2.7% in December 2025, which is 0.3% lower than three months ago); (2) massive capital is being spent in the U.S., including the buildout of AI datacenters (it is estimated by Goldman Sachs that $400 billion will be spent on AI capital in 2025, nearly doubling from about $230 billion in 2024 - and this will grow to over $525 billion in 2026, up over 30%), plus projects associated with trade deals that will bring construction to the U.S.; (3) there is meaningful deregulation in the federal government; (4) GDP is growing at a nice clip (4.3% real growth in the third quarteraccording to the Bureau of Economic Analysis – which should accelerate in 2026 as people get their tax refunds based on recent tax cuts); (5) there is a reduction in federal spending which is starting to lead to a reduction in both the annual federal budget deficit and the overall level of federal debt; and (6) the Federal Reserve is at the start of an interest rate reduction cycle.

Federal spending has flattened and the budget deficit has narrowed from $1.83 trillion to $1.78 trillion (down 2.7% from government fiscal year ending September 30, 2024 to 2025) partly due to an over 5% reduction in federal outlays in the first half of 2025, and partly due to tariff revenue growing enormously. In 2025 through September, new tariffs have raised $124.5 billion, or $156.5 billion adjusting for accelerated purchases by importers when the tariffs were initially announced (Penn Wharton Budget Model, December 23, 2025 update). The tariffs do not seem to be driving inflation, as the Administration has backed off its initially extreme rates to move rates more parallel to its trading partners.

There are concerns about the consumer due to affordability issues, primarily as home values (shelter costs) remain elevated despite mortgage rates coming down. Medical care costs have also increased, as have utility costs. So even though gasoline costs are actually down, overall cost of living concerns have taken down a lot of our Consumer Discretionary names like **Floor & Decor Holdings, Inc.** and **RH** (Restoration Hardware) for the full year, and great restaurant companies like **Wingstop Inc.** and **Texas Roadhouse, Inc.** were down in the third quarter. Lower income consumers are being hurt by higher loan costs, leading to higher defaults, which is why used car price inflation is so much higher than new car inflation. We believe that these issues will get better, and the tailwinds to the economy mentioned above are extremely strong.

There are also big concerns about AI destroying competitive advantages within the software industry (an area in which the Fund has a large exposure). Aside from a few larger capitalization market leaders, software multiples have generally compressed through 2025. It is believed by many that new ways of coding applications using AI prompts (so-called “vibe coding”) will make it easy to copy existing software. But the devil is in the details, and we posit that the complexity of integrating software into large enterprises is not easily replicated. Enterprise software (particularly “systems software” that deals with the guts of networking, cybersecurity, identity protection and data protection) must deal with heterogeneous networks (on-premise servers, added to one or more cloud service providers), as well as with many different operating systems and types of hardware. Such complexity and security needs favor companies that have proven, over long periods of time, that their code structure is resilient and safe. The more complex the installation, the more protected the software company should be.

Software generally has what we view to be the best possible business model. Companies in the space sport high margins (typically 70% to 90% gross margins or more), have recurring subscription revenue, get paid up front for such subscriptions (so they increase cash flows the more they grow – so called negative working capital), and typically have large amounts of net cash on the balance sheet (negative leverage). And the acquisition environment is running hot. In 2025, multiple investments were bought away from us – **Couchbase, Inc.** (by private equity), **CyberArk Software Ltd.** (by cybersecurity software giant Palo Alto Networks Inc.), and **Clearwater Analytics Holdings, Inc.** (private equity). Given what we view as objectively low valuations, meaningful competitive advantages, and rapid growth in free cash flow, we are extremely excited about our holdings in **Dynatrace, Inc.** (20%), **Varonis Systems, Inc.** (23%), **SentinelOne, Inc.** (44%), **Netskope, Inc.** (50%), **JFrog Ltd.** (22%), and **Waystar Holding Corp.** (15%).

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Contributors

Top contributors to performance for the quarter

	Contribution to Return (%)
Exact Sciences Corporation	2.91
Establishment Labs Holdings Inc.	1.37
Clearwater Analytics Holdings, Inc.	0.60
Advanced Energy Industries, Inc.	0.57
CareDx, Inc.	0.53

Shares of **Exact Sciences Corporation** contributed to performance. Exact is a molecular diagnostics company focused on the early detection of colorectal cancer. It is best known for its non-invasive colorectal cancer screening stool test called Cologuard. The big picture is that half of the 106 million adults in the U.S. recommended for colorectal cancer screening are not up to date, and we think the Cologuard test presents the best combination of non-invasiveness and accurate sensitivity/specificity as compared to more invasive colonoscopies and less accurate blood tests. Exact shares outperformed in 2025 as the restructuring of the commercial team drove Cologuard volume growth reacceleration, and shares further outperformed as Abbott Laboratories announced an agreement to acquire Exact Sciences for $23 billion in November. The deal represents a >50% premium over the prior closing price.

Shares of **Establishment Labs Holdings Inc.** contributed to performance. Establishment Labs sells next-generation Motiva breast implants that have meaningfully lower safety risks and aesthetic benefits compared to competitors. In particular, Motiva implants cause significantly less capsular contracture (where surrounding tissue squeezes the implant) and no known cancer risks. Motiva also comes in a more natural Ergonomix shape with a natural-feeling softer fill as well as potentially a smaller implant scar. The company's implants have captured significant share in many international markets, and the U.S. launch is now underway and progressing well, having already captured about 20% of the U.S. aesthetic breast augmentation market. Reconstruction approval (for cancer survivors) should occur in 2026 as well. We believe Establishment will capture substantial plurality share in the U.S. over the next few years, which will drive significant revenue growth, profitability (it will be free cash flow positive in 2026), and value creation.

Clearwater Analytics Holdings, Inc., a provider of portfolio accounting and reporting software, contributed to performance. The company reported solid third quarter 2025 earnings and raised 2025 guidance. Clearwater also announced that a consortium of private equity investors intends to acquire the company, which drove a sharp positive market reaction. We retain conviction and believe Clearwater has meaningful competitive advantages and the potential to compound revenue at attractive rates for several years. The company has an efficient business model that should drive 40%-plus adjusted EBITDA margins over time.

Detractors

Top detractors from performance for the quarter

	Contribution to Return (%)
Varonis Systems, Inc.	(0.58)
Liberty Live Holdings, Inc.	(0.54)
Primo Brands Corporation	(0.50)
Trex Company, Inc.	(0.47)
GitLab Inc.	(0.42)

Shares of **Varonis Systems, Inc.**, a cybersecurity vendor focused on classifying and protecting corporate data, detracted from performance during the quarter. The company's core web-based Subscription as a Service (SaaS) business (76% of total revenues) was strong, growing over 100% year-over-year fueled by new customer wins and existing customers protecting more data stores. However, Varonis's legacy on-premise commercial and Federal businesses experienced higher-than-expected churn towards the end of September, causing management to lower its overall forecasts for the year. Varonis announced that it would be sunsetting its on-premise software by the end of 2026. Management believes transitioning to single code base and revenue model will drive better overall security outcomes and lower total cost of ownership for its customers, while simplifying the sales motion and driving better efficiency for the company. While the remaining transition creates some uncertainty around 2026 revenue, we believe Varonis will emerge with accelerating growth, better profitability, and a more predictable model going forward.

Liberty Live Holdings, Inc. was a detractor during the period. Shares traded sharply lower following Live Nation's third quarter earnings release. During the quarter, concert segment earnings fell short of investor expectations, a divergence from a string of significant earnings beats in the business line. Management also lowered its outlook for ticketing in 2026 due to measures taken in response to regulatory action around ticket buying "bots" and costs associated with the FTC lawsuit. Stepping back from near-term results, Live Nation has been executing well on developing its owned venues and the long-term growth opportunity remains attractive. Strong category demand and organic investment in its footprint underpin steady double-digit earnings compounding. We continue to own the stock due to a favorable view of the Live Nation business and an attractively valued entry point at the Liberty holding company level.

Primo Brands Corporation was a detractor during the period following an earnings release that showed a decline in the company's home and office water delivery business. As part of the merger between Blue Triton and Primo Water, management identified opportunities to save costs through elimination of redundant manufacturing plants and distribution branches. Execution of this plan during the first half of 2025 led to unexpected service disruptions in the home and office delivery segment. The problems were caused by changes to 5-gallon jug availability and adoption of new technology systems used by drivers to manage their deliveries. These issues negatively impacted the logistics of highly calibrated routes and led to a temporary reduction in on-time, in-full delivery rates. The third quarter results were a continuation of these issues, however, the magnitude of service disruption and related impact on revenues was greater than expected. We expect the business to return to its normal rate of growth in the coming quarters and believe the stock will command a materially higher valuation once the current challenges are in the rear view.

Fourth Quarter Purchases

Top net purchases for the quarter

	Year Acquired	Quarter End Market Cap ($B)	Net Amount Purchased ($M)
Waystar Holding Corp.	2025	6.3	36.0
Casella Waste Systems, Inc.	2025	6.2	31.0
GCI Liberty, Inc.	2025	1.6	20.3
JFrog Ltd.	2025	7.4	19.3
Varonis Systems, Inc.	2019	3.9	17.0

We initiated a position in **Waystar Holding Corp.**, which provides a full spectrum of revenue cycle management software to health care providers. The company services 30,000 clients, representing over 1 million distinct providers. And it processes 6 billion transactions per year, including over $1.8 trillion in annual gross claims which span about 50% of all U.S. patients. Waystar's $1 billion-plus in estimated 2025 revenues are a 50/50 combination of subscription and volume-based revenue (we believe volume is a true secular grower as health care claims are constantly increasing).

The software smooths the claims process in three distinct areas: (1) Intake (insurance eligibility checks, cost estimation, prior-authorization approval and co-pay collection); (2) Clinical Visitation (documentation integrity, showing medical necessity, accuracy of documentation and coding); and (3) Post Care (clean claim submission, claim monitoring, patient payments, denial/appeal, and payor remittance). Waystar acquired its Clinical Visitation capabilities with the July 2025 acquisition of Iodine Software for $1.25 billion, completing what we believe is the industry's only end-to-end claims automation solution. Historically, this has been a manually intensive process, but it has been highly automated by Waystar, with the help of AI. There are many examples of the value of Waystar's software. Iodine can use AI to take a physician's written or typed notes, scan them, and compare them to insurer databases for medical justification, accuracy and completeness, thereby reducing denied claims. Waystar's software can do similar things with denied claims, using AI to automate the appeals process. It is believed that 80% of the market is still managed by more manually automated business process outsourcing firms. So, there should be a lot of market share yet to convert, in an ever-growing market.

The company will grow revenues organically in the low teens through 2031, with about 45% EBITDA margins (a measure of cash flow before financing and non-cash costs) and 29% free cash flow margins (real cash) growing to 31% or better, as the company reduces debt service costs (used to fund acquisitions and as a result of its legacy private equity heritage). Because it generates so much growing free cash flow, net leverage for the company (debt minus cash balances) will go from 3 times EBITDA at the end of 2025 to about zero in 2028. And the company only trades at about 15 times its 2026 EBITDA – and only 6 times our 2031 EBITDA estimates.

We recently initiated a position in **Casella Waste Systems, Inc.**, the fifth largest waste management and recycling company in North America. Founded in Vermont in 1975 by John and Doug Casella, the company has been through multiple iterations owning a variety of businesses, but over the last decade has transformed itself into one of the fastest growing waste companies in the New England and Mid-Atlantic regions. The company has strong pricing power with 70% of the business focused on less competitive rural markets and 15% of revenue tied to high margin disposal/landfill revenue. This strong pricing power has resulted in mid-to-high single-digit organic top-line growth and mid-teens free cash flow growth. The team has augmented its organic revenue growth with over 80 acquisitions in the last 7 years, finding high quality bolt-on-type deals where Casella is able to substantially increase margins over time. We would expect this pace of M&A to continue for the foreseeable future.

We purchased Casella's stock after the company meaningfully underperformed peers in 2025 due to issues integrating a newly acquired Mid-Atlantic acquisition. These integration challenges caused the company's margins to come in lower than expected. We believe the company has largely rectified the issues and it is back on track to expand its margins in 2026. If we are correct, we would expect investors to reward the stock with a higher valuation multiple that is more in line with its historical average.

Lastly, Casella is the only remaining small sized, publicly traded solid waste player amid giants Waste Management, Republic Services, Waste Connections, and GFL Environmental. While not core to our investment thesis, it is clear Casella is a scarce asset that could at some point in the future be a prime acquisition target for one of the larger players.

During the quarter, we initiated a position in **GCI Liberty, Inc.** GCI is the leading broadband cable provider in Alaska. GCI generates revenue from broadband and wireless services. Roughly 97% of Alaskans live within GCI's network footprint and about 80% have access to high-speed tiers (2.5 Gbps+). We estimate that GCI has 70% to 80% market share of high-speed broadband in Alaska. For mobile services, GCI operates its own mobile network competing in an oligopoly with AT&T and Verizon. Revenues are evenly split between residential and business customers.

Alaska has unique population density characteristics that create a very high-cost environment that necessitates government funding. In addition, the competitive environment for Alaskan cable is more attractive than in the lower 48 states. Most notably, fiber over-build has had limited success given substantially higher costs and fixed wireless access has limitations due to the harsh elements in Alaska. GCI is completing an upgrade cycle in 2026 resulting in improved free cash flow generation in 2027 and beyond. We believe the current valuation offers a double-digit free cash flow yield.

However, our decision to invest in GCI extends beyond the attractive free cash flow characteristics. A guiding principle of the firm is "we invest in people" and GCI offers the opportunity to participate in one of the final acts of John Malone's legendary career. Mr. Malone and the Liberty Media team, with whom we've invested alongside for many years, have been clear about their intent to use the cash flow and borrowing capacity at GCI to buy other assets in the media sector. We assess that GCI will have at least $1 billiion of cash to serve as an equity check in future transactions. Management has a broad mandate and expects to complete a transaction in 2026.

We established a position in **JFrog Ltd.**, a leading provider of software supply chain management tools that enable developers to securely build, manage, and release modern applications. The company's core offering, Artifactory, serves as a universal hub for "binaries" which is the ones and zeros language that computers speak (and use to run applications), after converted (compiled) from human facing programming languages such as Python, JavaScript, C#, and many others. As organizations develop more complex applications that are increasingly dependent on open-source libraries (pre-fabricated chunks of code that can be shared among users around the world), the management of these binaries has become a critical operational requirement. JFrog addresses this challenge with a centralized solution that stores, tracks, and secures software binaries, facilitating faster development cycles and consistent deployments. The platform also extends into security with modules like JFrog Xray and Advanced Security, which continuously scan binaries to ensure only compliant, vulnerability-free software reaches production.

JFrog is widely recognized as the industry standard for binary management, serving a customer base of over 7,000 organizations. This includes 83% of the Fortune 100, the top 10 global technology firms, the 10 largest financial institutions, and 9 of the top 10 health care organizations. The company is gaining market share from smaller competitors in the binary category due to its breadth and depth of coverage—Artifactory supports over 30 different code package formats and programming languages (far more than competitors) while offering more efficient storage, deeper security context, and tighter integrations with other developer tools. By streamlining workflows and mitigating security risks, JFrog delivers high return on investment, reflected in its impressive 97% customer gross retention rate and healthy 118% net expansion rate.

The mission-critical nature of the JFrog platform has driven strong unit economics. Trailing-12-month free cash flow margins have more than doubled over the last two years, reaching 28% in the most recent quarter. Looking ahead, we believe JFrog can sustain durable growth as the acceleration of Generative AI creates demand for managing new binary types, such as Large Language Model artifacts. Furthermore, we expect average deal sizes to increase as customers migrate to the cloud—which typically provides a pricing uplift—and adopt premium modules like Advanced Security. We believe this combination of pricing power, margin expansion, and structural growth positions JFrog to generate substantial free cash flow and long-term shareholder value.

Fourth Quarter Sales

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	19.3	57.8
Kratos Defense & Security Solutions, Inc.	2020	2.2	12.8	26.0
Karman Holdings Inc.	2025	4.0	9.7	24.5
Mercury Systems, Inc.	2015	0.6	4.4	24.0
Integer Holdings Corporation	2024	4.0	2.6	21.4

We sold the bulk of our position in **Exact Sciences Corporation** upon the announcement of its acquisition by Abbott Laboratories. We trimmed positions in three of our defense companies (**Kratos Defense & Security Solutions, Inc.**, **Karman Holdings Inc.**, and **Mercury Systems, Inc.**) due to valuations that had run up meaningfully in the second and third quarters on the heels of an increased defense budget (including allocations of billions of dollars for unmanned vehicles and the Golden Dome missile defense system which is still being fully formed), and increased foreign military sales. We still view defense as a core holding in the Fund.

Conclusion

While we missed outperforming the Index in 2025, we take great pride that our process led to terrific absolute returns for the Fund. We are extremely optimistic regarding the prospects for each holding in the Fund, and we look forward to a high growth, low inflation set-up for the 2026 economy. Thank you for investing in the Fund along with us. We hope that you and your families have a happy, healthy, and prosperous 2026.

Randy Gwirtzman
Portfolio Manager

Laird Bieger
Portfolio Manager

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

1 The **Russell 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.

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

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.

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 | DECEMBER 31, 2025

Baron Growth Fund®

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

Neal Rosenberg
Portfolio Manager

Ron Baron
CEO, Portfolio Manager

SMALL CAP

Dear Baron Growth Fund Shareholder,

Performance

Baron Growth Fund® (the Fund) declined 2.69% (Institutional Shares) for the quarter ended December 31, 2025. This trailed the return of the Fund's benchmark, the Russell 2000 Growth Index (the Benchmark), which gained 1.22% for the quarter. The Russell 3000 Index, which measures the performance of the 3,000 largest publicly traded U.S. companies, gained 2.40% for the quarter.

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

	Fund Retail Shares[1,2]	Fund Institutional Shares[1,2,3]	Russell 2000 Growth Index[1]	Russell 3000 Index[1]
QTD[4]	(2.76)	(2.69)	1.22	2.40
1 Year	(14.41)	(14.18)	13.01	17.15
3 Years	0.93	1.19	15.59	22.25
5 Years	(0.94)	(0.69)	3.18	13.15
10 Years	8.78	9.06	9.57	14.29
15 Years	9.27	9.55	9.94	13.58
Since Inception (12/31/1994)	11.47	11.62	8.08	11.01

Our strategy of owning a portfolio of competitively advantaged small and medium-sized businesses remained out of favor for most of this quarter. We observed an improvement in early December, as investors showed some renewed enthusiasm for the high-quality stocks (as defined by MSCI Barra) that exclusively populate our Fund. We believe that the valuation of the portfolio is particularly compelling given the significant divergence between its consistent earnings growth and its recent performance.

The Fund endured an unusually challenging year. Since March 31, the Fund declined 10.37%, which compares to a 27.15% gain in the Benchmark. We attribute approximately 60% of our relative underperformance to several positions where the market's assessment of AI risk differed from our own. We attribute most of the remaining relative underperformance to our focus on owning leading businesses in their sectors, which has been the foundation of our strategy since inception.

We believe that our practice of exclusively investing in businesses with superior characteristics has been the primary driver of the Fund's favorable long-term results, which has exceeded the performance of the Benchmark by 354 basis points annually since inception. In 2025, this strategy was out of favor, as investors elected to sell higher-quality investments like those that we own to buy riskier stocks. The magnitude of this shift was historically notable. According to data from MSCI Barra, performance for the Earnings Quality factor during the nine-month period ended December 8, 2025 was in the 100th percentile since 1975, which is when data first became available. Conversely, the positive performance of the Beta and Residual Volatility for this period are in the 1st and 6th percentiles, respectively. The few instances where Beta and Residual Volatility have performed better occurred mostly during the dotcom and post-COVID rallies.

We also experienced declines in several stocks where the market's assessment of AI's impact differed from our own. This cohort, which includes stocks such as **Gartner, Inc.**, **CoStar Group, Inc.**, **Clearwater Analytics Holdings, Inc.**, **FactSet Research Systems Inc.**, **MSCI Inc.**, and **Guidewire Software, Inc.**, presently represents approximately 42% of our portfolio. On average, these stocks declined 15% in 2025 despite producing 10% revenue growth and 15% EPS growth. This significant divergence between growth and

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 1.34% and 1.08%, respectively (comprised of operating expenses of 1.29% and 1.03%, respectively, and interest expense of 0.05% and 0.05%, 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.

stock performance represents valuation compression, primarily due to investor concerns that AI will disrupt these companies in the future. We remain optimistic that all boast vast total addressable markets (TAM), sustainable competitive advantages, and attractive and durable growth prospects. We expect their valuations to expand as these characteristics are again recognized by the market.

We were encouraged by the improvement in our relative performance in December, as our style started to come back into favor and the market began to re-evaluate some of the names that it had previously deemed AI losers. We observed a change in the market in early December following mixed earnings results from AI-high fliers Oracle and Broadcom. From December 8 through December 31, the Fund outperformed by 635 basis points, with the Fund's style biases, specifically Earnings Quality, Beta, and Residual Volatility being positive drivers of results. The average return for the cohort of stocks in the portfolio that had been deemed AI-losers outperformed the market by approximately 7% over that period. While that condition has not sustained early in 2026, we believe it demonstrates the significant potential for outperformance when our style is in favor.

We believe that the recent performance of Clearwater exemplifies the impact of the "AI narrative" on stock prices and demonstrates the dramatic upside potential of these investments as the market rethinks its assumptions. Clearwater is a leading provider of investment accounting and analytics services delivered via cloud-native software. Clearwater serves a vast TAM that is at least 10 times larger than its current scale. Management has built a remarkable financial model, underpinned by 20% organic revenue growth, margins in the mid-30% range, robust free cash flow generation, and near-perfect retention rates. In late 2024, shares of Clearwater peaked around $33 per share, up almost 80% from its IPO price just three years before. In early 2025, the company announced acquisitions that further expanded its TAM, bolstered its product portfolio, and positioned it to sustain or accelerate its earnings growth over time. Despite bright long-term prospects, investors began to view Clearwater as a generic AI-loser. Shares declined consistently over the course of 2025, reaching a low below $16 in early November. This represented a 50% peak-to-trough decline in share price despite the company growing its EBITDA almost 33% organically and almost 70% when including acquisitions.

Despite the stock's decline, we assessed the likelihood of portfolio accountants choosing to write their own software as minimal. Clearwater's financial results continued to prove this out, and the stock began to rally off its lows, although the price remained significantly disconnected from our assessment of fair value. In December, a consortium of private equity firms announced a deal to acquire Clearwater for $8.4 billion, which we view as a high-conviction refutation of the AI-loser narrative. The takeout is coming at a 47% premium to Clearwater's pre-deal price and an approximately 55% premium to its November low, although we still believe that this price undervalues the business. We are optimistic that all our AI-impacted investments will develop similarly to Clearwater.

We believe that the portfolio is well positioned to generate compelling returns on a go-forward basis. Over time, we believe that the performance of stocks closely tracks the growth of the underlying businesses. In 2025, we estimate that the portfolio grew its earnings by 12% on average. However, the Fund declined 14% for the year, which implies that the portfolio's aggregate valuation contracted by 26%. This is despite the Fund generating higher margins, cash flow, and returns on capital versus its historical composition and our Benchmark. We are optimistic that as the market's appreciation for high quality businesses returns and its perspective on AI's impact more closely aligns with our own, the Fund's valuation will expand, enhancing the returns we already expect from consistent compounded earnings growth. We believe that the 635 basis points of outperformance generated in just three weeks demonstrates the significant pent-up potential currently embedded in the portfolio.

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 (%)
Disruptive Growth	**3.6**	**69.15**	**1.32**
FIGS, Inc.	3.6	69.81	1.32
Farmers Business Network, Inc.	0.0	0.00	0.00
Northvolt AB	0.0	0.00	0.00
Russell 2000 Growth Index		**1.22**	
Financials	**62.1**	**(0.82)**	**(0.47)**
Clearwater Analytics Holdings, Inc.	0.2	33.85	0.04
Arch Capital Group Ltd.	17.5	5.74	0.93
FactSet Research Systems Inc.	5.4	1.68	0.13
MSCI Inc.	17.3	1.43	0.20
Moelis & Company	0.6	(2.63)	(0.01)
Cohen & Steers, Inc.	--	(5.67)	(0.05)
Morningstar, Inc.	4.3	(6.15)	(0.27)
Primerica, Inc.	5.6	(6.36)	(0.41)
Kinsale Capital Group, Inc.	9.1	(7.99)	(0.73)
Houlihan Lokey, Inc.	2.0	(14.87)	(0.30)
Core Growth	**24.5**	**(7.47)**	**(1.91)**
Mettler-Toledo International Inc.	--	16.88	0.17
Neogen Corp.	--	16.45	0.00
IDEXX Laboratories, Inc.	5.2	5.89	0.26
Bio-Techne Corporation	--	5.27	0.07
Gartner, Inc.	7.8	(4.03)	(0.20)
Guidewire Software, Inc.	3.9	(12.54)	(0.57)
CoStar Group, Inc.	7.7	(20.30)	(1.63)

Total returns by investment type for the quarter (continued)

	Percent of Net Assets (%)	Total Return (%)	Contribution to Return (%)
Real/Irreplaceable Assets	**14.4**	**(7.48)**	**(1.35)**
Red Rock Resorts, Inc.	3.7	1.89	0.11
Gaming and Leisure Properties, Inc.	--	(6.58)	(0.15)
Vail Resorts, Inc.	3.4	(9.52)	(0.60)
Choice Hotels International, Inc.	7.3	(10.66)	(0.71)
Cash and Cash Equivalents	**(4.6)**	--	--
Fees	--	**(0.31)**	**(0.31)**
Total	**100.0***	**(2.71)****	**(2.71)****

** 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.

Our investments in **Real/Irreplaceable Assets**, **Core Growth**, and **Financials** companies represent between 14.4% and 62.1% of the Fund's net assets, and aggregate to 101.0%. Another 3.6% of net assets are invested in businesses that we consider to be **Disruptive Growth** businesses, which we believe offer greater growth potential, albeit with more risk relative to other investments. We believe this balance appropriately reflects our goal to generate superior returns over time with less risk than the Benchmark. As shown in the table above, our Disruptive Growth investments significantly outperformed the Benchmark, while the other three categories underperformed due to their higher quality and lower perceived risk, which were out of favor for much of the quarter.

SMALL CAP

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 12/31/2025	Millennium Internet Bubble to Present 12/31/1999 to 12/31/2025	Inception 12/31/1994 to 12/31/2025
Alpha	5.05	1.89	3.89	5.49
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 12/31/2025		Millennium Internet Bubble to Present 12/31/1999 to 12/31/2025		Inception 12/31/1994 to 12/31/2025	
	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	67,459	12.07	83,976	8.61	302,294	11.62
Russell 2000 Growth Index	6,476	(4.71)	71,043	12.42	46,005	6.11	111,073	8.08
Russell 3000 Index	7,634	(2.95)	98,954	14.66	75,545	8.17	254,992	11.01

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 11.62% on an annualized basis since its inception on December 31, 1994, which exceeds that of the Benchmark by 3.54% and the Russell 3000 Index by 0.61%. 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–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 $302,294 on December 31, 2025. This is approximately 2.7 times greater than the $111,073 the same hypothetical investment made in a fund designed to track the Benchmark would be worth, and 19% 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	1.9	69.81	1.32
Arch Capital Group Ltd.	2002	0.4	34.8	5.73	0.93
IDEXX Laboratories, Inc.	2005	1.9	54.0	5.89	0.26
MSCI Inc.	2007	1.8	43.1	1.43	0.20
Mettler-Toledo International Inc.	2008	2.4	29.3	16.88	0.17

FIGS, Inc. designs and sells scrubwear for health care professionals through a digitally native, direct-to-consumer strategy. Shares rose after the company reported quarterly results that beat expectations and raised its outlook for revenue and profits for the remainder of the year. FIGS' revenue grew 8% due to robust customer demand for its health care apparel, supported by improving execution and normalizing industry trends. Demand for health care apparel remains largely non-discretionary and replenishment driven. The company also delivered stronger-than-expected profitability, benefiting from meaningful operating leverage while continuing to invest in the business. In addition, FIGS continues to expand its three key growth initiatives: international markets, TEAMS (its enterprise and group ordering business), and retail. Internationally, the company refined its growth strategy and is targeting 60 planned markets by year-end, up from 33. Within TEAMS, FIGS continues to add talent and develop new technology solutions to support growth. In retail, the company plans to open three stores (New York, Houston, and Chicago) with further expansion anticipated into 2026.

Shares of specialty insurer **Arch Capital Group Ltd.** rose on strong earnings results and active capital management. Third-quarter earnings per share beat Street expectations due to improved underwriting margins and very low catastrophe losses, as there were no landfall hurricanes in the U.S. this season for the first time since 2015. Return on equity of 18% exceeded management's long-term target, driving 9% growth in book value per share, or 18% growth when adjusted for a special dividend. In addition, a faster pace of share repurchases reduced the share count by 4% year to date, signaling management's confidence in the company's valuation. We continue to own the stock due to Arch's strong management team and our expectation for continued growth in earnings and book value over time.

Veterinary diagnostics leader **IDEXX Laboratories, Inc.** contributed to performance after again 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.

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	28.5	(20.30)	(1.63)
Kinsale Capital Group, Inc.	2016	0.6	9.1	(7.99)	(0.73)
Choice Hotels International, Inc.	1996	0.4	4.4	(10.66)	(0.71)
Vail Resorts, Inc.	1997	0.2	4.8	(8.77)	(0.60)
Guidewire Software, Inc.	2012	1.3	17.1	(12.55)	(0.57)

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

Shares of specialty insurer **Kinsale Capital Group, Inc.** fell during the quarter due to concerns about moderating growth amid a cyclical slowdown for the property and casualty insurance industry. While third-quarter revenue growth improved sequentially, the pace of improvement was more modest than suggested by monthly data from state insurance commissioners. 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.

Choice Hotels International, Inc. is a global franchisor of economy and midscale hotels across a portfolio of well-known brands. Shares declined amid investor concerns over continued revenue per available room (RevPAR) weakness at the company's lower-end brands. However, Choice continues to grow through unit expansion, albeit at a slightly slower pace, by adding larger and more upscale hotels that generate higher RevPAR and carry higher royalty rates, helping offset near-term pressure. Developers are also accelerating new franchise signings with Choice, indicating that the company's brands continue to resonate. In addition, Choice is managing costs effectively and generating strong cash flow, which it is using to support increased dividend payments, share repurchases, and potential tuck-in acquisitions. The company also maintains a strong balance sheet, with financial leverage below its targeted levels, providing additional flexibility to accelerate share repurchases at current valuation levels.

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 December 31, 2025, our weighted average holding period was 18.6 years. This 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 19.7 years, ranging from an 9.1-year investment in **Kinsale Capital Group, Inc.** to an investment in **Choice Hotels International, Inc.** that exceeds 29 years. We have held 12 investments, representing 85.9% of the Fund's net assets, for more than 10 years. We have held seven investments, representing 18.7% 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	4,600.6	20.2
Arch Capital Group Ltd.	2002	3,428.1	16.2
Choice Hotels International, Inc.	1996	2,650.6	12.0
MSCI Inc.	2007	2,504.4	19.7
CoStar Group, Inc.	2004	1,579.3	14.3
Primerica, Inc.	2010	1,468.5	19.1
Morningstar, Inc.	2005	1,116.2	12.9
Gartner, Inc.	2007	1,039.5	14.2

The cohort of investments that we have held for more than 10 years earned a weighted average annualized rate of return of 15.8% since we first purchased them. This exceeded the performance of the Fund's Benchmark by 7.1% 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	1,378.4	34.5
Houlihan Lokey, Inc.	2017	397.9	21.6
Red Rock Resorts, Inc.	2016	335.9	16.4

The cohort of investments that we have held for fewer than 10 years has returned 23.3% annually on a weighted average basis since our initial purchase, exceeding the Benchmark by 13.4% annualized. Two of these investments have achieved annualized returns that exceeded the Benchmark by more than 10% per year.

Portfolio Holdings

As of December 31, 2025, we owned 19 investments. The top 10 holdings represented 87.2% of the Fund's net assets, all of which have been held for a minimum of nine 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 18.0% annually based on weighted average assets since our initial investment, exceeding the Benchmark by an average of 9.3% 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	34.8	684.4	17.5
MSCI Inc.	2007	1.8	43.1	677.0	17.3
Kinsale Capital Group, Inc.	2016	0.6	9.1	355.9	9.1
Gartner, Inc.	2007	2.3	18.2	302.7	7.8
CoStar Group, Inc.	2004	0.7	28.5	299.2	7.7
Choice Hotels International, Inc.	1996	0.4	4.4	285.8	7.3
Primerica, Inc.	2010	1.0	8.2	217.0	5.6
FactSet Research Systems Inc.	2006	2.5	10.9	209.8	5.4
IDEXX Laboratories, Inc.	2005	1.9	54.0	203.0	5.2
Morningstar, Inc.	2005	0.8	8.9	168.6	4.3

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
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.

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 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. MSCI Barra's **Earnings Quality** factor explains stock return differences due to uncertainty around company operating fundamentals (sales, earnings, cash flows) and the accrual components of their earnings. Positive exposure indicates low balance sheet and cash flow accruals, and low variability of company fundamentals. Negative exposure indicates high accruals and high variability of fundamentals. **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. The **Residual Volatility** factor captures the volatility of the stock specific return component of a security. The stock specific return component tries to describe the idiosyncratic behavior of a company's stock price movements that is not attributable to other factors in the Barra risk model. Positive exposure to this factor indicates high stock specific volatility, while negative exposure indicates low stock specific volatility. **Return(s) on invested capital (ROIC)** is a calculation used to determine how well a company allocates its capital to profitable projects or investments.

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 | DECEMBER 31, 2025

Baron Small Cap Fund®

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

Cliff Greenberg
Portfolio Manager

SMALL CAP

Dear Baron Small Cap Fund Shareholder,

Performance

Baron Small Cap Fund® (the Fund) was down 1.56% in the fourth quarter. For calendar year 2025, the Fund was down 0.66%. The Fund trailed the Russell 2000 Growth Index (the Index) this quarter by 2.78%, as the Index was up 1.22%. In 2025, the Fund trailed the Index by 13.67%, with most of the underperformance occurring in August, September, and October. 2025 was a disappointing year given past performance of the Fund, both on an absolute and relative basis. Although the Fund may underperform in a given year, it has a consistent track record of outperforming over the long term, beating the Index 68% of the time on a rolling 3-year basis, 67% of the time over rolling 5-year periods, and nearly 80% of the time on a 10-year rolling basis.[5]

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

	Fund Retail Shares[1,2]	Fund Institutional Shares[1,2,3]	Russell 2000 Growth Index[1]	Russell 3000 Index[1]
QTD[4]	(1.61)	(1.56)	1.22	2.40
1 Year	(0.90)	(0.66)	13.01	17.15
3 Years	12.51	12.80	15.59	22.25
5 Years	2.51	2.77	3.18	13.15
10 Years	10.71	11.00	9.57	14.29
15 Years	10.15	10.43	9.94	13.58
Since Inception (9/30/1997)	9.73	9.89	6.67	9.16

The market was up slightly in the fourth quarter, extending positive trends for the year. Large-cap growth led the market (for the third straight year), with the Magnificent Seven again playing a major role. The market was buoyed by continued monetary easing.... the Federal Reserve (the Fed) cut the Fed Funds rate twice in the quarter.... solid earnings reports, excitement about AI, and an economy that remained resilient even in the face of confusing tariff policies, a government shutdown, and escalating geopolitical tensions. Technology/AI plays were in vogue for the year and most of the fourth quarter, though market leadership did broaden later in the fourth quarter.

In the fourth quarter, our largest sector weightings, Industrials (29% average weight), Information Technology (IT) (21%), and Consumer Discretionary (19%) were collectively up on an absolute and relative basis compared to the Index. Within Industrials, **Legence Corp.**, an engineering, installation, and maintenance services company (profiled in "Top Purchases" in our third quarter letter) benefiting from robust data center activity, was a strong contributor (+40%), along with **RBC Bearings Incorporated**, which reported strong growth and an upbeat outlook supported by heightened aerospace and defense spending and improving margins. In IT, our software names were up 4%, outperforming their counterparts in the Index, which were down 8%. For more stock-specific contributors, see "Contributors/Detractors" section.

Investments in Health Care, Financials, and Consumer Staples weighed the most on relative results. While our Health Care names modestly contributed to absolute performance for the quarter, lack of exposure to biotechnology and pharmaceutical stocks, which were up 26% and 24%, respectively, in the Index, detracted nearly 300 basis points from the relative performance. This impact alone was responsible for the entirety of our relative underperformance during the quarter. We choose not to invest in biotechnology/pharmaceuticals as these businesses are generally unprofitable with binary outcomes that are hard to underwrite, especially in small cap. Our property and casualty (P&C) insurance exposed names, **Kinsale Capital Group, Inc.** and **The Baldwin Insurance Group, Inc.**, along with global investment bank

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 1.30% 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.

Houlihan Lokey, Inc. presented a drag in Financials. Consumer Staples declined owing to the weak performance of **ODDITY Tech Ltd.** (see "Detractors" portion of the letter).

Headwinds from style factors witnessed in the third quarter remained problematic to begin the fourth quarter, with underexposure to Beta and Momentum and overexposure to Earnings Quality playing a key role in the Fund's underperformance as the market rally extended into October. Following a difficult October (underperformance of nearly 500 basis points), the Fund outperformed by 200-plus basis points over the last two months of the year. The market rally stalled in November and December, and certain style-related headwinds abated, resulting in improved relative returns.

For the year, the Fund's performance can be broken into two distinct periods: heightened market volatility to begin the year that resulted in the Index entering a bear market in early April and the subsequent strong market rally that followed from April 8 to year end. The Fund was down 20% versus a decline of 22% for the Index from December 31, 2024 to April 8, consistent with past trends of outperformance in declining markets as our portfolio is replete with well-established market leaders that display "quality earnings" growth and typically hold in better during tenuous markets. Yet, the Fund failed to keep up with the Index, which rallied 45% off the lows. "Non-earners," low ROE businesses, micro-caps, and retail-favored concept stocks, along with metals/mining companies (the Fund has no exposure) were in vogue, whereas Earnings Quality was out of favor. Profitable constituents in the Index (based on FY1 earnings estimates) were up 9.0% for the year, while unprofitable constituents were up 29.7%.

We had some very strong performers and some big losers in 2025. Characterizing them broadly, the best stocks were involved in AI infrastructure buildout (**Vertiv Holdings Co** and Legence); aerospace and defense players (**Kratos**, **Defense & Security Solutions, Inc.**, **Karman Holdings Inc.**, and RBC Bearings); and niche small companies that posted exceptional earnings results (**Red Rock Resorts, Inc.**, **Guidewire Software, Inc.**, **JFrog Ltd.**, **Installed Building Products, Inc.**, and **JBT Marel Corporation**). Our worst performing stocks were software or technology service companies, where results were soft or there was concern about the effect of AI on their business (**Gartner, Inc.**, **Intapp, Inc.**, and **PAR Technology Corporation**); employment service providers (**ASGN Incorporated**, **Grid Dynamics Holdings, Inc.**, and **First Advantage Corporation**); insurance companies (Baldwin and Kinsale); and businesses that reported weak earnings results (**The Trade Desk**, **Neogen Corp.**, and **Floor & Decor Holdings, Inc.**). We have reduced some of our position sizes of the winners after very strong stock performance to manage the portfolio, but we still believe that these companies have great runways for long-term growth and will continue to be strong stocks. For the most part, we have maintained our position sizes in the poor performers because of our belief that results will improve and the issues they faced were temporary. And we believe that multiples will expand as the companies prove they can succeed in an AI world and the market's negative bias will lift.

Top contributors to performance for the quarter

	Contribution to Return (%)
Vertiv Holdings Co	0.59
Clearwater Analytics Holdings, Inc.	0.57
JFrog Ltd.	0.44
Legence Corp.	0.42
RBC Bearings Incorporated	0.39

Vertiv Holdings Co is a leading 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 rose during the quarter following robust financial results (+29% organic revenue growth!) and the announcement of a $1 billion accretive acquisition that further differentiates Vertiv's service offerings. We believe Vertiv is well positioned for growth over the next several years, supported by its broad product portfolio, unique service capabilities, and role as a preferred solutions provider to leading chip and hyperscale companies. The stock has been a huge winner over the last few years, but valuation remains reasonable on our forward estimates which embed continued strong growth, so we still hold a large position.

Clearwater Analytics Holdings, Inc., a provider of portfolio accounting and reporting software, reported solid third quarter 2025 earnings and raised full year guidance. Clearwater also announced that a consortium of private equity investors struck a deal to acquire the company for $24.55 per share, a 55% premium from the lows in early November, and 10% lift from the prior day closing price. We are disappointed in the sale price and decision to sell the company as we strongly believe Clearwater has a meaningful competitive advantage which can lead to several years of compounding revenues at very attractive margins, resulting in a significantly higher stock price over time, even applying a conservative multiple.

JFrog Ltd. is a software platform that helps developers manage, secure, and release modern software applications. Its core products enable large companies to store and manage "binaries"—machine-readable files spanning open-source software packages, large language models, dependencies, and metadata—that allow applications to run securely in production. Shares rose as JFrog's customers—many of whom are leveraging generative AI to improve developer productivity—built applications at faster rates throughout 2025, driving an increase in binary creation and platform usage. Customers also began signing larger, longer-term commitments and increasingly adopted JFrog's cybersecurity suite to help prevent software supply chain breaches. These dynamics led to three consecutive quarters of revenue acceleration (third quarter sales grew 26% year-over-year), margin expansion (trailing 12-month free cash flow margins of 28%, up 600 basis points year over year), and positive estimate revisions, driving strong stock price appreciation. We believe JFrog has a long runway for growth as the dominant platform for binary management in an industry accelerating due to AI adoption.

Other holdings that rose over 20% in the quarter but added less to the overall returns were Neogen, **Novanta Inc.**, **Neptune Insurance Holdings Inc.**, **Anderson Group Inc.**, **Holley Inc.**, and **Inspire Medical Systems, Inc.**

Top detractors from performance for the quarter

	Contribution to Return (%)
ODDITY Tech Ltd.	(0.66)
Guidewire Software, Inc.	(0.63)
Cognex Corporation	(0.49)
Houlihan Lokey, Inc.	(0.43)
Kinsale Capital Group, Inc.	(0.40)

ODDITY Tech Ltd. intends to transform the beauty and wellness market by using proprietary technology to sell and launch products exclusively online. Shares declined amid investor concerns around category weakness following cautious commentary from industry peers, as well as credit card data indicating a potential deceleration at the company's largest brand, Il Makiage. ODDITY is also launching its third platform, MethodIQ, which requires incremental upfront marketing investment during the year, and yet unproven, adds a layer of uncertainty to the financials. Since its IPO, ODDITY's results have been stellar, demonstrating an ability to create innovative products and successfully launch new brands by leveraging its molecule formulation and marketing capabilities. We continue to own the stock given its attractive valuation relative to future earnings, strong cash flow generation, solid balance sheet, and long-term growth opportunity in a large, underpenetrated e-commerce category.

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

Cognex Corporation is a leading provider of machine vision solutions. Shares declined during the quarter following weaker-than-expected forward guidance that suggested continued growth but less acceleration than investors had anticipated. Cognex is an especially short-cycle player that is sensitive to changes in the broader industrial economy, which is currently operating below normalized levels. We expect the CAPEX cycle to continue in its Logistics segment, improve across Consumer Electronics, and management to spur growth with its "Emerging Customer Initiative." Cognex's competitive moat remains strong, the business has a stellar balance sheet, and margins are improving. We continue to like stock.

Other holdings that declined over 20% in the quarter but had less impact on overall performance were **Trex Company, Inc.**, **Janus International Group, Inc.**, **Integer Holdings Corporation**, Trade Desk, and **Repay Holdings Corporation**.

Portfolio Structure and Recent Activity

As of December 31, 2025, the Fund had $3.5 billion under management and owned 56 stocks. The top 10 holdings accounted for 39.0% of the Fund's net assets, in keeping with recent levels of concentration. The portfolio turnover rate is 11.0% as measured over a three-year average.[6]

Top 10 holdings

	Year Acquired	Quarter End Investment Value ($M)	Percent of Net Assets (%)
Vertiv Holdings Co	2019	194.4	5.6
Red Rock Resorts, Inc.	2016	185.9	5.4
Kinsale Capital Group, Inc.	2019	166.2	4.8
Guidewire Software, Inc.	2012	150.8	4.3
Planet Fitness, Inc.	2018	124.7	3.6
SiteOne Landscape Supply, Inc.	2016	124.6	3.6
Gartner, Inc.	2007	107.2	3.1
JBT Marel Corporation	2017	105.5	3.0
RBC Bearings Incorporated	2014	100.9	2.9
TransDigm Group Incorporated	2006	93.1	2.7

The top 10 holdings should be familiar to long-term followers of the Fund. All of the largest positions have been held for over five years, which is in keeping with our strategy—to invest in what we identify as great, unique, well managed companies and hold them for the long term, as the businesses prosper and the stocks compound along with the success of the businesses.

At the end of 2025, approximately two thirds of the Fund's assets were invested in stocks that have doubled or more in value since initial purchase. 32% of the Fund's assets were invested in stocks that have increased five times or more, and 17% have increased 10-fold or more. The weighted average annualized return of these "big winners" is 35%. We believe these results are proof points of our strategy and prowess.

We own stocks for the long term. Stocks that make up one third of the Fund's assets have been owned for 10 years or more. And almost three quarters of the Fund's holdings have been held for five years or more. The weighted average annualized return of these long-term holdings is 20%, which we believe is impressive as well.

Our approach is very different than most small-cap funds, which are more trading oriented- looking to own stocks for short periods of time and focused on the investing in hot spaces or companies who are beating near-term estimates. That is not us. We remain believers in our strategy of deep fundamental research to uncover great businesses that can thrive for years to come. Even though we can be out of sync with the market for periods, our approach is time tested and repeatable, so we expect to outperform over the long term.

Top net purchases for the quarter

	Year Acquired	Quarter End Market Cap ($B)	Net Amount Purchased ($M)
SiteOne Landscape Supply, Inc.	2016	5.5	15.4
Novanta Inc.	2025	4.3	13.1
Liberty Live Holdings, Inc.	2023	7.7	12.6
Andersen Group Inc.	2025	2.9	8.3
Neptune Insurance Holdings Inc.	2025	4.0	6.0

Consistent with prior years, the Fund initiated positions with a weighted average market cap of $3.7 billion, squarely in the small-cap designation. The weighted average market cap of our trims and outright sales was $28.4 billion solely based on those individual stock's risk/reward profile, while also providing capital to be recycled into new small-cap names and keeping the Fund's market cap in check.

In the fourth quarter, we added one new holding and increased positions of many of our existing holdings at what we think are attractive prices. We sold out of three names. The factorization of the market and short-term mentality had led to some wild swings on relatively mundane earnings announcements and news flow from the Trump Administration. As a result, 11 of our stocks moved +/- 30% in the quarter, and we tried to take advantage on both sides of the buy/sell ledger. For the year, we invested in 12 new ideas (2 were sold during the year), half of which were new to the public markets. As we have discussed in the past, we are heartened by the return of the IPOs, as they have been a great source on successful new investments for the Fund over the years.

One such IPO was **Neptune Insurance Holdings Inc.**, an underwriter of private flood insurance. Neptune is the leader in private flood insurance and utilizes a proprietary underwriting model combined with easy-to-use technology, which enables insurance agents to offer flood insurance.

Flood insurance in the U.S. is largely dominated by the government-run National Flood Insurance Program (NFIP). Neptune offers a private market option. Compared to the NFIP, Neptune is faster and easier for insurance agents to quote, which leads to agents quoting and pricing more business through Neptune. Accurate data-based pricing allows Neptune to win business outside of flood zones where insurance is not mandatory, but now reasonably priced for the risk. In the third quarter, over 80% of new business sales came from non-mandatory purchases. Neptune is an MGA (Managing General Agent), meaning that it doesn't bear the risk of losses, which makes the business very capital efficient. Instead, the company writes business on behalf of seven capacity providers, who in turn pay Neptune commissions for sourcing and underwriting the business.

Because of Neptune's speed of quoting, ease-of-use, and competitive pricing, the company has been able to sign up over 80,000 insurance agencies to use its product and has grown to 260,000 policies. Neptune has a large opportunity to penetrate the 25 million properties that the company considers high risk and take share from the NFIP, which is raising its rates following years of underpricing. We think this can support 15% to 20% EBITDA growth, with the potential for additional upside should the government take action to reform the NFIP and reduce its role in the flood insurance market, since the program has lost $36 billion since 2005 and relies on borrowing from the U.S. Treasury to remain solvent.

The Fund's lone new purchase this quarter was **Andersen Group Inc.**, a leading provider of tax, valuation and financial advisory services to individuals, family offices, businesses, and institutional clients. The company provides many services, but their core area of expertise is helping high net worth individuals and corporations optimize their tax planning. Andersen has a strong competitive position driven by their globally recognized brand, which enables the company to attract and retain top talent. Their global affiliate network (Andersen Global) allows the company to offer clients worldwide coverage at scale that few other peers can offer. Relative to the Big Four audit firms, Andersen has a notably lower ratio of employees per partner (indicating a higher touch business model) and by not offering audit services, avoiding auditor independence rules and restrictions.

We believe Andersen is well positioned to drive low double-digit organic revenue growth over the medium term as they have done every year since being founded in 2003. They have been successful at growing their base of revenue generating partners (both through promotions and lateral hiring) and leveraging the meaningful value they drive for clients to extract solid price increases each year.

Beyond organic growth, Andersen has an exciting acquisition opportunity over the coming years. The broader Andersen Global affiliate network has around $5 billion of revenue that is not part of the public entity today and management believes that over half of this business could get acquired by Andersen over the medium term presenting meaningful upside to its core North American business.

We believe that Andersen is a high-quality, needs-based service business that will continue to compound its earnings at an attractive clip, especially in context of its current valuation.

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	61.9	96.4
Kratos Defense & Security Solutions, Inc.	2020	1.5	12.8	37.1
ICON plc	2013	1.7	13.9	26.6
Mettler-Toledo International Inc.	2008	2.4	28.5	21.5
JFrog Ltd.	2024	3.4	7.4	18.5

During the quarter, our largest sales were trims of some of our largest and best performing stocks (**Vertiv Holdings Co** and **Kratos Defense & Security Solutions, Inc.**) as well as some long-held positions (**ICON plc**, **Mettler-Toledo International Inc.**, and RBC Bearings) that we believed should be trimmed following recent good moves in their respective share prices.

We sold out of three small positions (Integer, Trex, and Janus) where we became concerned about business trends to reallocate the capital to other ideas which we like more.

Over the course of the year, five of our holdings have announced a take-out or go private transactions. As the capital markets have opened back up, this is a resumption of historic trends that a handful of our holdings get purchased every year. We believe this is likely to continue.

Most of our stock sales in the back half of the year have been through Redemption in Kind programs. We believe that this is a good development for the Fund in enabling us to more easily move blocks of shares to raise cash for new purchases without incurring transaction costs or generating gains.

Outlook

The setup for 2026 is solid. We expect that GDP growth will likely accelerate from the fiscal stimulus in place that should promote consumer spending from tax rate cuts and refunds and encourage increased corporate capital expenditures. We expect inflation to remain tame based on muted wage gains, lower effects of tariffs, and a continued downtrend in shelter inflation. We expect the Fed to continue to ease policy and cut the Fed funds rates, though we are less certain that longer-term interest rates will decline. And we expect corporations to show continued productivity gains as AI is adopted to reduce costs and open new revenue opportunities. All this is a very good backdrop for strong earnings growth and multiple expansion, especially for small caps.

For the last few years, small-cap companies have grown more slowly than large caps, which is not typical. This has been a major factor in the historic and extended underperformance of small-cap stocks. As we foresee better growth ahead for small caps, we believe that the stock market will broaden and that leadership could (fingers crossed) change. We have seen this at the outset of 2026.

"Quality Growth" stocks have been terribly out of favor. We suspect this will be short lived. Our holdings have strong fundamentals, and we expect accelerating growth back to normal levels. The stocks now trade at low absolute multiples in our opinion. We do own some stocks where the multiples are under pressure because of existential concerns about the growth rates and barriers to entry in the coming era of AI, which can play havoc with stock prices. We think this lifts over time and offers great upside as it plays out.

I would like to thank assistant portfolio manager David Goldsmith for his great contribution in managing the Fund. I am lucky to have him as my partner. And let me also praise the research group at Baron, which is smart, hardworking, and focused on succeeding.

Thank you for your interest in the Fund. We appreciate your belief in fundamental long-term investing in small cap growth and in our stewardship.

Sincerely,

Cliff Greenberg
Portfolio Manager

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

1 The **Russell 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.

5 Returns are monthly rolling returns versus the Russell 2000 Growth Index, for the period of from the inception of the fund, 9/1997 to ending 12/31/25.

6 Excludes the value of portfolio securities delivered as a result of in-kind redemptions of the Fund's capital shares.

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 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.

Beta explains common variation in stock returns due to different stock sensitivities to market or systematic risk that cannot be explained by the U.S. Country factor. Positive exposure indicates high beta stock. Negative exposure indicates low beta stock.

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).

QUARTERLY LETTER | DECEMBER 31, 2025

Baron Focused Growth Fund®

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

David Baron
Co-President
Portfolio Manager

Ron Baron
CEO
Portfolio Manager

Dear Baron Focused Growth Fund Shareholder,

Performance

Baron Focused Growth Fund ® (the Fund) finished the last quarter of 2025 strongly, with a gain of 12.34% (Institutional Shares) compared with a 0.33% increase for the Russell 2500 Growth Index (the Benchmark). This brought the Fund's 2025 gain to 22.26% versus a 10.31% increase for the Benchmark. While the quarterly outperformance was led by two new capital raises for **Space Exploration Technologies Corp.** and **X.AI Holdings Corp.** at valuations significantly higher than previous raises, the Fund also saw strength from its consumer-oriented investments including **FIGS, Inc.**, **Hyatt Hotels Corporation**, and **On Holding AG**, as the consumer remains quite resilient. This is despite continued concerns about higher inflation, interest rates, and a tighter labor market.

While we are pleased with the 2025 performance, we still see opportunity throughout the portfolio. Our companies continue to do quite well and are generating strong revenue growth while increasing investments to accelerate growth further. Most of our companies continue to maintain financial leverage below targeted levels, giving them enhanced flexibility to make investments, strategic acquisitions should something come available, or return capital to shareholders through buybacks should there be dislocations in stock prices.

Despite recent gains, a significant portion of the stocks in the portfolio continue to trade at multiples below historical levels. 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 and are putting new cash to work in both existing and new names.

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

	Fund Retail Shares[1,2,3]	Fund Institutional Shares[1,2,3,4]	Russell 2500 Growth Index[1]	Russell 3000 Index[1]
QTD[5]	12.27	12.34	0.33	2.40
1 Year	21.94	22.26	10.31	17.15
3 Year	26.25	26.59	14.32	22.25
5 Year	11.39	11.68	2.98	13.15
10 Year	20.66	20.97	10.55	14.29
15 Year	16.10	16.40	10.84	13.58
Since Conversion (6/30/2008)	14.39	14.66	10.15	11.89
Since Inception (5/31/1996)	14.00	14.16	8.31	10.03

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. We believe valuations are attractive at current levels and continue to see accelerated levels of insider buying and company share repurchase activity, a key pillar that gives us increased confidence in our investment theses for these companies and expected stock returns over time.

SMALL-MID CAP

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.

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 7% nominal annualized growth rate of our economy.

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 1,227, 870, and 1,042 bps of outperformance, respectively, with volatility measured as the Beta of the Fund that is 30%, 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 respective periods including since its inception on May 31, 1996. **Since its inception as a private partnership almost 30 years ago, the Fund has increased 14.16% annually. This compares to an 8.31% annualized return for the Benchmark and a 10.03% annualized return for the Russell 3000 Index that measures the performance of the largest 3,000 U.S. companies.**

SMALL-MID CAP

Total returns by investment type for the quarter

	Percent of Net Assets (%)	Total Return (%)	Contribution to Return (%)
Disruptive Growth	**47.5**	**33.52**	**14.38**
X.AI Holdings Corp.	3.7	106.40	2.77
Space Exploration Technologies Corp.	19.2	98.58	11.14
FIGS, Inc.	2.8	69.79	1.61
On Holding AG	4.3	9.76	0.55
Shopify Inc.	3.2	8.32	0.31
Tesla, Inc.	8.1	1.12	0.09
Neuralink Corp.	0.1	0.00	0.00
Samsara Inc.	1.5	(4.55)	(0.01)
Spotify Technology S.A.	4.5	(16.80)	(1.30)
Figma, Inc.	0.2	(27.95)	(0.10)
Duolingo, Inc.	0.0	(41.42)	(0.66)

Total returns by investment type for the quarter (continued)

	Percent of Net Assets (%)	Total Return (%)	Contribution to Return (%)
Real/Irreplaceable Assets	**17.5**	**2.40**	**0.40**
Las Vegas Sands Corporation	1.7	21.50	0.43
Hyatt Hotels Corporation	3.7	13.06	0.60
Airbnb, Inc.	1.5	12.02	0.18
Red Rock Resorts, Inc.	3.7	1.88	0.00
Toll Brothers, Inc.	1.1	(1.92)	(0.02)
Vail Resorts, Inc.	3.3	(8.13)	(0.32)
Choice Hotels International, Inc.	2.5	(10.58)	(0.35)
Douglas Emmett, Inc.	0.0	(15.39)	(0.12)
Russell 2500 Growth Index		**0.33**	
Financials	**14.7**	**(0.65)**	**(0.26)**
Arch Capital Group Ltd.	2.5	5.72	0.16
FactSet Research Systems Inc.	2.8	1.67	0.06
MSCI Inc.	4.3	1.40	(0.02)
Jefferies Financial Group Inc.	1.0	(4.85)	(0.04)
Interactive Brokers Group, Inc.	4.1	(6.42)	(0.41)
Core Growth	**17.6**	**(8.50)**	**(1.90)**
IDEXX Laboratories, Inc.	4.7	5.89	0.52
Birkenstock Holding plc	3.4	(9.56)	(0.39)
Verisk Analytics, Inc.	2.3	(10.97)	(0.24)
Guidewire Software, Inc.	3.4	(12.55)	(0.62)
Live Nation Entertainment, Inc.	1.1	(12.79)	(0.25)
CoStar Group, Inc.	2.7	(20.31)	(0.93)
Cash and Cash Equivalents	**2.7**	**--**	**0.01**
Fees	**0.0**	**(0.31)**	**(0.31)**
Total	**100.0***	**12.33****	**12.33****

* *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 capital raises at valuations significantly higher than previous marks, performance in the fourth quarter was led by our exposure to consumer-focused investments as the consumer remains resilient despite macro worries.

These gains were partially offset 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.**, **CoStar Group, Inc.**, 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.

Shares of FIGS increased 69.8% in the fourth quarter and added 161 bps to performance. The company continues to generate strong results, and revenue has recently accelerated from investments made over the past year. This is despite making a conscious decision to pull back on promotions. The company is now seeing more normal purchasing and replenishment trends while also benefitting from specific initiatives around product and marketing that are resonating with its customers. FIGS is also seeing better efficiencies out of its new fulfillment center that are resulting in strong margin improvement as well. We continue to believe FIGS can take share in the attractive $80 billion global health care apparel industry. Health care remains one of the fastest growing employment industries in the U.S. and FIGS benefits from being a need-based replenishment item. The company is well positioned to take share in the industry through its premium, high-quality products. In addition, we believe FIGS will also see growth from its initiatives to grow stores, business to business revenue, and expand internationally. We believe the revenue acceleration combined with margin expansion and strong cash generation should leave the company well positioned for further growth over time.

Shares of Hyatt Hotels increased 13.1% and added 60 bps to performance in the fourth quarter as the company reported strong RevPAR and unit growth rates despite concerns about a deterioration in the macro economy. In addition, the company also came to an agreement with Chase to extend its credit card agreement with stronger economics for Hyatt given the increase in the company's World of Hyatt membership. Finally, the company continues to sell its owned hotels at accretive rates and is using the proceeds to buy back the company's stock. Hyatt continues to have an investment grade balance sheet with 90% of the business coming through fees, yet trades at a discount to peers despite 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.

Premium footwear and apparel brand On Holding increased 9.8% and added 55 bps to performance in the fourth quarter. The company continues to generate strong revenue growth with accelerated margin expansion despite concerns about tariffs and increased competition from Nike. On's strong brand and premium positioning is allowing it to offset tariff exposure through selective price increases, while demand for its products remains resilient. The company should continue to grow for many years to come while taking share in the highly attractive global sportswear market. They remain a small player in a large growing market with just 2% of the global sports footwear market. We believe On has differentiated itself through its engineered solution and that the company's innovation capabilities should fuel share gains for many years. This growth should be supported by expansions across categories, retail outlets, and geographies. We believe the company should be able to grow revenue at a CAGR of over 20% the next few years leading to EBITDA growth of over 30%, which when combined with a mid-single-digit yield on free cash flow should set the stock up for strong returns in the years to come.

Spotify declined by 16.8% in the fourth quarter and detracted 130 bps from performance as investors were concerned with the decision by CEO Dan Ek to step down as CEO. 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.

CoStar declined by 20.3% in the fourth quarter and detracted 93 bps from performance as investors were concerned with a deceleration of growth in its core commercial real estate business and a slower-than-expected ramp of its residential business. However, we believe daily active users on its Homes.com platform should accelerate this year as its marketing investments begin to generate returns. Monthly active users have already reached 110 million and compare to Zillow's 250 million users. This is positive as CoStar is demonstrating that it can drive meaningful traffic growth to its platform. We believe the acceleration in investment over the past two years should drive organic growth on its Homes.com platform and expand the company's addressable market. We believe investors are currently attributing negative equity value to this. Over the next five years, we believe CoStar's residential investment could add at least $1 billion to annualized revenue at a significantly accretive margin. This would result in a 33% increase in today's $3 billion in revenue and an approximate 50% increase in EBITDA. Longer term, we believe this investment opportunity is several multiples of $1 billion of revenue. CoStar continues to hire new people for its commercial real estate sales business and should begin to see a rebound in net new bookings this year with continued strength in its retention rates, despite implementing price increases across its suite of products. It continues to have a strong balance sheet, with $2 billion of cash and just $1 billion of debt. We are not concerned with its residential investment and believe it should generate strong returns over time.

Property and casualty (P&C) insurance software vendor Guidewire declined 12.6% in the fourth quarter and detracted 62 bps from performance. 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 280 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%.

Top contributors to performance for the quarter

	Year Acquired	Market Cap When Acquired ($B)	Quarter End Market Cap ($B)	Total Return (%)	Contribution to Return (%)
Space Exploration Technologies Corp.	2017	21.6	800.0	98.58	11.14
X.AI Holdings Corp.	2024	25.0	230.0	106.40	2.77
FIGS, Inc.	2022	1.5	1.9	69.79	1.61
Hyatt Hotels Corporation	2009	4.2	15.2	13.06	0.60
On Holding AG	2023	10.1	15.3	9.76	0.55

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

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

FIGS, Inc. designs and sells scrubwear for health care professionals through a digitally native, direct-to-consumer strategy. Shares rose after the company reported quarterly results that beat expectations and raised its outlook for revenue and profits for the remainder of the year. FIGS' revenue grew 8% due to robust customer demand for its health care apparel, supported by improving execution and normalizing industry trends. Demand for health care apparel remains largely non-discretionary and replenishment driven. The company also delivered stronger-than-expected profitability, benefiting from meaningful operating leverage while continuing to invest in the business. In addition, FIGS continues to expand its three key growth initiatives: international markets, TEAMS (its enterprise and group ordering business), and retail. Internationally, the company refined its growth strategy and is targeting 60 planned markets by year-end, up from 33. Within TEAMS, FIGS continues to add talent and develop new technology solutions to support growth. In retail, the company plans to open three stores (New York, Houston, and Chicago) with further expansion anticipated into 2026.

Top detractors from performance for the quarter

	Year Acquired	Market Cap When Acquired ($B)	Quarter End Market Cap ($B)	Total Return (%)	Contribution to Return (%)
Spotify Technology S.A.	2020	45.4	121.1	(16.80)	(1.30)
CoStar Group, Inc.	2014	6.2	28.5	(20.31)	(0.93)
Duolingo, Inc.	2025	16.5	8.9	(41.42)	(0.66)
Guidewire Software, Inc.	2013	2.7	17.1	(12.55)	(0.62)
Interactive Brokers Group, Inc.	2023	33.8	109.3	(6.42)	(0.41)

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

CoStar Group, Inc. is the leading provider of information and marketing services to the commercial and residential real estate industries. Shares fell as the company's net new sales came in below expectations. The stock has been weighed down by significant growth investment in CoStar's residential product,

SMALL-MID CAP

where sales performance has remained modest. That said, we are encouraged by improving momentum as the company builds out its dedicated residential sales force, enhances its customer targeting, and potentially benefits from changes in Multiple Listing Service practices. We also expect growth in CoStar's non-residential business to accelerate as sales productivity ramps and the sales team refocuses on core offerings, a trend likely to be amplified by 20% sales force growth in 2025 alone. We believe the value of CoStar's core non-residential business exceeds the current share price of the stock, suggesting that investors are ascribing little value to the long-term residential opportunity.

Duolingo, Inc. is the world's leading language-learning app, with over 135 million monthly active users. The company is known for its effective gamification strategy and high engagement. Shares declined during the quarter after the company guided to lower-than-expected bookings as it prioritized user experience. Although bookings and user growth appear unlikely to decelerate meaningfully from current levels, uncertainty around engagement metrics and the pace of monetization led us to exit the position and reallocate capital to other investment opportunities.

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 40% 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; and 15% 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 in order to accelerate growth further.

As of December 31, 2025, the Fund owned 28 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 with less financial leverage. 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 36.0% of net assets in this sector versus 11.7% 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 4.7% cumulative exposure to these sectors. The Fund also has lower exposure to Health Care stocks at 4.9% versus 23.3% 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 (%)
Space Exploration Technologies Corp.	19.2	2017	2,944.4
Tesla, Inc.	8.1	2014	2,593.9
Spotify Technology S.A.	4.5	2020	142.7
On Holding AG	4.3	2023	45.8
X.AI Holdings Corp.	3.7	2024	530.4
Shopify Inc.	3.2	2022	362.4
FIGS, Inc.	2.8	2022	24.0
Samsara Inc.	1.5	2025	3.9
Figma, Inc.	0.2	2025	(67.6)
Neuralink Corp.	0.1	2025	0.0

Disruptive Growth firms accounted for 47.5% 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 (%)
IDEXX Laboratories, Inc.	4.7	2022	53.3
Guidewire Software, Inc.	3.4	2013	334.9
Birkenstock Holding plc	3.4	2023	1.7
CoStar Group, Inc.	2.7	2014	214.2
Verisk Analytics, Inc.	2.3	2022	31.9
Live Nation Entertainment, Inc.	1.1	2024	1.6

Core Growth investments, steady growers that continually invest in their businesses for growth and return excess cash-flow to shareholders, represented 17.6% of net assets. An example would be **CoStar Group, Inc.**, a marketing and data analytics provider to the real estate industry. The company continues to add new services in commercial and residential real estate, which have grown its addressable market and enhanced services for its clients. This has improved client retention and cash flow. CoStar continues to invest its cash flow in its business to accelerate growth, 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 (%)
Red Rock Resorts, Inc.	3.7	2017	261.4
Hyatt Hotels Corporation	3.7	2009	491.6
Vail Resorts, Inc.	3.3	2013	195.8
Choice Hotels International, Inc.	2.5	2010	382.6
Las Vegas Sands Corporation	1.7	2023	49.2
Airbnb, Inc.	1.5	2024	18.4
Toll Brothers, Inc.	1.1	2025	25.8

Companies that own what we believe are **Real/Irreplaceable Assets** represented 17.5% of net assets. **Vail Resorts, Inc.**, owner of the premier ski resort portfolio in the world, **Hyatt Hotels Corporation**, upscale lodging brand, 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.

Financials Investments

	Percent of Net Assets (%)	Year Acquired	Cumulative Return Since Date Acquired (%)
MSCI Inc.	4.3	2021	(8.2)
Interactive Brokers Group, Inc.	4.1	2023	226.5
FactSet Research Systems Inc.	2.8	2008	582.8
Arch Capital Group Ltd.	2.5	2003	2,670.2
Jefferies Financial Group Inc.	1.0	2023	118.2

Financials investments accounted for 14.7% 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 December 31, 2025, the Fund's top 10 holdings represented 60.1% of net assets. Many of these investments have been successful and were purchased when they were much smaller businesses. 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.**, **IDEXX Laboratories, Inc.**, **Spotify Technology S.A.** and **MSCI Inc.**, 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 returns over time.

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	800.0	656.5	19.2
Tesla, Inc.	2014	31.2	1,495.7	276.6	8.1
IDEXX Laboratories, Inc.	2022	36.5	54.0	161.4	4.7
Spotify Technology S.A.	2020	45.4	121.1	152.1	4.5
MSCI Inc.	2021	53.9	43.1	146.3	4.3
On Holding AG	2023	10.1	15.3	145.5	4.3
Interactive Brokers Group, Inc.	2023	33.8	109.3	138.9	4.1
X.AI Holdings Corp.	2024	25.0	230.0	126.1	3.7
Red Rock Resorts, Inc.	2017	2.6	6.6	126.1	3.7
Hyatt Hotels Corporation	2009	4.2	15.2	125.3	3.7

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
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).

BARON CAPITAL

QUARTERLY LETTER | DECEMBER 31, 2025

Baron Asset Fund®

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

Andrew Peck
Portfolio Manager

Dear Baron Asset Fund Shareholder,

Performance

The fourth quarter was generally positive for equities, providing an upbeat end to a volatile year. The broad market benefitted from factors that included generally robust corporate earnings, continued monetary easing by the Federal Reserve, ongoing moderation of U.S. tariff policies, and dampened geopolitical tensions. However, the Russell Midcap Growth Index (the Index) finished down 3.70%, posting the worst performance among major U.S. market indexes. The Index was dragged down by notable underperformance in the Information Technology (IT) and Communications Services sectors, with the principal detractors being highly valued, speculative stocks.

This proved to be a favorable backdrop for Baron Asset Fund® (the Fund), which performed well, increasing 7.89% (Institutional Shares), or 11.59% ahead of the Index's 3.70% decline. The Fund's outperformance was driven primarily by favorable stock selection.

Two of the Fund's private investments founded by Elon Musk had a significant positive impact on performance - **Space Exploration Technologies Corp.** and **X.AI Holdings Corp.**, accounting for the vast majority of relative gains in the period. Both are discussed in detail below. Investments in IT, Health Care, and Financials also boosted relative results. Strength in IT came from high-technology interconnect, sensor, and antenna solutions provider **Amphenol Corporation** and consumer data and analytics company **Fair Isaac Corporation**. Shares of Amphenol rose during the quarter as the company reported better-than-expected earnings, led by its IT Datacom segment serving AI applications, alongside solid growth across its other end markets. Amphenol holds strong market share in interconnect solutions within NVIDIA's AI server racks, and we expect its content to continue to increase as speeds and system complexity rise. This organic momentum, combined with the pending acquisition of CommScope's Connectivity and

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

	Fund Retail Shares[1,2]	Fund Institutional Shares[1,2,3]	Russell Midcap Growth Index[1]	Russell 3000 Index[1]
QTD[5]	7.82	7.89	(3.70)	2.40
1 Year	7.94	8.20	8.66	17.15
3 Years	11.75	12.04	18.64	22.25
5 Years	3.29	3.56	6.65	13.15
10 Years	11.15	11.44	12.49	14.29
15 Years	11.17	11.46	12.17	13.58
Since Inception (6/12/1987)	11.15	11.27	10.45[4]	10.64

Cable Solutions business—Amphenol's largest acquisition to date, expected to close in early 2026—should continue to drive strong revenue and earnings growth in the coming years. Fair Isaac shares increased on strong fourth quarter earnings and solid preliminary fiscal year 2026 guidance. The company also launched its new Direct Licensing Program for mortgage lending, which gives the company more flexibility to monetize its intellectual property going forward and was well received by Federal Housing Finance Agency director Bill Pulte. While some areas of near-term uncertainty persist, we believe that Fair Isaac will be a strong earnings compounder, which should drive solid returns for the stock over a multi-year period.

Strength in Health Care was driven by precision instruments provider **Mettler-Toledo International Inc.**, while favorable stock selection in Financials came from specialty insurer **Arch Capital Group Ltd.** Mettler's stock contributed to performance due to improving sentiment toward life sciences tools companies.

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 1.29% and 1.04%, 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.

This followed drug pricing agreements reached between large biopharmaceutical companies and the Trump Administration, which investors viewed as unlikely to have a material financial impact on pharmaceutical businesses. This development was also viewed as positive for life sciences tools providers that supply products and services to pharmaceutical companies for research and development. In addition, the Trump Administration appears to have scaled back some of its tariff threats against China. We believe Mettler is well positioned heading into 2026 as tariff headwinds fade, China stabilizes, and broader end-market demand accelerates. We continue to expect the company to compound earnings at a mid-teens or better rate over the long term, supported by underlying GDP growth, exposure to faster-growing emerging markets, market share gains, and price increases.

Arch's stock rose on strong earnings results and active capital management. Third quarter earnings per share beat Street expectations due to improved underwriting margins and very low catastrophe losses, as there were no landfall hurricanes in the U.S. this season for the first time since 2015. Return on equity of 18% exceeded management's long-term target, driving 9% growth in book value per share, or 18% growth when adjusted for a special dividend. In addition, a faster pace of share repurchases reduced the share count by 4% year to date, signaling management's confidence in the company's valuation.

Partially offsetting the gains above were investments in Consumer Discretionary and Real Estate. Weakness in Consumer Discretionary stemmed from not owning strong performing Index positions such as Carvana Co. and Expedia Group, Inc., along with lower exposure to **Hilton Worldwide Holdings Inc.** and other hotels, resorts & cruise lines stocks, which were up 2.4% in the Index. Adverse stock selection in Real Estate came from real estate data and marketing platform **CoStar Group, Inc.**, whose shares fell as the company's net new sales came in below expectations. The stock has been weighed down by significant growth investment in CoStar's residential product, where sales performance has remained modest. That said, we are encouraged by improving sales 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.

Top contributors to performance for the quarter

	Year Acquired	Contribution to Return (%)
Space Exploration Technologies Corp.	2020	6.27
X.AI Holdings Corp.	2024	3.95
Amphenol Corporation	2019	0.59
Mettler-Toledo International Inc.	2008	0.51
IDEXX Laboratories, Inc.	2006	0.50

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

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

Amphenol Corporation is a leading global supplier of high-technology interconnect, sensor, and antenna solutions serving a diverse set of end markets. The company operates a highly decentralized, entrepreneurial model, with more than 140 general managers exercising autonomy over their individual business units. Amphenol is also highly acquisitive, having completed more than 50 acquisitions over the past decade. Shares rose during the quarter as the company reported better-than-expected earnings, led by its IT Datacom segment, which serves AI applications, alongside solid growth across its other end markets. Amphenol maintains significant market share in interconnect solutions within NVIDIA's AI server racks, and we expect its content to continue to increase as speeds and system complexity rise. We believe this organic momentum, combined with the pending acquisition of CommScope's Connectivity and Cable Solutions business—Amphenol's largest acquisition to date, expected to close in early 2026—should continue to drive strong revenue and earnings growth in the coming years.

MID CAP

Top detractors from performance for the quarter

	Year Acquired	Contribution to Return (%)
CoStar Group, Inc.	2016	(0.99)
Guidewire Software, Inc.	2013	(0.75)
Veeva Systems Inc.	2017	(0.56)
Verisk Analytics, Inc.	2009	(0.53)
Spotify Technology S.A.	2024	(0.35)

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

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

Shares of **Veeva Systems Inc.**, a cloud-based software platform serving the life sciences industry, declined. After a strong performance for much of the year, the stock came under pressure following Veeva's November quarterly update, in which management tempered expectations for customer retention. The company now expects 14 of the top 20 global pharmaceutical companies to adopt its next-generation Vault CRM product—down from the 18 customers using the legacy Veeva CRM built on Salesforce. While Veeva's 2023 decision to terminate its long-standing partnership with Salesforce has given the company full control over its product roadmap, enabling faster innovation and expanding its long-term market opportunity, it has introduced head-to-head competition with Salesforce. Since then, Salesforce has announced its own product development efforts and secured several high-profile wins among the top 20 pharmaceutical accounts, prompting the market to reassess the magnitude and duration of near-term competitive risks. We retain long-term conviction in the stock as Veeva continues to experience favorable secular tailwinds and retain confidence in its 2030 financial targets.

Portfolio Structure

As of December 31, 2025, the Fund held 53 positions. The Fund's 10 largest holdings represented 52.8% of net assets, and the 20 largest represented 73.3%. The Fund's largest weighting was in the Industrials sector at 27.6% of net assets. This sector includes investments in research & consulting services businesses, construction & engineering companies, and aerospace & defense firms. The Fund held 22.1% of its net assets in the IT sector, which includes application software companies, electronic components businesses, and IT consulting firms. The Fund held 13.8% of its net assets in Health Care, which includes investments in life sciences companies, health care equipment, and health care technology companies. The Fund also had significant weightings in Financials at 11.2% and Communication Services at 8.7%.

As the chart below shows, the Fund's largest investments have mostly been owned for significant periods – 6 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	800.0	473.8	12.5
X.AI Holdings Corp.	2024	25.0	230.0	252.2	6.7
IDEXX Laboratories, Inc.	2006	2.5	54.0	203.8	5.4
Amphenol Corporation	2019	26.2	165.4	200.4	5.3
Guidewire Software, Inc.	2013	2.8	17.1	173.4	4.6
Arch Capital Group Ltd.	2003	0.9	34.8	146.1	3.9
Gartner, Inc.	2007	2.9	18.2	145.3	3.8
Verisk Analytics, Inc.	2009	4.0	31.2	137.9	3.6
CoStar Group, Inc.	2016	5.0	28.5	133.1	3.5
Mettler-Toledo International Inc.	2008	2.4	28.5	129.9	3.4

Recent Activity

Top net purchases for the quarter

	Quarter End Market Cap ($B)	Net Amount Purchased ($M)
Repligen Corporation	9.2	23.3
Booz Allen Hamilton Holding Corporation	10.2	11.3
Birkenstock Holding plc	7.5	9.5
Welltower Inc.	127.4	7.5
Axon Enterprise, Inc.	44.8	5.7

We reestablished a position in **Repligen Corporation** during the quarter. The company manufactures sophisticated tools for the bioprocessing industry. Repligen operates in fast-growing end markets – primarily monoclonal antibodies (8% to 10% market growth), as well as cell and gene therapies (over 30% market growth). The company has a strong track record of scientific innovation and smart acquisitions, including the introduction of differentiated filters and the development of in-line process analytics (which enable real-time monitoring of the drug production process).

Because drug production is a highly regulated industry, bioprocessing suppliers are embedded into workflows, extensively vetted by regulators, and their products are very difficult for drug manufacturers to displace. Repligen is relatively new entrant to this market, and it did not have a mature product portfolio when the first large wave of biologics were introduced to the market. As a result, those original biologics tended to be produced on legacy competitor platforms. Now, with generic versions (biosimilars) coming to market, we believe Repligen has a large opportunity to embed their differentiated systems into new drug manufacturing processes.

We see the opportunity for Repligen to derive an attractive, recurring revenue stream by selling consumable components into an increasing number of commercial drug manufacturing processes. We also believe Repligen is one of the few life science tools companies that can effectively leverage AI. Biologic drug production is still quite manual today, and Repligen is a leader in incorporating real-time data collection into its systems. We believe this ability gives Repligen a privileged position to build up its data moat over the next five-plus years, which may generate insights to make drug production more efficient.

Finally, the Trump Administration's policies encouraging large pharmaceutical manufacturers to reshore their production facilities to the U.S. should open up a significant capital equipment opportunity for Repligen. We expect Repligen to be a high-quality compounder with a best-in-class mix of growth and margins, with a path to doubling its revenue base in five years while expanding its EBITDA margins by 1,000 basis points.

Top net sales for the quarter

	Quarter End Market Cap ($B)	Net Amount Sold ($M)
IDEXX Laboratories, Inc.	54.0	47.9
Dayforce, Inc.	10.8	30.5
IDEX Corporation	13.3	24.3
Gartner, Inc.	18.2	23.9
The Trade Desk	21.2	22.7

We managed down the Fund's weightings in several of our largest longtime holdings, including veterinary diagnostics company **IDEXX Laboratories, Inc.**, diversified industrial manufacturer **IDEX Corporation**, and IT research firm **Gartner, Inc. Dayforce, Inc.**, a provider of software for human capital management, was sold to a prominent private equity firm during the quarter. **The Trade Desk**, an online advertising platform, was sold on concerns about their competitive position.

Outlook

We are pleased that the Fund ended the year on a particularly strong note. In addition, we remain encouraged by multiple public reports suggesting that the Fund's largest position, SpaceX, intends to complete an IPO during 2026 at a valuation significantly above its current price.

As we observed last quarter, Index performance for approximately the past three years has been dominated by a relatively narrow group of largely lower-quality, richly valued stocks – many of which are perceived beneficiaries of ongoing advances in AI.

Last quarter saw investors, particularly those in the mid-cap growth segment, begin to look more skeptically at the valuations being accorded to many businesses that we consider to be speculative and richly valued. We remain optimistic that the market will continue to appreciate and reward the types of high-quality, competitively advantaged businesses we favor.

We believe that our businesses' growth opportunities and competitive positions are improving amid a largely favorable economic backdrop, 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, 2025.

[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.

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 | DECEMBER 31, 2025

Baron Durable Advantage Fund®

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

Alex Umansky
Portfolio Manager

Dear Baron Durable Advantage Fund Shareholder,

Performance

We had an in-line quarter and another good year.

Baron Durable Advantage Fund (the Fund) gained 2.6% (Institutional Shares) in the fourth quarter, in-line with the 2.7% gain for the S&P 500 Index (the Index or Benchmark). For calendar year 2025, the Fund appreciated 16.6%, compared to the 17.9% gain for the Index and the 16.1% gain for the Morningstar Large Growth Category average (the Peer Group).

It was an exciting year. After two years of strong market returns with the S&P 500 Index posting consecutive 25%-plus gains, and the Fund adding over 45% and over 27% to its ledger, many thought we were due for a breather. We started on a positive note, and by mid-February, the Index was up 4.5%. Then we started hearing about a new tariff policy and that breather – or a slow but sustained slide - had begun. Right before the "Liberation Day," the Index was already down 4% for the year. As soon as Liberation Day announcement hit, with its "reciprocal" tariff policy the market dropped like a rock. By April 8, the Index was down 19.5% from its February peak. But the tariff policy was quickly adjusted: most tariffs got suspended due to trade negotiations with many countries, and markets rallied again. By mid-summer, the TACO trade was on. No one believed in 120% tariffs on China and the 25% tariff on Mexico and Canada only hit a limited number of goods not covered by the USMCA, which was negotiated by this administration in its first term. The Fund had an excellent second quarter recording a 15.6% gain to check-in up 7.5% at the half-year mark, ahead of the 6.2% return for the Index. We commented at the time that if this torrid pace were to continue, "we may struggle to keep up."

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

	Fund Retail Shares[1,2]	Fund Institutional Shares[1,2]	S&P 500 Index[1]
QTD[3]	2.59	2.65	2.66
1 Year	16.25	16.56	17.88
3 Years	28.87	29.20	23.01
5 Years	16.17	16.47	14.42
Since Inception (12/29/2017)	16.14	16.42	14.33

By the end of summer, everyone forgot the tariffs, and the AI boom took over. The Fed signaled that despite some reservations it was finally ready to resume lowering interest rates, and the Index added another 8.1%, while we lagged with a 5.6% gain. By fall, "Are we in an AI bubble?" became the topic DuJour. It seems somewhat obvious that when everyone is talking about a bubble, we are unlikely to be in one. And so, we finished the year with a 16.6% gain, modestly behind the Index, slightly ahead of the Peer Group. All in all, we were happy with the decisions we made and the outcomes we experienced.

If we zoom out and look over the longer term, the Fund is up 115.6%, cumulatively, since the market recovery began in 2023, which compares favorably to the 86.1% gain for the Benchmark and 101.8% gain for the Peer Group. In our view, the results were even more impressive when examined over the longer periods which include full market cycles, such as the last five years, when the Fund recorded a 16.5% annualized gain, compared to the 14.4% gain for the Benchmark and 11.3% for the Peer Group, outperforming 97% of peers in the Morningstar Large Growth Category.

LARGE CAP

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, 2025 was 1.04% and 0.77%, 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.

From a quarterly performance attribution perspective, there was not much insight to be gleaned from what was an in-line quarter with 31bps of outperformance from stock selection offset by a 32bps headwind from sector allocation. Consumer Discretionary, Financials and Information Technology (IT) outperformed slightly, while Real Estate and Health Care slightly underperformed. **Alphabet**, **Taiwan Semiconductor** (TSMC), **Broadcom**, **Amazon**, and **Thermo Fisher** were our top contributors to absolute returns, while **Meta**, **CoStar**, **Microsoft**, and **Blackstone** were our main detractors. We do not believe we have suffered any permanent losses of capital in any of our investments during the quarter.

For the year, stock selection detracted 125bps. While our IT stocks performed exceptionally well (+403bps) and we did well in Real Estate (+52bps), relative performance was poor in Consumer Discretionary (-44bps), Health Care (-170bps), and especially in Financials (-356bps) which was the largest absolute and relative sector for the Fund. We had no exposure to legacy banks that thrived as regulation eased with the diversified banks sub-industry rising 35.3%, costing the Fund 53bps of relative returns. Whether this continues in 2026 remains to be seen given the barrage of re-regulation announcements from the administration over the last few weeks. To add insult to injury, the high-quality companies we favor – ratings agencies, exchanges, information services, alternative asset managers, and payment networks underperformed in 2025 due to concerns around possible AI disintermediation, growing worries about private credit, and as capital rotated into banks. While some of these things bear watching, we are not overly concerned at this time. More than 100% of the underperformance of our Financials stocks was driven by multiple contraction, while business fundamentals remained robust. We believe this bodes well for our prospective returns.

On the positive side, our IT stocks gained 39.7% compared to the 24.0% gain for the stocks in the Index. The strong result was driven by our semiconductor investments (+326bps), which continue to benefit from the AI buildout. Looking under the hood, over 100% of the performance of our semiconductor stocks was explained by growth in fundamentals rather than multiple expansion, as the *weighted average multiple declined 2.3% during the year, while FactSet consensus expectations for 2026 revenues and operating income were revised higher by 24.3% and 25.1%, respectively.*

From an absolute return and stock specific perspective, we had 23 contributors against 14 detractors. We suffered from a poor batting average as only 10 of our 37 investments beat the market but as is often the case, we made up for it with slugging percentage as our best performers were some of our largest holdings. **NVIDIA**, Broadcom, Alphabet, TSMC, **Monolithic Power Systems** (MPS), Meta, and **HEICO** contributed at least 100bps each, to absolute returns, while **Amphenol**, **Welltower**, **Brookfield**, and Microsoft contributed over 50bps each. Eight of our investments gained over 35%, of which five increased over 50%, with Alphabet roaring back into investor favor with a 65% rise, while Amphenol appreciated 122% after we scooped up the shares during the tariff tantrum. On the other side of the ledger **UnitedHealth Group** cost the Fund 112bps after a 48% drawdown. Though it once was a high conviction idea, we had been reducing the size of the position for a while and sold our remaining stake in the second quarter.

Once again, the *Magnificent Seven* (Mag7) – Alphabet, Amazon, Apple, Meta, Microsoft, NVIDIA, and Tesla outperformed, though the magnitude of outperformance was less pronounced than in the prior two years. After accounting for 62% and 53% of S&P 500's gains in 2023 and 2024, respectively, Mag7 again punched above their weight, driving 42% of the Benchmark's returns in 2025 while representing 32.9% of the Index on average. Performance of Mag7 was much more concentrated in 2025 as only Alphabet and NVIDIA outperformed while the other five underperformed the Index. We owned both and in size, which helped our performance as our Mag7 were up 26.1% compared to 22.9% for the Index, contributing 69bps to our relative results.

Alphabet, NVIDIA, Amazon, Arch Capital and ability to adapt to change

Since the ChatGPT moment in late 2022, NVIDIA's stock has been a monster. Its attractiveness, or at least the extraordinary opportunity set as a primary beneficiary of the AI buildout, was immediately apparent to investors even without the benefit of hindsight. Almost simultaneously, the fortunes of Alphabet, the parent company of search leader Google, went in the opposite direction. The bear case was just as easy to grasp – the AI world will likely be dominated by Large Language Models (LLMs) such as ChatGPT, and Google with its near monopoly position in legacy search had the most to lose. This narrative was further reinforced by the seemingly insurmountable lead built by OpenAI, and the innovators' dilemma confronting Google's search – a highly profitable business that had to adapt to the AI disruption and required significant changes and massive upfront investments. While investor optimism drove NVIDIA's shares to unprecedented returns, Alphabet's stock languished to a point where its valuation dropped to historical lows of 20% below the S&P 500 Index (based on the next-twelve-months P/E multiple) in the second quarter of this year. But here is the thing… you know what else happened in late 2022 after the release of ChatGPT, albeit to much less fanfare? Sergei Brin, one of the two co-founders of Google, returned to the company full time to begin work on Gemini, Google's own LLM. By early 2025 Brin's AI team was known for 60-hour in office work weeks and the margin pressure caused by the company's accelerated investments in AI began to alleviate. By the time the company released its Gemini 3 family of AI products in the fall, the stock was in full recovery mode. Pushing the Pareto frontier on performance and cost of AI models[4], the number of Gemini monthly active users reached 650 million, closing the gap with ChatGPT's 900 million, helping Alphabet fully regain its mojo. Not coincidentally, the growth in Google Cloud Platform, its cloud computing business accelerated, while Waymo continued to scale up its autonomous ride sharing platform. Though it took some time, the narrative had flipped and this $4.5 trillion market cap company finished the year with a 65.5% gain. Though the challenges were real, the company proved to be more *adaptable to change* than investors had realized.

The Alphabet story is instructive and will contribute to our collection of *"Lessons Learned"* insights and perspectives from two different angles. First, perceptions and narratives have always influenced the short-term performance of stocks more than fundamentals, but the magnitude has changed. The rise of passive investing, which lacks a price-discovery mechanism (buying and selling indiscriminate of company-specific prices or fundamentals) combined with high frequency and algorithmic trading accounting for larger and larger shares of the trading volumes have made this phenomenon even more pronounced. When a company finds itself on the wrong side of the prevailing narrative, the impact on its stock price is often significant. In addition to Alphabet, we have experienced other stock price reactions that were downright violent. Broadcom lost 23% of its value over five days in December due to concerns that their customers could one day in-source their chip design. Monolithic Power declined almost 39% at one point in the first quarter on rumors that their products were designed out of NVIDIA's Blackwell chip, and of course, NVIDIA itself, suffered a 25% pullback after a DeepSeek scare in late January. There were other examples. In most cases, our research and due diligence will lead us to either validate or disprove the prevailing narrative relatively quickly and we would take advantage of stock price dislocations where we can. But it can be quite jarring and disconcerting when it happens to your largest holdings.

Second, we have often written about the importance of our businesses being able to adapt to disruptive change. We believe it will be even more critical in the age of AI. The stakes are much higher this time around as AI disruption is coming for ALL knowledge workers and that will be just the beginning. Most physical workers will also likely get disrupted (think autonomous cars, then humanoid robots). To survive, let alone to succeed, our companies must overcome innovators' dilemmas, challenge conventional wisdom, embrace the disruption by making sure that decision makers on AI are NOT the same people whose jobs are on the line, and most importantly, be willing to invest aggressively and penalize short-term results. Those companies that cannot or will not – will be left behind. This requires having a certain culture. Jeff Bezos famously described Amazon's Day 1 culture as a "mindset to maintain the energy, agility, and customer focus of a startup, even as a large company, to prevent complacency (Day 2) and drive constant innovation, experimentation, and long-term vision, centered on customer obsession and quick, reversible decisions. It's about operating with urgency, embracing failure as learning, taking ownership, and always working backward from customer needs to build and invent." Bezos also introduced the "one-way door" decision framework at Amazon where the goal is to *apply deep analysis to truly consequential, one-way decisions while moving quickly on reversible ones, preventing indecision and ensuring agility*[5].

We believe that most companies we own have adopted a similar mindset. NVIDIA started out as a graphics-card supplier for gamers and has evolved into the leading platform for AI infrastructure. The company has been accelerating its innovation cycle at a breathtaking pace, compressing it to an annual cadence by moving to extreme co-design where it *designs half a dozen chips simultaneously* from networking to CPUs, GPUs, racks, and full AI data centers, while continuously challenging its pre-existing beliefs. At the same time, the company focuses on remaining true to its unique characteristics – a focus on the ecosystem, investing for the long term and solving hard problems that others cannot. NVIDIA's Co-Founder and CEO, Jensen Huang, described it best in the company's recent presentation to investors at the CES:

> *"<u>We like to solve insanely hard problems we are uniquely positioned to solve… I like these things that take a long time</u>, but when you finally get there, it's very likely you'll be quite alone… NVIDIA is powering just about every quantum computer in the world and everybody goes 'zero, zero, zero.'*
>
> *"Models change all the time… that's why NVIDIA is the right answer - because we're flexible… versatile… You have finite power... Have to utilize that finite power for the overall consumption of the data center. And the more flexible it is, the better it is… <u>We are constantly trying to come up with a new way to do better… I'm trying to disrupt myself all the time</u>".*[6]

It is important to understand that this culture is not unique to technology companies. **Arch Capital**, the leading property and casualty insurance company, 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 underwriting business when conditions are tight and others would not. 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, constantly adapting to the changing environment and operating as long-term owners of the business, Arch has built an incredible track record of capital allocation and has proven itself to be a great steward of shareholder capital.

<u>As long only investors…</u>

Our goal is to generate 150 to 200bps of annualized 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 S&P 500 Index and its Morningstar Peer Group, 60% and 66% of the time, respectively. But as the time horizon extends, so does the Fund's winning percentage. On a 3-year rolling basis, the Fund outperformed the Index and Peer Group 82% and 89% of the time, respectively, while on a 5-year rolling basis, the Fund outperformed 97%, and 100% of the time, respectively. It is the opposite story for our average competitor, especially over the long term. 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 12/31/2025

Rolling Return Period	1 Month	3 Months	1 Year	3 Years	5 Years
Outperformance vs. S&P 500 Index	55%	60%	60%	82%	97%
Outperformance vs. Morningstar Large Growth Category Average	51%	56%	66%	89%	100%
Morningstar Large Growth Category Average vs S&P 500 Index	59%	57%	64%	38%	3%

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

Top contributors to performance for the quarter

	Quarter End Market Cap ($B)	Contribution to Return (%)
Alphabet Inc.	3,781.6	1.60
Taiwan Semiconductor Manufacturing Company Limited	1,576.1	0.55
Broadcom Inc.	1,641.0	0.38
Amazon.com, Inc.	2,467.5	0.30
Thermo Fisher Scientific Inc.	217.7	0.29

Alphabet Inc. is the parent company of Google, the world's largest search and online advertising company. Shares rose 28.9% (and 65.5% for the year) on strength in the company's core businesses, as well as accelerating growth in Google Cloud and Other Bets. In the third quarter, revenues grew 15% in constant currency while EPS grew 35% year-on-year. Despite strong growth of AI competitors such as ChatGPT, both Search and YouTube delivered double-digit revenue growth year-on-year. Additionally, Google Search paid clicks increased compared to the prior year. Google also released the latest version of its AI assistant, Gemini, which currently sits at the top of most AI leaderboards, suggesting the company's frontier AI research capabilities remain world class. Meanwhile, Cloud revenue growth also accelerated to 34% year-over-year, driven by demand for AI cloud services, with the number of large deals over $1 billion, signed through the third quarter of 2025, greater than the prior two years combined, and the number of monthly AI tokens processed in September up 20 times year-on-year. We believe there is further runway for cloud acceleration, given a significant increase in backlog and a large deal announced with leading AI startup Anthropic. Long term, we believe AI innovation should lead to further broad-based opportunities such as autonomous driving (through Waymo), agentic commerce (through the recent partnerships with Shopify and others on Universal Commerce Protocol) and a continued healthy cloud infrastructure business in GCP.

Semiconductor giant **Taiwan Semiconductor Manufacturing Company Limited** (TSMC) contributed to performance during the quarter with shares up 9.0%, and up 55.5% in 2025, driven by robust demand for AI chips. After reporting its most recent quarterly results, TSMC raised its 2025 revenue growth guidance from "close to mid-20s%" year-on-year in the first quarter to "around 30%" in the second, and now to "close to mid-30s%" (in USD terms) as *"AI demand continues to be very strong, even stronger than we thought three months ago"*[7]. We believe that TSMC's competitive position in leading-edge semiconductor manufacturing remains unmatched with a 90% market share (and 65% overall). TSMC's unique positioning in the market is underlined by the company's ability to raise prices as demand for its next generation nodes continues to be robust. We also believe that TSMC will benefit from a long duration of growth underpinned by the AI buildout. Note that TSMC will benefit regardless of the ultimate market share split between NVIDIA, Advanced Micro Devices, OpenAI, or Anthropic and whether ASICs would garner any significant market share. It's the ultimate picks and shovels supplier to AI.

Broadcom Inc. is a leading fabless semiconductor and enterprise software company, generating approximately 60% of revenue from semiconductors and 40% from software. The company is strategically positioned at the intersection of high-performance AI compute and networking infrastructure, while also demonstrating disciplined execution in software. Broadcom has extended its leadership in merchant networking silicon from the cloud era into the AI era and is regarded as the most reliable silicon partner for AI foundational model builders designing custom chips to train frontier models. Shares rose 5.0% in the fourth quarter, ending 2025 up 50.6%, driven by strong momentum in AI, with key customer Google continuing to ramp and additional large customers entering significant volume production. The company ended its fiscal 2025 with AI revenue growth of 65%, which reached $20 billion (nearly one-third of total revenues), with quarterly AI revenues up 10x in the last 11 quarters. Broadcom also announced overall AI backlog of $73 billion, which is almost half of the company's total backlog of $162 billion. It now has 5 XPU (AI accelerator) customers, including Anthropic which was announced in the last quarter. Despite the robust growth, Broadcom guided AI revenues to further accelerate in fiscal year 2026. In addition, VMware integration progresses and the non-AI semiconductor businesses appear to be bottoming, which has driven overall company growth to 24% in fiscal year 2025 with 67% EBITDA margins. We believe that Broadcom's growth runway is long as an enabler of a full-stack solution as demand is expected to remain durable for years to come underpinned by the AI infrastructure build-out.

Top detractors from performance for the quarter

	Quarter End Market Cap ($B)	Contribution to Return (%)
Meta Platforms, Inc.	1,664.1	(0.74)
CoStar Group, Inc.	28.5	(0.40)
Microsoft Corporation	3,594.4	(0.37)
Blackstone Inc.	190.6	(0.27)
Costco Wholesale Corporation	382.8	(0.08)

Meta Platforms, Inc., the world's largest social network, detracted from performance as shares declined 10.0% during the quarter, though still finished 2025 up 13.1%. While Meta reported strong quarterly results with 25% revenue growth (year-on-year in constant currency) and 40% operating margins (both above expectations) and provided solid forward revenue guidance, 2026 capital and operating expenditures guidance was above Street expectations, raising concerns that it may be overspending on AI for less certain returns relative to competitors. While hyperscalers have an existing cloud business, through which they rent out GPUs and can therefore generate a short-term return on their AI spend, Meta doesn't have a cloud business and so its investment profile is longer duration in nature. Still, we believe Meta continues to benefit from its AI investments across the core business, making improvements in content recommendations (with rising time spent) and in ad targeting and ranking (leading to higher conversions and better return on ad spend). Our industry checks also validate strong advertiser adoption and satisfaction, including in newer areas such as easy-to-use AI creative tools and business messaging. We believe Meta will begin to realize returns from its AI investment or rationalize spending over time. Longer term, Meta's leadership in mobile advertising, massive user base, innovative culture, leading generative AI research and distribution, and technological scale position it well for continued performance, with additional monetization opportunities ahead in areas such as smart glasses and commerce.

CoStar Group, Inc. is the leading provider of information and marketing services to the commercial and residential real estate industries. Shares fell 20.4% in the fourth quarter (and down 6.1% for the year) as the company's net new sales came in below expectations. The stock has been weighed down by significant growth investment in CoStar's residential product, where sales performance has remained modest. That said, we are encouraged by improving momentum as the company builds out its dedicated residential sales force, enhances its customer targeting, and potentially benefits from changes in Multiple Listing Service practices. We also expect growth in CoStar's non-residential business to accelerate as sales productivity ramps and the sales team refocuses on core offerings, a trend likely to be amplified by 20% sales force growth in 2025 alone. We believe the value of CoStar's core non-residential business exceeds the current share price of the stock, suggesting that investors are ascribing little value to the long-term residential opportunity.

Shares of **Microsoft Corporation** fell 6.5% during the quarter while the stock returned 15.5% in 2025 overall. Management highlighted accelerating demand signals across bookings, remaining performance obligations, and product usage, but pointed to supply constraints extending at least through fiscal 2026. Microsoft reported slightly accelerating year-over-year constant currency revenue growth in fiscal first quarter, alongside stable gross margins and expanding operating margins. The company ended the quarter with current remaining performance obligations (cRPO) of $157 billion, up 35% year-over-year, and expects cRPO to rise to roughly $167 billion in the second quarter. Assuming Microsoft's recently announced $250 billion OpenAI agreement spans five years, it would add about $50 billion to cRPO, implying a potential balance of roughly $217 billion early next year. cRPO is a key forward-looking indicator of commercial revenue growth and now represents approximately 80% of total revenue. We are confident in the durability of Microsoft's revenue growth profile, while the company's strong operating expense discipline suggests there is additional room for margin expansion.

Portfolio Structure

The portfolio is constructed on a bottom-up basis with the quality of ideas and conviction level (rather than benchmark composition and its 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 December 31, 2025, our top 10 positions represented 58.0% of the Fund's net assets, the top 20 were 85.3%, and we exited 2025 with 31 investments (this compares to 53.5%, 79.5%, and 34 investments as of the end of 2024, respectively). As of year end, IT and Financials were our largest sectors, representing 63.1% of the Fund. Communication Services, Consumer Discretionary, Industrials, Health Care, Real Estate, and Consumer Staples represented another 36.8% of the Fund. Cash was the remaining 0.1%.

The Fund's turnover was 11.6% in 2025, compared to an average turnover of 5.7% over the last three years, and 13.4% average turnover over the last five years.

Top 10 holdings

	Quarter End Market Cap ($B)	Quarter End Investment Value ($M)	Percent of Net Assets (%)
NVIDIA Corporation	4,532.0	42.6	8.1
Meta Platforms, Inc.	1,664.1	37.7	7.1
Amazon.com, Inc.	2,467.5	37.4	7.1
Alphabet Inc.	3,781.6	36.4	6.9
Taiwan Semiconductor Manufacturing Company Limited	1,576.1	34.6	6.6
Broadcom Inc.	1,641.0	29.5	5.6
Microsoft Corporation	3,594.4	26.7	5.1
Monolithic Power Systems, Inc.	43.4	22.3	4.2
Visa Inc.	686.2	21.9	4.2
LPL Financial Holdings Inc.	28.6	17.0	3.2

Recent Activity

During the fourth quarter, we initiated a new position in the leading energy-focused specialty contracting company, **Quanta Services**. We also added to five existing positions: a leading provider of indexes and investment decision support tools, **MSCI**, a leading medical tools supplier, **Danaher**, the leading derivatives marketplace **CME Group**, a leading owner and operator of senior housing, **Welltower**, and a leading aerospace and defense aftermarket parts supplier, **TransDigm**. We funded these purchases by reducing seven other holdings.

Top net purchases for the quarter

	Quarter End Market Cap ($B)	Net Amount Purchased ($M)
MSCI Inc.	43.1	3.0
Danaher Corporation	161.7	2.4
Quanta Services, Inc.	62.9	1.3
CME Group, Inc.	98.5	1.1
Welltower Inc.	127.4	0.8

During the quarter, we initiated a new position in **Quanta Services, Inc.**, a leading specialty contracting company that provides comprehensive engineering, procurement, construction and repair, and maintenance services for electric and gas utilities, renewable energy projects, telecom projects, and other types of infrastructure. We invested in Quanta due to the company's world-class track record, compounding revenues and EPS at 14% and 18% CAGR over the last 15 years, respectively. What makes this even more impressive is that Quanta has achieved that result in a relatively flat electric load environment (power demand) driven by material market share gains. Going forward, we believe that Quanta will increasingly benefit from secular growth tailwinds for energy-related infrastructure. We also like the company's leading competitive position, which is derived from its reputation and experience completing large-scale infrastructure projects and its ability to utilize its 68,000 person craft-skilled labor force to self-perform projects, ensuring they are completed on-time and on-budget. We believe Quanta can reliably grow its earnings at a mid-teens cadence or better for the foreseeable future and that the company has the right management team in place to execute on the opportunity in front of it.

Quanta is well positioned to benefit from strong secular tailwinds due to increasing demand for energy-related infrastructure. While the growth of AI data centers and the resulting increase in load (electricity demand) is certainly a material part of the story, additional growth tailwinds include investments in modernization and grid resilience, electrification and the energy transition, industrial reshoring, and continued investment in communications infrastructure. The utility capex cycle is accelerating through at least the end of the decade, which should lead to strong and consistent growth for years to come. Due to these secular trends, management believes that 15% EPS growth per annum through at least 2029 is achievable (we believe it can sustain beyond that time frame), while also citing their track record of delivering growth above that target over the last several years.

As mentioned above, Quanta's competitive differentiation is grounded in its experience executing large-scale infrastructure projects and the size and quality of its craft-skilled workforce. Quanta is recognized as the most experienced and most reliable contractor for electric power transmission and distribution projects. This is due to the company's self-perform model in which it handles design, procurement, construction, and maintenance in-house. Self-performing its own projects allows Quanta to minimize risk, ensure coordination and provide greater certainty on complex, multi-year projects, meeting planned budget and schedules significantly more often than peers. This strategy only works if the workforce is capable of executing the projects, and as such, Quanta has consistently emphasized a focus on developing and training its craft-skilled employees over time. The company has its own dedicated training facilities and will require people to spend as many as five years working through its training programs. This ensures a high-quality pipeline of employees that is fungible across different project types to service demand as needed across different geographies (and driving economies of scale for Quanta). Quanta's craft-skilled labor force of approximately 68,000 people is at least twice as large as its next closest competitor and is several times larger than most other contracting companies. Given labor shortages and lack of skilled labor throughout the industry, the availability of a massive, well-trained workforce is a significant advantage that cannot be easily replicated by other businesses.

Lastly, Quanta's CEO and many of the operational leaders have spent their entire careers either with the business or in the industry. The management team is viewed as a thought-leader in the space and they have been a big part of why Quanta has its reputation as the go-to contractor for large-scale infrastructure projects. The management team also has a strong track record of capital allocation and execution, hitting their financial targets and consistently delivering on growth while emphasizing risk management in the process. All of this means that Quanta is well aligned with shareholder interests and makes us feel good about investing in the business.

Putting this all together, we see a path for Quanta to grow its earnings at a mid-teens cadence or better over the next several years, with secular tailwinds continuing to drive further growth in the business thereafter. We believe this will lead to attractive returns for shareholders over time.

Within the existing portfolio, our biggest addition during the quarter was to **MSCI Inc.**, a leading provider of indexes and investment decision support tools. While the stock outperformed most of its information services peers in 2025, it lagged the broader markets due primarily to information services companies being perceived as potential AI losers. Specific to MSCI, the company reported steady financial results throughout the year, but did call out some lingering pressure in the asset manager end market (around half of MSCI's total business) and so some investors are likely waiting to see a reacceleration in net new sales.

From an AI perspective, we see MSCI as relatively well positioned with CEO Henry Fernandez recently saying that *"AI is a godsend to us"*[8]. MSCI has vast amounts of proprietary data and analytics, and nearly everything MSCI sells to customers is proprietary in nature. The index business is further insulated by the nature of its benchmark status where it serves as a trusted common language for industry participants. MSCI should also benefit from AI through increased efficiencies in data collection, which will enable the company to both increase margins and invest more into new product development.

We retain long-term conviction in MSCI and continue to believe in their ability to compound growth for years to come. CEO Henry Fernandez is a strong leader who has shown his conviction in several ways: 1) the company repurchased over $1.5 billion of stock in 2025; 2) Henry has personally bought around $25 million of stock over the past year and a half; and 3) Henry has aligned the compensation structure of the company to be leveraged to stock performance, subscription run-rate growth, and net new sales. We believe that subscription growth has the potential to reaccelerate as the company has materially ramped up new product innovation efforts across the business (key areas of focus include private markets, custom indexes and climate), is being much more proactive in selling to non-asset manager client segments and recently called out early signs of improvement with asset managers.

We also added to our position in **Danaher Corporation**. Danaher supplies life science tools for lab research, genomics, and bioprocessing/drug manufacturing. It also offers instruments to run clinical diagnostics in large core labs, hospitals, and at the point of care.

The stock has come under pressure in recent years along with the rest of the life science tools space due to several reasons: First, biotechnology funding had been constrained, and earlier-stage, discovery research had been under particular pressure. In addition, uncertainty around pharmaceutical tariffs and Most-Favored-Nation drug pricing had been a headwind for large pharmaceutical companies. Second, National Institutes of Health (NIH) funding has been another area of softness, given the priority of the current administration in cutting university grant funding. Finally, China has been a weak geography. For Danaher, their clinical diagnostics business has been subject to volume-based procurement, which is leading to pricing pressure in the region.

We view these as cyclical factors that create an opportunity for long-term investors. Recently, we have seen green shoots emerge:

- Pharmaceutical companies have announced heavy investments in domestic manufacturing in response to the Trump Administration's push for reshoring, which opens up a large capital equipment purchasing opportunity. Given Danaher's dominant positioning in multiple end markets, particularly their scaled bioprocessing portfolio, we believe the company stands to benefit from the upcoming capex cycle. Drug production is a highly regulated industry, and Danaher is a trusted brand that is spec'ed into production workflows.
- On NIH, the latest outlays data has seen a rebound into the end of calendar year 2025, which is promising. Regardless, government/academic research is only a low single-digit percentage of Danaher's business, so we believe Danaher is less exposed to fluctuations in NIH funding policy.
- China has also began normalizing for Danaher within diagnostics. Beyond diagnostics, the life science market in China has been robust with new innovations that multinationals are licensing.

We continue to see Danaher as a quality compounder with long-term revenue growth of high single digits, 40% operating profit fall-through, and double-digit EPS growth.

We increased our investment in the premium senior housing provider, **Welltower Inc.** We believe the company will continue to benefit from the structural supply/demand imbalance, due to muted supply growth with secular demand tailwinds underpinned by aging demographics. Welltower recently changed its compensation structure to be even more aligned with the long-term shareholders of the company. CEO Shankh Mitra described this best during the company's recent earnings call:

> *"As Charlie (Munger) would constantly tell us, <u>show me the incentives and I'll show you the outcome</u>. Following years of deep structural changes in this area, I'm delighted to inform you that my utopian idea of everyone swimming or sinking together is finally taking shape, an <u>ecosystem of internal and external participants where everybody is fully aligned and everybody is all in</u>.*
>
> *"…the changes that are taking place in three distinct steps to achieve the same goal of alignment and ownership. One, <u>elimination of compensation for Welltower management and making them owners through performance-oriented Welltower stock</u>. Two, introduction of <u>RIDEA 6.0 construct where the operator wealth creation is now irrevocably tied to Welltower stock</u>. And three, a <u>$10-million annual grant for site-level employees for the 10 best performing senior housing communities</u>, also in Welltower stock.*
>
> *"All of them capture the <u>five key tenets</u> of the incentive design that we have previously laid out to you. <u>Simple, significant, non-gameable, earned as a team, and duration matched</u> with the immediacy of a role's impact. 10 years to forever for Welltower management, 5 to 7 years for operating partners, and 1 year for site-level employees."*

Top net sales for the quarter

	Quarter End Market Cap ($B)	Net Amount Sold ($M)
Broadcom Inc.	1,641.0	6.3
Mastercard Incorporated	512.6	5.0
S&P Global Inc.	162.0	3.1
Intuit Inc.	184.3	2.3
Arch Capital Group Ltd.	34.8	2.2

Outlook

"The stock market is a device for transferring money from the impatient to the patient." — Warren Buffett

As we enter 2026, we find ourselves in an environment where headlines are dominated by geopolitics, shifting regulatory tides, and AI. However, as long-term investors, we remain purposefully indifferent to the prognostications that occupy so much of the financial media's attention. We do not know where the S&P 500 Index will trade a month or a quarter from now, nor do we believe that such knowledge is necessary to achieve our long-term goals. Our focus remains squarely on identifying and investing in high-quality, competitively advantaged, well-managed businesses for the long term.

The recent volatility – from the tariff tantrum in early 2025, to the second half private credit and AI bubble concerns that impacted our financials and software holdings, was a useful reminder of the benefits of investing in a "sleep-well-at-night" Fund. As a reminder, we intentionally avoid the lower-quality "legacy" businesses that may benefit from a temporary regulatory or macro tailwind, as well as the high-flying growth stocks that benefit from the narrative de jour. While our lack of exposure to traditional banks on the one end and the high-flying AI-beneficiaries on the other, cost us some relative performance in 2025, we remain steadfast in our belief that the higher-quality businesses – those with *durable growth*, *sustainable competitive advantages*, and *a low risk of disruption* represent the better path to wealth creation over full market cycles when one of your key goals is to minimize the probability of permanent loss of capital.

To get a glimpse into the direction of intrinsic values and investor perception, we deconstructed the Fund's returns into two components – the change in multiples and change in the fundamentals. During the quarter, the Fund's weighted average multiple declined by 3.3%, and finished 2025 down 3.3% (multiples were up 6.4% in 2024).[9] Since the Fund was up 2.6% in the quarter and 16.6% during 2025, **over 100% of our performance in 2025 was driven by growth in fundamentals** as opposed to the more unpredictable and volatile change in multiples – a positive data point for the Fund's prospective returns.

Furthermore, *the fundamentals of our businesses continue to move in the right direction* with consensus revenue expectations for 2026 rising by 4.4% and 10.2%, and operating income estimates increasing by 3.9% and 8.5% during the quarter, and in 2025, respectively. A longer-term perspective on the weighted average multiple of the Fund shows that the weighted average multiple today is 1% lower than the weighted average multiple of our holdings over the last five years[10], which again **bodes well for the Fund's prospective returns**.

Every day, we live and invest in an uncertain world. Well-known conditions and widely anticipated events, such as Fed 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 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 returned regularly 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] https://blog.google/products-and-platforms/products/gemini/gemini-3-flash/
[5] https://aws.amazon.com/executive-insights/content/how-amazon-defines-and-operationalizes-a-day-1-culture/
[6] https://video.ibm.com/GTC-Financial-Analyst-QA
[7] TSMC's 3Q25 earnings conference call
[8] MSCI 3Q25 earnings conference call
[9] We calculate the change in P/E multiple (based on FactSet consensus expectations for EPS for the next 12 months) for each holding except for Apollo and Blackstone for whom we use the more appropriate P/FRE (price to fee related earnings) multiple and Welltower, for whom we use the more appropriate multiple for REITs, P/FFO (price to funds from operations). We exclude Brookfield Corporation from the calculation since we value the firm on a sum of the parts basis. We then use the ending weights of each position in the Fund to calculate the weighted average change in the Fund's multiple.
[10] Note that we exclude Brookfield Corporation from this calculation as well.
* As of 12/31/2025, the annualized returns of the Morningstar Large Growth Category average were 16.10%, 27.59%, 11.28%, and 14.47% 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.

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

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.

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 | DECEMBER 31, 2025

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

We had a solid fourth quarter to finish another good year.

Baron Fifth Avenue Growth Fund® (the Fund) was up 3.3% in the fourth quarter, which compared favorably to the 1.1% gain for the Russell 1000 Growth Index (R1KG), and the 2.7% gain for the S&P 500 Index (SPX), the Fund's benchmarks.

For the year, the Fund finished up 18.2% compared to gains of 18.6% and 17.9% for the benchmarks, respectively, and a 16.1% gain for the Morningstar Large Growth Category average (the Peer Group).*

It was an exciting year. After two years of strong market returns with the SPX posting consecutive 25%-plus gains (R1KG up 42.7% and 33.4%, respectively), and the Fund adding 57.6% and 37.8%, respectively, to its ledger, many thought we were due for a breather. We started on a positive note, and by mid-February, the Fund was up 8.7%. Then we started hearing about a new tariff policy and that breather – or a slow but sustained slide had begun. Shortly before "Liberation Day," the R1KG was already down 10% for the year. As soon as the Liberation Day announcement hit, with its "reciprocal" tariff policy the market dropped like a rock. By April 8, the Index was down 23.0% from its February peak. But the tariff policy was quickly adjusted: most tariffs got suspended due to trade negotiations with many countries, and markets rallied again. By midsummer, the TACO trade was on. No one believed in 120% tariffs on China and the 25% tariff on Mexico and Canada only hit a limited number of goods not covered by the USMCA, which was negotiated by this Administration in its first term. The Fund had an excellent second quarter, both on an absolute and relative basis recording a 24.9% gain to check-in up 8.2% at the half-year mark ahead of the 6.1% and 6.2% returns for the Fund's benchmarks.

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

	Fund Retail Shares[1,2]	Fund Institutional Shares[1,2,3]	Russell 1000 Growth Index[1]	S&P 500 Index[1]
QTD[4]	3.25	3.32	1.12	2.66
1 Year	18.00	18.15	18.56	17.88
3 Years	36.59	36.88	31.15	23.01
5 Years	6.90	7.15	15.32	14.42
10 Years	14.63	14.91	18.13	14.82
15 Years	14.04	14.33	16.58	14.06
Since Inception (4/30/2004)	10.56	10.77	12.76	10.88

By the end of summer, everyone forgot the tariffs, and the AI boom took over. The Fed signaled that despite some reservations it was finally ready to resume lowering interest rates, and the benchmarks added another 10.5% and 8.1%, respectively, while the Fund lagged with a 5.7% gain. By fall, "Are we in an AI bubble?" became the topic DuJour. It seems somewhat obvious that when everyone is talking about a bubble, we are unlikely to be in one. And so, we finished the year with an 18.2% gain, in line with the 18.6% and 17.9% gains for the benchmarks and over 200bps ahead of the Peer Group return of 16.1%.* All in all, we were happy with the decisions we made and the outcomes we experienced.

LARGE CAP

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, 2025 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.

Since the start of this upcycle in the beginning of 2023, the Fund has gained 156% cumulatively, which compares favorably to the 126% and 86% gains for the R1KG and SPX Indexes, respectively, and the 102% gain for the Peer Group over the same period.*

From a quarterly performance attribution perspective, the Fund outperformed the R1KG by 220bps, with stock selection driving 158bps of outperformance and the remaining gains coming from sector allocation. Our top sectors were Industrials, Communication Services, Health Care and Information Technology (IT), contributing together 332bps to the Fund's relative results. This was partially offset by Consumer Discretionary and Financials, which cost the Fund 128bps. We suffered from a poor batting average with 16 contributors versus 17 detractors but made up for it with a good slugging percentage, as our contributors were more meaningful than our detractors. **Alphabet**, **SpaceX**, **xAI**, **Intuitive Surgical**, **Shopify**, **Taiwan Semiconductor** (TSMC), and **argenx** contributed over 40bps each to absolute returns. **Meta**, **Coupang**, **MercadoLibre**, **ServiceNow**, and **Cloudflare** were our biggest detractors. None are likely to cause permanent loss of capital, in our view. Most of the share price declines were attributable to multiple contraction while business fundamentals remained robust.

For the year, stock selection contributed 39bps to relative returns while sector allocation detracted 88bps. Stock selection was particularly strong in IT, which contributed 195bps overall with stock selection responsible for 221bps. Within IT, we benefited from strong performance in systems software, which contributed 327bps to our results, as our stocks were up 39.2%, compared to 15.5% for the R1KG. Cloudflare, **Snowflake**, and **CrowdStrike** drove results as their business fundamentals continued to accelerate. Internet services & infrastructure was another big contributor (161bps) due to Shopify. We held our own in semiconductors and semiconductor materials & equipment, while application software was a weaker spot within IT (detracted 383bps). Industrials contributed 178bps largely due to SpaceX's latest funding round, while not owning any Consumer Staples and Energy stocks contributed 66bps as these were the only two sectors in the R1KG that declined in 2025. Communication Services and Financials cost us 326bps. **Trade Desk** was the main culprit, as competitive pressures in the sector intensified. Though we have been reducing the size of our investment for a while, we ended up overstaying our welcome and exited this investment with a modest profit.

From a stock-specific perspective for the full year, we had 26 gainers against 11 detractors. Performance was driven by a strong slugging percentage with 11 stocks that contributed at least 100bps each, to absolute results. TSMC, SpaceX, Snowflake, xAI, MercadoLibre, **ASML**, and Meta added over 100bps each, Cloudflare, Shopify, and Alphabet added over 200bps each, while **NVIDIA** contributed 409bps to absolute returns. On the other side of the ledger, we had only 1 name that detracted more than 100bps from results – Trade Desk, which cost us 227bps.

Once again, the *Magnificent Seven* (Mag7) – Alphabet, **Amazon**, Apple, Meta, Microsoft, NVIDIA, and **Tesla** outperformed. After accounting for 65% and 62% of R1KG's and SPX's gains, respectively, in 2023, and 68% and 53% of the benchmarks' returns in 2024, Mag7 again punched above their weight, driving 57% and 42% of the benchmarks' returns in 2025. We were 17% underweight the Mag7, on average, in 2025, which cost us 47bps in relative results versus R1KG, even though the Mag7 we owned outperformed, up 25.1% compared to 21.7% for the R1KG.

The inherent tension between process and flexibility

Professional money managers must develop and follow an investment process. On the one hand, a repeatable process is critically important to an investment manager's long-term ability to generate excess returns. On the other hand, when too rigidly enforced, it can lead to missed opportunities, inability to recognize mistakes in a timely manner, and delay the benefits from lessons learned. And so, *a balance is required*. A balance between confidence required to execute your process, but not so much that it turns into arrogance and hubris. A balance between being patient and having the courage to wait for your process to succeed, but not so much that it turns into complacency and inability to recognize a mistake. A balance between striving to learn everything you can about the investment you made, but not so much that you forget how much is unknowable or you still do not know. Finding this balance is key. We think the same is true for the companies we own. A repeatable process enables large systems and enterprises to scale and run smoothly and efficiently. But it typically comes with a cost of lack of agility and slower decision making. Adaptability, which is intrinsic in successful early-stage ventures and smaller companies, enables rapid innovation and quick decision making based on the founder's vision and changing circumstances. This usually comes at the cost of repeatability and less specialization and as a result lower efficiency.

The importance of being able to adapt to disruptive change in the world of AI is obvious. Those companies unwilling or unable to do so will be left behind. To succeed, businesses will need to overcome the innovators' dilemma, be willing to challenge conventional wisdom, and avoid "but this is how we always did it" type of thinking. They need to embrace change and make sure decision makers on AI aren't the ones whose jobs are at risk (as they would fight it), and make sure they are creating the right culture to accelerate innovation, take risks, try and fail. Jeff Bezos introduced the "one-way door" decision framework at Amazon where the goal is to apply deep analysis to truly consequential, one-way decisions while moving quickly on reversible ones, preventing indecision and ensuring agility[5]. The companies that make it would be the ones that adapt a similar mindset. However, we would argue that balance would also be key for those companies that succeed in crossing the chasm – while being adaptable to change, they can't lose sight of what made them successful thus far – maintaining high quality talent even as the disruption from AI accelerates, retaining a focus on solving real problems for customers and continuing to pull the levers that make them special.

We believe our companies have both the adaptability to change as well as the balance necessary to succeed. NVIDIA started out as a graphics-card supplier for gamers. Over time, the company has evolved into the leading AI infrastructure company in the world. It continues to evolve constantly, accelerating its innovation cycles to an annual cadence, moving to extreme co-design where it designs half a dozen chips simultaneously from networking to CPUs, GPUs, racks, and full AI data centers, while continuously challenging its pre-existing beliefs. At the same time, the company remains true to what we believe makes it unique – a focus on the ecosystem, investing for the long term, and focusing on solving hard problems that others cannot. NVIDIA's Co-Founder and CEO, Jensen Huang, described it best in the company's recent CES investor meeting[6]:

> *"We like to solve insanely hard problems we are uniquely positioned to solve… I like these things that take a long time, but when you finally get there, it's very likely you'll be quite alone… NVIDIA is powering just about every quantum computer in the world and everybody goes 'zero, zero, zero.'*
>
> *"Models change all the time… that's why NVIDIA is the right answer - because we're flexible… versatile… You have finite power... Have to utilize that finite power for the overall consumption of the data center. And the more flexible it is, the better it is… We are constantly trying to come up with a new way to do better… I'm trying to disrupt myself all the time."*

Another great example is Shopify, which was able to adapt multiple times over the years. Shopify started out with a mission of democratizing online commerce by targeting small domestic online merchants. Today it offers solutions for offline merchants, large merchants, business-to-business merchants, and merchants located everywhere in the world. Along the way, Shopify tried to become a logistics business with the Shopify fulfillment network, but decided to pivot when it saw that its time was better spent focusing on its "main quests"[7], cutting over 20% of its workforce. Despite cutting its workforce, it accelerated its innovation velocity and remained obsessed with solving more and more problems for merchants by expanding the set of vertical solutions it offers. Today it includes solutions for taking payments across geographies, instant checkout, working capital loans, tax management, merchant-of-record solutions for cross-border commerce, offline commerce, Shopify Campaigns for end-consumer acquisition, solutions for agentic-commerce, an AI Sidekick to help merchants optimize how they manage their business, and so on, making them much more successful over time.

Alphabet presents another great case study. Alphabet was put in the AI roadkill basket by investors ever since ChatGPT was introduced in late 2022. The bear case was easy to grasp – the AI world will likely be dominated by Large Language Models (LLMs) such as ChatGPT, and Google with its near monopoly position in legacy search had the most to lose. This narrative was further reinforced by the seemingly insurmountable lead built by OpenAI, and the innovators' dilemma confronting Google's search – a highly profitable business that had to adapt to the AI disruption and required significant changes and massive upfront investments. While investors' optimism drove NVIDIA's shares to unprecedented returns, Alphabet's stock languished to a point where its valuation dropped to historical lows of 20% below the SPX (based on the next-12-months P/E multiple) in the second quarter of this year. But here is the thing… you know what else happened in late 2022 after the release of ChatGPT, albeit to much less fanfare? Sergei Brin, one of the two co-founders of Google, returned to the company full time to begin work on Gemini, Google's own LLM. By early 2025, Brin's AI team was known for 60-hour in office work weeks and the margin pressure caused by the company's accelerated investments in AI began to alleviate. By the time the company released its Gemini 3 family of AI products in the fall the stock was in full recovery mode. Pushing the pareto frontier on performance and cost of AI models[8], the number of Gemini monthly active users reached 650 million, closing the gap with ChatGPT's 900 million, Alphabet fully regained its mojo. Not coincidentally, the growth in Google Cloud Platform (GCP), its cloud computing business accelerated, while Waymo continued to scale up its autonomous ride sharing platform. Though it took some time, the narrative had flipped and this $4 trillion market cap company finished the year with a 65.3% gain. Though the challenges were real, the company proved to be more *adaptable to change* than investors had realized. We focus on identifying and investing in companies like NVIDIA, Shopify, and Alphabet. Companies that thrive on innovation and have proven track records of being adaptable to disruptive change.

Who ARE the real beneficiaries of AI and how much of the portfolio is invested in them?

Well… who were the real beneficiaries of… electricity, semiconductors, the internet? Of course, we know the names of the leading manufacturers or smart phones and the hyperscalers that pioneered cloud computing, but the true beneficiaries of those inventions are surely much wider than that. Here is how we think about this question:

- Builders of AI infrastructure – the companies that are benefiting directly from the AI investments and buildout today. They include *NVIDIA*, which stands at the epicenter of the AI paradigm, ***Broadcom***, a new addition to the Fund, is the leading global partner for companies designing their own AI accelerators (such as Alphabet), *TSMC*, which is a key supplier to AI fabless companies like NVIDIA and Broadcom, making all of their accelerators and many of their networking chips that go into AI data centers, *ASML*, the leading lithography wafer-fab equipment supplier and a key supplier to TSMC, **Monolithic Power Systems** (MPS), another new purchase for the Fund this quarter, a leading power component and systems supplier for AI data centers; and xAI, one of the leading frontier AI labs.
- Providers of AI infrastructure for others – the hyperscalers or companies that rent AI data centers to others. *Amazon* and *Alphabet* offer a full-stack solution for AI through their cloud business (Amazon Web Services and GCP, respectively) offering first-party AI hardware (TPUs) and third-party AI hardware (NVIDIA GPUs), along with first party models like Gemini and third-party models like Claude and GPT. We also own *Cloudflare*, a leading provider of cloud networking and security solutions, which recently introduced a solution for AI inference at the edge.
- Companies that already adopted AI in their core business – this category includes our e-commerce platforms: *Amazon*, *MercadoLibre*, and *Coupang*. They benefit from using AI to improve their recommendation engines, showing products

that are more relevant for consumers, which increases conversion rates and improves their advertising algorithms, increasing Return on Ad Spend (ROAS) for advertisers. Adopting AI for customer support has lowered the cost of services and improved optimization and logistics. Payment and banking companies ***Adyen***, ***Block***, and *Shopify* have been using AI to improve a variety of fintech algorithms such as fraud detection or loan underwriting. This category also includes *Alphabet* and *Meta*, who benefit from AI in their recommendation algorithms as well as many of our software companies. *Cloudflare*, ***Datadog***, and *CrowdStrike* use AI in their core algorithms to identify anomalies and block malicious or unwanted traffic and cyber-attacks. It also includes Samsara, the leading provider of telematics and video safety, who uses AI in its video safety algorithms.

- Longer-term productivity gains in knowledge work – this category includes all companies that rely on knowledge workers and includes the productivity gains from agentic AI across functions. From software development agents and customer service agents in the nearer-term to finance, marketing, and sales agents longer term. This is a broad category that includes most of our companies that rely on knowledge workers. It includes companies that build AI solutions to help their own customers become more productive. *Shopify* with its Sidekick solution is a great example, as Sidekick is an always-on "business partner" to Shopify's merchants, helping them become more productive and sell more to their end consumers. Another example is *Snowflake*, which is expanding its core data warehouse solution to enable running first and third-party AI solutions on top of the data, while maintaining full control over data residency and governance, which is key for many enterprises.
- Longer-term opportunity from AI generating new revenue streams – in this category we would include agentic commerce, where *Shopify* should be a prime beneficiary as a connective tissue between its millions of merchants and the few large AI chat-bots, enabling agentic commerce. *Amazon* and our other e-commerce platforms along with *Meta* and Alphabet should also be beneficiaries. Finally, this category also includes ***Illumina***, whose gene sequencing platform should benefit from the growing impact of AI in biology and drug discovery, and ***Eli Lilly***, who should benefit from AI in accelerating drug discovery.
- Longer-term opportunity from physical AI – this category includes Tesla, with its significant opportunity in Autonomous driving and Humanoid Robots. It also includes Waymo, owned by *Alphabet*. Companies with significant physical operations such as our e-commerce platforms. *Amazon* for example employs over 1.5 million people and operates one of the largest logistics networks globally. As AI matures, we can envision a future in which many of these jobs are either augmented or replaced by automation through autonomous driving and robotics, which should help Amazon drive margins higher over time, while continuously improving the speed and robustness of its logistics network.

After a decade of a very favorable investing environment spurred by record low interest rates, the early 2020s have proven to be a challenge for growth investors. A spike in inflation, partly caused by the COVID-19 pandemic, triggered an unprecedented tightening cycle by the Fed which caused a significant drawdown for equity markets in 2022. Once the tightening cycle ended, the markets stabilized and began to recover, despite increased geopolitical tensions and wars in Europe and the Middle East, the R1KG Index gained 125.6%, while the SPX rose 86.1% over the last three years. While impressive on the surface, the gains were driven by a narrow group of companies with giant market capitalizations leaving most stocks still in the correction territory. We were significantly underweight the Mag7 which proved to be a meaningful headwind. Still, the Fund returned 156.5% over the last three years, outperforming the benchmarks by a cumulative 30.9% and 70.4%, or by 5.7% and 13.9% per year. Over the same period the Fund has outperformed the Peer Group by 9.3% per year.*

Top contributors to performance for the quarter

	Quarter End Market Cap ($B)	Contribution to Return (%)
Alphabet Inc.	3,781.6	1.41
Space Exploration Technologies Corp.	800.0	1.34
X.AI Holdings Corp.	230.0	0.84
Intuitive Surgical, Inc.	200.8	0.69
Shopify Inc.	209.9	0.49

Alphabet Inc. is the parent company of Google, the world's largest search and online advertising company. Shares rose 28.8% (and up 65.3% for the year) on strength in the company's core businesses, as well as in Google Cloud and Other Bets. In the third quarter, revenues grew 15% in constant currency while EPS grew 35% year-on-year. Despite strong growth of AI competitors such as ChatGPT, both Search and YouTube delivered double-digit revenue growth year-on-year. Additionally, Google Search paid clicks increased compared to the prior year. Google also released the latest version of its AI assistant, Gemini, which currently sits at the top of most AI leaderboards, suggesting the company's frontier AI research capabilities remain world class. Meanwhile, Cloud revenue growth also accelerated to 34% year-over-year, driven by demand for AI cloud services, with the number of large deals over $1 billion, signed through the third quarter of 2025, greater than the prior two years combined, and the number of monthly AI tokens processed in September up 20 times year-on-year. We believe there is further runway for cloud acceleration given a significant increase in backlog and a large deal announced with leading AI startup Anthropic. Long term, we believe AI innovation should lead to further broad-based opportunities such as autonomous driving (through Waymo), agentic commerce (through the recent partnerships with Shopify and others on Universal Commerce Protocol) and a continued healthy cloud infrastructure business in GCP.

LARGE CAP

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

X.AI Holdings Corp. (xAI) was formed through the merger of X (formerly Twitter) and xAI to "understand the true nature of the universe." Shortly after its founding, xAI released Grok, an AI model that has quickly emerged as a leader, reflecting meaningful advances in the company's technology. Grok's performance has been fueled by the rapid deployment of xAI's proprietary data center infrastructure: Colossus 1 became operational in 122 days with 100,000 GPUs, while Colossus 2 deployed 100,000 GPUs even faster, positioning xAI to become the first operator of a one-gigawatt data center. Grok 3 was the first model trained entirely on xAI's own infrastructure, and Grok 5 is expected to leverage the expanded capacity of Colossus 2 to drive further material improvements in capabilities. Engagement on X has already benefited from the replacement of legacy code with Grok's recommendation engine. These milestones highlight xAI's ability to accelerate innovation and its potential to secure a durable leadership position in the competitive AI industry. We value the company based on recent material secondary transactions in its shares, which have contributed to appreciation in the stock.

Top detractors from performance for the quarter

	Quarter End Market Cap ($B)	Contribution to Return (%)
Meta Platforms, Inc.	1,664.1	(0.75)
Coupang, Inc.	43.1	(0.69)
MercadoLibre, Inc.	102.1	(0.58)
ServiceNow, Inc.	158.9	(0.35)
Cloudflare, Inc.	69.2	(0.31)

Meta Platforms, Inc., the world's largest social network, detracted from performance as shares declined 10.0% in the fourth quarter, though still finished 2025 up 13.1%. While Meta reported strong quarterly results with 25% revenue growth (year-on-year in constant currency) and 40% operating margins (both above expectations) and provided solid forward revenue guidance, 2026 capital and operating expenditures guidance was above Street expectations, raising concerns that it may be overspending in AI for less certain returns relative to competitors. While hyperscalers have an existing cloud business, through which they rent out GPUs and can therefore generate a short-term return on their AI spend, Meta doesn't have a cloud business and so its investment profile is longer-duration in nature. Still, we believe Meta continues to benefit from its AI investments across the 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). Our industry checks also validate strong advertiser adoption and satisfaction, including in newer areas such as easy-to-use AI creative tools and business messaging. We believe Meta will begin to realize returns from its AI investment or rationalize spending over time. Longer term, Meta's leadership in mobile advertising, massive user base, innovative culture, leading generative AI research and distribution, and technological scale position it well for continued performance, with additional monetization opportunities ahead in areas such as smart glasses and commerce.

Shares of **Coupang, Inc.**, Korea's largest e-commerce platform, declined 26.7% in the fourth quarter (even though they finished 2025 up 7.4%). The weakness was initially driven by elevated upfront investments in its new market, Taiwan, where aggressive customer acquisition, supplier onboarding and product procurement, and logistics infrastructure buildout weighed on near-term profitability, as the company is expanding into a large new total addressable market underpinned by positive early data points. Investor sentiment was further pressured by a recent customer data breach incident, which raised short-term concerns around compliance costs, reputational risk, and potential regulatory scrutiny. A softer domestic consumption backdrop in Korea toward year-end also contributed to a more cautious market positioning. These dynamics drove a material multiple contraction, which was responsible for over 100% of the decline in the shares during the quarter. Despite these headwinds, our conviction in Coupang remains intact. We view the data security issue as operational rather than structural, with no evidence of lasting customer attrition or erosion in competitive positioning. Over the longer term, we believe that Coupang will continue to gain market share in its core business while leveraging its differentiated fulfillment infrastructure and technology to scale new services and expand into new markets. We remain invested.

MercadoLibre, Inc. is the leading e-commerce marketplace across Latin America. Shares of MercadoLibre declined 13.8% in the quarter (although finished the year up 18.4%) on near-term concerns of margin pressure and longer-term concerns over competition. Competitive intensity in Brazil has increased during the second half of the year, as Amazon and Shopee ramped up promotional activity, prioritizing growth over margins. In parallel, MercadoLibre decided to expand free shipping thresholds, and increased marketing spend, driving fears of near-term margin compression. Investors also became increasingly worried that agentic AI could slow gross merchandise value growth and pressure take rates by reducing marketplace product discovery and high-margin advertising revenue growth. Continued volatility in Argentina, one of MercadoLibre's higher-margin and fastest-growing markets, further prompted worries that slower economic growth would lead to slower growth in profits. While these factors drove near-term stock weakness, as nearly all of the underperformance in the quarter was driven by multiple contraction, we maintain conviction in MercadoLibre's long-term opportunity as the company is positioned to capture a large share of Latin America's underpenetrated e-commerce and fintech markets, with superior logistics capabilities, brand trust, and a powerful ecosystem that provides significant competitive advantages.

Portfolio Structure

The Fund is constructed on a bottom-up basis with the quality of ideas and conviction level 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 December 31, 2025, our top 10 holdings represented 59.8% and our top 20 represented 87.9% of the Fund's net assets, respectively. This compares to weightings of 58.9% and 84.5%, respectively, at the end of 2024. We finished the year with 31 investments. IT, Consumer Discretionary, Communication Services, Health Care, and Financials made up 96.5% of net assets. The remaining 3.5% was made up of **SpaceX**, one of our private investments classified as Industrials (the other is **xAI** which is included in Communication Services), and cash.

The Fund's turnover was 17.9% in 2025, compared to an average turnover of 18.8% over the last three years, and 21.9% average turnover over the last five years.

Top 10 holdings

	Quarter End Market Cap ($B)	Quarter End Investment Value ($M)	Percent of Net Assets (%)
NVIDIA Corporation	4,532.0	96.9	12.3
Amazon.com, Inc.	2,467.5	65.6	8.3
Meta Platforms, Inc.	1,664.1	58.8	7.4
Alphabet Inc.	3,781.6	48.3	6.1
Shopify Inc.	209.9	42.9	5.4
Taiwan Semiconductor Manufacturing Company Limited	1,576.1	42.4	5.4
Tesla, Inc.	1,495.7	33.4	4.2
KKR & Co. Inc.	113.6	28.2	3.6
MercadoLibre, Inc.	102.1	28.2	3.6
Samsara Inc.	20.5	27.5	3.5

Recent Activity

During the fourth quarter, we initiated two new investments, both in the semiconductor space: the leading fabless semiconductor and software giant, **Broadcom**, and a leading power components and systems supplier, **MPS**. We also participated in a new funding round in Elon Musk's AI company, **xAI**, where we added to our existing position.

We increased the size of our investment in nine existing holdings, including the leading cloud-based software provider for physical operations, **Samsara**, a leading cloud-based collaboration software provider, **Atlassian**, a leading alternative asset manager, **KKR**, a leading cloud-based cyber-security platform, **CrowdStrike**, the leading next-generation sequencing platform, **Illumina**, the leading semiconductor manufacturer, **TSMC**, a leading cloud-based data platform, **Snowflake**, and the leading Korean e-commerce platform, **Coupang**. We trimmed four existing positions in **Adyen**, **ASML**, **ServiceNow**, and **Block** and sold two investments – **Veeva Systems** which is further along in its growth lifecycle, and **Trade Desk**, where competitive intensity increased, prompting us to reallocate to ideas in which we saw a more favorable risk/reward.

Top net purchases for the quarter

	Quarter End Market Cap ($B)	Net Amount Purchased ($M)
Broadcom Inc.	1,641.0	18.5
Monolithic Power Systems, Inc.	43.4	16.2
X.AI Holdings Corp.	230.0	10.0
Samsara Inc.	20.5	9.7
Atlassian Corporation	42.7	4.9

During the fourth quarter, we initiated a new position in **Broadcom Inc.**, which designs and supplies semiconductor and infrastructure software solutions that sit at the core of modern computing and networking. The company is a global leader in high-performance digital and mixed-signal technologies spanning networking, connectivity, storage, and custom accelerators. Through its VMware acquisition, Broadcom also owns critical software layers used to virtualize and manage large-scale compute environments.

As returns on model scaling remain compelling (the intelligence of models grows with the scale of the compute and the amount of data on which models are trained), leading AI labs are investing aggressively in larger, more specialized infrastructure. While NVIDIA remains the default merchant platform, especially thanks to its rapid innovation cycles, leading AI labs are increasingly seeking to diversify some portion of their compute clusters at a more efficient cost structure especially for large workloads that are relatively stable (and hence don't require the flexibility inherent in a generalized infrastructure such as GPUs). Broadcom is uniquely positioned to enable this dynamic. It is the only scaled merchant supplier capable of co-designing custom accelerators and networking solutions with hyperscalers and frontier AI labs, and reliably delivering them into high volume production.

Broadcom has seen strong momentum in AI, with their key customer Google continuing to ramp and additional large customers entering significant volume production. The company ended its fiscal 2025 with AI revenue growth of 65%, which reached $20 billion (nearly one-third of total revenues), with quarterly AI revenues up 10 times in the last 11 quarters. Broadcom also announced overall AI backlog of $73 billion, which is almost half of the company's total backlog of $162 billion. It now has 5 XPU

(AI accelerator) customers. Despite the robust growth, Broadcom guided AI revenues to further accelerate in fiscal year 2026.

In addition, VMware integration progresses and the non-AI semiconductor businesses appear to be bottoming, which has driven overall company growth to 24% in fiscal year 2025 with 67% EBITDA margins. We believe that Broadcom's growth runway is long as an enabler of a full-stack solution as demand is expected to remain durable for years to come underpinned by the AI infrastructure build-out.

During the quarter, we also initiated a position in **Monolithic Power Systems, Inc.** (MPS), which designs semiconductor chips that control and deliver power inside electronic systems. Its products ensure that processors, memory, and sensors receive the precise power they need, safely and efficiently. MPS has built a leadership position in power management through deep system-level design expertise and highly integrated solutions that combine multiple functions into compact, high-performance devices. As CEO Michael Hsing puts it[9], *"[MPS] want to demonstrate in any segment of the market, we are the best; we have possessed the best technology and best customer service."*

MPS is positioned to benefit from two major long-term shifts: the redesign of data centers for AI and the transformation of vehicle electrical architectures. AI is driving a rapid increase in power demand inside data centers. Servers that once consumed modest power in the sub 10 kilowatt per rack, now require many times more with NVIDIA GB200 servers, which are currently in volume production, consuming around 120 kilowatt per rack. Next-generation AI systems will see further increase in power density. This is forcing a rethink of how power is distributed, converted, and managed inside servers and racks. As power levels rise, systems require more sophisticated and higher-value power solutions. Even if server shipments fluctuate over time like in a typical cycle, the amount of power hardware per system is set to grow for many years. This creates a durable growth tailwind for MPS across servers, accelerators, memory, networking equipment, and rack-level power systems. In parallel, automobiles are shifting from many small electronic units to a few powerful central computers and from traditional 12-volt systems towards higher-voltage architectures. Modern vehicles increasingly resemble advanced computers on wheels, with growing power needs and tighter efficiency and reliability requirements. These changes significantly increase the amount of advanced power management components per vehicle and expand MPS's role from specific subsystems into broader, system-level power delivery.

Considering that MPS still represents only low single-digits percentage of the analog industry, even though it has grown revenues by over 8 times and EPS by over 9 times in the last decade (representing CAGRs of 23.6% and 25%, respectively), we believe runway for growth remains long. Moreover, we believe that the company's expansion into modules presents an additional opportunity as modules still represent only 10% to 15% of revenues and have 3 to 4 times the ASP compared to chips. In addition, we believe that MPS's leading competitive positioning in power management would enable it to benefit from both the AI infrastructure build-out and the long-term electrification and computing transformation of the automobile, further reinforcing the company's growth tailwinds.

During the fourth quarter we also invested in Series E of **X.AI Holdings Corp.** (xAI), adding to our original investment from 2024. XAI is a private company formed through the merger of X (formerly Twitter) and xAI, Elon Musk's AI company founded in March 2023 to "understand the true nature of the universe." The combination pairs xAI's LLMs with X's real-time data and global distribution, accelerating AI development while giving X an opportunity to modernize the platform by replacing legacy code with AI-driven tools.

We believe that xAI's social media activity should benefit significantly from embedding AI capabilities that increase engagement, support advertising growth, enable more multi-modal interactions, and improve platform safety and moderation. We also believe that integrating X Money into the ecosystem creates a large new market opportunity, amplified by the network's sizable user base. Furthermore, xAI's rapid progress positions the company to benefit from growing adoption across enterprises, governments, and consumers. The Macrohard initiative is expected to introduce advanced AI functionality that reshapes digital workloads, driving meaningful productivity gains at lower cost. Lastly, over time, combining xAI's intelligence with robotics could expand its reach beyond software, enabling the company to transform workloads across both digital and physical environments.

We believe that xAI's compute capacity is a critical advantage in AI, and xAI has demonstrated an exceptional ability to deploy infrastructure quickly, at scale, and at competitive cost, strengthening its overall position. XAI is also among the few companies to develop frontier-level AI models. With growing compute resources, future model iterations should improve materially, supporting leadership in general-purpose intelligence. The company also has access to a unique and valuable asset: a real-time, global, multi-modal data stream, reinforced by a highly engaged and sophisticated user base. The Grokipedia initiative is improving data accuracy over time, further strengthening the company's positioning as a trusted vendor.

Top net sales for the quarter

	Quarter End Market Cap or Market Cap When Sold ($B)	Net Amount Sold ($M)
Adyen N.V.	50.3	11.2
Veeva Systems Inc.	47.7	8.7
ASML Holding N.V.	420.3	7.3
ServiceNow, Inc.	158.9	5.2
Block, Inc.	39.6	2.5

Outlook

We are excited about what is to come!

No, we are not talking about further interest rate cuts, deregulation, improved efficiency and productivity, increased M&A activity, and a more benign geopolitical background – things that are reasonably likely to happen that could provide a nice tailwind for the market and our stocks. No one gifted us a crystal ball this holiday season and even if we had one, we would not know how to use it. We do not know what is priced in or how the market would react to the events in the short term as they unfold. After a blockbuster three-year run with the Fund gaining 156.5% on a cumulative basis curbing our enthusiasm would seem to be in order. U.S. large-cap growth stocks are not cheap. The prospective returns are always negatively correlated to the recent ones and some normalization or return to the mean is somewhat likely. But truthfully – *we have no idea*.

As our crystal ball metaphor was meant to illustrate short-term market moves, as measured by quarters and any given years, are impossible to forecast. We know we have no edge there (we are not sure anyone does) and so we do not even try. However, when it comes to longer-term trends… we know something about taking advantage of that, and we are really excited about what we think is to come.

We are in the early stages of one of the biggest disruptive changes we have witnessed in our careers and perhaps in all human history. Invoking pattern recognition once again, this reminds us of the early 90s with the internet. Jeff Bezos, whose company was arguably at the epicenter of that transformation, remarked that *"This is most like electricity. There was electricity, then compute, and now AI. These horizontal layers, they go everywhere. I guarantee there is not a single application that you can think of, that is not going to be made better by AI*[10]." Elon Musk, no stranger to disruptive change himself, said that *"Probability that AI exceeds the intelligence of all humans combined by 2030 is about 100%."*[11]

We own a portfolio of great businesses that we expect will create and realize a lot of value from this disruptive change over long periods of time.

As we do every year, to better understand the Fund's performance, we deconstructed performance into its two components – change in multiples and change in the fundamentals. During the fourth quarter, the weighted average multiple[12] contracted by 5.7% and closed down 2.9% for the year. Since the Fund was up 3.3% in the quarter and up 18.2% during 2025, **all of our performance in 2025 was driven by growth in fundamentals** as opposed to the more unpredictable and volatile change in multiple – **a positive data point for the Fund's prospective returns**. The fundamentals of our businesses also continued to improve during the year with consensus revenue expectations for 2026 increasing by 4.8% during the fourth quarter and by 9.4% during 2025[13], and operating income expectations rising by 4.9% in the quarter and a similar 9.1% over the year.

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 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.

Sincerely,

Alex Umansky
Portfolio Manager

[1] 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.
[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] https://aws.amazon.com/executive-insights/content/how-amazon-defines-and-operationalizes-a-day-1-culture/
[6] https://video.ibm.com/GTC-Financial-Analyst-QA
[7] https://www.shopify.com/news/important-team-and-business-changes#
[8] https://blog.google/products-and-platforms/products/gemini/gemini-3-flash/
[9] MPS 3Q2025 earnings conference call
[10] https://medium.com/said-differently/jeff-bezos-nails-the-ai-story-5a2ebb86a0e5#
[11] https://x.com/elonmusk/status/1871083864111919134
[12] We calculate the change in P/E multiple (based on FactSet consensus expectations for EPS for the next 12 months) for each holding as long as the starting P/E is below 100x (and positive). Otherwise, we use an EV/Revenues multiple. For KKR, we use a P/FRE multiple. We then use the ending weights of each position in the Fund to calculate the weighted average change in the Fund's multiple (and exclude our private holdings).
[13] We calculate the change in FactSet consensus expectations for 2026 estimated revenues and operating income for our holdings and calculated the weighted average using weights as of 12/31/2025. We use Gross Profit for Block (since revenues include the volatile impact of crypto prices).
* As of 12/31/2025, the annualized returns of the Morningstar Large Growth Category average were 16.10%, 11.28%, and 15.25% 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.

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.

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

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. **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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BARON CAPITAL

QUARTERLY LETTER | DECEMBER 31, 2025

Baron Opportunity Fund®

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

Michael Lippert
Portfolio Manager

ALL CAP

Dear Baron Opportunity Fund Shareholder,

Performance

During the fourth quarter, Baron Opportunity Fund® (the Fund) posted a return of 4.63% (Institutional Shares), outperforming the Russell 3000 Growth Index (the Benchmark), which gained 1.14%, and the S&P 500 Index, which advanced 2.66%. For the full year 2025, the Fund appreciated 19.73%, beating the Benchmark, which rose 18.15%, and the S&P 500 Index, which gained 17.88%.

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

	Fund Retail Shares[1,2]	Fund Institutional Shares[1,2,3]	Russell 3000 Growth Index[1]	S&P 500 Index[1]
QTD[4]	4.56	4.63	1.14	2.66
1 Year	19.43	19.73	18.15	17.88
3 Years	35.69	36.05	30.25	23.01
5 Years	9.80	10.08	14.59	14.42
10 Years	19.83	20.15	17.59	14.82
15 Years	15.70	16.01	16.14	14.06
Since Inception (2/29/2000)	10.42	10.60	8.07	8.42

Review and Outlook

Market Backdrop

The fourth quarter of 2025 provided a steady finish to an otherwise turbulent year, with moderate gains across most indices amid easing economic pressures and holiday-season stability. The S&P 500 Index advanced 2.66% in the fourth quarter, supported by continued recovery momentum, while the NASDAQ Composite Index rose 2.72%. December 2025 was relatively flat, with the S&P 500 inching up just 0.06%, and the NASDAQ slipping 0.47%.

Several factors underpinned fourth quarter gains and a sustained market rebound from the April 8 lows: moderating tariff impacts, robust corporate earnings, and continued monetary easing. Following a September rate cut of 25 basis points, the Federal Reserve lowered rates twice more during the fourth quarter – by 25 bps each in October and December.

Performance

We manage the Fund with an unwavering focus on powerful secular growth trends that disrupt industries and drive sustained, high-impact, and profitable growth opportunities. 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. Investments in these trends yielded solid gains in the fourth quarter and strong returns for the year, with the Fund increasing almost 5% for the quarter and just under 20% for the year, beating the Benchmark for both periods.

The Fund's outperformance for the quarter was driven by stock picking–across a diversified set of innovation and secular growth leaders. Our stand-out contributor to relative and absolute 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 second largest holding in the portfolio and the largest overweight position versus the Benchmark. Musk's AI innovator, **X.AI Holdings Corp.** (xAI), founded not quite three years ago with the ambitious mission "to understand the true nature of the universe," was the portfolio's second-best performer. We purchased additional xAI shares during the quarter.

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.

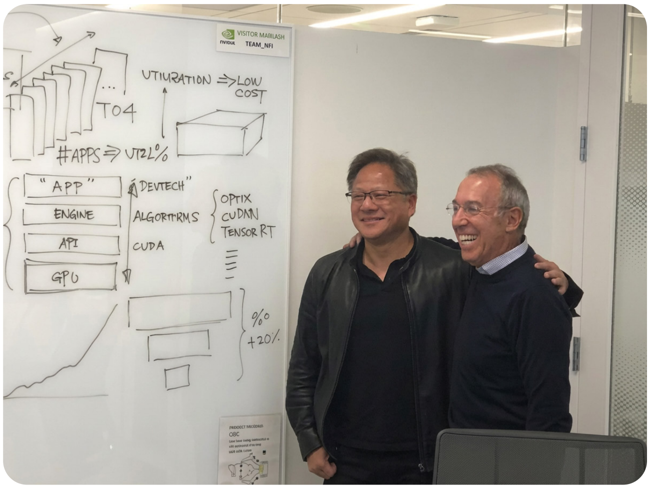
From a sector perspective, the Fund's Health Care investments performed well, with solid gains and relative performance from **Exact Sciences Corporation** (non-invasive cancer screening and diagnostic test leader), **argenx SE** (immunology and antibody-based medicine innovator), and **Eli Lilly and Company** (GLP-1 pioneer), partially offset by a pullback in **Arcellx, Inc.** (T-cell therapy innovator).

Like last quarter, the Fund's investment in **Spotify Technology S.A.** (global streaming music and content leader) and its non-ownership of **Alphabet Inc.**, which continued its strong second half run in the fourth quarter, both negatively impacted relative performance. Spotify, discussed more fully below, posted solid gains for the year (up 30%), but hurt relative performance for the quarter because it is one of the largest overweight positions in the portfolio. Alphabet (Google), as we discussed in our prior letter, stands at the crossroads of AI. It possesses the scale, technical advantages, brands, and distribution to be a long-term AI winner, and its innovation and execution cadence improved in the later part of the year. But it also has a lot to lose if its near-monopoly commercial search business is disrupted by AI. We continue to carefully study and analyze Alphabet as part of our broader AI, e-commerce, and digital media/advertising coverage.

AI Update

Now just over three years since the "ChatGPT moment" rang the opening bell of the age of AI, there remains little dispute that AI is the most powerful and impactful technology platform shift and secular growth driver since the advent of the internet itself. It has also been the predominant driver of stock leadership and returns over the last three years. On stage at this year's Baron Investment Conference, my colleague Ashim Mehra[5] and I answered questions about AI. Here's a snapshot of what we presented:

- There is plenty of debate about AI—among investors and certainly in the finance media, whether CNBC, bloggers, podcasters, and X posters. We've seen AI sell offs—both broad based and stock specific—on clips or sound bites taken out of context or on trepidations like the DeepSeek alarm that sounded earlier this year. We did a public webinar on the Deep Seek scare and explained that the reported innovations, if true, were merely another data point on the AI innovation line and would have been dismissed if the AI Lab had been, say, French instead of Chinese. We explained how financial and social media pundits played up Sputnik type fears to get eyeballs and engagement. We caution investors to separate the signal from the noise and not get caught in sentiment swings.
- At Baron, we are deep research, evidence-based investors. We are positive about AI because it is real. It is the most significant change to the global economy since the internet itself. Every digital interaction of today forward will have AI as the brains of the application. We have investments across all the layers of the AI stack and spanning industries. Our most successful investments to date have been in the infrastructure or compute layer. We were early investors in **NVIDIA Corporation**, over four years before the ChapGPT moment of November 2022, and it has been more than a 10-bagger for the Fund. Several of us spent a full day with founder and CEO Jensen Huang in the Fall of 2018, where he went to the white board to teach us about AI and why NVIDIA would win.



Baron Visits Nvidia's Headquarters, November 28, 2018

- We invested in **Broadcom Inc.** nearly two years ago after spending two hours with its CEO and founder, Hock Tan. Broadcom has already been a 2.5-bagger for the Fund. These returns resulted from explosive growth not multiple expansion.
- As you witnessed with the CEOs who spoke this morning, Baron research starts with people. We look for founders and management teams that are exceptional–but also who think long term and remain focused on building, not just managing. We also believe that sustained innovation is the competitive advantage of the future. In the past a moat might have meant first-to-market, a distribution network, intellectual property, brands, or scale, a nd while these hold true, we think in today's fast-moving world how fast a company can innovate, adapt, launch, and then scale new products is another critical competitive advantage. Baron investments like NVIDIA, **Tesla, Inc.**, SpaceX, Spotify, and **Shopify Inc.** embody this mindset.
- We are not resting on our laurels; we are investing forward. The theme of the conference 10 years ago was "question everything." That's a key part of our research DNA and what we're doing with AI. While I don't have the time to list everything, a few of the key issues that we are questioning and studying include: scaling laws for model training, post training, and reasoning; the adoption, penetration, impact, and value (cost savings or monetization) of AI workflows and use cases for consumers and businesses alike; whether we can generate and deliver enough energy to power the compute data centers; and how AI investments will be financed, including how that will be different for the Magnificent Seven players like Alphabet, **Amazon.com, Inc.**, **Microsoft Corporation**, and Tesla, who can fund their investments with internal cash flow versus the AI lab start-ups like OpenAI, xAI, and Anthropic, which need outside financing.
- In our view, the most important thing to study is not the race to artificial general intelligence or artificial super intelligence but the utility and value of AI. I recently listened to a recent

podcast with Andrei Karpathy, a prominent AI researcher and engineer, who worked at both OpenAI and Tesla, and who we have met in our work at Baron. One thing resonated with me (and I'm paraphrasing): Let's focus on building useful things, not AI animals.

- AI is already delivering value and proving useful: AI software code development—near 100% adoption and productivity improvements of 30% to 50% or higher; AI has delivered significant cost savings in customer service; Tesla Robotaxis are driven by AI; **Axon Enterprise, Inc.** is using AI to prepare first drafts of police reports; **Heartflow, Inc.** is using AI to advance heart disease diagnostics and save lives; and this will be the first holiday season of AI commerce, where Shopify's Catalog product will enable consumers to compete purchases with Shopify merchants without leaving AI chatbots. The massive opportunity ahead of us is scientific discovery—such as AI acting as the Rosetta Stone to help humans decipher the genetic language of cancer and other diseases.
- Technology paradigm shifts have multiple phases. The internet started on the desktop, then mobile, then the cloud. AI's impact on the world will not be one S-curve, but a series of stacked S-curves. We have investments across different phases of AI and among many of these S-curves. While our most successful investments to date have been in the infrastructure layer of AI, we also have excellent investments across other layers of the AI stack, such as the application layer and physical AI.

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
- EVs/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 fourth quarter we initiated or added to the following positions:

- Public safety technology: **Axon Enterprise, Inc.**
- Athletic footwear and apparel: **On Holding AG**
- Digital/other health care: **Heartflow, Inc.**, **Eli Lilly and Company**, **BillionToOne, Inc.**, and **Hinge Health, Inc.**
- Digital media, entertainment, and sports betting: **Spotify Technology S.A.** and **DraftKings Inc.**
- AI: **X.AI Holdings Corp.**
- Software: **Guidewire Software, Inc.**, **Atlassian Corporation**, and **Samsara Inc**.

Top Contributors

Top contributors to performance for the quarter

	Contribution to Return (%)
Space Exploration Technologies Corp.	4.42
X.AI Holdings Corp.	1.48
Eli Lilly and Company	1.05
Exact Sciences Corporation	0.90
Broadcom Inc.	0.45

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

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

Shares of **Eli Lilly & Company** contributed to performance. Eli Lilly is a global pharmaceutical company that is currently best known for developing and selling GLP-1 medications for diabetes and obesity. Shares contributed to performance as Zepbound continues to gain share for the treatment of obesity. We continue to see Lilly's portfolio of Mounjaro/Zepbound GLP-1/GIP and orforglipron oral GLP-1 drugs as important treatments for diabetic and non-diabetic obese patients, and we think this class of drug should be the standard of care for both diabetes and obesity and will grow to become at least a $150 billion category. Shares outperformed in the quarter as the company announced a deal with the Trump administration that: (i) expands Medicare and Medicaid coverage for the company's obesity drugs, and (ii) offers lower drug prices through Medicaid and continued investments in U.S. onshore drug manufacturing, in exchange for excluding Lilly from any near-term "Most Favored Nations" drug pricing programs or pharmaceutical sector tariffs. Investors welcomed the regulatory certainty. We think this market is in the early innings of uptake, and we think the adoption of GLP-1s will drive Eli Lilly to nearly double its total revenues by 2030.

Top Detractors

Top detractors from performance for the quarter

	Contribution to Return (%)
Spotify Technology S.A.	(0.88)
Microsoft Corporation	(0.53)
Oracle Corporation	(0.47)
CoStar Group, Inc.	(0.45)
Meta Platforms, Inc.	(0.42)

Spotify Technology S.A. is a leading global digital audio service, offering on-demand music, podcasts, and audiobooks streaming through paid premium subscriptions and an ad-supported model. In our view, Spotify's stock pulled back during the quarter for reasons completely unrelated to its durable competitive advantages, long-term opportunity, or robust fundamentals, namely: (i) a lack of near-term catalysts, and (ii) sympathy with Netflix, whose own stock fell in connection with the Warner Brothers escalating takeover battle between it and Paramount. These are temporary factors. More importantly, Spotify continues to demonstrate double-digit user growth and industry-leading engagement levels. The platform's pricing power is evident as customer retention held despite recent hikes in several markets. The company also continues on its path to structurally higher gross margins, aided by its high-margin artist-promotions marketplace, scaling its podcast offering, and product and network improvements in its advertising business. Finally, Spotify's product innovation cadence remains rapid, including AI personalization, video content, and a Super Premium tier in development. We still view Spotify as a long-term winner in entertainment streaming with potential to reach over 1 billion monthly active users. At Spotify's current price, we believe the risk/reward is quite attractive.

Microsoft Corporation is the world's largest software and cloud computing company. Microsoft was traditionally known for its Windows and Office products, but over the last five years, it has built a $135 billion run-rate cloud business, including its Azure cloud infrastructure service and its Office 365 and Dynamics 365 cloud-delivered applications. The stock detracted from performance, despite continued strong operating results, on concerns regarding: (i) its reliance on OpenAI for AI models and intellectual property, and (ii) returns on invested capital for the company's significant AI data center capital expenditures. For the September quarter, Microsoft reported better-than-expected financial results, highlighted by strong backlog that rose to $167 billion, up 40% year-over-year; Microsoft Cloud, which grew 15% in constant currency; and Azure revenue, which increased 39% in constant currency, bolstered by ramping AI revenue from OpenAI. Total December quarter revenue guidance came in-line with consensus, but the company provided higher guidance for its two most important segments, Productivity and Business Processes and Intelligent Cloud, on the back of continued strong trends across Microsoft Cloud, Azure, and AI. We believe Microsoft remains well positioned across the overlapping software, cloud computing, and AI landscapes, with its vertically integrated technology stack and broad sales distribution. We believe Microsoft will continue taking share across its business lines, driving durable, long-term, double-digit growth and best-in-class profitability.

Oracle Corporation is a leading software applications and infrastructure company. As the company's core software application and database businesses have matured, founder Larry Ellison and his management team pivoted in an attempt to become the fourth cloud service provider "hyperscaler"[6] with the build-out of its Oracle Cloud Infrastructure (OCI) offering. In so doing, the profile of the company has morphed from an asset-light, highly profitable mature software business to one that can best be described as a growth-acceleration story, requiring significant capital investments to build out its data center footprint. When the company reported its August 2025 quarter, it stunned the market with its OCI backlog surging 359% year-over-year to $455 billion, among one of the largest backlog increases ever seen. A couple of months later, at its analyst day event in October, the company raised its long-term guidance both for revenue and earnings per share on the back of robust demand for AI compute. Frustrating investors, however, Oracle did not break out its backlog by customer, but analysts believe OpenAI is north of 80% of the total. After the October event, Oracle shares started to slide on concerns around the OpenAI concentration and financing needs for both OpenAI and Oracle itself. We decided to exit the Oracle position and book a short-term tax loss, spreading the capital across several of the investments listed above.

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 $4.5 trillion and the smallest was $500 million. The median market cap of the Fund was $46.3 billion, and the weighted average market cap was $1.4 trillion.

To end the quarter, the Fund had $1.8 billion of assets under management. We had investments in 46 unique companies. The Fund's top 10 positions accounted for 61.6% of net assets.

Top 10 holdings

	Quarter End Market Cap ($B)	Quarter End Investment Value ($M)	Percent of Net Assets (%)
NVIDIA Corporation	4,532.0	229.4	12.8
Space Exploration Technologies Corp.	800.0	158.4	8.8
Microsoft Corporation	3,594.4	122.8	6.8
Broadcom Inc.	1,641.0	114.3	6.4
Amazon.com, Inc.	2,467.5	112.1	6.2
Tesla, Inc.	1,495.7	107.6	6.0
Spotify Technology S.A.	121.1	76.9	4.3
Meta Platforms, Inc.	1,664.1	72.3	4.0
Eli Lilly and Company	1,016.0	63.5	3.5
X.AI Holdings Corp.	230.0	50.3	2.8

Recent Activity

Top net purchases for the quarter

	Quarter End Market Cap ($B)	Net Amount Purchased ($M)
Axon Enterprise, Inc.	44.8	17.1
On Holding AG	15.3	14.7
Heartflow, Inc.	2.5	9.8
Oracle Corporation	626.8	8.1
Spotify Technology S.A.	121.1	5.7

We recently initiated a position in **Axon Enterprise, Inc.**, a leading public-safety technology company providing taser, body camera, drone, and other hardware solutions alongside robust cloud, digital evidence management, real-time operations, and AI-driven software offerings. Founded by current CEO Rick Smith in 1993, Axon started as a taser company and now has a near monopoly on the product across law enforcement officers nationally. Step by step, Rick and the team developed additional solutions and put them all together into different bundles, which through a best-in-class sales operation created and driven by President Josh Isner, are now sold across the country and increasingly internationally. Despite scaling to over $2 billion of revenue in 2024, the company is only scratching the surface of its massive addressable market of $159 billion that continues to grow as more products are introduced. Axon competes with companies across specific verticals, but there is no singular competitor who can match the public-safety ecosystem the team has built, which it modeled off Apple's unrivaled iOS ecosystem. For example, the team unveiled a game-changing AI product called Draft One, a software solution that leverages generative AI to draft high-quality police report narratives in seconds based on auto-transcribed body-worn camera audio. Taking all the data from Axon body cameras, Draft One is uniquely situated to help officers save about 40% of their time. The company is using its position as the dominant provider of law enforcement solutions to use data other players don't have access to and drastically improve the efficiency of officers. Axon is a special company, led by a visionary founder and a strong management team, that is constantly pushing forward to drive the flywheel faster. We see durable 25%-plus revenue growth for the foreseeable future, with increasing margins as software grows into a larger percentage of the total revenue mix.

During the quarter we initiated a position in **On Holding AG**. On Running is a premium performance sportswear brand specializing in footwear and is one of the fastest-growing scaled athletic wear companies in the world. The company was founded in 2010 and continues to gain market share in the athletic footwear category. We believe On is still early in its lifecycle as it expands its product line and distribution network. On benefits from strong brand loyalty, its commitment to sustainability, a focus on innovation, and a highly complementary, multi-channel distribution strategy. On sells its products in a combination of premium retail stores, which account for 60% of revenue. The balance of sales occurs through its direct-to-consumer channel, encompassing its own branded and operated stores, as well as its website. On was founded in Switzerland, but it has expanded quickly across the globe. Its products have exhibited sales momentum in the U.S., Europe, and Asia. Roughly 60% of its revenue is generated in North America, 25% in Europe, and the remainder in Asia Pacific. We believe On should be able to grow its revenues faster than 20% for many years, while also expanding its margins. We expect its growth to be driven by expanding brand awareness leading to market share gains in its core running shoe category, particularly as On expands its geographic footprint. We expect the company to continue to reinvest into its business at high rates of return. We believe On has a large opportunity to take market share in newer shoe categories, such as tennis, training, and outdoor. The company also has a significant opportunity to grow its offerings in the apparel category.

Heartflow, Inc. is a medical device company providing an AI-powered engine to diagnose heart disease. Heart disease is responsible for 1 in 5 deaths in the U.S., and every 40 seconds someone has a heart attack. There is an urgent need to quickly and accurately catch this disease before it reaches this stage. Heartflow's solution provides a minimally invasive way to catch blockages in the heart vessels, reducing both false negatives and false positives relative to standard of care today. The company has a strong competitive moat, with a repository of 110 million images supplemented by human-aided training that has taken over 10 years to build. We like the asset light nature of the business, along with the margin expansion opportunity as the AI algorithm gets smarter with scale and data, enabling Heartflow to reduce the number of employee hours involved in real-time workflows. Heartflow is in the very early innings of its growth ramp. The company has over 600 peer-reviewed publications, its solution has been approved by the FDA, and its core product has 99% insurance coverage. The company is only low single-digit penetrated into its addressable market and additionally is launching a new add-on product for plaque analysis that will utilize the same analytics backbone and thus come in at extremely high margins. We believe Heartflow is a model for the next generation of health care companies, which will be powered by big data and AI to make health care more efficient, less costly, and save lives on a broad scale.

Top net sales for the quarter

	Quarter End Market Cap or Market Cap When Sold ($B)	Net Amount Sold ($M)
Exact Sciences Corporation	19.3	31.6
The Trade Desk	23.3	25.7
Duolingo, Inc.	12.0	15.9
GitLab Inc.	6.3	15.3
argenx SE	51.8	9.3

We exited our successful investment in **Exact Sciences Corporation** after Abott Laboratories announced it was acquiring the company for approximately $23 billion in cash.

We decided to exit our long-term investment in **The Trade Desk**, predominantly due to mounting competitive pressures from Amazon's aggressive ad-tech push. While we do not believe Amazon has yet captured meaningful market share, our industry checks suggested that more agencies and media buyers are inclined to try and expand budgets with Amazon in 2026, which is leveraging exclusive Prime Video and Netflix inventory and offering significantly lower take rates. This situation was further exacerbated by substantial executive turnover. Given these challenges, combined with less consistency in recent results, we found the risk/rewarded balance to be unfavorable and chose to sell our position. Given the company's and CEO Jeff Green's prior track record, we continue to research and analyze the company and reserve the right to revisit an investment in Trade Desk.

We decided to sell our position in **Duolingo, Inc.** this quarter before the company reported third quarter earnings. Our thesis in Duolingo was that given how large the opportunity was for global language learning, the company could continue to grow users at rates well north of 25% for years to come. We had previously considered decelerating user metrics to be a temporary result of a brief reduction in marketing spend following social media backlash related to the company's AI posts. However, early in the quarter, our research indicated that the user slowdown continued unabated. In its earnings report, management signaled growth concerns by acknowledging the trend through October and choosing to delay monetization levers, resulting in a meaningful deceleration in bookings growth. We believe this decision would not have been necessary if organic growth had remained more robust. Shares of Duolingo are down meaningfully since the report and our sale.

We sold **GitLab Inc.** and redeployed that capital in the software names listed above in the Review and Outlook section.

We trimmed our **argenx SE** position and spread that capital across the health care names listed above.

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 non-cyclical, 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
Portfolio Manager

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

1 The **Russell 3000® 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 Ashim and I co-manage the Baron Technology ETF.

6 The three widely recognized hyperscalers are Amazon Web Services, Microsoft Azure, and Google Cloud Compute.

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 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.

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

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 CAPITAL

QUARTERLY LETTER | DECEMBER 31, 2025

Baron Partners Fund®

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

Ron Baron
CEO
Portfolio Manager

Michael Baron
Co-President
Portfolio Manager

ALL CAP

Dear Baron Partners Fund Shareholder,

Performance

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

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

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

But there are occasional periods where the Fund's relative returns are not as strong. The Fund is ranked in the 40th percentile for the prior 5-year period. In 2022, inflation spiked, interest rates rose, and geopolitical uncertainty intensified. Investors drastically rotated away from growth stocks that had been in favor during the height of the COVID pandemic and into value-oriented, steadier businesses. The Fund's low turnover and high active share made it temporarily susceptible to this sudden change in market sentiment. But these rapid and short-lived market shifts that caused a finite period of underperformance have historically had much less impact on the Fund's long-term absolute and relative returns. Since its conversion to a mutual fund over 22 years ago, the Fund's annualized return of 17.94% far exceeded the Index's

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

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

As of December 31, 2025, the Morningstar Large Growth Category consisted of 1,080, 936, and 755, share classes for the 1-, 5-, and 10-year periods. Morningstar ranked Baron Partners Fund® in the 7th, 40th, 1st, 1st, and 1st percentiles for the 1-, 5-, 10-, 15-year, and since conversion periods, respectively. The Fund converted into a mutual fund on April 30, 2003, and the category consisted of 666 share classes.
Morningstar calculates the Morningstar Large Growth Category Average performance and rankings using its Fractional Weighting methodology. Morningstar rankings are based on total returns and do not include sales charges. Total returns do account for management, administrative, and 12b-1 fees and other costs automatically deducted from fund assets.

Performance listed in the above table is net of annual operating expenses. Annual expense ratio for the Retail Shares as of April 30, 2025 was 2.24% (comprised of operating expenses of 1.30% and interest expense of 0.94%) and Institutional Shares was 1.99% (comprised of operating expenses of 1.04% and interest expense of 0.95%). The performance data quoted represents past performance. Past performance is no guarantee of future results. The investment return and principal value of an investment will fluctuate; an investor's shares, when redeemed, may be worth more or less than their original cost. The Adviser may waive or reimburse certain Fund expenses pursuant to a contract expiring on August 29, 2036, unless renewed for another 11-year term and the Fund's transfer agency expenses may be reduced by expense offsets from an unaffiliated transfer agent, without which performance would have been lower. Current performance may be lower or higher than the performance data quoted. For performance information current to the most recent month end, visit BaronCapitalGroup.com or call 1-800-99-BARON.

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

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

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

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

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

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

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

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

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

Property and casualty (P&C) insurance software vendor **Guidewire Software, Inc.** spent billions of dollars over four years to migrate its on-premises SAAS product to the cloud for insurance customers. New deals have recently accelerated, with more customers signing up for additions to their product suites. The success is best exemplified by Guidewire's landmark 10-year agreement with Liberty Mutual to migrate to the cloud. Liberty Mutual is the fifth largest U.S. insurer with $45 billion in direct written premiums. The deal should also help drive adoption among other Tier 1 carriers; now that Liberty Mutual has fully embraced the cloud, we believe others are likely to follow. We believe that Guidewire will be the critical software vendor for the $2.5 trillion global P&C insurance industry, capturing 30% to 50% of its $15 billion to $30 billion total addressable market and generating margins above 40%. Over the past two years, the stock has appreciated 84.3%.

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

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

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

Total returns by category for the year

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

* *Individual weights may not sum to displayed total due to rounding.*
** *Represents the blended return of all share classes of the Fund.*
Sources: Baron Capital, FTSE Russell, and FactSet PA.
Portfolio holdings are subject to change. Current and future portfolio holdings are subject to risk. Past performances is not a guarantee of future results.

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Top contributors to performance for the quarter

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

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

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

Shares of global hotelier **Hyatt Hotels Corporation** increased during the quarter as the company delivered strong revenue per available room and unit growth despite concerns around a weakening macroeconomic environment. Hyatt also reached an agreement with Chase to extend its credit card partnership on improved economic terms, reflecting continued growth in World of Hyatt membership. The company continues to sell owned assets at accretive rates and is redeploying the proceeds through share repurchases. Hyatt maintains an investment-grade balance sheet, and approximately 90% of earnings are generated from fees. Yet the stock trades at a discount to peers despite a comparable growth profile and business mix. We believe this valuation gap should narrow over time as investors gain greater confidence in the durability and resilience of Hyatt's business model.

Top detractors from performance for the quarter

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

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

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

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

Investment Strategy and Portfolio Structure

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

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

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

Performance Breakdown

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

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

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

Performance in Good Times: Outpaced the Index

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

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

The Fund has appreciated considerably in good times…

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

Performance in Challenging Times: Protected Capital

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

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

The Fund has retained value in challenging times…

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

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

Current Period and Since Inception: Significant Outperformance

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

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

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

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

Over the longer term, this combination of exceeding the Index 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 $1,505,705 on December 31, 2025. That same $10,000 hypothetical investment in a portfolio designed to track the Index would now be worth $270,920, only approximately 18% of what it would have been worth if invested in the Fund.

Top 10 holdings

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

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

Sincerely,

Ronald Baron
CEO
Portfolio Manager

Michael Baron
Co-President
Portfolio Manager

1 Reflects the actual fees and expenses that were charged when the Fund was a partnership. The predecessor partnership charged a 20% performance fee after reaching a certain performance benchmark. If the annual returns for the Fund did not reflect the performance fees the returns would be higher. The Fund's shareholders will not be charged a performance fee. The predecessor partnership's performance is only for periods before the Fund's registration statement was effective, which was April 30, 2003. During those periods, the predecessor partnership was not registered under the Investment Company Act of 1940 and was not subject to its requirements or the requirements of the Internal Revenue Code relating to registered investment companies, which, if it were, might have adversely affected its performance.

2 The **Russell Midcap® Growth Index** measures the performance of medium-sized U.S. companies that are classified as growth. The **Russell 3000® Index** measures the performance of the largest 3,000 U.S. companies representing approximately 98% of the investable U.S. equity market, as of the most recent reconstitution. All rights in the FTSE Russell Index (the "Index") vest in the relevant LSE Group company which owns the Index. Russell® is a trademark of the relevant LSE Group company and is used by any other LSE Group company under license. Neither LSE Group nor its licensors accept any liability for any errors or omissions in the indexes or data and no party may rely on any indexes or data contained in this communication. The Fund includes reinvestment of dividends, net of withholding taxes, while the Russell Midcap® Growth and Russell 3000® Indexes include reinvestment of dividends before taxes. Reinvestment of dividends positively impacts the performance results. The indexes are unmanaged. Index performance is not Fund performance. Investors cannot invest directly in an index.

3 The performance data in the table does not reflect the deduction of taxes that a shareholder would pay on Fund distributions or redemption of Fund shares.

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

5 Not annualized.

6 CoStar Group, Inc. has historically been viewed as Core Growth, but we are listing under Real/Irreplaceable Assets for the purposes of this letter given the company's near-term prospects are tied to the health of the real estate market.

* As of December 31, 2025, the annualized returns of the Morningstar Large Growth Category Average were 16.10%, 11.28%, 15.25%, and 14.18% for the 1-, 5-, 10, and 15- year periods, respectively.

Investors should consider the investment objectives, risks, and charges and expenses of the investment carefully before investing. The prospectus and summary prospectus contain this and other information about the Funds. You may obtain them from the Funds' distributor, Baron Capital, Inc., by calling 1-800-99-BARON or visiting BaronCapitalGroup.com. Please read them carefully before investing.

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

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

Diversification does not guarantee a profit or protect against a loss.

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.

Active Share is a term used to describe the share of a portfolio's holdings that differ from that portfolio's benchmark index. It is calculated by comparing the weight of each holding in the Fund to that holding's weight in the benchmark. Positions with either a positive or negative weighting versus the benchmark have Active Share. An Active Share of 100% implies zero overlap with the benchmark. **EBITDA**, short for earnings before interest, taxes, depreciation, and amortization, is an alternate measure of profitability to net income. It's used to assess a company's profitability and financial performance. **Free Cash Flow (FCF)** represents the cash that a company generates after accounting for cash outflows to support operations and maintain its capital assets. **Return on Investment** (ROI) is a performance measure used to evaluate the efficiency or profitability of an investment or compare the efficiency of a number of different investments.

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 CAPITAL

QUARTERLY LETTER | DECEMBER 31, 2025

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) retreated 1.26% (Institutional Shares) during the fourth quarter of 2025, while its primary benchmark, the MSCI Emerging Markets Index (the Benchmark), appreciated 4.73%. The MSCI Emerging Markets IMI Growth Index (the Proxy Benchmark) gained a more modest 2.99% for the quarter. The Fund underperformed the Benchmark and the Proxy Benchmark during the quarter, reversing the outperformance gained in the first three quarters. For the full year 2025, the Fund gained 30.14%, while the Benchmark appreciated 33.57% and the Proxy Benchmark gained 32.03%. While disappointed with our fourth quarter results, which largely resulted from a healthy correction in several of our strongest performing stocks heading into the quarter, we are satisfied with our full-year results particularly in light of our large and long-term overweight in India, a market which was roughly flat for the year and in our view, is poised to begin contributing again from a forward-looking perspective.

More specifically, weak fourth quarter relative results were partially driven by a correction in China-related equities, as the much anticipated November meeting between Presidents Trump and Xi, aimed at de-escalating trade tensions, led to a "sell the news" event. Chinese equities had already run up in anticipation, and in our view, the lack of specific reference to a resumption in the flow of semiconductor-related content and/or wafer fabrication equipment to China likely disappointed some expectations; we were not surprised and remain undeterred given the political realities, and in recent weeks evidence of such flow has surfaced and China-related equities, particularly technology-related, are again rallying. In addition, in the final quarter various holdings in India lost ground as an expected bilateral trade deal with the U.S.

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

	Fund Retail Shares[1,2]	Fund Institutional Shares[1,2]	MSCI Emerging Markets Index[1]	MSCI Emerging Markets IMI Growth Index[1]
QTD[3]	(1.33)	(1.26)	4.73	2.99
1 Year	29.77	30.14	33.57	32.03
3 Years	14.70	14.99	16.40	16.02
5 Years	0.91	1.16	4.20	2.36
10 Years	6.58	6.86	8.42	8.53
15 Years and Since Inception (12/31/2010)	4.84	5.10	3.82	4.58

failed to materialize as expected in November. We retain conviction in our investments in India and believe this jurisdiction not only offers value after trading sideways in the past year in a strong EM equity market, but more importantly, we believe it is poised to deliver a growth recovery and positive earnings inflection. We are encouraged by the strong absolute performance of the Fund over the past year, as well as the solid outperformance of EM equities in general, and remain optimistic that our fundamental, theme-driven and bottom-up approach can continue to deliver results in a rapidly evolving technological and geopolitical environment.

Entirely driven by an unusually difficult fourth quarter, for the full-year 2025 we underperformed the Benchmark while more modestly trailing our all-cap EM growth Proxy Benchmark. From a sector or theme perspective, adverse stock selection effect in the Consumer Discretionary sector was the principal factor, primarily driven by a handful of investments across multiple themes, namely **Swiggy**

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.

Limited and **Trent Limited**, and to a lesser extent **BYD Company Limited** and **Coupang, Inc.** In addition, weak stock selection effect in the Real Estate sector (**KE Holdings Inc.**, **Godrej Properties Limited**), Health Care sector (**Zai Lab Limited**, **Max Healthcare Institute Limited**) and Communication Services sector (**Kuaishou Technology**, **Tata Communications Limited**, **Indus Towers Limited**) also contributed modestly to relative underperformance. Partly offsetting the above was our large overweight together with strong stock selection effect in the Industrials sector, owing to various holdings in our sustainability (**HD Korea Shipbuilding & Offshore Engineering Co., Ltd.**, **HD Hyundai Heavy Industries Co., Ltd.**, **Doosan Enerbility Co., Ltd.**), global security (**Hanwha Systems Co., Ltd.**, **Korea Aerospace Industries, Ltd.**), and China value-added (**Jiangsu Hengli Hydraulic Co., Ltd.**, **Contemporary Amperex Technology Co., Limited**, **Zhejiang Sanhua Intelligent Controls Co., Ltd.**) themes. In addition, favorable allocation effect combined with good stock selection in the Energy sector (**Reliance Industries Limited**) also bolstered relative performance during the year.

From a country perspective, for calendar year 2025, our large overweight together with adverse stock selection effect in India was the largest detractor to relative performance. After delivering stellar performance over the 2020-2024 period, Indian equities experienced a phase of consolidation in 2025, which we believe was driven by a temporary deceleration in economic growth and a related loss of earnings momentum. In our view, India is now on the cusp of an earnings upgrade cycle, supported by a recovery in government infrastructure spending, targeted tax relief for the middle class, benign inflation trends, a normal monsoon benefitting rural demand, and the rollout of "GST 2.0[4]," which is expected to further stimulate consumption and economic activity. We believe this sets the stage for India to play catch up with EM peers that enjoyed a breakout year in 2025. Weak stock selection effect in Poland and China also detracted modestly from relative performance for the full year, and we discuss the fourth quarter correction in China in further detail in the Outlook section of this letter. We remain encouraged by the continued recovery in Chinese equities during the year as investors have gained increasing respect for the country's vast AI and advanced manufacturing potential. Partially offsetting the above was solid stock selection effect in Taiwan related to our advanced semiconductor/AI theme, as well as our lack of exposure to Saudi Arabia and other energy-sensitive jurisdictions that generated negative returns in a year of strong absolute gains for EM equities. Our overweight allocation in Korea, the world's top performing sizeable equity market in 2025, also notably bolstered relative performance during the year.

Poor stock selection effect in China, Korea, and India were the key detractors to relative performance during the period. Partly offsetting the above was our lack of exposure to Saudi Arabia and positive stock selection effect in Chile. From a sector or theme perspective, poor stock selection effect in Information Technology and Industrials detracted the most from relative results, though in our view this largely represented a correction in several strong-performing stocks entering the quarter. Our overweight positioning combined with weak stock selection effect in the Consumer Discretionary sector also weighed. Partially offsetting the above was favorable allocation effect and good stock selection in the Consumer Staples sector. Though disappointed by our performance in the fourth quarter, we are encouraged by the strong double-digit absolute gains delivered for the full year. As we enter 2026, we are enthusiastic regarding our positioning and remain optimistic that we are entering a multi-year upcycle for EM equities.

Top contributors to performance for the quarter

	Contribution to Return (%)
Taiwan Semiconductor Manufacturing Company Limited	1.37
SK hynix Inc.	1.00
Samsung Electronics Co., Ltd.	0.83
Sociedad Quimica y Minera de Chile S.A.	0.37
ISC Co., Ltd.	0.30

Semiconductor giant **Taiwan Semiconductor Manufacturing Company Limited** (TSMC) contributed to performance during the quarter, driven by robust demand for AI chips. We retain conviction that TSMC's technological leadership, pricing power, and exposure to secular growth markets—including AI and high-performance computing, automotive, 5G, and Internet of Things—will allow the company to sustain strong double-digit earnings growth over the next several years.

South Korean memory semiconductor company **SK hynix Inc.** contributed to performance, as strong AI-driven demand, combined with tight industry supply, has resulted in a dramatic increase in dynamic random-access memory (DRAM) and NAND flash memory pricing and profitability. Memory is a core pillar of the data economy and benefits from structural demand growth as servers, smartphones, PCs, and other devices become increasingly computationally intensive. We believe SK hynix will remain a key beneficiary of rising adoption of High Bandwidth Memory (HBM), which leverages advanced packaging to vertically stack DRAM chips, delivering higher bandwidth, improved power efficiency, and a smaller form factor. SK hynix has emerged as the industry leader in cutting-edge HBM due to its superior performance, durability, and heat dissipation. We expect the company to generate strong earnings growth over the next several years, with significant upside from incremental long-term memory demand driven by AI applications.

Shares of South Korean conglomerate **Samsung Electronics Co., Ltd.** increased during the quarter on surging DRAM and NAND flash memory pricing, improved execution in DRAM and 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.

Top detractors from performance for the quarter

	Contribution to Return (%)
Alibaba Group Holding Limited	(0.79)
Kaynes Technology India Limited	(0.59)
Tencent Holdings Limited	(0.56)
Zai Lab Limited	(0.52)
Kingdee International Software Group Company Limited	(0.46)

Alibaba Group Holding Limited is the largest retailer and e-commerce company in China. The company operates shopping platforms Taobao and Tmall, and has businesses spanning logistics, local services, digital media, and cloud computing. Shares fell during the quarter amid a broader pullback in Chinese equities following the prior AI rally and some renewed macroeconomic concerns. Even so, Alibaba's fundamentals remain broadly intact. The company accelerated cloud revenue growth, driven by AI adoption and improving unit economics in its quick commerce business. Alibaba is also ramping capital expenditures over the next three years, with plans to invest at least $53 billion to expand its cloud infrastructure layer and embed AI capabilities across its ecosystem, including consumer search. Within commerce, quick commerce has demonstrated strong early traction and management has reiterated its commitment to further enhancing profitability. We retain conviction that Alibaba is well positioned to benefit from China's ongoing growth in e-commerce and cloud, although competitive concerns remain.

Kaynes Technology India Limited is a leading electronics manufacturing service player in India, offering solutions across the automotive, industrial, railway, medical, and aerospace and defense industries. Shares declined during the quarter amid concerns around working capital management and the company's ability to generate cash flow, as well as questions regarding certain financial reporting practices, which management subsequently clarified. We retain conviction in Kaynes, as we believe the company is well positioned to benefit from the Government of India's "Make in India" initiative, which promotes domestic electronics manufacturing through attractive tax incentives and investments in manufacturing infrastructure. We expect Kaynes to deliver compounded EBITDA growth of more than 30% over the next three to five years.

Tencent Holdings Limited operates China's leading social network and messaging platforms (WeChat and QQ), its largest online gaming business, and one of the country's dominant online entertainment and media ecosystems. Shares declined amid a broader sell-off in Chinese equities following strong performance in the third quarter. Even so, fundamentals remain solid. Core gaming and advertising revenue growth continued to exceed expectations, with profitability growing faster than overall revenue. Tencent also noted that AI is already improving its core advertising technology through better targeting, content ranking, and new forms of engagement such as AI-powered search. We remain confident in the company's ability to compound earnings over time, supported by its diversified growth structure, massive scale, and operational efficiency. Longer term, we believe Tencent could be a leading beneficiary of generative AI in China, given its ability to enhance existing products and enter adjacent markets through its extensive platform ecosystem. We continue to monitor the regulatory environment.

Portfolio Structure

Top 10 holdings

	Percent of Net Assets (%)
Taiwan Semiconductor Manufacturing Company Limited	11.7
Tencent Holdings Limited	5.1
Alibaba Group Holding Limited	3.9
Samsung Electronics Co., Ltd.	3.4
Contemporary Amperex Technology Co., Limited	2.4
HD Korea Shipbuilding & Offshore Engineering Co., Ltd.	2.4
Bharti Airtel Limited	2.4
Bajaj Finance Limited	2.2
SK hynix Inc.	2.0
Credicorp Ltd.	1.9

Percentage of securities by country

	Percent of Net Assets (%)
China	27.2
India	25.4
Taiwan	15.4
Korea	15.3
Brazil	4.9
South Africa	2.2
Peru	1.9
Mexico	1.5
Poland	1.2
Greece	1.1
Chile	0.9
Philippines	0.8
Argentina	0.8
Spain	0.5
United Arab Emirates	0.2
Russia	0.0*

** The Fund's exposure to Russia was less than 0.1%*

Recent Activity

During the fourth quarter, we added a few new investments to existing themes while also increasing exposure to several positions that we established in earlier periods. We continue our endeavor to add to our highest conviction ideas.

We initiated positions in **Absa Group Limited** and **FirstRand Limited** as we believe South African banks are at the cusp of a favorable banking cycle. Across sectors, loan growth is accelerating in both corporate and retail segments, asset quality remains stable with credit loss ratios within or below through-the-cycle ranges, and easing monetary conditions are improving affordability and activity, creating the potential for a rebound in net interest margins as volumes recover. Importantly, the South African Reserve Bank's shift to a lower inflation target (announced in November 2025) is contributing to a decline in long-term bond yields, which should support better loan affordability, stimulate investment, and lower the cost of equity, providing tailwinds for revenue and valuation multiples. Within this backdrop, Absa offers strong leverage to improving domestic growth through its leading corporate and transactional banking franchises and operating leverage as revenue growth outpaces costs, while FirstRand stands out for its structurally higher returns, diversified earnings streams, and disciplined asset-liability management that positions it well to defend margins through the cycle. With bank stocks offering undemanding valuations, improving earnings momentum, and the potential for multiple re-rating as macro conditions normalize, we believe Absa and FirstRand represent attractive investment opportunities.

During the quarter, we re-established a position in **Nu Holdings Ltd.**, the leading digital bank in Latin America with operations in Brazil, Mexico, and Colombia, as we see the company emerging from a benign credit cycle with its long-term competitive advantages intact and its growth opportunity enhanced. Founded in 2014 to provide Brazilian consumers better access to financial services, Nu is disrupting an oligopolistic banking system plagued with high fees, poor service, and limited credit availability. Leveraging a tech-first, user-friendly platform, and core focus on customer experience, the company has attracted over 100 million users with minimal marketing spend. We believe its success rests on four key advantages: a digital platform that drives engagement and lowers costs, disciplined credit underwriting, a retail deposit-based funding model, and a strong, trusted brand. Nu continues to scale rapidly, gaining traction in new markets and expanding its product suite. In Brazil, the company already commands a 13% share of the credit card market, and we see similar potential in adjacent products. We see a long runway for growth given the structural underpenetration of financial services in Nu's core markets. In Brazil, roughly 30% of adults remain underbanked, and credit card penetration is only around 35%, compared to 70%-plus in developed economies. Retail credit penetration (consumer loans as a % of GDP) is about 30%, versus 50% to 60% in mature markets. In Mexico and Colombia, the gaps are even wider: more than half the population is unbanked or underbanked, and credit penetration is below 20% of GDP. Cash still accounts for over 50% of personal consumption expenditures, underscoring the opportunity to digitize payments and expand credit access. Nu is uniquely positioned to capture this opportunity with its scalable platform and cost advantage. Looking ahead, we expect strong balance sheet growth and rising return on equity over the medium term, driven by operating leverage and balance sheet optimization. We are confident that this combination of robust growth and improving profitability positions Nu for strong long-term stock performance.

Finally, we added to several of our existing positions during the quarter, most notably **Samsung Electronics Co., Ltd.**, **Kuaishou Technology**, **HDFC Bank Limited**, **Bharat Electronics Limited**, **Alibaba Group Holding Limited**, **Tata Communications Limited**, and **InPost S.A.** During the quarter, we also exited positions in **Gold Fields Limited**, **KE Holdings Inc.** and **Dino Polska S.A.** due to high valuation and/or uncertainties over durability of earnings growth or competitive positioning going forward.

Outlook

During the final quarter of 2025, global equities extended prior year gains and delivered solid full-year returns. Notably, emerging market (EM) equities significantly outperformed their U.S. and global counterparts for first time in several years. We believe the year 2025 likely represented the beginning of a sustainable period of EM and international equity outperformance. The year was marked by a largely unexpected U.S. withdrawal from the decades-long multilateral security and trade equilibrium, which triggered a variety of defensive policy responses around the world. When the U.S. subsequently negotiated, or relented, and materially diluted tariff and other protectionist measures, the monetary, fiscal and reform stimulus already in the pipeline led to solid global economic growth and, as the year progressed, various signs of excess liquidity and speculation. While geopolitics and financial markets exhibited volatility during the year, political, economic and financial constraints reigned in tail risks and, in our view, ultimately resulted in a much more constructive backdrop for EM equities than was envisioned entering the year.

While EM returns were quite impressive for the year, fourth quarter returns were more modest, as China, the largest weight in the Benchmark, suffered a correction and consolidated prior year gains. After a significant summer rally in anticipation of the scheduled October meeting between Presidents Trump and Xi, ostensibly set to de-escalate trade tensions, China equities (particularly technology-related) retreated into the year-end. We believe the market was likely disappointed with a lack of specific reference to the resumption of some form of technology/semiconductor/WFE flow to China, while the U.S. did make specific reference to the resumption of rare earth metal exports from China. We were undeterred and not surprised by the lack of detail in the initial read-outs, given the political sensitivities, believing there would ultimately be further signs of improvement as part of the detente. As we stand in early 2026, such signs have emerged in recent weeks, and Chinese equities tied to AI/data centers, robotics, semiconductors, and technology in general are recovering. We continue to believe that global investors are underestimating the capabilities and potential of China's emerging technology/

AI ecosystem, which appears particularly advantaged in terms of power supply and cost, open-source large language models, and overall capital requirements.

On this point, during the quarter, the U.S.-based hyperscaler capex commitments continued to rise, with an estimated $550 billion to be spent in 2026 on AI data center (AIDC) development (up from earlier estimates closer to $450 billion). This arms race has captivated the attention of global investors while dominating equity market returns, though during the quarter we believe some yellow flags have surfaced. First, Google/Gemini's momentum and market share gains vs. OpenAI/ChatGPT, while relying on lower cost TPUs, has raised questions around the sustainability of competitive advantage and NVIDIA's longer-term market share and pricing power. Second, this uncertainty may challenge what has been a largely open-ended debt and equity funding environment for AIDC development, which calls into question whether current expectations for over $3.0 trillion in cumulative capex through 2030 will be met. While we do not have a particular view, we simply note that expectations are high, and that given the current S&P 500 Index weighting and disproportionate share of global equity portfolios represented by this broader U.S. AI ecosystem, any downward estimate revision would likely result in further outperformance by non-U.S. equities.

Just a few days into the new year, the U.S. conducted a military operation in Venezuela termed "Operation Resolve," which involved extracting sitting President Nicolas Maduro and his wife and transporting them to the U.S., where they had been indicted on multiple charges. This operation evidences the Trump Administration's foreign policy pivot away from global/multilateral peace, security, and trade towards an "America First" agenda, with an emphasis on bilateral negotiations, raw power, and the Monroe Doctrine, prioritizing the consolidation of U.S. interests within its "sphere of influence" in the Western Hemisphere. In our view, coupled with its previous and unconventional moves regarding Europe/NATO and apparent appeasement of Russia's pursuit of territory from the Ukraine, we believe the weight of evidence likely points to less direct intervention in Russia and China's respective spheres of influence. Both Russia and China have been conspicuously quiet in the aftermath of the U.S. operation, which would represent a direct affront, and we believe this silence may signal that the recent détente between the U.S. and China, with a priority around improving trade and mutual economic benefit in the near/intermediate term, remains the base case. We currently remain of the view that further signs of technology/semiconductor flow to China, in exchange for assurances from China on rare earths, Taiwan abeyance, increased imports and potentially investment in U.S.-based manufacturing is likely. Further, we are intrigued by the U.S. emphasis on the Monroe Doctrine and believe that any wholesale "rightward shift" by Latam countries could unlock material gains in the region's bonds, equities, and currencies as risk premium would likely materially adjust.

We see solid global economic and market performance as we enter the new year as an indication that financial conditions remain constructive. The U.S. Federal Reserve (the Fed) confirmed a global central bank easing cycle during the third quarter of 2025, with additional rate cuts anticipated. Last year, authorities around the globe rolled out monetary, fiscal, and reform measures as emergency/insurance policies out of fear of the impact of aggressive U.S. trade policy. While in most cases the threat was later dialed down as a byproduct of both bilateral trade negotiations and political and economic constraints, the insurance policy support remained in the pipeline. This led to better-than-expected global economic and earnings momentum, and by late in the year, various signs of robust liquidity, if not exuberance. In the U.S., the Trump Administration has shifted emphasis towards this year's mid-term elections, also sparking incremental fiscal and policy easing as well as ongoing "national service" by large corporates. We believe 2026 could likely represent a major test of Fed independence, as we are getting late in a global economic expansion cycle, implying less slack in the system, with the forward-looking path for inflation expectations in our view more likely higher than lower. Normally, this would trigger a more hawkish Fed, though should this scenario present in the year ahead, a yet to be determined new Fed Chairman may have difficulty in delivering on expectations given the Trump Administration's clear bias for lower rates. Should inflation tick up and longer-term bond yields rise/steepen, any waiver by the Fed would near certainly set off a new round of dollar weakness, and if history is any guide, extend or amplify non-U.S. equity outperformance.

We look forward to our next update 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.

[4] GST 2.0 in India, launched on September 22, 2025, is a major overhaul of the tax system that reduces the earlier four GST slabs to a simpler two-rate structure (5% and 18%), with a 40% demerit rate for sin and luxury goods. It aims to lower the tax burden on households and businesses by cutting GST on essentials, insurance, healthcare, agriculture inputs, consumer goods, and manufacturing-linked items. Overall, GST 2.0 is designed to boost consumption, ease compliance, and make the tax regime more citizen-centric and growth-oriented.

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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.

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).

QUARTERLY LETTER | DECEMBER 31, 2025

Baron Global Opportunity Fund®

Retail Shares: BGAFX | Institutional Shares: BGAIX | R6 Shares: BGLUX

Alex Umansky
Portfolio Manager

Dear Baron Global Opportunity Fund Shareholder,

Performance

We had a good fourth quarter and another excellent year.

Baron Global Opportunity Fund® (the Fund) was up 6.5% (Institutional Shares) during the fourth quarter, compared to the 3.3% gain for the MSCI ACWI Index (the Index), and the 2.8% gain for the MSCI ACWI Growth Index, the Fund's benchmarks. For the year, the Fund gained 27.5%, outperforming the 22.3% and 22.4% returns for the benchmarks, respectively.

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

	Fund Retail Shares[1,2]	Fund Institutional Shares[1,2]	MSCI ACWI Index[1]	MSCI ACWI Growth Index[1]
QTD[3]	6.47	6.52	3.29	2.84
1 Year	27.46	27.53	22.34	22.44
3 Years	26.27	26.50	20.65	26.54
5 Years	(0.43)	(0.22)	11.19	11.12
10 Years	13.71	13.95	11.72	13.99
Since Inception (4/30/2012)	12.57	12.81	10.62	12.59

It was another interesting year with plenty of plot twists along the way. After staging a nice recovery in 2023 and 2024, global equity markets continued to grind higher and more than halfway through the first quarter, the Index was up 5.5%, while the Fund enjoyed double-digit gains. Then we started hearing about the new tariff policy with the President posting on social media that "Trade wars are good and easy to win" and the market promptly reversed course. The Index ended the first quarter down 1.3%, MSCI ACWI Growth Index was down 6.8%, and the Fund lost over 9%. The headwinds from de-globalization that we had talked about for the last two years were now coming front and center. The Liberation Day announcement with its "reciprocal" tariff policy based on difficult to understand formulas was not well received by the markets and by April 8, the Index had experienced a 16% correction from its February peak, while MSCI ACWI Growth was down 20%. But the policy was quickly adjusted with most tariffs suspended while the government entered into direct negotiations with most relevant and important countries. By midsummer, no one believed in the Administration's 120% tariffs on China anymore. The 25% tariffs on Mexico and Canada only hit a limited number of goods not covered by the USMCA, which President Trump negotiated in his first term. Tariffs on EU products settled at 15% (with carve-outs for pharmaceuticals and essentials), while everyone else in general is at 10%. Currently, there is a 30% tariff on imports from China, although there are 178 exclusions on Chinese goods until at least November 10, 2026. These adjustments were well received by the markets, with the Index posting an 11.5% second quarter gain, the MSCI ACWI Growth Index gaining 17.3%, while the Fund appreciated 22.7%. By the end of the summer everyone forgot about the tariffs and the AI boom took over. Helped by the first rate cut of the year in September, the Index and the Fund posted 7% to 8% gains and "Are we in an AI bubble?" became the topic DuJour. A good portion of our last letter was devoted to opining that when everyone is worried about a bubble, we are unlikely to be in one. The fourth quarter saw more of the back and forth with the indexes eking out around a 3% gain and the Fund posting a 6.5% return. We would summarize the year as a struggle between the

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.

headwinds of de-globalization and the tailwinds from the easing Federal Reserve (we got three cuts), the early stages of the AI investment cycle, and of course, our investment in **SpaceX**. In the end, we experienced a favorable outcome with the Fund recording a third straight year of 25%-plus returns, posting a gain of 102.4%, cumulatively, since the start of 2023, outperforming the Index by 26.8% and the Morningstar Global Large-Stock Category (the Peer Group) average by 37.0%.*

From a quarterly performance attribution perspective, stock selection contributed 394bps to relative returns, while sector allocation detracted 72bps. The outperformance was driven by SpaceX's new funding round, leading our fair value committee to revalue the stock significantly higher. Positive stock selection within Health Care further contributed to results. This strong performance was partially offset by Consumer Discretionary, Information Technology (IT), and Financials, which cost us 668bps combined. Within Consumer Discretionary, performance was negatively impacted by the correction in the stocks of our e-commerce platforms, **Coupang** in Korea, and **MercadoLibre** in Latin America – Coupang was negatively impacted by an accelerated investment cycle to support the Taiwanese expansion as well as a highly publicized cyber-security breach. MercadoLibre was negatively impacted by short-term margin headwinds due to a reduction in free-shipping threshold in Brazil and a rise in short-term competitive intensity. Multiple contraction drove over 100% of the decline in Coupang and nearly 90% of the decline in MercadoLibre. Poor stock selection in IT was impacted by our overexposure to software, as investors continue to be concerned over the long-term impact of AI.

Looking at 2025 as a whole, while U.S. stocks continued their march higher, with a third consecutive year of double-digit returns, driven by the AI buildout, and a resilient economy with GDP growth accelerating to 4.3% in the third quarter, markets outside the U.S. had a banner year after underperforming for quite some time. Emerging Markets were up 34% (China was up 31%, Taiwan 39%, Brazil 50%, and Korea up a whopping 100%). Europe was up in the same ballpark (Germany was up 36%, the U.K. 35%, Netherlands 37%, Switzerland 33%, and France 28%) and Japan was up 25% – all outperforming the 17% gain for the U.S. Overall, U.S. companies were responsible for 51% of the Index's returns in 2025 compared to 87% in 2024 and 72% in 2023 (78% for 2023 and 2024 combined), and U.S. stocks now comprise 63.9% of the Index.

While the Fund was underweight the U.S. by 19.8% (on average), stock selection drove most of the outperformance with our U.S. holdings up 53.4%, contributing 1,549bps to relative returns, which was further aided by 121bps due to the Fund's underweight. Unfortunately, the 11.2% overweight to Emerging Markets was less helpful, as the Fund's largest overweight was India, which was one of the worst performing markets in 2025, up only 2.6%, even though our Indian holdings were up 14.2%, significantly outperforming their counterparts in the Index. From a market-capitalization lens, small and mid-caps underperformed once again in 2025, by 22.6% and 8.7%, respectively (after underperforming the Index by 13%, and 7%, respectively, in 2024). The Fund was overweight small and mid-cap stocks by 10%, which detracted from relative returns.

For calendar year 2025 overall, the Fund's outperformance was driven by stock selection, which contributed 806bps while sector allocation detracted 298bps. Similarly to the fourth quarter, our top two sectors were Industrials and Health Care. Industrials was our best sector for the year contributing 873bps to relative returns, driven by the revaluation of SpaceX, though this was partially offset by declines in the stocks of the aerospace and defense parts supplier, **Loar**, the freelance platform, **Fiverr**, and the out-of-home European logistics company, **InPost**. Health Care added 104bps to relative results, driven by biotechnology company, **argenx**, which had another great year, up 37.8%. These strong results were partially offset by Financials, Communication Services, and Consumer Discretionary, which detracted 312bps combined.

From a stock specific perspective, we had 29 contributors against 16 detractors in 2025. As mentioned above, SpaceX was our biggest gainer, contributing an impressive 1,191bps to absolute returns. **Cloudflare**, **NVIDIA**, and **Shopify** contributed over 300bps each, while MercadoLibre, **Snowflake**, **Taiwan Semiconductor** (TSMC), **Bajaj**, **ASML**, argenx, and **Nu Holdings** added over 100bps each. On the other side of the ledger, **Globant**, **Wix**, and **BILL Holdings**, cost over 100bps each, while **Endava** detracted 212bps, costing the Fund 663bps combined.

<u>The inherent tension between process and flexibility</u>

Professional money managers must develop and follow an investment process. On the one hand, a repeatable process is critically important to an investment manager's long-term ability to generate excess returns. On the other hand, when too rigidly enforced, it can lead to missed opportunities, inability to recognize mistakes in a timely manner, and delay the benefits from lessons learned. And so, *<u>a balance is required</u>*. A balance between confidence required to execute your process, but not so much that it turns into arrogance and hubris. A balance between being patient and having the courage to wait for your process to succeed, but not so much that it turns into complacency and inability to recognize a mistake. A balance between striving to learn everything you can about the investment you made, but not so much that you forget how much is unknowable or you still do not know. Finding this balance is key. We think the same is true for the companies we own. A repeatable process enables large systems and enterprises to scale and run smoothly and efficiently. But it typically comes with a cost of lack of agility and slower decision making. Adaptability, which is intrinsic in successful early-stage ventures and smaller companies, enables rapid innovation and quick decision making based on the founder's vision and changing circumstances. This usually comes at the cost of repeatability and less specialization and as a result lower efficiency.

The importance of being able to adapt to disruptive change in the world of AI is obvious. Those companies unwilling or unable to do so will be left behind. To succeed, businesses will need to overcome the innovators' dilemma, be willing to challenge conventional wisdom, and avoid "but this is how we always did it" type of thinking. They need to embrace change and make sure decision makers on AI aren't the ones whose jobs are at risk (as they would fight it), and make sure they are creating the right culture to accelerate innovation, take risks, try and fail. Jeff Bezos introduced the "one-way door" decision framework at **Amazon** where the goal is to apply deep analysis to truly consequential, one-way decisions while moving quickly on reversible ones, preventing indecision and ensuring agility[4]. The companies that make it would be the ones that adapt a similar mindset. However, we would argue that balance would also be key for those companies that succeed in crossing the chasm – while being adaptable to change, they can't lose sight of what made them successful thus far – maintaining high quality talent even as the disruption from AI accelerates, retaining a focus on solving real problems for customers and continuing to pull the levers that make them special.

We believe our companies have both the adaptability to change as well as the balance necessary to succeed. NVIDIA started out as a graphics-card supplier for gamers. Over time, the company has evolved into the leading AI infrastructure company in the world. It continues to evolve constantly, accelerating its innovation cycles to an annual cadence, moving to extreme co-design where it designs half a dozen chips simultaneously from networking to CPUs, GPUs, racks, and full AI data centers, while continuously challenging its pre-existing beliefs. At the same time, the company remains true to what we believe makes it unique – a focus on the ecosystem, investing for the long term, and focusing on solving hard problems that others cannot. NVIDIA's Co-Founder and CEO, Jensen Huang, described it best in the company's recent CES investor meeting[5]:

> *"<u>We like to solve insanely hard problems we are uniquely positioned to solve… I like these things that take a long time</u>, but when you finally get there, it's very likely you'll be quite alone… NVIDIA is powering just about every quantum computer in the world and everybody goes 'zero, zero, zero.'*
>
> *"Models change all the time… that's why NVIDIA is the right answer - because we're flexible… versatile… You have finite power... Have to utilize that finite power for the overall consumption of the data center. And the more flexible it is, the better it is… <u>We are constantly trying to come up with a new way to do better… I'm trying to disrupt myself all the time.</u>"*

Another great example is Shopify, which was able to adapt multiple times over the years. Shopify started out with a mission of democratizing online commerce by targeting small domestic online merchants. Today it offers solutions for offline merchants, large merchants, business-to-business (B2B) merchants, and merchants located everywhere in the world. Along the way, Shopify tried to become a logistics business with the Shopify fulfillment network, but decided to pivot when it saw that its time was better spent focusing on its "main quests"[6], cutting over 20% of its workforce. Despite cutting its workforce, it accelerated its innovation velocity and remained obsessed with solving more and more problems for merchants by expanding the set of vertical solutions it offers. Today it includes solutions for taking payments across geographies, instant checkout, working capital loans, tax management, merchant-of-record solutions for cross-border commerce, offline commerce, Shopify Campaigns for end-consumer acquisition, solutions for agentic-commerce, an AI Sidekick to help merchants optimize how they manage their business, and so on, making them much more successful over time. We focus on identifying and investing in companies like NVIDIA and Shopify. Companies that thrive on innovation and have proven track records of being adaptable to disruptive change.

<u>Who ARE the real beneficiaries of AI and how much of the portfolio is invested in them?</u>

Well… who were the real beneficiaries of… electricity, semiconductors, the internet? Of course, we know the names of the leading manufacturers or smart phones and the hyperscalers that pioneered cloud computing, but the true beneficiaries of those inventions are surely much wider than that. Here is how we think about this question:

- <u>Builders of AI infrastructure</u> – the companies that are benefiting directly from the AI investments and buildout today. They include *NVIDIA*, which stands at the epicenter of the AI paradigm, *TSMC*, which is a key supplier to AI fabless companies like NVIDIA or Broadcom, making all of their accelerators and many of their networking chips that go into AI data centers, and *ASML*, the leading lithography wafer-fab equipment supplier and a key supplier to *TSMC*.
- <u>Providers of AI infrastructure for others</u> – the hyperscalers or companies that rent AI data centers to others. *Amazon*, which offers an AI full-stack, including GPUs for rent in the cloud through Amazon Web Services (AWS), ***GDS***, a leading Chinese data center provider, and *Cloudflare*, a leading provider of cloud networking and security solutions, which recently introduced a solution for AI inference at the edge.
- Companies that already adopted AI in their core business – this category includes our e-commerce platforms: *Amazon*, *MercadoLibre*, *Coupang*, ***Eternal***, and ***PDD***. They benefit from using AI to improve their recommendation engines, showing products that are more relevant for consumers, which increases conversion rates and improves their advertising algorithms, increasing Return on Ad Spend (ROAS) for advertisers. Adopting AI for customer support has lowered the cost of services and improved the optimization of logistics. Payment and banking companies ***Adyen***, ***Block***, *Shopify*, *Bajaj*, and *Nu Holdings* have been using AI to improve a variety of fintech algorithms such as fraud detection or loan underwriting. This category also includes many of our security focused software companies like *Cloudflare*, ***Datadog***, ***Zscaler***, ***Netskope***, ***SailPoint***, and ***CrowdStrike*** – all use AI in their core algorithms to better identify anomalies and block malicious or unwanted traffic or cyber-attacks. ***Heartflow*** utilizes AI as part of its core offering to improve the accuracy of its coronary artery disease diagnostic, increase gross margins and reduce test turnaround times (as AI reduces the need for human involvement), taking advantage of its large proprietary data set of more than 100 million annotated CT images and 10-plus years of time spent training AI algorithms.
- <u>Longer-term productivity gains in knowledge work</u> – this category includes all companies that rely on knowledge workers and includes the productivity gains from agentic AI across functions. From software development agents and customer service agents in the nearer term, to finance, marketing,

and sales agents longer term. This is a broad category that includes most of our companies that rely on knowledge workers. It includes companies that build AI solutions to help their own customers become more productive. *Shopify* with its Sidekick solution is a great example, as Sidekick is an always-on "business partner" to Shopify's merchants, helping them become more productive and sell more to their end consumers. Another example is *Snowflake*, which is expanding its core data warehouse solution to enable running first and third-party AI solutions on top of the data, while maintaining full control over data residency and governance, which is key for many enterprises.

- Longer-term opportunity from AI generating new revenue streams – in this category we would include agentic commerce, where *Shopify* could be a prime beneficiary as a connective tissue between its millions of merchants and the few large AI chat-bots, enabling agentic commerce. *Amazon* and other e-commerce platforms should also be beneficiaries. *InPost*, the leading European out-of-home delivery service provider, can also be a beneficiary of agentic commerce, utilizing its large end consumer base to vertically expand into a commerce offering. *SpaceX*, with the potentially large new opportunity from providing AI data centers in space. Lastly, even a company like ***Illumina***, whose gene sequencing platform should benefit from the growing impact of AI in biology and drug discovery.
- Longer-term opportunity from physical AI – this category includes ***Tesla***, with its significant opportunity in Autonomous driving and Humanoid Robots. It also includes companies with significant physical operations such as our e-commerce platforms. Amazon, for example, employs over 1.5 million people and operates one of the largest logistics networks globally. As AI matures, we can envision a future in which many of these jobs are either augmented or replaced through autonomous driving and robotics, which would help Amazon drive margins higher over time, while continuously improving the speed and robustness of its logistics network.

After a decade of a very favorable investing environment spurred by globalization and record low interest rates, the early 2020s have proven to be a challenge for global investors. A spike in inflation, partly caused by the COVID-19 pandemic, triggered an unprecedented tightening cycle by the global monetary authorities which prompted a significant drawdown for equity markets worldwide in 2022. Once the tightening cycle ended, the markets stabilized and began to recover. Despite increased geopolitical tensions and wars in Europe and the Middle East, the MSCI ACWI Index gained 75.6% over the last three years, on a cumulative basis. While impressive on the surface, the gains were driven by a narrow group of U.S. companies with giant market capitalizations leaving most international and non-giant-cap stocks still in the correction territory. We were significantly underweight the U.S and not being in those few narrow stocks that drove the Index's returns proved to be a meaningful headwind. Still, the Fund returned 102.4% over the last three years, outperforming the Index by a cumulative 26.8%, or 5.9% per year. While we struggled mightily in 2021 and 2022, which impaired our 5-year numbers, our long-term results are once again rounding into shape. The Fund has compounded at 14.0% over the last 10 years and at 12.8% since its inception in April 2012, outperforming the Index by 2.2% and 2.2%, respectively, and the Peer Group by 2.3% and 2.4%, respectively.*

With that, we are excited about what is to come!

Top contributors to performance for the quarter

	Quarter End Market Cap ($B)	Contribution to Return (%)
Space Exploration Technologies Corp.	800.0	10.26
Shopify Inc.	209.9	0.61
argenx SE	51.8	0.57
Illumina, Inc.	20.0	0.51
Taiwan Semiconductor Manufacturing Company Limited	1,576.1	0.45

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.

Shopify Inc. is a cloud-based software provider for multi-channel commerce. Shares rose 8.3% in the fourth quarter, finishing 2025 up 51.1% on strong financial results that outperformed Street expectations. The company is demonstrating rapid growth at scale with gross merchandise value (GMV) and revenues each growing over 30% year-on-year. Business fundamentals are strong across geographies, customer types, verticals, channels, and commerce categories. In the third quarter, Shopify grew international GMV by 41%, offline by 31%, and B2B by 98% (all year-over-year). They signed Estee Lauder for Shopify Plus, a significant win for their enterprise strategy, which provides further evidence of the scalability of their platform. The company continues to make progress on its vertical total addressable market (TAM) expansion as well by deepening the solutions it offers merchants including ongoing success with their accelerated checkout (Shop Pay), growing adoption of Shopify payments, expansion of Shopify Capital, and other newer solutions such as their advertising solution, Shopify Campaigns, which is off to a strong start, with a 9 times increase in budget commitments from merchants year-over-year. Shopify has also emerged as a leading enabler in the nascent AI-commerce category (shopping within Large Language Models

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(LLMs) chat-bots such as ChatGPT). We continue to own the stock and believe Shopify is a rare platform business that has many call options on future growth verticals, as the company's culture and merchant obsession drives rapid product innovation, helping sustain growth for years to come.

Shares of **argenx SE** contributed to performance, rising 14.0% during the fourth quarter and finishing 2025 up 37.8%. Argenx is a leading biotechnology company best known for developing Vyvgart, the leading FcRn inhibitor for the treatment of autoimmune conditions. Sales of Vyvgart continue to progress well in Generalized Myasthenia Gravis (Generalized MG) while the Chronic Inflammatory Demyelinating Polyneuropathy (CIDP) launch is also off to a strong start. Shares outperformed as Vyvgart sales this year have meaningfully beat investor expectations, on track to over $4 billion in 2025. Our conversations with management and with treating neurologists continue to suggest that Vyvgart is an important treatment option for MG and CIDP patients and we expect it adoption to continue expanding. Over time, we expect Vyvgart to demonstrate efficacy in an ever-expanding range of autoantibody-driven autoimmune conditions and we're happy with argenx's progress with their upcoming pipeline products. Specifically, we are excited about the upcoming Phase 3 readouts of Vyvgart in Myositis and Empasiprubart in Multifocal Motor Neuropathy.

Top detractors to performance for the quarter

	Quarter End Market Cap ($B)	Contribution to Return (%)
Coupang, Inc.	43.1	(1.43)
MercadoLibre, Inc.	102.1	(1.12)
Wix.com Ltd.	5.8	(1.03)
Zscaler, Inc.	35.9	(0.67)
Eternal Limited	29.9	(0.58)

Shares of **Coupang, Inc.**, Korea's largest e-commerce platform, declined 26.7% in the fourth quarter (though up 7.3% in 2025). The weakness was initially driven by elevated upfront investments in its new market, Taiwan, where aggressive customer acquisition, supplier onboarding and product procurement, and logistics infrastructure buildout weighed on near-term profitability, as the company is expanding into a large new TAM underpinned by positive early data points. Investor sentiment was further pressured by a recent customer data breach incident, which raised short-term concerns around compliance costs, reputational risk, and potential regulatory scrutiny. A softer domestic consumption backdrop in Korea toward year-end also contributed to a more cautious market positioning. These dynamics drove a material multiple contraction, which was responsible for over 100% of the decline in the shares during the quarter. Despite these headwinds, our conviction in Coupang remains intact. We view the data security issue as operational rather than structural, with no evidence of lasting customer attrition or erosion in competitive positioning. Over the longer term, we believe that Coupang will continue to gain market share in its core business while leveraging its differentiated fulfillment infrastructure and technology to scale new services and expand into new markets. We remain invested.

MercadoLibre, Inc. is the leading e-commerce marketplace across Latin America. Shares of MercadoLibre declined 13.8% in the quarter (though finished the year up 18.5%) on near-term concerns of margin pressure and longer-term concerns over competition. Competitive intensity in Brazil has increased during the second half of the year, as Amazon and Shopee ramped up promotional activity, prioritizing growth over margins. In parallel, MercadoLibre decided to expand free shipping thresholds, and increased marketing spend, driving fears of near-term margin compression. Investors also became increasingly worried that agentic AI could slow GMV growth and pressure take rates by reducing marketplace product discovery and high-margin advertising revenue growth. Continued volatility in Argentina, one of MercadoLibre's higher-margin and fastest-growing markets, further prompted worries that slower economic growth would lead to slower growth in profits. While these factors drove near-term stock weakness, as nearly all of the underperformance in the quarter was driven by multiple contraction, we maintain conviction in MercadoLibre's long-term opportunity as the company is positioned to capture a large share of Latin America's underpenetrated e-commerce and fintech markets, with superior logistics capabilities, brand trust, and a powerful ecosystem that provides significant competitive advantages.

Wix.com Ltd. is a leading provider of cloud-based web-development platform for micro-businesses. Shares of Wix declined 41.5% during the fourth quarter and ended the year down 51.9% due to a quarterly earnings report that emphasized greater-than-expected investment behind their new acquisition, the vibe-coding startup, Base44, which stirred investor concerns over the company's margin trajectory in the short term, after three consecutive years of significant margin expansion. While investors initially responded positively to the acquisition, the short-term impact on margins, the uncertainty around Base44 cohort life-time-values, and the uncertain potential impact of vibe-coding and AI on Wix's core web-development platform, caused investor concerns leading to the decline in the stock price. While there is a range of outcomes of how successful it could become in a crowded space, Base44 opens a new opportunity for Wix, and if it succeeds, it could become fairly material, expanding Wix's TAM. Apart from Base44, the stock remains attractively valued for the opportunity despite the wider than normal range of outcomes on the evolution of Wix's core business with FCF margins around 30%, and a mid-teens growth profile, trading at an 11% current FCF yield.

Portfolio Structure

The portfolio is constructed on a bottom-up basis with the quality of ideas and conviction level having the most significant roles 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 December 31, 2025, the top 10 positions represented 62.5% of the Fund's net assets, and the top 20 represented 85.0% (this compares to 61.2% and 85.6% at the end of 2024, respectively).

We ended 2025 with 42 investments compared to 38 at the end of 2024, though our largest 35 names accounted for 99.3% of the Fund's net assets. Our investments in the IT, Industrials, Consumer Discretionary, Financials, and Health Care sectors, as classified by GICS, represented 99.9% of the Fund's net assets.

Investments in non-U.S. companies represented 46.2% of net assets, and our holdings in emerging markets and other non-developed countries (Argentina) totaled 29.3%.

The Fund's active share was 89.3% (it averaged 93.9% over the last 3 years) and its turnover was 8.9% in 2025 (it averaged 6.4% and 10.9% over the last 3 and 5 years, respectively).

Top 10 holdings

	Quarter End Market Cap ($B)	Quarter End Investment Value ($M)	Percent of Net Assets (%)
Space Exploration Technologies Corp.	800.0	137.8	18.7
NVIDIA Corporation	4,532.0	66.6	9.0
MercadoLibre, Inc.	102.1	46.1	6.2
Shopify Inc.	209.9	41.5	5.6
Taiwan Semiconductor Manufacturing Company Limited	1,576.1	37.6	5.1
Amazon.com, Inc.	2,467.5	29.6	4.0
argenx SE	51.8	27.3	3.7
Coupang, Inc.	43.1	26.2	3.6
Bajaj Finance Limited	68.3	25.0	3.4
Eternal Limited	29.9	23.0	3.1

Percentage of securities by country

	Percent of Net Assets (%)
United States	53.7
Netherlands	8.2
India	6.5
Argentina	6.2
Canada	5.6
Taiwan	5.1
Brazil	3.6
Korea	3.6
China	2.9
Israel	1.8
Spain	1.4
Poland	1.3
Cash and Cash Equivalents	0.0†

† *Less than 0.1%*

Recent Activity

During the fourth quarter, we participated in the IPO of the health care diagnostics company, **BillionToOne**. We also bought back **Amazon**, as we believe that developments in AI increase the likelihood of the company becoming a big idea going forward. We took advantage of inflows and share price volatility during the quarter to add to 12 existing positions led by the leading global semiconductor manufacturer, **TSMC**, followed by the leading cloud-based cyber-security platform, **CrowdStrike**, the cloud networking provider **Netskope**, and our two Indian holdings – **Bajaj** and **Eternal**, Chinese data center oeprator **GDS**, the aerospace and defense aftermarket parts supplier, **Loar**, the auto-focused semiconductor provider, **indie Semiconductor**, the leading cloud-based software provider for the trades, **ServiceTitan**, the leading Latin-American neobank, **Nu Holdings**, the identity management and governance software provider, **SailPoint**, and the heart disease diagnostics company, **Heartflow**. We funded some of the purchases by reducing several of our existing holdings, in which we saw a less favorable risk/reward following the run up in shares. We also suffered permanent losses of capital in **Endava** and **BILL Holdings** after losing conviction and exiting both holdings.

Top net purchases for the quarter

	Quarter End Market Cap ($B)	Net Amount Purchased ($M)
Amazon.com, Inc.	2,467.5	29.7
Taiwan Semiconductor Manufacturing Company Limited	1,576.1	8.3
CrowdStrike Holdings, Inc.	118.2	4.3
Netskope, Inc.	6.9	3.3
Bajaj Finance Limited	68.3	2.7

Our biggest purchase during the fourth quarter was **Amazon.com, Inc.** We have owned the stock in the past and bought it back as we believe that AI is likely to improve Amazon's growth profile, create margin tailwinds over time, and increase the likelihood of the stock becoming a Big Idea once again. CEO Andy Jassy has emphasized that we are at a key inflection point with AI[7]: *"Generative AI is going to reinvent virtually every customer experience we know, and enable altogether new ones about which we've only fantasized... It's moving faster than almost anything technology has ever seen."*

First, we believe that AWS will be able to utilize its leading positioning in the cloud services market to generate substantial revenues from AI-related business. AWS described how it's *"aggressively investing in capacity because we see the demand*[8]*"* for AI infrastructure, adding 3.8 gigawatts of capacity in the last 12 months, doubling its capacity compared with 2022, and they intend to double it again by 2027. Amazon's full-stack strategy from infrastructure through models and applications, will allow enterprises and startups to build AI solutions fully on AWS, with the data gravity of existing customers serving as an additional incentive to stay on AWS. AWS is focused on offering cost-effective AI infrastructure with both in-house custom AI chips (Trainium 2 is already a *"multi-billion dollar business and growing 150%*

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sequentially" with Trainium 3 expected to be *"40% better than Trainium 2"*) and NVIDIA chips for stronger performance. Next, AWS provides an accessible inference platform via Amazon Bedrock, offering access to leading AI models from partners like Anthropic to over 100,000 customers who already have their data stored within the AWS ecosystem. Finally, AWS offers crucial tooling and algorithms like AgentCore and Amazon Q to help customers build useful AI agents with the necessary security guardrails. All together, we believe AWS growth can accelerate to over 20% CAGR for the next five years.

Amazon is also leveraging AI internally for the benefit of its massive retail business. On the top line, Jassy noted that *"AI and agentic commerce solutions are going to expand the amount of shopping that happens online"* as only 20% of commerce is done online today, by leveraging Amazon's advantages in selection and delivery speed. Early signs of this include the AI-powered shopping assistant Rufus, which is on track to deliver over $10 billion in incremental annualized sales as customers are *"60% more likely to complete a purchase"* when they use Rufus. Amazon is also taking advantage of AI to improve its recommendation algorithms and increase the ROAS for its advertising customers. Longer term, productivity improvements in knowledge work will benefit Amazon across functions – from customer support, through software engineering, sales, and general and administrative. Also, longer term, physical AI is set to significantly benefit profitability. The company has over 1 million robots in its fulfillment network today, as it plans to save an incremental $0.30 per item by 2027, and has a reported goal to automate 75% of its operations longer term. Autonomous driving also presents a big opportunity for cost reduction in Amazon's extensive shipping network as America's largest private carrier. Across these AI improvements and broader cost discipline, we believe operating margins could expand from roughly 14% today to over 20% in five years. Outside of its core businesses, Amazon also has immense opportunities in large adjacent fields like pharmacy and grocery that represent massive addressable markets. Lastly, despite the significant opportunity, Amazon is trading near the lowest P/E multiple it has ever traded at, both on an absolute basis and on a relative basis.

We participated in the IPO of the prenatal and oncology diagnostics solutions provider, **BillionToOne, Inc.** The company is disrupting the market with more accurate prenatal and oncology genetic tests via its innovative Quantitative Counting Template (QCT) technology, which allows the company to accurately count the number of mutation copies at a single-gene level.

Co-Founder & CEO Oguzhan Atay said in a recent interview:[9] *"We want to truly bring personalized medicine into reality. We want to solve really big problems. Not just prenatal genetics, but prenatal epigenetics, preterm birth, pre-eclampsia, and also to make the biggest impact in oncology care in a century. And you know that is possible, that is essentially within reach. Our goal in the next five years is to help millions of patients, both in prenatal and oncology, and become a generational company. We want to be the first molecular diagnostics company to become an S&P 500 company."*

BillionToOne generates the vast majority of its revenue today from UNITY, which is a differentiated prenatal genetic test. Traditional prenatal tests check for chromosomal abnormalities like Down Syndrome but are less accurate for single gene inherited disorders. The standard of care screening for recessive monogenic disorders requires a DNA sample from the father (which is operationally challenging to obtain and only happens 38% of the time) and/or defaults to a chorionic villius sampling test or amniocentesis (which carries a low but real miscarriage rate). In contrast, UNITY is a single blood draw from the mother that screens for both chromosomal problems and recessive single-gene disorders and can accurately assess the fetus's risk of inheriting a recessive condition without requiring a sample from the father. BillionToOne has thus far captured 15% of the $2 billion-plus U.S. prenatal screening market in a short period of time, and we expect it to continue to gain share.

BillionToOne is making early headways in oncology, which represents a $50 billion-plus TAM. The same QCT technology powers the company's NORTHSTAR SELECT therapy selection test, which can find 51% to 109% more actionable mutations than competitor tests. The test has a superior lower-limit-of-detection compared to competitors, being able to detect driver mutations even when the allele copy number is low (an allele is a version of a DNA at a specific spot, like eye color – blue or brown – which are two different alleles; a low number of allele copies means that the mutation is rare and hard to find). BillionToOne also offers NORTHSTAR RESPONSE, which is a new type of test that can detect subtle changes in tumor burden and can track whether the patient is responding to therapy. 95% of oncology clients order both SELECT and RESPONSE, since RESPONSE is creating a new category of tests. We are optimistic that more data about RESPONSE this year will drive broad Medicare reimbursement for the test. BillionToOne's launch in oncology is still nascent, but we think product differentiation will help the company capture share in this large and growing market. Longer term, we are hopeful that BillionToOne's QCT technology will enable the company to develop an ultra-sensitive tumor-naïve minimal residual disease test and ultimately ultra-sensitive cancer screening tests.

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.

During the fourth quarter, we also added to 12 existing positions.

- **Taiwan Semiconductor Manufacturing Company Limited** (TSMC) was our largest add during the quarter. Once again TSMC raised its 2025 revenue growth guidance from "close to mid-20s%" year-on-year in the first quarter to "around 30%" in the second quarter and now to "close to mid-30s%" (in USD terms) as *"AI demand continues to be very strong, even stronger than we thought three months ago."* We believe that TSMC's competitive position in leading-edge semiconductor manufacturing remains unmatched with a 90% market share (and 65% overall). TSMC's unique positioning in the market is underlined with the company's ability to raise prices as demand for its next generation nodes continues to be robust.

We also believe that TSMC will benefit from a long duration of growth as the adoption of AI continues to accelerate. Note that TSMC will benefit regardless of the ultimate market share split between NVIDIA, Advanced Micro Devices, OpenAI, or Anthropic and whether application-specific integrated circuits would garner any significant market share. It's the ultimate picks and shovels supplier to AI.

- **CrowdStrike Holdings, Inc.** - A year and a half since the famous outage that grounded planes and impacted a broad array of the company's customers, we can conclude that management has done an excellent job in the aftermath of the outage. The company is now seeing a reacceleration in net new annualized recurring revenues (ARR), which accelerated to 73% growth year-on-year in the third quarter driven by strong adoption of its new Flacon Flex offering, which enables customers to use multiple modules from CrowdStrike without having to go back to procurement. At the company's 2025 Investor Day, Co-Founder and CEO George Kurtz described AI as *"the best opportunity I've seen in my career."* And where CrowdStrike's right to win comes from the large scale, real-time data it has with trillions of events seen globally.
- **Netskope, Inc.** – We continued to build our new position in the leading cybersecurity company specializing in Secure Access Service Edge (SASE). Netskope delivered a strong first quarter as a public company. The company beat consensus across all metrics, ARR growth of 34% year-on-year accelerated for the fifth straight quarter, and margins continue to inflect up as the company is getting a return on its infrastructure and salesforce investments over the past year. The company continues to increase its SASE market share driven by new logo wins, announcing several large competitive multiproduct deals with new enterprise customers, driving the strongest landed ARR from new logos in seven quarters while reaffirming 80%-plus win rates in deals that go to a technical proof of concept.
- **Bajaj Finance Limited** – We added to our position in the Indian lender Bajaj, which continues to report solid financial results. The company reported 24% growth in assets under management, 22% growth in profit before tax, a 19.1% ROE, booked 12.2 million new loans in the quarter, added 4.1 million new customers, and with improving cost (opex) to total income ratio of 32.6% (compared to 33.2% last year) as AI starts to positively impact productivity. We believe that Bajaj remains an attractive investment thanks to the company's trusted brand, prudent lending, innovative culture, well-diversified balance sheet, and a long runway for growth as Bajaj still has a low single-digit share of total credit in India, which by itself has a long runway for expansion.

Top net sales for the quarter

	Quarter End Market Cap or Market Cap When Sold ($B)	Net Amount Sold ($M)
Cloudflare, Inc.	69.2	6.8
Datadog, Inc.	47.7	5.7
ASML Holding N.V.	420.3	5.2
Block, Inc.	39.6	4.6
BILL Holdings, Inc.	4.5	1.5

Outlook

As we do every year, to better understand the Fund's performance, we again deconstructed it into its two components – change in multiples and change in the fundamentals. During the fourth quarter, the weighted average multiple[10] contracted by 11.1% and declined 3.9% over the full year. Since the Fund was up 6.5% in the quarter and up 27.5% during 2025, **once again the entirety of our performance in 2025 was driven by growth in fundamentals** as opposed to the more unpredictable and volatile change in multiple – **a positive data point for the Fund's prospective returns.** The fundamentals of our businesses also continued to improve throughout the year with consensus revenue expectations for 2026 increasing by 5.8% during the fourth quarter and by 13.0% during 2025[11], and operating income expectations rising by 3.1% in the quarter and 4.3% over the year.

As disruptive change investors, we continue to be excited about the possibilities and opportunities ushered in by the rapid development of AI. The pace of innovation and progress made is unlike anything we have seen before. Over the last year, LLMs have become increasingly more intelligent across a wider variety of tasks, with costs declining rapidly – by a factor of roughly 10 times per year. Agentic AI is becoming real, with task duration being handled by AI continuing to double every 6 to 7 months[12]. *GPT 4*, which was released in March of 2023, could complete a 5-minute task. OpenAI's first reasoning model, the o1, released in December of 2024, could accomplish a 41-minute task. Grok 4, released by xAI in July of 2025, was able to perform a 1 hour and 49 minute task, while Anthropic's Claude Opus 4.5, released in November of 2025, completed tasks 4 hours and 49 minutes long. Andrej Karpathy, one of the co-founders of OpenAI, called it a *"powerful alien tool"*[13], while Boris Cherny, the lead developer of Claude Code, said that all of his software development is now being written by Claud Code itself[14], potentially describing the early days of a virtuous exponential development cycle where AI develops AI.

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Shopify's Co-Founder and CEO, Tobi Lutke, speaking of the rapid progress in AI coding agents, said that he *"shipped more code in the last 3 weeks than the decade before. The top AI models/agentic systems right now are an entirely different thing to what people used until the beginning of December."*[15] Finally, NVIDIA at the 2026 CES conference described how the demand for its GPUs continues to skyrocket, while announcing that its next-generation Vera Rubin architecture (which has just entered production) would enable training large models with a quarter of the GPUs, while increasing the token throughput of AI factories by a whopping 10 times (or reducing the cost per token by 10 times)[16]. *We sure live in exciting times…*

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.

Sincerely,

Alex Umansky
Portfolio Manager

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

1 The **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://aws.amazon.com/executive-insights/content/how-amazon-defines-and-operationalizes-a-day-1-culture/

5 https://video.ibm.com/GTC-Financial-Analyst-QA

6 https://www.shopify.com/news/important-team-and-business-changes#.

7 https://www.aboutamazon.com/news/company-news/amazon-ceo-andy-jassy-2024-letter-to-shareholders

8 Amazon's 3Q 2025 earnings conference call

9 https://blog.neotribe.vc/from-first-meeting-to-ipo-reflections-on-billiontoones-journey/

10 We calculate the change in P/E multiple (based on FactSet consensus expectations for EPS for the next 12 months) for each holding as long as the starting P/E is below 100x (and positive). Otherwise, we use an EV/Revenues multiple. For GDS we use an EV/EBITDA multiple. We then use the ending weights of each position in the Fund to calculate the weighted average change in the Fund's multiple (and exclude our private holdings).

11 We calculate the change in FactSet consensus expectations for 2026 estimated revenues and operating income for our holdings and calculated the weighted average using weights as of 12/31/2025. We use Gross Profit for Block (since revenues include the volatile impact of crypto prices).

12 https://metr.org/blog/2025-03-19-measuring-ai-ability-to-complete-long-tasks/

13 https://x.com/karpathy/status/2004607146781278521

14 https://x.com/bcherny/status/2004897269674639461

15 https://x.com/tobi/status/2009311882553765914

16 https://www.nvidia.com/en-us/events/ces/

* As of 12/31/2025, the annualized returns of the Morningstar Global Large-Stock Growth Category average were 15.46%, 6.84%, and 11.61% 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.

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

Active Share is a term used to describe the share of a portfolio's holdings that differ from that portfolio's benchmark index. It is calculated by comparing the weight of each holding in the Fund to that holding's weight in the benchmark. Positions with either a positive or negative weighting versus the benchmark have Active Share. An Active Share of 100% implies zero overlap with the benchmark. **EBITDA**, short for earnings before interest, taxes, depreciation, and amortization, is an alternate measure of profitability to net income. It's used to assess a company's profitability and financial performance. **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).

BARON CAPITAL

QUARTERLY LETTER | DECEMBER 31, 2025

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) appreciated 0.42% (Institutional Shares) during the final quarter of 2025, while its relevant benchmark, the MSCI AC Asia ex Japan/India Linked Index (the Linked Benchmark), rose 4.78%. 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. For the full year 2025, the Fund declined 0.34% compared to a positive return of 2.62% for the Linked Benchmark. **Baron India Fund has outperformed the MSCI India Index by 2.10% on an annualized basis since Fund conversion (effective September 1, 2024).**

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

	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]	0.36	0.42	4.78	4.78	4.73
1 Year	(0.63)	(0.34)	2.62	2.62	33.57
Since Conversion (9/1/2024)	(3.52)	(3.26)	(5.36)	(5.36)	22.50
3 Years	7.23	7.47	3.24	11.30	16.40
Since Inception (7/30/2021)	(2.06)	(1.81)	(3.47)	8.15	4.71

For the fourth quarter, we underperformed our Linked Benchmark. During the period, Indian equities appreciated approximately 5%, performing in line with the broader MSCI Emerging Markets Index, while outperforming the S&P 500 that rose 2.7%. Growing optimism on a U.S.-India trade agreement and the implementation of another round of economic reforms, particularly "GST 2.0[4]," were key drivers of market performance. That said, the breadth of equity returns was narrow with small and mid-cap (SMID) stocks underperforming large-cap peers by over 360 basis points and value-oriented equities outpacing growth peers by approximately 450 basis points. Consequently, the Fund's sizable exposure to SMID stocks along with our growth-oriented investment bias were key drags on relative performance. In addition, our lack of ownership of mature Indian IT services companies such as **Infosys Limited** and **HCL Technologies Limited**, which partially recouped material losses from earlier in the year, also weighed on relative results. We remain underweight such businesses given that the proliferation of AI is creating deflationary earnings pressure and structural headwinds for global IT services players.

Despite elevated U.S. tariffs that took effect in August, India's economic momentum surprised positively with real GDP growing 8.2% in the third quarter of 2025. The Reserve Bank of India has since upgraded India's fiscal year 2026 real GDP growth forecast to 7.3%, up from 6.8% last quarter and 6.5% at the start of the fiscal year. In our view, this resilience reflects India's predominantly domestic, consumption-driven growth model and its relatively low dependence on global trade. We are encouraged by the Modi

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.

Administration's proactive use of fiscal stimulus and productivity enhancing reforms, which have more than offset tariff-related headwinds. While near-term trade uncertainty persists, we view the current impasse as temporary, with both the U.S. and India actively working toward a bilateral trade agreement. Any meaningful progress on trade is likely to serve as a powerful catalyst for a repricing of Indian equities, particularly as early signs of economic recovery set the stage for an earnings upgrade cycle in 2026.

From a sector or theme perspective, adverse stock selection effect in the Information Technology sector, primarily attributable to select holdings in our Make in India/supply chain diversification (**Kaynes Technology India Limited**) and National Security (**Centum Electronics Limited** and **Astra Microwave Products Limited**) themes, was the largest detractor to relative performance during the quarter. Kaynes, a leading electronics manufacturing services player providing mission critical components to various industries such as aerospace & defense, railways, EVs, medical devices, and smart meters, suffered a material correction owing to recent investor concerns on its ability to generate free cash flow in the foreseeable future. While we acknowledge the current market pushback, we continue to view the company as a key long-term beneficiary of India's focus to drive import substitution and attract global corporates to set up manufacturing in the country. That said, we are closely monitoring management's ability to streamline working capital cycles and reduce cash burn, which in our view, would be a key re-rating catalyst. Weak stock selection effect in the Consumer Discretionary sector, driven by a handful of investments across multiple themes (**Eternal Limited**, **Le Travenues Technology Limited**, **Trent Limited**, and **Dixon Technologies (India) Limited**), was also a notable detractor to relative performance. We retain conviction in Eternal, India's leading food delivery and quick commerce platform, owing to its dominant market share in both categories and operating leverage, especially in quick commerce, that positions it favorably against sub-scale/high cash burn competitors. The recent stock weakness, in our view, is a retracement of prior period gains driven by near-term market concerns on rising competitive intensity. We view such corrections as an opportunity to further increase position sizing. Lastly, our large overweight together with poor stock selection effect in the Health Care sector, owing to our hospital related positions (**Max Healthcare Institute Limited** and **Aster DM Healthcare Limited**) as part of our formalization of the economy theme, also weighed on relative results. Partly offsetting the above was favorable allocation effect and good stock selection in the Communication Services (**Bharti Airtel Limited**) sector.

For calendar year 2025, the Fund underperformed the Linked Benchmark by roughly 300 basis points, primarily attributable to our fourth quarter performance as discussed above. While full year relative performance ended below par, we take comfort in retaining the lion's share of our significant outperformance in 2024, wherein we delivered over 1,600 basis points of relative gains, while also generating solid double-digit absolute returns (+17.75%). We are also encouraged by our performance since converting to an India dedicated strategy (effective September 1, 2024), beating the MSCI India Index by 210 basis points on an annualized basis.

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Top contributors to performance for the quarter

	Contribution to Return (%)
Bharti Airtel Limited	1.25
Precision Wires India Limited	0.96
Reliance Industries Limited	0.63
Kirloskar Oil Engines Limited	0.30
SBI Life Insurance Company Limited	0.29

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. Shares contributed to performance during the quarter, driven by robust quarterly results and visibility into strong future free cash flow generation. 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.

Precision Wires India Limited is the largest manufacturer of enameled copper winding wire in India, with over 25% market share. Its 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 strong sales growth and profitability. 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 electric vehicle (EV) market should also support increasing demand for EV-grade winding wire, reinforcing our expectation 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 OEM relationships, scale of operations, and strong innovation capabilities.

Reliance Industries Limited is India's leading conglomerate, with businesses spanning across petrochemicals, refining, and oil- and gas-related operations as well as retail, telecommunications, and media. Shares rose on strong quarterly results that beat consensus. We retain conviction in Reliance, as we believe the company is well positioned to leverage its telecommunications network to transform into a digital services leader, with offerings such as video streaming, broadband, and e-commerce services. Reliance is also laying the foundation to create an online marketplace that will connect roughly 13 million mom-and-pop retailers to over 480 million mobile and internet subscribers. We expect earnings to sustain mid-teens growth over the next three to five years.

Top detractors from performance for the quarter

	Contribution to Return (%)
Kaynes Technology India Limited	(0.74)
Eternal Limited	(0.70)
InterGlobe Aviation Limited	(0.51)
Centum Electronics Limited	(0.42)
Siemens Energy India Limited	(0.41)

Kaynes Technology India Limited is a leading electronics manufacturing service player in India, offering solutions across the automotive, industrial, railway, medical, and aerospace and defense industries. Shares declined during the quarter amid concerns around working capital management and the company's ability to generate cash flow, as well as questions regarding certain financial reporting practices, which management subsequently clarified. We retain conviction in Kaynes, as we believe the company is well positioned to benefit from the Government of India's "Make in India" initiative, which promotes domestic electronics manufacturing through attractive tax incentives and investments in manufacturing infrastructure. We expect Kaynes to deliver compounded EBITDA growth of more than 30% over the next three to five years.

Eternal Limited is India's leading food delivery and quick commerce platform, with roughly 55% and 40% market share in these respective categories. Shares declined during the quarter amid intensifying competition in the quick commerce industry, which raised concerns about the company's near-term profitability. We retain conviction, as we believe Eternal is well positioned for long-term growth in quick commerce, given its first-mover advantage, scale, and superior execution. We think Eternal will continue to benefit from structural growth in online food delivery in India, potentially doubling its revenue, while also improving profitability and growing earnings over the next three to five years.

InterGlobe Aviation Limited (IndiGo) is India's largest airline, commanding over 60% market share in the country's quasi-duopolistic domestic air travel market. Shares declined during the quarter following the introduction of new aviation regulations on pilot flying hours, which led to pilot shortages and flight cancellations. We retain conviction in IndiGo as a key beneficiary of ongoing industry consolidation, with domestic air travel demand expected to grow at a low-teens rate, driven by rising discretionary incomes and improving airport infrastructure. In our view, IndiGo is competitively advantaged given it has one of the lowest cost structures in the global airline industry and relies on Airbus for aircraft sourcing, which has avoided the operational disruptions faced by Boeing. By contrast, IndiGo's primary competitor, Air India, is more dependent on Boeing and has been constrained in adding capacity, further strengthening IndiGo's competitive position in a rapidly growing market. We are also encouraged by the company's expansion into international travel and expect IndiGo to deliver mid-teens EBITDA growth over the next three to five years.

Portfolio Structure

Top 10 holdings

	Percent of Net Assets (%)
HDFC Bank Limited	7.9
Bharti Airtel Limited	7.4
Reliance Industries Limited	6.7
Precision Wires India Limited	4.8
ICICI Bank Limited	4.4
Bajaj Finance Limited	4.3
Max Healthcare Institute Limited	4.3
Eternal Limited	3.9
Aster DM Healthcare Limited	3.0
Mahindra & Mahindra Limited	3.0

Fund investments in GICS sectors

	Percent of Net Assets (%)
Financials	30.4
Industrials	17.8
Consumer Discretionary	10.5
Health Care	8.9
Communication Services	8.2
Information Technology	7.5
Energy	6.7
Utilities	2.1
Consumer Staples	2.0
Real Estate	0.6
Materials	0.4
Cash and Cash Equivalents	4.9
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 December 31, 2025, we held 38 positions with our 10 largest investments comprising 49.8% of net assets.

Our principal investment themes with respective weightings (as of December 31, 2025) are as follows:

- **Consumer Finance (25.0% 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*
- **Digitization (22.5%):** *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*
- **Formalization of the Economy (18.4%):** *Economic reforms are accelerating formalization leading to market share gains for organized, branded players across various industries*
- **Power Reforms (9.4%):** *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 (7.8%):** *Tectonic shifts in geopolitics are accelerating supply chain diversification (ex-China); significant opportunity for Indian players to gain market share in global supply chains*
- **National Security (6.6%):** *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 (5.5%):** *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 December 31, 2025) as follows:

- *Phase 1* ***(16.2% 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* ***(14.2%)****: "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* ***(41.3%)****: "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* ***(23.5%)****: "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

During the fourth quarter, we added one new investment to an existing theme while also rebalancing weights of a few holdings based on company specific fundamentals. We strive to concentrate capital toward our highest conviction ideas.

We increased exposure to our digitization theme by initiating a position in **Le Travenues Technology Limited** (Ixigo), India's second largest online travel agency, with about 10% to 15% share of total gross transaction value (GTV). Technology-driven at its core, Ixigo is the market leader in online train bookings, with over 60% market share, which has helped the company establish a strong presence in lower-tier cities. Leveraging its deep connection with mass-market consumers, the company has also expanded into the fast-growing air travel and inter-city bus booking segments. In 2025, Netherlands-based technology investor Prosus invested over $200 million in Ixigo, acquiring an approximately 15% stake. The investment adds credibility and provides financial dry powder to support Ixigo's AI-led product development and business expansion. We are also excited about the company's entry into hotel bookings, where a successful ramp-up could drive long-term margin accretion. We expect Ixigo to deliver 20% to 25% compounded GTV growth and over 25% compounded EBITDA growth over the next three to five years.

Finally, we added to several of our existing positions during the quarter, most notably **HDFC Bank Limited**, **Reliance Industries Limited**, **GMR Power and Urban Infra Limited**, **Precision Wires India Limited**, **Bajaj Finserv Limited**, **Kirloskar Oil Engines Limited**, and **Eternal Limited**. During the quarter, we also exited positions in **Godrej Consumer Products Limited**, **SRF Limited**, **Jio Financial Services Limited**, and **Tips Music Limited** due to uncertainties over durability of earnings growth and/or competitive positioning going forward.

Outlook

As we enter 2026, we are constructive on the risk-adjusted return potential of Indian equities. In our view, India is on the cusp of an earnings upgrade cycle, supported by a recovery in government infrastructure spending, targeted tax relief for the middle class, benign inflation trends, a normal monsoon that should lift rural demand, and the rollout of "GST 2.0[4]", which is expected to further stimulate consumption and economic activity. After delivering stellar performance over the 2020-2024 period, Indian equities experienced a phase of consolidation in 2025. We believe this was driven by a temporary deceleration in economic growth that translated into a cyclical earnings downturn. Importantly, we are confident that the worst of the earnings downgrade cycle is now behind us, setting the stage for India to play "catch up" with EM peers that enjoyed a breakout year in 2025. EM equities rallied more than 33% over the past year, outpacing the MSCI India Index by over 30% - a historically unusual divergence given India's long-term track record of outperformance.

A key contributor to this performance divergence has been India's limited exposure to the "picks and shovels" of AI infrastructure build-out, which has been a dominant driver of global equity returns over the past year. Companies such as Taiwan Semiconductor Manufacturing Company, Samsung Electronics, and SK Hynix – large constituents of the MSCI EM Index - have delivered exceptional returns as primary beneficiaries of the AI capex super-cycle. This dynamic also fueled an unprecedented rotation by foreign institutional investors (FIIs), who sold a record $18 billion plus of Indian equities during the year. Any slowdown in AI related capex, as markets begin to question the return on investment of such activity, is likely to reverse FII outflows and serve as another driver of relative returns for Indian equities.

In our view, however, investors are underappreciating India's longer-term AI opportunity, which should become increasingly visible as value creation shifts from infrastructure build-out to enterprise and consumer applications. Analogous to "Internet 1.0," India did not materially participate in global fiber rollouts but benefited enormously from the proliferation of the internet, smartphones, and application-driven ecosystems. As fiber connectivity commoditized over time, we expect a similar trajectory to unfold with capital-intensive large language models. India's deep technology talent pool, supportive government policies, and ability to develop and monetize large proprietary data sets uniquely position the country to drive productivity gains over the long run. This is reflected in the significant commitments announced by global hyperscalers, with Microsoft, Amazon, and Google collectively planning to invest more than $67 billion in AI infrastructure and related systems in India. We also believe **Reliance Industries Limited**, a top five holding in the Fund, is well positioned to emerge as a key AI beneficiary through partnerships with U.S. hyperscalers to deliver customized enterprise and consumer solutions.

Despite the recent underperformance, India remains one of the world's best performing markets over the past two plus decades. **The MSCI India Index has generated a 10.7% annualized return (in U.S. dollars) over the past 25 years as compared to the S&P 500 Index at 8.8% and the MSCI Emerging Markets Index at 8.5%. Put another way, $10,000 hypothetically invested in India at the end of calendar year 2000 would now be worth over $128,000 versus the S&P 500 Index at approximately $83,000 and the MSCI Emerging Markets Index at around $77,000.**

From a U.S.-India trade perspective, after initial setbacks, we are encouraged by recent progress made toward a bilateral trade agreement, which could serve as a meaningful catalyst for a repricing of Indian equities. Despite elevated U.S. tariffs, India's economic outlook remains robust, with real GDP expected to grow more than 7% in fiscal year 2026. With a nominal GDP of roughly $4.1 trillion, India remains the world's fastest growing large economy[5], having recently surpassed Japan to become the fourth largest globally and expected to leap ahead of Germany within the next three to four years.

In conclusion, our message remains consistent: we are optimistic about India's multi-decadal growth opportunity. Productivity enhancing economy reforms, combined with accelerating digitization, are kickstarting a virtuous investment cycle and creating compelling bottom-up opportunities for long-term investors. At the same time, geopolitical realignment – particularly rising U.S.-China tensions – are prompting global corporations to diversify supply chains and manufacturing footprints, a shift that we believe positions India to evolve into a global manufacturing and export hub over time. Finally, a structural reallocation of household savings away from gold, real estate, and fixed deposits toward equities, mutual funds, and life insurance products is reshaping India's financial landscape. This evolution has strengthened domestic capital markets and provides a stabilizing force during periods of foreign capital outflows and global market volatility.

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.

[4] GST 2.0 in India, launched on September 22, 2025, is a major overhaul of the tax system that reduces the earlier four GST slabs to a simpler two-rate structure (5% and 18%), with a 40% demerit rate for sin and luxury goods. It aims to lower the tax burden on households and businesses by cutting GST on essentials, insurance, healthcare, agriculture inputs, consumer goods, and manufacturing-linked items. Overall, GST 2.0 is designed to boost consumption, ease compliance, and make the tax regime more citizen-centric and growth-oriented.

[5] https://www.cnbc.com/2026/01/07/india-economy-growth-outlook-fiscal-2026-tariffs-inflation.html?msockid=0290af9e0fbf6c2230f0b91e0e746d12

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.

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.

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).

QUARTERLY LETTER | DECEMBER 31, 2025

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) retreated 2.96% (Institutional Shares) during the fourth quarter of 2025, while its primary benchmark, the MSCI ACWI ex USA Index (the Benchmark), appreciated 5.05%. The MSCI ACWI ex USA IMI Growth Index (the Proxy Benchmark) gained a more modest 2.44% for the quarter. For the full year 2025, the Fund gained 21.16%, while the Benchmark appreciated 32.39% and the Proxy Benchmark again gained a more modest 25.74%. While disappointed with our fourth quarter results, which in our view resulted largely from a healthy correction in several strong performing stocks heading into the quarter, we are content with our full-year results as measured by our outperformance against the Morningstar Foreign Large Growth Category average, in what proved a difficult relative performance year for quality growth investors. *

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

	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]	(3.02)	(2.96)	5.05	2.44
1 Year	20.81	21.16	32.39	25.74
3 Years	10.52	10.81	17.33	14.55
5 Years	1.43	1.68	7.91	4.03
10 Years	7.48	7.74	8.41	7.86
15 Years	6.12	6.39	5.91	5.96
Since Inception (12/31/2008)	9.08	9.35	8.03	8.32

In our view, the dominant theme of AI continued to captivate attention and drive returns during the fourth quarter, though we highlight that during the recent quarter the market was increasingly segmented into AI haves and have nots. We believe a broad universe of quality growth businesses traditionally viewed as competitively advantaged and protected by barriers to competition due to intellectual capital, proprietary data, and/or deep client entrenchment began to be viewed as vulnerable to AI disruption – triggering material multiple compression. Examples include software developers, data-centric and information service businesses, e-commerce operators, online advertising and travel-related businesses. While we believe companies that do not invest or move quickly enough to leverage AI to protect and enhance their strategic position will be at some risk, we also believe many competitively advantaged businesses will successfully maneuver to gain market share and improve customer experience while maintaining or expanding profitability. We believe the widespread weakness in these traditional quality growth stocks is excessive, and quite likely to mean revert, particularly if concerns grow regarding the availability of funding and/or power necessary to accommodate the historic increase in AI capital spending that is already discounted in market expectations. We are encouraged by the strong absolute and relative performance of international equities over the past year and continue to believe that we have entered a sustainable outperformance cycle which will also offer tailwinds for fundamental investment strategies such as the Fund.

For 2025, we underperformed the Benchmark, while to a lesser extent also trailing our all-cap international growth Proxy Benchmark. Broadly, as referenced above, the underperformance

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.

was in our view attributable to an abrupt but material correction in several holdings over the potential exposure of quality growth franchises with historic competitive moats to AI disruption. From a sector or theme perspective, adverse stock selection effect in the Information Technology (IT) sector, driven by a few positions across multiple themes (**Wix.com Ltd.**, **Constellation Software Inc.**, **Kaynes Technology India Limited**, **WiseTech Global Limited**, **Keyence Corporation**), was the largest detractor to relative performance for the year. In addition, poor stock selection in the Consumer Discretionary sector, owing largely to meaningful drawdowns in **eDreams ODIGEO SA** and **Trent Limited**, also stood out as a detractor. Finally, weak stock selection effect in the Industrials sector, relating to select investments in our digitization (**InPost S.A.**, **Full Truck Alliance Co. Ltd.**), fintech disruption (**Experian plc**), and Japan staffing (**Recruit Holdings Co., Ltd.**, **SMS Co., Ltd.**) themes, also weighed on relative results. Partially offsetting the above, favorable allocation effect combined with good stock selection in the Materials (**Lundin Mining Corporation**, **Lynas Rare Earths Limited**, **Agnico Eagle Mines Limited**) and Energy (**Waga Energy SA**) sectors was a positive contributor to relative performance during the year.

From a country perspective for calendar year 2025, poor stock selection effect in Spain, Poland, and Israel, and a combination of weak stock selection and an overweight position in India, primarily attributable to the above-mentioned investments, drove the majority of relative underperformance. Partially offsetting the above was a combination of strong stock selection effect and/or favorable allocation in Australia, Ireland, Canada and France.

Adverse stock selection effect across multiple themes within the IT, Consumer Discretionary, Industrials, and Consumer Staples sectors was the key detractor to relative results, largely as described above. From a country perspective, poor stock selection effect in Spain, China, Korea, India, and Israel was the primary detractor to relative performance during the quarter. While we are disappointed by our fourth quarter performance, we remain confident about our investment process and portfolio holdings and further, as we believe the broad-based sell-off in quality growth franchises is overdone, we anticipate that some mean reversion and recovery of lost performance going forward is quite reasonable.

Top contributors to performance for the quarter

	Contribution to Return (%)
Lundin Mining Corporation	0.92
Taiwan Semiconductor Manufacturing Company Limited	0.48
Bank of Ireland Group plc	0.37
argenx SE	0.37
Tokyo Electron Limited	0.35

Lundin Mining Corporation is a base metals producer with a portfolio primarily focused on copper and gold. Shares rose meaningfully during the fourth quarter after the company raised its 2025 copper production outlook and lowered its cash cost guidance. A sharp rally in copper and gold prices also supported performance. We remain constructive on Lundin Mining due to its healthy growth profile, driven by its greenfield Josemaria and Filo del Sol copper projects in Argentina, as well as near-term production growth initiatives at existing mines. Lundin Mining has a solid acquisition track record and a history of expanding production and extending the operating lives of its acquired mines. The founding family retains meaningful oversight of the business, with the founder's grandson serving as President and CEO.

Semiconductor giant **Taiwan Semiconductor Manufacturing Company Limited** (TSMC) contributed to performance during the quarter, driven by robust demand for AI chips. We retain conviction that TSMC's technological leadership, pricing power, and exposure to secular growth markets—including AI and high-performance computing, automotive, 5G, and Internet of Things—will allow the company to sustain strong double-digit earnings growth over the next several years.

Bank of Ireland Group plc is one of the largest banks in the Republic of Ireland and Northern Ireland. Shares rose during the quarter following strong quarterly results and an upward revision to net interest income guidance, which drove higher earnings expectations. Management highlighted solid loan and deposit momentum in Ireland, disciplined cost control, and continued organic capital generation, supporting earnings durability. Bank of Ireland's margins are more resilient than those of EU peers as interest rates ease, benefiting from a sizeable structural hedge that locks in higher yields from prior rate increases and cushions the impact of lower policy rates. Strong capital ratios and confidence around ongoing capital returns further reinforce our positive view.

Top detractors from performance for the quarter

	Contribution to Return (%)
eDreams ODIGEO SA	(1.37)
Ajinomoto Co., Inc.	(0.56)
ODDITY Tech Ltd.	(0.53)
Zai Lab Limited	(0.44)
Kaynes Technology India Limited	(0.42)

eDreams ODIGEO SA is a Spain-based online travel agency that offers a subscription-based travel savings program, Prime, covering flights and hotels. Shares declined during the quarter following the company's decision to pursue a significant growth investment plan, a pivot toward monthly and quarterly subscription offerings, and near-term inventory access issues with supplier Ryanair. In a departure from prior targets, eDreams now plans to invest more heavily in new markets and in European rail. While the company has previously tested various subscription durations, the broader shift toward shorter subscription terms is expected to pressure cash flow over the next several years. Longer term, we believe Prime's underlying value proposition remains compelling for customers, particularly as the product roadmap expands into hotels and incorporates generative AI-driven enhancements. As Prime matures, profitability has continued to improve, supported by lower marketing spend on customer acquisition. We continue to research and monitor the company's newer investment plans and progress across these initiatives.

Japanese multinational food company **Ajinomoto Co., Inc.** detracted from performance due to weaker-than-expected growth in its Seasonings business. We believe this slowdown is temporary and that long-term growth will be supported by Ajinomoto's high-quality products and strong brand, along with increasing demand from Southeast Asia's emerging middle class. We are particularly optimistic about the prospects for Ajinomoto Build-up Film (ABF), an insulating material used in the packaging of high-performance semiconductors. Ajinomoto invented ABF in the late 1990s and has since maintained a near-monopoly position in this material, which plays a critical role in electrical isolation, signal routing, and heat dissipation. We expect high-margin ABF revenue to surge over the next five years, driven by robust demand for AI accelerators. As a result, we believe Ajinomoto has the potential to double earnings per share over this period, with ABF accounting for the majority of profit growth.

ODDITY Tech Ltd. intends to transform the beauty and wellness market by using proprietary technology to sell and launch products exclusively online. Shares declined amid investor concerns around category strength following cautious commentary from industry peers, as well as credit card data indicating a potential deceleration at the company's largest brand, Il Makiage. ODDITY is also launching its third platform, MethodIQ, which required incremental upfront marketing investment during the year. Management expects MethodIQ to ramp quickly and deliver strong financial results in the coming years. Overall, the business remains well positioned to achieve its full-year target of approximately 20% revenue growth at a 20% margin. ODDITY has demonstrated an ability to create innovative products and successfully launch new brands by leveraging its molecule formulation and marketing capabilities. We continue to own the stock given its attractive valuation relative to future earnings, strong cash flow generation, solid balance sheet, and long-term growth opportunity in a large, underpenetrated e-commerce category.

Portfolio Structure

Top 10 holdings in developed countries

	Percent of Net Assets (%)
argenx SE	3.4
BNP Paribas S.A.	2.7
Lundin Mining Corporation	2.7
Bank of Ireland Group plc	2.5
Deutsche Bank AG	2.4
Sumitomo Mitsui Financial Group, Inc.	2.2
Arch Capital Group Ltd.	2.1
AstraZeneca PLC	2.1
Mitsubishi UFJ Financial Group, Inc.	2.1
Tokyo Electron Limited	1.9

Top five holdings in emerging countries

	Percent of Net Assets (%)
Taiwan Semiconductor Manufacturing Company Limited	4.4
Credicorp Ltd.	1.7
HD Korea Shipbuilding & Offshore Engineering Co., Ltd.	1.6
Tencent Holdings Limited	1.5
Bharti Airtel Limited	1.3

Percentage of securities in developed markets

	Percent of Net Assets (%)
Japan	14.0
France	10.1
Netherlands	7.0
United Kingdom	6.7
Canada	5.1
United States	3.7
Germany	3.1
Switzerland	2.6
Ireland	2.5
Israel	2.4
Australia	2.0
Spain	2.0
Sweden	1.6
Italy	1.4
Denmark	0.4

Percentage of securities in emerging markets

	Percent of Net Assets (%)
China	9.1
India	8.1
Korea	5.4
Taiwan	4.7
Peru	1.7
Brazil	1.2
Poland	1.1
Greece	1.0
Chile	0.6

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.

NON-U.S./GLOBAL

Recent Activity

During the fourth quarter, we added a handful of new investments toward existing themes, while also increasing exposure to several positions that we established in earlier periods. We continue our endeavor to add to our highest conviction ideas.

As part of our EU mutualization theme, we initiated a position in in **Euronext N.V.**, the leading pan-European market infrastructure operator, which runs the primary equity, fixed income, and derivatives exchanges across key European economies including France, the Netherlands, Belgium, and Italy, while also operating clearing, settlement, data, and technology services. Euronext is unique in Europe for its vertically integrated model, combining multiple national markets on a single trading and technology platform while increasingly controlling more of the post-trade value chain. This gives it direct leverage to Europe's Savings and Investment Union (SIU), as policies aimed at channeling household savings into capital markets should drive higher retail participation, deeper equity and bond issuance, and greater cross-border activity, all of which benefits the company's business activities. The SIU also seeks to simplify and harmonize rules across European markets, which should reduce regulatory fragmentation, lower compliance complexity, and ultimately decrease operating costs for a pan-European operator like Euronext. Beyond these structural tailwinds, the company is pursuing several high-value opportunities, including bringing settlement and depository services in-house for its largest markets (currently outsourced), which would meaningfully expand recurring, high-margin post-trade revenues, and growing its MTS fixed-income franchise, particularly in French government bond trading, alongside related data and index products. Euronext's scale, regulatory alignment with EU priorities, capital-light economics, strong competitive advantages, and multiple internal growth levers make it an attractive investment within the European financials landscape.

Adding to our advanced semiconductors/AI theme, we established a position in **Samsung Electronics Co., Ltd.**, the world's largest memory semiconductor manufacturer and a leading global technology conglomerate with diversified operations spanning memory chips, foundry services, and consumer electronics. Samsung holds the number one position in both DRAM and NAND flash memory markets, giving it unparalleled scale advantages in an industry characterized by high barriers to entry, stemming from technological complexity and intensive capital requirements. We believe the memory industry's unprecedented upcycle will continue at least over the next couple years, with a massive supply/demand mismatch driven by insatiable AI training and inference demand and disciplined capital allocation by the leading memory suppliers. Structurally, memory demand continues to benefit from the proliferation of data-intensive applications across cloud computing, mobile devices, and automotive electronics. Critically, we view Samsung as exceptionally well positioned to capitalize on the explosive growth in AI infrastructure spending, including through its high-bandwidth memory (HBM) offerings. While Samsung has lagged **SK hynix Inc.** in HBM commercialization, we believe the company has achieved substantial progress in closing the performance gap. Given Samsung's superior manufacturing scale and extensive R&D capabilities, we expect the company to gain meaningful share in the rapidly expanding HBM market over the coming years. Beyond memory, Samsung's foundry business represents an increasingly important growth vector, as the company positions itself as a credible alternative to **Taiwan Semiconductor Manufacturing Company Limited** for cutting-edge logic chip production, supported by significant investments in advanced process nodes and strategic customer partnerships. We anticipate Samsung will deliver robust earnings growth over the next several years, driven by a surging memory market, growing HBM revenue contribution, and improving foundry profitability, complemented by its leading global positions in smartphones and OLED display panels.

During the quarter, we initiated a position in **Brunello Cucinelli S.p.A.**, a best-in-class luxury apparel company with a solid position at the top of the luxury pyramid. Brunello designs and sells high-quality clothing and accessories, carefully managing its brand, distribution, and volumes to maintain exclusivity for a highly discerning global customer base of roughly 500,000 clients. This positioning in the ultra-luxury segment creates high barriers to entry, limited direct competition, strong pricing power, and demand that is structurally less cyclical than for broader luxury. Shares dropped abruptly during the quarter following a short report with allegations the company has since refuted, providing an attractive entry point into a company that has delivered consistent double-digit revenue growth across economic cycles. Looking ahead, we expect at least 10% annual revenue growth driven by disciplined retail expansion, particularly in China, selective product extensions, and modest price increases, all driving gradual margin expansion. Given its exceptional brand equity, scarcity value, and long runway for high-quality growth, we view Brunello Cucinelli as a compelling long-term investment.

We increased exposure to our Japan interest rate normalization theme by initiating a position in **Mitsui Fudosan Co., Ltd.**, Japan's largest diversified real estate developer. The company develops, owns, and manages high-quality office buildings, mixed-use urban districts, retail complexes, residential projects, hotels, and logistics assets. The company is also increasingly expanding overseas, particularly in the U.S., Europe, and Asia, where it partners with local operators to access higher-growth markets, diversify earnings, and deploy capital at attractive risk-adjusted returns. Mitsui Fudosan's competitive advantages include its scale, deep tenant relationships, and long track record of creating integrated, mixed-use districts that drive durable demand and long asset lives. This positions the company to benefit from the structural macro changes underway in Japan, particularly the transition from deflation to modest inflation alongside ever tightening vacancy rates, which supports rising rents and higher net operating income across its portfolio. In addition, Mitsui's strong balance sheet and stable cash flows provide flexibility to enhance shareholder returns over time through higher dividends and potential share buybacks. We view Mitsui Fudosan as an attractive long-term investment benefiting from structural rent growth, global diversification, and improving capital returns.

Finally, we added to several of our existing positions during the quarter, most notably **Japan Exchange Group, Inc.**, **Nestle S.A.**, **TotalEnergies SE**, **Reliance Industries Limited**, **Kuaishou Technology**, and **Keyence Corporation**.

In our endeavor to concentrate on our holdings where we have highest conviction in quality and return potential, during the quarter, we also exited a few positions, including **Waga Energy SA**, **Godrej Consumer Products Limited**, and **DSM-Firmenich AG**.

Outlook

During the final quarter of 2025, global equities extended prior year gains and delivered solid full-year returns. Notably, international and emerging market (EM) equities significantly outperformed their U.S. and global counterparts for first time in several years. We believe the year 2025 likely represented the beginning of a sustainable period of international and EM equity outperformance. The year was marked by a largely unexpected U.S. withdrawal from the decades-long multilateral security and trade equilibrium, which triggered a variety of defensive policy responses around the world. When the U.S. subsequently negotiated new bilateral trade agreements, or relented, and materially diluted tariff and other protectionist measures, the monetary, fiscal and reform stimulus already in the pipeline led to solid global economic growth and, as the year progressed, various signs of excess liquidity and speculation. While geopolitics and financial markets exhibited volatility throughout the year, political, economic and financial constraints reigned in tail risks and, in our view, ultimately resulted in a much more constructive backdrop for international equities than was envisioned entering the year.

While international equity returns were quite impressive for the year, fourth quarter returns were more modest, particularly for growth-related equities. China, a large and top-four weight in the Benchmark, consolidated year-to-date gains in a "sell the news" reaction after a significant summer rally in anticipation of the scheduled October meeting between Presidents Trump and Xi, as the immediate meeting readout did not reference the potential resumption of technology/semiconductor/WFE flow into China. As we stand in early 2026, signs of renewed technology flow have emerged in recent weeks, and Chinese equities tied to technology/AI/robotics/semiconductors are recovering. We continue to believe that global investors are underestimating the capabilities and potential of China's emerging technology/AI ecosystem, which appears particularly advantaged in terms of power supply and cost, open-source large language models, and overall capital requirements.

On this point, during the quarter, U.S.-based hyperscaler capex commitments continued to rise, with an estimated $550 billion to be spent in 2026 on AI data center (AIDC) development (up from earlier estimates closer to $450 billion). This arms race has captivated the attention of global investors while dominating equity market returns, though during the quarter we believe some yellow flags have surfaced. First, Google/Gemini's momentum and market share gains vs. OpenAI/ChatGPT, while relying on lower cost TPUs, has raised questions around the sustainability of competitive advantage and NVIDIA's longer-term market share and pricing power. Second, this uncertainty may challenge what has been a largely open-ended debt and equity funding environment for AIDC development, which calls into question whether current expectations for over $3.0 trillion in cumulative capex through 2030 will be met. While we do not have a particular view, we simply note that expectations are high, and that given the current S&P 500 Index weighting and disproportionate share of global equity portfolios represented by this broader U.S. AI ecosystem, any downward estimate revision would likely result in further outperformance by non-U.S. equities.

Just a few days into the new year, the U.S. conducted a military operation in Venezuela termed "Operation Resolve," which involved extracting sitting President Nicolas Maduro and his wife and transporting them to the U.S., where they had been indicted on multiple charges. This operation evidences the Trump Administration's foreign policy pivot away from global/multilateral peace, security, and trade towards an "America First" agenda, with an emphasis on bilateral negotiations, raw power, and the Monroe Doctrine, prioritizing the consolidation of U.S. interests within its "sphere of influence" in the Western Hemisphere. In our view, coupled with its previous and unconventional moves regarding Europe/NATO and apparent appeasement of Russia's pursuit of territory from the Ukraine, we believe the weight of evidence likely points to less direct intervention in Russia and China's respective spheres of influence, potentially diminishing the near to intermediate-term risk of geopolitical conflict. At the same time, we believe this action highlights rising global defense spending, as well as the value of strategic commodities/minerals and real assets, directly supporting our Global Security theme. Further, we are intrigued by the U.S. emphasis on the Monroe Doctrine and believe that any wholesale "rightward shift" by Latam countries could unlock material gains in the region's bonds, equities, and currencies as risk premium would likely materially adjust.

We see solid global economic and market performance as we enter the new year as an indication that financial conditions remain constructive. The U.S. Federal Reserve (the Fed) confirmed a global central bank easing cycle during the third quarter of 2025, with additional rate cuts anticipated. Last year, authorities around the globe rolled out monetary, fiscal, and reform measures as emergency/insurance policies out of fear of the impact of aggressive U.S. trade policy. While in most cases the threat was later dialed down as a byproduct of both bilateral trade negotiations and political and economic constraints, the insurance policy support remained in the pipeline. This led to better-than-expected global economic and earnings momentum, and by late in the year, various signs of robust liquidity if not exuberance. In the U.S., the Trump Administration has shifted emphasis towards this year's mid-term elections, also sparking incremental fiscal and policy easing as well as ongoing "national service" by large corporates. We believe 2026 could likely represent a major test of Fed independence, as we are getting late in a global economic expansion cycle, implying less slack in the system, with the forward-looking path for inflation expectations in our view more likely higher than lower. Normally, this would trigger a more hawkish Fed, though should this scenario present in the year ahead, a yet to be determined new Fed Chairman may have difficulty in delivering on expectations given the Trump Administration's clear bias for lower rates. Should inflation tick up and longer-term bond yields rise/steepen, any waiver by the Fed would near certainly set off a new round of dollar weakness, and if history is any guide, extend or amplify international equity outperformance.

We look forward to our next update and thank you for investing in the *Baron International Growth Fund®*.

Sincerely,

Michael Kass
Portfolio Manager

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.

* As of 12/31/2025, the annualized returns of the Morningstar Foreign Large Growth Category average were 20.29%, 3.44%, and 7.54% 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.

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. This may result in greater share price volatility. Securities of small and medium-sized companies may be thinly traded and more difficult to sell. 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 International 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.

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BARON CAPITAL

QUARTERLY LETTER | DECEMBER 31, 2025

Baron Financials ETF®

Ticker: BCFN

Josh Saltman
Portfolio Manager

Dear Baron Financials ETF Shareholder,

Performance

In the quarter ended December 31, 2025, Baron Financials ETF® (the Fund) fell 2.22% (NAV) compared with a 7.19% decline for the FactSet Global FinTech Index (the FinTech Index) and a 2.07% gain for the MSCI USA Financials Index (the Financials Index). Since inception, the Fund has risen at a 10.21% annualized rate compared with 2.55% for the FinTech Index and 11.97% for the Financials Index.

On December 15, 2025, this product converted from a mutual fund to an exchange-traded fund (ETF), and the name was changed from Baron FinTech Fund to Baron Financials ETF. The conversion was made based on feedback from our investors who prefer ETFs because of their tax efficiency and trading flexibility. Concurrent with these changes, we are introducing a new benchmark (the MSCI USA Financials Index) to evaluate relative performance. Compared to the FinTech Index, the Financials Index skews more "Fin" than "Tech," with heavier weightings in banks and insurance and lighter weightings in payments, software, and information services. The Financials Index is composed mostly of Leaders with larger market caps, while the FinTech Index includes more Challengers with smaller market caps.

While the product structure and name have changed, the investment strategy remains the same. We continue to take a growth approach to investing in financial and financial-related companies. We identify companies with long runways for growth, sustainable competitive advantages, and outstanding management teams and then buy when valuations enable us to double our money within five years. Our investable universe includes: (i) financial companies such as banks, insurers, and asset managers with unique competitive advantages and superior growth prospects; and (ii) financial-related companies such as payment businesses, financial exchanges, and data providers that enable financial transactions. The common denominator across all holdings is the use of technology and data to better serve customers and grow at above-average rates within the large, global market for financial services.

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

	ETF[1,2]	MSCI USA Financials Index[1]	S&P 500 Index[1]	MSCI ACWI Index[1]	FactSet Global FinTech Index[1]
QTD[3]	(2.22)	2.07	2.66	3.29	(7.19)
1 Year	0.91	15.23	17.88	22.34	(4.16)
3 Years	16.52	19.82	23.01	20.65	10.55
5 Years	4.01	15.17	14.42	11.19	(2.90)
Since Inception (12/31/2019)	10.21	11.97	15.08	12.02	2.55

The fourth quarter of 2025 provided a steady finish for equity markets in an otherwise turbulent year, with moderate gains across most indices amid easing economic pressures and lower interest rates. Several factors underpinned quarterly gains and a sustained market rebound from the April 8 lows: moderating tariff impacts, robust corporate earnings, and continued monetary easing. Following a quarter point rate cut in September, the Federal Reserve (the Fed) lowered rates twice more in the fourth quarter. Large-cap technology stocks continued to lead the

SECTOR

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.

market as the Magnificent Seven outperformed in the fourth quarter with a 3.6% return and contributed nearly half of the S&P 500 Index's 2.7% gain. Health Care and Communication Services (half of which is Alphabet Inc.) led the broader market (up 11.5% and 7.2%, respectively), while Financials advanced modestly (up 1.9%). Large caps outperformed mid-caps, while small caps held steady. Value outperformed growth across all size segments. International equities outperformed U.S. markets supported by currency tailwinds, easing trade concerns, and semiconductor strength in Asia.

In the fourth quarter, the Fund outperformed the FinTech Index but trailed the Financials Index and the S&P 500 Index. FinTech stocks broadly lagged, but the Fund outperformed the FinTech Index due to favorable stock selection within Information Services, an overweighting to Tech-Enabled Financials, and an underweighting to Payments. Underperformance versus the Financials Index was partly driven by low exposure to banks, the largest industry in the Financials Index (38% weighting) and the top performing industry for the period (up 8.1%). The Fund's small 6% average weighting in banks cost us nearly 2 percentage points of relative performance in the quarter. Overexposure to Challengers also weighed on relative performance against the Financials Index in a period when Leaders outperformed Challengers (flat versus down 6.3%, respectively). Other sources of weakness in the quarter included investments in Capital Markets, Financial Software, and Information Services. Underperformance against the S&P 500 Index was largely driven by low exposure to banks and a lack of exposure to Health Care, Alphabet, and semiconductor companies.

Within Capital Markets, overexposure to digital brokerage platform **Robinhood Markets, Inc.** and unique exposure to global investment bank **Houlihan Lokey, Inc.** weighed on relative performance versus the Financials Index. Robinhood shares fell 21.2% during the quarter after nearly quadrupling over the first nine months of the year. The company experienced some softening in customer engagement, especially in cryptocurrency trading alongside a pullback in crypto prices. Bitcoin fell 23.5% in the quarter, significantly underperforming nearly every major asset class. We believe softer crypto prices, combined with investor profit-taking after a significant run-up in the stock earlier in the year, contributed to underperformance during the quarter. Nevertheless, Robinhood was a top contributor for the year with shares tripling in 2025. Houlihan Lokey's stock price fell due to a slowdown in restructuring activity resulting from improving macroeconomic conditions and lower interest rates. However, these same conditions are driving strong growth in Houlihan Lokey's M&A and valuation advisory businesses, which collectively represent over three quarters of the business and drove 24% pretax earnings growth in the recent quarter.

Performance in Financial Software was hampered by property and casualty (P&C) insurance software vendor **Guidewire Software, Inc.**, whose shares fell as the broader software industry came under pressure due to fears of AI disintermediation. We believe vertical market software vendors, especially those serving highly regulated industries such as Guidewire, are most insulated from AI risk given their deep workflow integrations and high switching costs. Within Information Services, positive gains from meaningful overexposure to the sector were offset by losses from insurance data and analytics vendor **Verisk Analytics, Inc.** Verisk shares declined amid expectations for near-term revenue deceleration driven by temporary headwinds, concerns over P&C insurance pricing trends, and broader industry-wide AI fears. We believe these near-term headwinds will soon pass as underlying business trends remain solid.

Partially offsetting the above was underexposure to the lagging Insurance sector, where softer industry pricing has led to slowing growth and weak share price performance for much of the year. Across the Fund, there were pockets of strength during the quarter with double-digit gains from **Neptune Insurance Holdings Inc.** (up 45.9%), **Clearwater Analytics Holdings, Inc.** (up 34.2%), **Jack Henry & Associates, Inc.** (up 23.0%), **Capital One Financial Corporation** (up 13.2%), **Fair Isaac Corporation** (up 13.0%), and **Accelerant Holdings** (up 10.1%).

Top contributors to performance for the quarter

	Contribution to Return (%)
Fair Isaac Corporation	0.37
S&P Global Inc.	0.36
Jack Henry & Associates, Inc.	0.29
Apollo Global Management, Inc.	0.26
Clearwater Analytics Holdings, Inc.	0.26

Fair Isaac Corporation (FICO), a data and analytics company focused on predicting consumer behavior, contributed to performance. FICO reported strong quarterly financial results and solid fiscal 2026 guidance, which calls for 28% EPS growth. The company also launched its new Direct Licensing Program for mortgage lending, which provides greater flexibility to monetize its intellectual property. The initiative was well received by Federal Housing Finance Agency Director Bill Pulte, which should help temper concerns about regulatory risk. We expect FICO to retain its dominant market position in the consumer credit ecosystem and continue growing earnings per share at a rapid rate from price increases, a rebound in mortgage originations, and continued growth in non-mortgage consumer lending.

Leading rating agency and data provider **S&P Global Inc.** contributed to performance. Shares rebounded from a pullback in September that stemmed from a competitor's cautious commentary around market demand and margins. S&P Global alleviated these concerns by delivering strong third quarter results and raising its full-year financial guidance. The company is benefiting from elevated debt issuance, rising equity markets, and resilient demand for its software and data services. Momentum carried into the fourth quarter, with rated debt issuance growing more than 30% in October and November. Additionally, management provided medium-term financial guidance calling for 7% to 9% organic revenue growth, continued margin expansion, and double-digit annualized earnings per share growth. We continue to own S&P Global given the company's long growth runway and significant competitive advantages.

Jack Henry & Associates, Inc. is a leading provider of technology solutions for community banks and credit unions. Shares rose after the company reported better-than-expected quarterly results and raised financial guidance. Adjusted revenue grew 9% and earnings per share increased 21% in the quarter, reflecting a favorable demand environment, market share gains, and strong margin expansion. Management raised fiscal year guidance for both revenue and earnings while noting potential for further upside. Shares also benefited from expectations for competitive wins versus Fiserv as it undertakes a disruptive, multi-year effort to consolidate 16 core platforms. We expect Jack Henry to continue gaining share in a growing market as financial institutions increase investment in technology and automation.

Top detractors from performance for the quarter

	Contribution to Return (%)
Robinhood Markets, Inc.	(0.93)
MercadoLibre, Inc.	(0.61)
Guidewire Software, Inc.	(0.57)
Houlihan Lokey, Inc.	(0.45)
Fiserv, Inc.	(0.37)

Robinhood Markets, Inc. is a digital brokerage platform serving retail investors. Shares detracted during the quarter following robust performance over the first nine months of the year. While overall activity levels remain strong, Robinhood experienced some softening in customer engagement in November, with cryptocurrency trading volumes in particular declining on both a month-over-month and year-over-year basis. We believe this moderation in activity, combined with investor profit-taking after a significant run-up in the stock, contributed to the quarter's underperformance. Over the longer term, we believe Robinhood's strong position with a younger generation of investors, leading user experience, and rapid pace of product development will support continued growth across market cycles.

MercadoLibre, Inc., the leading e-commerce marketplace and fintech provider in Latin America, detracted from performance on concerns over competition and margin pressure. Competitive intensity rose in Brazil as Amazon and Shopee ramped promotional activity and prioritized growth. MercadoLibre responded with discounts, expanded free shipping, and increased marketing, driving fears of margin compression. At the same time, investors began to discount emerging risks from agentic AI-driven commerce, which could pressure growth by reducing marketplace product discovery and high-margin advertising revenue. Continued volatility in Argentina, one of MercadoLibre's fastest-growing markets, also raised concerns that weaker economic conditions could result in less reliable profit contribution. We maintain conviction in the company's long-term opportunity. In our view, MercadoLibre is uniquely positioned to capture a significant share of Latin America's underpenetrated e-commerce and fintech markets because of its scale, customer trust, and unique ecosystem.

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

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 December 31, 2025, the Fund held 43 positions (32 excluding those smaller than 1%). The Fund's 10 largest holdings represented 43.8% of net assets, and the 20 largest holdings represented 73.3% of net assets. International stocks represented 10.9% of net assets. The market capitalization range of our holdings was $1 billion to $686 billion with a median of $34.8 billion and a weighted average of $143.4 billion.

We segment the Fund's holdings into seven Baron-defined industries. As of December 31, 2025, Capital Markets represented 31.7% of net assets, Information Services represented 20.7%, Payments represented 17.4%, Financial Software represented 12.5%, Banks represented 8.2%, Insurance represented 7.7%, and Other Financials represented 1.5%. This quarter, we reclassified some of the industries to be more representative of the Financials Index. Relative to the Financials Index, the Fund has overweight positions in Information Services, Capital Markets, Financial Software, and Payments, is meaningfully underweight in Banks and Insurance, and is essentially market weight in Other Financials.

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 December 31, 2025, Leaders represented 75.6% of net assets and Challengers represented 24.2%, 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 (%)
S&P Global Inc.	2020	67.9	162.0	3.2	5.7
Visa Inc.	2020	376.2	686.2	3.0	5.4
Mastercard Incorporated	2020	306.1	512.6	3.0	5.4
Intuit Inc.	2020	69.3	184.3	2.4	4.3
LPL Financial Holdings Inc.	2021	12.9	28.6	2.4	4.3
KKR & Co. Inc.	2024	88.9	113.6	2.3	4.1
MercadoLibre, Inc.	2020	53.7	102.1	2.2	3.9
The Charles Schwab Corporation	2022	130.9	182.6	2.2	3.8
Fair Isaac Corporation	2020	11.1	40.1	2.0	3.5
Nu Holdings Ltd.	2023	35.3	80.9	2.0	3.5

Fund investments in GICS sub-industries

	Percent of Net Assets (%)
Capital Markets	31.7
Information Services	20.7
Payments	17.4
Financial Software	12.5
Banks	8.2
Insurance	7.7
Other Financials	1.5
Cash and Cash Equivalents	0.2
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)
Morgan Stanley	282.2	1,190.5
Capital One Financial Corporation	154.1	508.1
The Charles Schwab Corporation	182.6	201.3
KKR & Co. Inc.	113.6	22.2
TWFG, Inc.	1.6	9.6

During the quarter, the Fund invested in **Morgan Stanley**, a leading global investment bank and wealth management firm. Morgan Stanley has successfully diversified its business beyond cyclical banking and trading fees into more recurring wealth and investment management. These businesses collectively oversee $9.3 trillion in client assets that generate predictable, capital-light revenue that grows from inflows and market appreciation. Morgan Stanley has a unique client acquisition model that includes financial advisors, self-directed accounts, and workplace accounts, providing multiple avenues to serve clients. In 2025, the company amassed over $350 billion in net new assets, with a 7% net inflow rate in the fourth quarter. These businesses provide a durable base of revenue and earnings for Morgan Stanley even when banking activity is slow. At the same time, Morgan Stanley remains a top three global investment bank, enabling the firm to generate considerably higher earnings during periods of strength in the capital markets.

Morgan Stanley benefits from numerous competitive advantages. It has a leading brand in banking and wealth management, long-held customer relationships, and access to premier industry talent. Its unique customer acquisition model gives Morgan Stanley a strong relationship with clients earlier in their wealth lifecycle and the ability to grow with clients as they build wealth. As Morgan Stanley grows revenues, we expect continued margin expansion from operating leverage and efficiencies from the broader usage of AI. The company has significant excess capital, which could be used to invest in the business or returned to shareholders, especially as capital requirements ease under a more business-friendly administration.

Through savvy acquisitions and disciplined execution, Morgan Stanley has leveraged its position as a top investment bank to build a global wealth platform, which provides earnings ballast and higher returns on equity. CEO Ted Pick and his two co-presidents have an average of 30 years' experience at Morgan Stanley and were instrumental in building the business up to its current state. We expect the company to continue compounding in its wealth and investment businesses and to gain market share in its investment bank. Together with margin expansion and capital return, this should drive considerable earnings growth and 20%-plus returns on equity.

The Fund also participated in the IPO of **Neptune Insurance Holdings Inc.**, the leading underwriter of private flood insurance. Neptune utilizes a proprietary underwriting model and easy-to-use technology to enable third-party insurance agents to offer flood insurance to their clients. The purchase of flood insurance is often mandatory in certain areas that are designated as high-risk, although flood damage also occurs outside of these zones since flood maps are often outdated and updating them is politically contentious.

Flood insurance in the U.S. is dominated by the government-run National Flood Insurance Program (NFIP). Neptune offers a private market alternative that is faster and easier for insurance agents to quote. This has allowed Neptune to expand the market by winning business outside of flood zones where insurance is not mandatory. In the recent quarter, over 80% of new business sales came from non-mandatory purchases. The company's proprietary underwriting model leverages a large claims database and is updated twice a week to improve performance. Neptune is an

MGA (Managing General Agent) meaning that it doesn't bear the risk of losses, which makes the business very capital efficient. The company writes business on behalf of 39 capacity providers, who in turn pay Neptune commissions for sourcing and underwriting the business.

Because of Neptune's quoting speed, ease-of-use, and competitive pricing, the company has been able to sign up over 80,000 insurance agencies to use its product and has grown to 260,000 policies. Neptune's distribution, underwriting model, and diverse capital sources are challenging for a new entrant to replicate, and its competitive advantages become stronger as the company scales. The company has a large opportunity to penetrate the 25 million properties that Neptune considers high-risk and take share from the NFIP, which is raising its rates following years of underpricing. We think this can support 15% to 20% EBITDA growth in our base case. We see the potential for further upside should the federal government take action to reform the NFIP and reduce its role in the flood insurance market since the program has lost $36 billion since 2005 and relies on borrowing from the U.S. Treasury to remain solvent.

We added to **Capital One Financial Corporation**, which was a new addition in the prior quarter. We also added to **The Charles Schwab Corporation**, which is benefiting from positive earnings revisions, expanding margins, and higher capital returns after having repaid nearly all of its high cost funding.

Top net sales for the quarter

	Quarter End Market Cap ($B)	Net Amount Sold ($K)
Guidewire Software, Inc.	17.1	827.1
Interactive Brokers Group, Inc.	109.3	825.1
Shopify Inc.	209.9	813.7
Morningstar, Inc.	8.9	809.8
Intapp, Inc.	3.5	708.3

We trimmed **Guidewire Software, Inc.** on strength to manage exposure to the volatile software sector. We also trimmed **Interactive Brokers Group, Inc.** and **Shopify Inc.** following periods of significant outperformance to fund purchases elsewhere in the Fund with better expected returns. We sold **Intapp, Inc.** to reduce our software exposure and fund higher conviction ideas. We sold **CoStar Group, Inc.** due to limited success at Homes.com despite massive investments. After having sold most of our **Fiserv, Inc.** position in the second quarter, we eliminated the remaining position this quarter following a dramatic earnings reset. We used a period of takeover optimism to sell our small position in **BILL Holdings, Inc.** due to mixed execution and an increasingly competitive end market.

Outlook

We remain optimistic about the outlook for the financial sector and our holdings. The macroeconomic environment is generally healthy and supportive of growth. On their fourth quarter earnings calls, the large banks noted resilience among consumers and businesses. JPMorgan Chase's CFO said, "Despite weak consumer sentiment, trends in our data are largely consistent with historical norms, and we are not seeing deterioration." The 4.4% unemployment rate in December is relatively low by historical standards, despite slowly creeping upwards over the last two years. Payment volumes are performing well with 7% growth.[4] Financial markets near record highs are contributing to the wealth effect, which helps stimulate spending. Credit trends remain stable with delinquency rates well contained. In a "K-shaped" economy, higher income households and larger corporates are driving more of the growth.

2026 starts with the tailwinds of constructive fiscal policy and easier monetary policy. Tax cuts from the One Big Beautiful Bill should deliver significant fiscal stimulus, totaling potentially hundreds of billions of dollars. Inflation continues to cool with core consumer price index growth of 2.6% in December, matching a four-year low and enabling the Fed to remain in an easing cycle with the forward curve assuming two rate cuts this year.

Across our Fund, near-term trends are most positive across the following areas:

1) U.S. banks are benefiting from deregulation in the form of reduced capital requirements, scaled-back Consumer Financial Protection Bureau oversight, withdrawn guidance on leveraged lending, and laxer M&A scrutiny. In addition, a steepening yield curve should enhance net interest margins while sustained economic growth should boost lending activity and temper credit losses.
2) Capital markets are wide open with elevated levels of debt issuance, equity offerings, and M&A volumes. Falling interest rates, rising equity prices, and improving corporate confidence are driving an optimistic outlook for deals, which should benefit advisory firms, rating agencies, and alternative asset managers.
3) Falling interest rates and federal support for housing should drive a continued rebound in mortgage origination volumes, which should benefit mortgage originators and credit bureaus.

We view political developments as the biggest risk at the start of the year. In a desire to promote affordability ahead of the midterm elections in November, President Trump called on banks to cap credit card interest rates at 10% for a year and showed support for the Credit Card Competition Act, which impacts credit card processing. Fears of a re-escalating trade war rose as President Trump threatened to increase tariffs on goods from several European countries until the U.S. is allowed to buy Greenland. Fed independence is being threatened as the Justice Department opened a criminal investigation into Fed Chair Jerome Powell, which many view as a thinly veiled attempt to pressure the Fed into lowering interest rates more quickly. In addition, the

Senate is drafting legislation to create a regulatory framework for cryptocurrency that could potentially boost digital asset adoption. A sticking point for some crypto companies is an effort by banks to ban the payment of interest to consumers for holding stablecoins, which banks argue would lead to deposit flight from the banking system and threaten financial stability. We are closely monitoring these political developments, but we believe our holdings are well positioned for long-term growth regardless of their outcomes.

Thank you for investing in Baron Financials ETF. We remain significant shareholders alongside you.

Sincerely,

Josh Saltman
Portfolio Manager

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

[1] The **MSCI USA Financials Index** is designed to measure the performance of the large and mid cap segments of the US equity universe. 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. 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™ 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 redemptions of Fund shares.

[3] Not annualized.

[4] Based on JPMorgan's Q4 earnings call.

SECTOR

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.

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 CAPITAL

QUARTERLY LETTER | DECEMBER 31, 2025

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

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

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

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

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

Underexposure to the lagging managed health care sub-industry and strong stock selection in health care equipment also added value during the period. Strength in health care equipment primarily came from not owning Index heavyweight Abbott Laboratories. Strong performance from medical device company **Penumbra, Inc.** further bolstered outperformance in the sub-industry. Penumbra reported strong quarterly financial results in which the company reported 16.9% constant currency revenue growth driven in part by 18.5% U.S. Thrombectomy revenue growth. In early January, the company announced it entered into an agreement to be acquired by Boston Scientific Corporation for approximately $14.5 billion at a 19% premium to the closing price the day prior.

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

SECTOR

Performance listed in the above table is net of annual operating expenses. The gross annual expense ratio for the Retail Shares and Institutional Shares as of April 30, 2025 was 1.18% and 0.87%, respectively, but the net annual expense ratio was 1.10% and 0.85% (net of the Adviser's fee waivers), respectively. The performance data quoted represents past performance. Past performance is no guarantee of future results. The investment return and principal value of an investment will fluctuate; an investor's shares, when redeemed, may be worth more or less than their original cost. The Adviser waives and/or reimburses certain Fund expenses pursuant to a contract expiring on August 29, 2036, unless renewed for another 11-year term and the Fund's transfer agency expenses may be reduced by expense offsets from an unaffiliated transfer agent, without which performance would have been lower. Current performance may be lower or higher than the performance data quoted. For performance information current to the most recent month end, visit BaronCapitalGroup.com or call 1-800-99-BARON.

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

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

Our strategy is to identify competitively advantaged growth companies that we can own for years. Similar to other Baron Funds, we remain focused on finding businesses that we believe have secular growth opportunities, durable competitive advantages, and strong management teams. We conduct independent research and take a long-term perspective. We are particularly focused on businesses that solve problems in health care, whether by reducing costs, enhancing efficiency, and/or improving patient outcomes.

We continue to think the Health Care sector will offer attractive investment opportunities over the next decade and beyond. Health Care is one of the largest and most complex sectors in the U.S. economy, accounting for an estimated 17.6% of GDP in 2023 and encompassing a diverse array of sub-industries. Health Care is also a dynamic sector undergoing changes driven by legislation, regulation, and advances in science and technology. We think navigating these changes requires investment experience and sector expertise, which makes the Health Care sector particularly well suited for active management.

Top contributors to performance for the quarter

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

Eli Lilly and Company is a global pharmaceutical company currently best known for its GLP-1 treatments for diabetes and obesity. Shares rose during the quarter as Zepbound's obesity launch continued to gain strong traction. In addition, investors welcomed the announcement of an agreement with the Trump administration that expands Medicare and Medicaid coverage for Lilly's obesity drugs, offers lower pricing through Medicaid, and supports continued U.S. drug manufacturing investment. In exchange, Lilly was excluded from any near-term "Most Favored Nations" drug pricing programs or pharmaceutical sector tariffs, improving regulatory certainty. Long term, we view Lilly's Mounjaro and Zepbound GLP-1/GIP therapies, along with orforglipron, its oral GLP-1, as transformational for diabetic and non-diabetic obese patients, and we expect this drug class to become the standard of care for both diabetes and obesity, ultimately representing a $150 billion-plus market opportunity. In our view, GLP-1 adoption is still in its early innings, and we believe continued uptake will drive a doubling of Lilly's total revenues by 2030.

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

Argenx SE is a biotechnology company best known for developing Vyvgart, the leading FcRn inhibitor for the treatment of autoimmune conditions. Shares rose as Vyvgart sales meaningfully exceeded investor expectations. Our conversations with management and neurologists continue to reinforce Vyvgart's value as an important treatment option with strong long-term growth potential. The drug continues to launch well in generalized myasthenia gravis, and its launch in chronic inflammatory demyelinating polyneuropathy is off to a strong start. Over time, we expect Vyvgart to demonstrate efficacy across an expanding range of autoantibody-driven autoimmune conditions, and we are excited by argenx's pipeline progress and upcoming Phase 3 readouts for Vyvgart in myositis and empasiprubart in multifocal motor neuropathy.

Top detractors from performance for the quarter

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

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

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

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

Portfolio Structure

We build the portfolio from the bottom up, one stock at a time, using the Baron investment approach. We do not try to mimic an index, and we expect the Fund to look very different than the Benchmark. We loosely group the portfolio into three categories of stocks: earnings compounders, high-growth companies, and biotechnology companies. We define earnings compounders as companies that we believe can grow revenue at least mid-single digits and compound earnings at double-digit rates over the long term. We define high-growth stocks as companies we believe can generate double-digit or better revenue growth. They may not be profitable today, but we believe they can be highly profitable in the future. We expect the portfolio to have a mix of earnings compounders, high-growth, and biotechnology companies.

We may invest in stocks of any market capitalization and may hold both domestic and international stocks. As of December 31 2025, we held 43 stocks. This compares with 496 stocks in the Benchmark. International stocks represented 16.5% of the Fund's net assets. The Fund's 10 largest holdings represented 48.8% of net assets. Compared with the Benchmark, the Fund was overweight in biotechnology, life sciences tools & services, and health care distributors, roughly equal weight in health care services, health care technology, and health care facilities, and underweight in pharmaceuticals, managed health care, health care equipment, and health care supplies. The market cap range of the investments in the Fund was $2.5 billion to $1.0 trillion with a weighted average market cap of $212 billion. This compared with the Benchmark's weighted average market cap of $287 billion.

We continue to invest in multiple secular growth themes in Health Care, such as genomics/genetic testing/genetic medicine, innovative medical devices that improve outcomes and/or lower costs, minimally invasive surgery, anti-obesity medications, picks and shovels life sciences tools providers, the shift to lower cost sites of care, beneficiaries of AI, and animal health care, among others. To be clear, this list is not exhaustive: we own stocks in the portfolio that do not fit neatly into these themes and there are other themes not mentioned here that are in the portfolio. We evaluate each stock on its own merits.

Top 10 holdings

	Year Acquired	Market Cap When Acquired ($B)	Quarter End Market Cap ($B)	Quarter End Investment Value ($M)	Percent of Net Assets (%)
Eli Lilly and Company	2021	187.4	1,016.0	16.4	11.4
argenx SE	2018	2.8	51.8	9.8	6.8
Thermo Fisher Scientific Inc.	2019	117.4	217.7	7.5	5.2
Insmed Incorporated	2024	12.3	37.1	6.6	4.6
AstraZeneca PLC	2021	188.4	285.1	5.7	4.0
AbbVie Inc.	2025	339.9	403.8	5.7	3.9
Mettler-Toledo International Inc.	2018	14.3	28.5	4.9	3.4
Intuitive Surgical, Inc.	2018	49.9	200.8	4.8	3.3
Boston Scientific Corporation	2023	73.4	141.4	4.5	3.1
Danaher Corporation	2022	202.9	161.7	4.5	3.1

Fund investments in GICS sub-industries

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

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

Recent Activity

During the quarter, we added seven new positions and exited ten positions, bringing the number of positions in the Fund to 43. Below we discuss some of our top net purchases and sales.

Top net purchases for the quarter

	Quarter End Market Cap ($B)	Net Amount Purchased ($M)
Thermo Fisher Scientific Inc.	217.7	2.3
Arcutis Biotherapeutics, Inc.	3.6	1.8
Elanco Animal Health Incorporated	11.2	1.8
Welltower Inc.	127.4	1.5
Repligen Corporation	9.2	1.5

We added to the position in **Thermo Fisher Scientific Inc.**, a life sciences tools company that offers instruments and consumables for research, tools for bioproduction, specialty diagnostics, and contract research and manufacturing services. We think the end markets for life sciences tools companies are improving. In recent months, biotechnology funding has been strong, biopharmaceutical R&D investment has been stable, and we think the agreements reached between the pharmaceutical industry and the Trump Administration on drug pricing reduces the risk of industry disruption, clearing the path for continued biopharmaceutical R&D investment. Last quarter, management provided a reasonable framework for thinking about how the business could grow over the next few years. Management thinks end markets will gradually build from the lower growth environment that the company has been navigating, leading to a 2026 and 2027 scenario where the company will deliver 3% to 6% organic revenue growth. In that scenario, through strong cost management, management believes the company can deliver mid-to-high single-digit adjusted operating income growth, and with capital deployment, even better earnings growth. Beyond 2027, given the long-term drivers of the life sciences tools industry remain compelling, management believes the company can deliver 7%-plus organic revenue growth. We think Thermo Fisher is a competitively advantaged business trading at a reasonable valuation with growth expected to accelerate after a challenging multi-year period.

SECTOR

We bought shares of **Arcutis Biotherapeutics, Inc.**, a biotechnology company that sells Zoryve cream and foam for the treatment of autoimmune dermatologic conditions. Topical Zoryve is used for patients with mild-moderate disease and can be used in combination with biologic treatments (such as Dupixent and Rinvoq) for moderate-severe disease. The standard of care for these patients today is intermittent courses of steroids. Zoryve appears to have similar efficacy to steroids, but has fewer side effects and can be used chronically in a simple daily regimen. Although topical dermatology drugs have historically had a tough time securing good insurance access, Arcutis launched Zoryve at a reasonable price and payers have recognized the value Zoryve provides, and 80% of patients with commercial insurance now have access. In total, Zoryve's current approved indications target 30 million patients in the U.S., of which 19 million have already been prescribed a topical medication. Assuming moderate adoption (20% to 25% share of topical prescriptions) within the segment of physicians that Arcutis targets gets us to $3 billion-plus of peak sales. Arcutis is already free cash flow positive and should see meaningful operating leverage in the coming years. With 90% gross margins, Arcutis should ultimately generate very high operating margins.

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

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

of total revenue) and $1.1 billion in 2026 (over 22% of estimated revenue), up from $461 million in 2024 (10.6% of total revenue). Key innovation products include, among others: Credelio Quattro, a monthly chewable tablet for dogs that protects against fleas, ticks, heartworms, roundworms, hookworms, and three different species of tapeworms; Zenrelia, a medicine for atopic dermatitis in dogs; Befrena, a monoclonal antibody targeting IL-31 for allergic dermatitis and atopic dermatitis, expected to launch in the first half of 2026; Bovaer, a methane-reducing feed ingredient for use in lactating dairy cattle; and Experior, a product used in cattle to reduce ammonia gas emissions. Further, the company's innovation pipeline consists of five to six additional products expected to be approved 2026-2031 with potential unadjusted peak sales of $2 billion. The innovation portfolio generates above corporate average gross margins and should drive gross margin expansion as these products become a bigger percentage of the overall mix. Management is targeting 200-350 bps of EBITDA margin expansion from 2025-2028. Management is targeting $1 billion of cumulative free cash flow 2026-2028 which the company will use to pay down debt and lower net debt to EBITDA from 3.7 times to 3.8 times at the end of 2025 to 2.0 to2.5 times at the end of 2028. We think management's targets could be conservative and we see long-term upside in the stock.

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

Top net sales for the quarter

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

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

Outlook

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

We remain optimistic about the long-term outlook for health care given favorable secular growth drivers, including the aging population, rising chronic diseases, advances in biotechnology, medical technology and diagnostics, and increased health care spending. We continue to follow our process for identifying attractive long-term investment opportunities and creating a portfolio of competitively advantaged growth companies with strong management teams. Thank you for investing in the Fund. I remain an investor in the Fund, alongside you.

Sincerely,

Neal Kaufman

Neal Kaufman
Portfolio Manager

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

1 The **Russell 3000® Health Care Index** is an unmanaged index representative of companies involved in medical services or health care in the **Russell 3000 Index**, which is comprised of the 3,000 largest U.S. companies as determined by total market capitalization. The Russell 3000® Index measures the performance of the largest 3,000 U.S. companies representing approximately 98% of the investable U.S. equity market, as of the most recent reconstitution. All rights in the FTSE Russell Index (the "Index") vest in the relevant LSE Group company which owns the Index. Russell® is a trademark of the relevant LSE Group company and is used by any other LSE Group company under license. Neither LSE Group nor its licensors accept any liability for any errors or omissions in the indexes or data and no party may rely on any indexes or data contained in this communication. The Fund includes reinvestment of dividends, net of withholding taxes, while the Russell 3000® Health Care and Russell 3000® Indexes include reinvestment of dividends before taxes. Reinvestment of dividends positively impacts the performance results. The indexes are unmanaged. Index performance is not Fund performance. Investors cannot invest directly in an index.

2 The performance data in the table does not reflect the deduction of taxes that a shareholder would pay on Fund distributions or redemptions of Fund shares.

3 Not annualized.

SECTOR

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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.

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).

QUARTERLY LETTER | DECEMBER 31, 2025

Baron Real Estate Fund®

Retail Shares: BREFX | Institutional Shares: BREIX | R6 Shares: BREUX

Jeff Kolitch
Portfolio Manager

Dear Baron Real Estate Fund Shareholder,

Performance

In 2025, Baron Real Estate Fund® (the Fund) increased 5.19% (Institutional Shares), outperforming the MSCI US REIT Index (the REIT Index), which increased 1.68%, and marginally outperforming the MSCI USA IMI Extended Real Estate Index (the MSCI Real Estate Index), which increased 4.88%.

In the fourth quarter of 2025, the Fund declined 1.32%, outperforming both the REIT Index, which declined 1.99%, and the MSCI Real Estate Index which declined 3.45%.

Following double-digit annual returns in 2024 (12.46%) and 2023 (25.04%), the Fund's more modest 5.19% gain in 2025 was due to various factors including superior relative growth in several non-real estate sectors, ongoing interest rate headwinds, a slowdown in the new and existing home sales market, and other considerations.

Importantly, we believe that a good portion of the issues that weighed on real estate performance in 2025 are, at this stage, reflected in share prices. Looking forward, we believe now is an attractive time to prioritize public real estate and our Baron Real Estate Fund. Please see "Our current top-of mind thoughts" and "Concluding thoughts on the prospects for real estate and the Fund" sections later in this letter for our expectations for the year ahead.

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

	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]	(1.40)	(1.32)	(3.45)	(1.99)	2.66
1 Year	4.92	5.19	4.88	1.68	17.88
3 Years	13.64	13.94	13.32	7.06	23.01
5 Years	5.38	5.65	8.64	5.35	14.42
10 Years	10.40	10.69	8.88	4.42	14.82
15 Years	11.98	12.26	9.90	6.44	14.06
Since Inception (12/31/2009)	12.84	13.13	10.77	7.62	14.13
Since Inception (12/31/2009) (Cumulative)[3]	590.92	619.57	414.06	223.76	728.32

SECTOR

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.

We are pleased to report that according to Morningstar, the Fund, since inception, has maintained its #1 real estate ranking for the 16-year period ended December 31, 2025. Further, according to Morningstar, the Fund is in the top 1% of all real estate funds for <u>each</u> of its trailing 15-, 10-, and 3-year performance periods ended December 31, 2025.

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

On November 14, 2025, at our annual Baron Investment Conference, we were interviewed by Morningstar analyst Adam Sabban. Adam asked a series of real estate-related questions.

The key message that underpinned our answers then still holds true today.

<u>BOTTOM LINE</u>**: As we peer into 2026, we are optimistic about the prospects for public real estate and the Baron Real Estate Fund.**

Below is a synopsis of our Morningstar interview.

<u>Question 1</u>: Why should one "bother with real estate" given concerns ranging from higher interest rates to the state of office properties.

<u>Our Answer:</u>

Real estate has been through a rough period in the last five years.

But while many look in the rearview mirror, we think real estate is at a pivotal moment. ***We believe real estate is at the doorstep of a positive inflection.***

Why is that?

1. Our view is that a large portion of the concerns about real estate – higher interest rates, refinancing challenges, bank failure concerns, empty office buildings, housing affordability challenges – are "old news" and largely reflected in share prices such that the risk/reward for real estate is compelling.
2. Real estate shares have lagged.
3. Valuations have reset for a higher cost of capital.
4. Demand conditions for most segments of real estate are steady with expectations for an improvement in growth in the next few years.
5. New competitive supply has collapsed – in many cases down more than 50% from peak levels in 2022. We believe this important point is not appreciated. Growth is poised to rebound faster than in prior cycles because real estate is not burdened with excess supply at low occupancy levels.
6. Balance sheets are in solid shape.
7. Public real estate is attractively valued relative to private real estate.
8. Long-term interest rates may head lower and that would be a powerful catalyst for real estate.
9. We are identifying attractively valued companies in several segments of real estate.

So, the following is the punch line:

We like the setup for real estate.

We think the risk/reward is compelling for much of real estate. When we aggregate the three key components of total return - growth + dividends + prospects for an improvement in valuation – we believe we can generate double-digit annual returns in the years ahead.

If we are right, we believe these returns will stack up well versus many other investment alternatives.

So, in our opinion, ***this is the time you want to invest in real estate.***

<u>Question 2</u>: Growth and real estate investing aren't commonly believed to have much overlap. Real estate is thought of as more of a "value" sector. You have more of a growth-oriented approach with your broader take of real estate. Why should investors view this as a valid way to invest in the space?

<u>Our Answer:</u>

You are right about the value categorization of real estate.

Most of our peers tend to limit their real estate investments to REITs – such as office buildings, apartments, malls, and shopping

SECTOR

As of December 31, 2025, the Morningstar Real Estate Category consisted of 215, 205, 196, 153, 116, and 156 share classes for the 1-, 3-, 5-, 10-, 15-year, and since inception (12/31/2009) periods. Morningstar ranked Baron Real Estate Fund Institutional Share Class in the 8th, 1st, 26th, 1st, 1st, and 1st percentiles, respectively. On an absolute basis, Morningstar ranked Baron Real Estate Fund Institutional Share Class as the 16th, 3rd, 50th, 1st, 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 December 31, 2025, Morningstar ranked Baron Real Estate Fund R6 Share Class in the 9th, 2nd, 27th, 1st, 1st, and 1st percentiles, respectively. On an absolute basis, Morningstar ranked Baron Real Estate Fund R6 Share Class as the 17th, 4th, 51st, 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, 5 stars for the trailing 3 years, 3 stars for the trailing 5 years, and 5 stars for the trailing 10 years ended 12/31/2025. There were 205 share classes, 196 share classes, and 153 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.

centers – which pay a dividend and grow, on average, only 4% to 5% per year through gains in occupancy and rent and are viewed as value investments (Source: Citi Research)

At Baron, we have never been satisfied with 4% to 5% growth for our real estate investments. That was the impetus to construct differentiated real estate funds that are more growth-oriented and populated with real estate companies that do not grow 4% per year like most REITs but instead may grow more than 10% per year. How do we accomplish this?

1. <u>We embrace a broader, more comprehensive approach to real estate investing</u>. We not only invest in REITs, but we also invest in real estate C-corps and operating companies, many of which grow faster than REITs, in part because they don't have to pay out their taxable income in dividends.
2. <u>We prioritize best-in-class real estate</u>. If we own the best real estate in the best geographic markets with population and job growth and limited new competitive supply, our best-in-class companies stand to grow faster than the peer group.
3. <u>Examples from our real estate portfolios include</u>:
   - Like our peers, we invest in REITs, yet we prioritize the faster-growing REITs such as senior housing-focused **Welltower Inc.**, which we believe will grow earnings the next few years 15% to 20% annually, or **Prologis, Inc.**, the largest industrial REIT that we believe will compound earnings at 10% per year over the next five years.
   - In addition to investing in REITs, we supercharge the Fund's growth by investing in highly compelling non-REIT real estate-related companies. Examples include:
     - Commercial real estate services companies **CBRE Group, Inc.** and **Jones Lang LaSalle Incorporated**, the two leading commercial real estate services companies in the world that we expect to grow earnings 15% to 20% per year versus 4% to 5% for REITs.
     - In travel-related real estate, we are big fans of **Hilton Worldwide Holdings Inc.**, which we expect will continue to grow earnings approximately 15% per year. **Hyatt Hotels Corporation**, as well, should be a double-digit grower.
     - In residential-related companies, there are certain companies such as **Lowe's Companies, Inc.** and **Toll Brothers, Inc.**, among others, that we believe may grow earnings at more than 10% annually in the next few years.

<u>**Brief advertisement**</u>: We believe our approach works. Through December 31, 2025 (updated from our November 14, 2025, Morningstar interview reply, which was based on performance results as of September 30, 2025):

- **Since inception 16 years ago, our Baron Real Estate Fund has generated a total return of 620% versus the REIT Index which has returned only 224% - and it is the number one ranked fund – according to Morningstar.**
- **Since inception 8 years ago, our Baron Real Estate Income Fund – which is more analogous to REIT-focused funds – has returned 96% versus the REIT Index which has returned only 39%* – and the only real estate fund that has outperformed Baron's Real Estate Income Fund over this time are the three share classes of our Baron Real Estate Fund.**

  ***Baron Real Estate Income Fund**'s annualized returns for the Institutional Shares as of December 31, 2025: 1-year, 3.74%; 5-year, 5.74%; Since Inception (12/29/2017), 8.80%. The **MSCI US REIT Index**'s annualized returns as of December 31, 2025: 1-year, 1.68%; 5-year, 5.35%; Since Fund Inception (12/29/2017), 4.18%.

<u>Question 3</u>: Given your flexibility, what innovations or secular trends within the broader real estate space get you excited today?

<u>Our Answer</u>:

A lot.

Admittedly, real estate is a cyclical business. Real estate should benefit from the cyclical tailwinds of economic growth. Over time, there will be more demand for apartments, shopping centers, industrial warehouses, and senior housing facilities. And as demand increases, occupancy will rise, rents will increase, cash flow will grow, and real estate values should appreciate, especially because demand versus supply is generally in balance.

What is not appreciated by many is that *real estate is also benefiting from secular tailwinds that are less sensitive to the economic cycle and should be enduring for years to come.* Examples include:

- **Industrial real estate** is benefiting from multi-year demand drivers including the move to e-commerce, "last mile" infrastructure, "onshoring," and a shift from "just-in-time" to "just-in-case" inventory management. Our investments in Prologis, **EastGroup Properties, Inc.**, **Terreno Realty Corporation**, and **Goodman Group** should all benefit from these secular trends.
- The multi-year setup for **data centers** is as strong as it has ever been. The demand vectors are expanding and include rising data consumption, cloud computing, IT outsourcing, and AI. New supply is constrained due to the elevated cost to build and power constraints. And rents are rising. Our investments in **Equinix, Inc.**, **Digital Realty Trust, Inc.**, **GDS Holdings Limited**, and Goodman should be multi-year beneficiaries of these trends.
- **Senior housing real estate companies** are benefiting from aging baby boomers, the 80+ population which is among the fastest growing aging groups (source: Organization for Economic Co-operation and Development and U.S. Census Bureau), and people are living longer in part due to wonderful new drugs that contribute to weight loss and extend life! Our investments in **Welltower Inc.** and **Ventas, Inc.** should continue to benefit from these trends.
- **Travel:** Most don't think about travel as a secular growth opportunity, but, at Baron, we do. Travel companies are benefiting from the favorable shift in consumer preferences away from spending on goods to prioritizing spending on travel. We own best-in-class hotel companies – Hilton Worldwide and Hyatt – which we expect to continue to benefit from these trends.

Question 4: Housing is the most tangible segment of real estate for many investors, and there's plenty of headlines about that market, ranging from affordability concerns, to lack of supply, and regulation. You invest in a handful of players directly involved in that market, including Toll Brothers. What is the opportunity in housing today.

Please see the "Portfolio Composition and Key Investment Themes" section of this letter for our replay to this question.

Question 5: Given the huge investments in physical infrastructure due to artificial intelligence, what are the ramifications within real estate?

Our Answer:

The topic of artificial intelligence (AI) and its potential impact on real estate businesses is top of mind and a due diligence question that we discuss in all our meetings with companies.

Within real estate, there are likely to be AI winners, losers, and other factors to consider including the path of interest rates.

Our preliminary sense is that the "winner" columns will include:

- **Data centers:** AI workloads from the "Magnificent 7" companies (e.g., Microsoft, Meta, Amazon) are driving explosive demand for data center real estate, and we are capitalizing on the opportunity globally with our data center investments. In addition to owning the largest global data center companies – Equinix and Digital Realty Trust – we also have investments in China based data center company GDS Holdings, Australian based data center focused company Goodman, and other leading companies with data center operations including Prologis.
- **Industrial:** AI's physical manifestation – robotics, chip manufacturing, supply chain automation – will require more industrial facilities (hubs that can accommodate robotics and on-site servers).

Our preliminary sense is that real estate categories that may face headwinds include:

- **Office:** We have a mixed view on the long-term prospects for office real estate, in part since AI-driven automation and hybrid work models may lead to reduced traditional office demand.
- **Residential:** AI infrastructure may reshape regional housing markets – areas where job loss may weaken residential markets, while there are other geographic markets attracting large AI campuses and may see housing demand spikes.

Lastly, though we don't predict the path of interest rates at Baron, AI should lead to greater productivity efficiencies for companies – you can do more with fewer employees. Notably, fewer jobs run counter to the Federal Reserve's mandate for full employment. AI and associated job loss may result in a secular trend toward lower interest rates to offset job loss – time will tell, but certainly something to ponder, especially for real estate.

SECTOR

Portfolio Composition and Key Investment Themes

We currently have investments in REITs, plus eight additional non-REIT real estate-related categories. Our percentage allocations to these categories vary, and they are based on our research and assessment of opportunities in each category on a bottom-up basis, which we outline below.

Fund investments in real estate-related categories

	Percent of Net Assets (%)	
Non-REITs		**73.4**
Real Estate Service Companies	18.0	
Building Products/Services	18.0	
Real Estate Operating Companies	10.4	
Homebuilders & Land Developers	10.2	
Hotels & Leisure	8.5	
Casinos & Gaming Operators	6.6	
Data Centers	1.5	
Infrastructure Related	0.3	
REITs		**25.1**
Cash and Cash Equivalents		**1.6**
Total		**100.0***

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

Investment Themes

We continue to prioritize six long-term high-conviction investment themes or real estate categories:

1. REITs

   Demand>supply + solid balance sheets + growing dividends + inflation-protection characteristics + attractive valuations

2. Residential-related real estate

   Structural underinvestment in housing relative to demographic needs + cyclical tailwinds (pent-up demand) + secular tailwinds (flexible work and relocation to suburbs + aging existing home stock + lock-in effect = below market mortgage rates for most existing homes that benefit new home sale prospects)

3. Travel-related real estate

   Increasing wallet share for travel over durable goods + delays in marriage lead to more disposable income for travel + flexible work arrangements allow for more travel + cyclically depressed business activity + compelling valuations

4. Commercial real estate services companies

   Oligopolistic industry + highly fragmented industry (customers prefer companies that can provide the full suite of services) + outsourcing of commercial real estate + institutionalization of real estate

5. Real estate-focused alternative asset managers

   Secular growth opportunity given desire for alternative assets + market share gain opportunity for global and multi-service asset managers

6. Property technology companies

   Intersection of real estate and technology

REITs

Though demand remains tempered for some real estate segments, most REITs enjoy occupancies of more than 90%, and there are several segments of real estate where demand remains strong. Limited new competitive supply is forecasted in the next few years. We expect the transaction market to pick up, and certain publicly traded REITs now have the “green light” to issue equity for accretive external growth. We expect private equity to look for opportunities to acquire discounted public REITs. Most balance sheets are in good shape. Several REITs benefit from some combination of all or some of the following favorable characteristics: inflation protection, contracted cash flows, and an ability to increase dividends. We have identified several REITs that are cheap relative to history and private market valuations. We believe several REITs can generate double-digit returns through a combination of growth, dividends, and some room for valuations to expand.

As of December 31, 2025, we had investments in eight REIT categories representing 25.1% of the Fund’s net assets.

REITs

	Percent of Net Assets (%)
Health Care REITs	8.6
Industrial REITs	5.7
Mall REITs	3.2
Data Center REITs	2.9
Wireless Tower REITs	1.5
Multi-Family REITs	1.4
Mortgage REITs	1.2
Office REITs	0.5
Total	**25.1***

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

At the annual Baron Investment Conference on November 14, 2025, we were asked about our views of the housing market.

Question 4 From Morningstar Interview: Housing is the most tangible segment of real estate for many investors, and there’s plenty of headlines about that market, ranging from affordability concerns, to lack of supply, and regulation. You invest in a handful of players directly involved in that market, including Toll Brothers. What is the opportunity in housing today?

Our Answer:

This is an important topic.

We are cognizant that there is a logjam in the housing market.

On the one hand, we have a buyers’ strike because homes are not affordable for many following a 50% increase in home prices in the last 5 years and a spike in mortgage rates from 3% to 6% to 7% (source: National Association of Realtors).

On the other hand, we also have a sellers’ strike given that many who own a home and are considering selling are reluctant to do so because their in-place mortgage rate is much lower than current mortgage rates.

It is critical that the new administration, the homebuilders, and others collaborate and address the logjam and the housing challenges. It is too important to ignore. Why?

1. Two-thirds of all households own their home. Home ownership is typically the largest personal investment for many – and so it is important that the value of the home increases over time.
2. The American dream to own a home is not over – but homes must become more affordable.
3. It is critical to address because there is a multiplier effect on the housing market. As housing is fixed and more homes are built, it doesn’t stop there. The spending ripples through the economy in the form of more jobs, more consumer spending, higher prices, and faster economic growth.

We have been near-term cautious about the opportunities in the housing market – in part due to the affordability challenges and logjam with buyers and sellers of homes – yet remain long-term bullish.

The case for our long-term bullish view on housing is as follows:

1. There is a structural shortage of homes in our country relative to the demographic needs. The U.S. is building the same number of homes today – 1.4 million - as it did in 1960 or 65 years ago even though the population back then was only 180 million people versus 342 million today. 160 million more people today than in 1960, yet our country is building the same number of homes. More homes must be built. (Soucre: Census Bureau)
2. There are secular tailwinds that bode well for housing, including demographic tailwinds in the form of millennials who want to own homes, flexible work arrangements that favor suburban living and home ownership and a desire to own newly built homes rather than existing homes which, on average, are more than 40 years old.
3. Several housing-related companies are attractively valued.
4. We believe a rebound in the housing market is on the horizon because there is bipartisan support to address the housing crisis and make homes more affordable.

From a growth perspective, we are picking our spots. There are several super-compelling housing-related growth companies that are poised to potentially benefit from a rebound in the housing market in the years ahead. For example:

Toll Brothers, led by its fabulous CEO, Doug Yearley, is the leading luxury homebuilder in the country that has a tremendous runway for growth given its competitive advantages versus private builders and an enormous addressable market (delivered 11,292 homes in 2025 versus an addressable market of approximately 600,000 homes). We believe the company will grow its book value at a double-digit annual rate in the next few years.

We are taking a bar bell approach to investing in housing by also researching more affordable homes - manufactured housing companies. Stay tuned for a more complete update in the year ahead. Also, please see our "Top net purchases" section for a discussion about **Champion Homes, Inc.**, a recent manufactured housing addition for the Fund.

Lowe's is the second largest home improvement center in the U.S. that owns its real estate, with revenues highly correlated to the housing industry, benefits from an oligopolistic industry structure, and offers prospects the potential for double digit earnings growth in the next few years.

As of December 31, 2025, residential-related real estate companies represented 28.1% of the Fund's net assets.

Residential-related real estate companies

	Percent of Net Assets (%)
Building Products/Services	16.7
Homebuilders	9.2
Home Centers	2.3
Total	**28.1***

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

We continue to believe that several factors are likely to contribute to multi-year tailwinds for travel-related real estate companies including a favorable shift in consumer preferences (demand for experiences/services such as travel over goods), a growing middle class, and other encouraging demographic trends (more disposable income for the millennial cohort due to delays in household formation and work-from-home arrangements which allow for an increase in travel bookings). In addition, private equity's long history of investing in travel-related companies may serve as a catalyst to surface value, which the public market may be overly discounting.

As of December 31, 2025, travel-related real estate companies represented 15.1% of the Fund's net assets.

Travel-related real estate companies

	Percent of Net Assets (%)
Hotels & Leisure	8.5
Casinos & Gaming Operators	6.6
Total	**15.1***

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

Commercial real estate services companies

Leading commercial real estate services companies **CBRE Group, Inc.** (CBRE), **Jones Lang LaSalle Incorporated** (JLL), and **Cushman & Wakefield plc** (CWK) should continue to benefit from structural and secular tailwinds: the outsourcing of commercial real estate, the institutionalization of commercial real estate, and opportunities to increase market share in a highly fragmented market. Looking forward, we believe we are in the early days of a rebound in commercial real estate sales and leasing activity. We believe CBRE, JLL, and CWK may generate annual growth in earnings per share of more than 15% in the next few years.

Real estate-focused alternative asset managers

Leading real estate-focused asset managers **Blackstone Inc.** and **Brookfield Corporation** have an opportunity to increase market share of a growing pie due to impressive investment track records and global scale advantages. They are positioned to potentially benefit from a secular growth opportunity for alternative assets due to track records of generating attractive relative and absolute returns with what is perceived, in some cases, as less volatility than several other investment options.

Property technology companies

The collision of real estate and technology has led to a new category within real estate–real estate technology, also referred to as *proptech*. The emergence of proptech and the digitization of real estate is an exciting and promising new development for real estate. We believe we are in the early innings of a technology-driven investment cycle centered on data and digitization that allows real estate-related businesses to drive incremental revenue streams and lower costs.

We believe **CoStar Group, Inc.**, the leading provider of information, analytics, and marketing services to the real estate industry, is positioned to capitalize on this burgeoning secular growth trend.

As of December 31, 2025, other real estate-related companies (which include the three investment themes mentioned directly above plus modest exposure to an infrastructure related stub position in **Legence Corp.**) represented 30.1% of the Fund's net assets.

Other real estate-related real estate companies

	Percent of Net Assets (%)
Commercial Real Estate Services Companies	15.1
Real Estate-Focused Alternative Asset Managers	10.4
Property Technology Companies	2.9
Data Center Operators	1.5
Infrastructure Related Companies	0.3
Total	**30.1***

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

SECTOR

Top Contributors and Detractors

Top contributors to performance for the quarter

	Quarter End Market Cap ($B)	Contribution to Return (%)
Jones Lang LaSalle Incorporated	15.9	0.87
Prologis, Inc.	121.2	0.43
Hyatt Hotels Corporation	15.2	0.38
Welltower Inc.	127.4	0.30
Hilton Worldwide Holdings Inc.	66.8	0.27

Leading commercial real estate service company **Jones Lang LaSalle Incorporated** contributed positively to performance during the fourth quarter, aided by the company's "beat and raise" third quarter financial report, coupled with broad-based strength across the business. We expect the company to continue benefiting from structural and secular tailwinds: the outsourcing of commercial real estate, the institutionalization of commercial real estate, and opportunities to increase market share in a highly fragmented market. Looking forward, we continue to believe we are in the early days of a rebound in commercial real estate sales and leasing activity. We believe Jones Lange may generate annual earnings per share growth of mid- to high teens in the next few years, and the company is being valued at a discounted multiple of less than 17 times our estimate for next year's earnings versus 22 times for its closest peer, for comparable growth.

Best-in-class industrial REIT **Prologis, Inc.** contributed positively to performance during the fourth quarter, aided by the company's strong third quarter financial report, coupled with management's robust multi-year business outlook. As we outlined earlier this year in our first quarter shareholder letter, our sense had been that leasing activity had begun to stabilize and was poised to accelerate as the year progressed, which ultimately played out. We also outlined our view that Prologis is a competitively advantaged company with bright multi-year growth prospects, predicated on a favorable multi-year outlook for demand/supply/rent growth, significant embedded growth potential from in-place rents that are generally over 20% below market rents and 40% below replacement rents, several secular demand tailwinds (e-commerce, supply chain logistics, more inventory safety stock, nearshoring/onshoring), and a growing pipeline of lucrative data center development opportunities. We continue to believe the appreciation potential for Prologis' shares remains compelling given the strong runway for future cash flow and earnings growth in the next several years and an undemanding valuation.

The shares of **Hyatt Hotels Corporation**, a global hospitality company that focuses on serving high-end travelers, performed well in the most recent quarter due to solid quarterly results and the market's realization that its valuation multiple was too low relative to its growth rate and peers.

We remain optimistic about the prospects for Hyatt because: (i) the company offers industry-leading 6% to 7% net unit growth at a two to four multiple point valuation discount relative to industry peers; (ii) management has prioritized outsized exposure to high-end leisure, group business, and international markets; and (iii) the company maintains an approximately $2 billion portfolio of owned hotels which we believe will be accretively sold over time with proceeds perhaps redirected to ongoing capital returns to shareholders. We anticipate that as Hyatt's asset-light mix approaches 90% by the end of 2027 versus 80% currently, the company's valuation multiple will improve further.

Top detractors from performance for the quarter

	Quarter End Market Cap or Market Cap When Sold ($B)	Contribution to Return (%)
CoStar Group, Inc.	28.5	(0.64)
Iron Mountain Incorporated	25.3	(0.35)
GDS Holdings Limited	7.0	(0.34)
Blackstone Inc.	190.6	(0.32)
Trex Company, Inc.	3.5	(0.25)

The shares of **CoStar Group, Inc.**, the global leader in digitizing real estate, declined in the fourth quarter, due to concerns that the company's residential Homes.com platform will continue to require significant capital investment and competitive worries that Google's new real estate advertisement format and Zillow's OpenAI partnership could divert traffic from Homes.com in the years ahead. Further, investors appear worried that CoStar's apartments.com business may face increased competition from Zillow Rentals due to its lower price point.

On January 7, 2026, management addressed some key investor concerns by providing expectations for capital allocation, Homes.com spend reductions, share buybacks, and other key steps. We are digesting management's announcement and will have more to say in our next shareholder letter. At this stage, our sense is that the concerns are overblown and largely factored in the company's share price. We believe CoStar's shares are attractively valued as its commercial business is valued at less than 20 times 2026 estimated cash flow.

Shares of **Iron Mountain Incorporated**, a company that offers records storage management along with an evolving fast-growing data center segment, detracted from performance during the quarter after the company posted a disappointing quarter of new bookings within its higher growth data center business. In addition, a short report added an overhang to Iron Mountain's shares as it questioned the company's accounting adjustments and overall leverage levels. While we disagree with the short report and believe the company has compelling long-term growth prospects, we harvested losses, exited our position, and reallocated capital to higher conviction ideas. We may revisit the investment later.

After strong performance in the first nine months of the year, shares of **GDS Holdings Limited**, the leading developer and operator of data centers in China and a fast growing developer and operator of data centers outside of Asia, lagged in the fourth quarter as investors digested the potential timing of the step-up in new business bookings and the associated capital investment required. We continue to see increasing evidence of the AI wave on the cusp of a step-change and further progress being made toward the loosening of chip supply in China that previously hindered data center leasing volumes. We remain long-term bullish on the company due to its undemanding valuation level, blue-chip customer base, valuable capacity in tier-1 markets and imbedded value in its international business demonstrated via private capital raises backed by highly regarded investors.

Recent Activity

Top net purchases for the quarter

	Quarter End Market Cap ($B)	Net Amount Purchased ($M)
Ventas, Inc.	36.3	65.0
Champion Homes, Inc.	4.7	55.1
Fortune Brands Innovations, Inc.	6.0	33.5
Rocket Companies, Inc.	54.5	25.9
Goodman Group	42.3	24.9

We added to our senior housing investment theme by purchasing shares of **Ventas, Inc.** Ventas is an operator of senior housing, life science, and medical office buildings. We have been encouraged by the company's continued robust fundamental results, growing investment momentum in its external growth pipeline (expected at over $2.5 billion for the year) and increasing openness to shedding slower growth assets to redeploy proceeds into higher growth areas.

As outlined in prior letters, we continue to be optimistic about the prospects for both cyclical and secular growth in senior housing demand against a backdrop of muted supply that will lead to several years of favorable growth. Among senior housing operators, we believe shares of Ventas remain attractively valued given our expectation of approximately 10% underlying per share growth, the company's increasing mix of senior housing operating assets (currently at approximately 50% of cash flow), its declining leverage levels, and the company's ability to capitalize on a robust external growth opportunity.

We began acquiring shares of **Champion Homes, Inc.** during the quarter. Champion Homes is one of America's largest manufacturers of factory-built housing, having sold over 26,000 homes during its most recent fiscal year. We are excited about the prospects for Champion Homes for several reasons:

1. <u>Factory-built homes are potentially a key solution to housing affordability issues</u>. The average home built by Champion Homes costs $93,000 compared to approximately $400,000 for the average site-built home in America (source: National Association of Realtors via FRED). Factory-built homes can also be produced much more quickly than site-built homes due to the efficiencies of building a home in a controlled, assembly-line environment. The U.S. is in search of fast, affordable housing options and we believe factory-built homes can play a key role going forward.
2. <u>Several current initiatives are focused on increasing demand for factory-built homes</u>. While the factory-built housing industry has produced approximately 200,000 homes per year over the long-term, recent trends such as limited availability of financing options and aesthetic concerns have caused the industry to produce only 100,000 homes per year in recent years (source: U.S. Census Bureau). In response, lawmakers are currently prioritizing several initiatives designed to spur greater demand in the near term. This includes lowering the cost of financing through chattel loan reform, removing permanent chassis requirements to improve aesthetics of the home, and HUD code changes to allow for larger, multi-unit homes.
3. <u>Strong market share positions the company well in a more favorable demand environment</u>. As the initiatives listed above take hold, we believe the industry is set up for demand to inflect positively. Champion Homes is the second largest producer of factory-built housing in America with approximately 20% to 25% market share today, trailing only Berkshire Hathaway owned Clayton Homes. We believe this positions the business to be a key beneficiary of greater demand.
4. <u>Ability to ramp production quickly from current levels and deliver products to the consumer</u>. Champion Homes has 46 manufacturing facilities that are operating at just 60% capacity utilization today. The business can ramp production quickly if needed to fulfill greater demand. It also has several distribution channels, including 82 retail locations, through which it can bring its homes to market.
5. <u>Discounted valuation on an absolute and relative basis</u>. We view valuation as attractive, with Champion Homes trading at a 1-2 multiple point discount to its typical trading multiple at the time of our purchase due to mixed recent results and incremental cost pressures from tariffs. Additionally, while Champion Homes has historically traded at a roughly 1 multiple point premium to its closest publicly traded peer due to its superior scale, market share and profitability profile, it was trading at 2 multiple point discount at the time of our purchase. We believe that the relative valuation will normalize over time as the business works through these near-term issues. Finally, we believe that there is potential for the multiple to re-rate sustainably higher if the factory-built housing industry does experience the demand inflection that we previewed above.

During the quarter we initiated a new position in **Fortune Brands Innovations, Inc.** following a sharp correction in the share price. Fortune Brands is a leading provider of plumbing, outdoor, and security products, primarily servicing the U.S. new residential construction and remodel sectors.

<u>We are excited about the medium-term prospects for Fortune Brands for several reasons</u>:

1. <u>High quality business and company</u>. The company holds leading (mostly #1) market positions across its business lines in well-structured industries, with demonstrable pricing power and a portfolio of well-known brands, including Moen, Rohl, Therma-TRU, Yale, August, and Master Lock. We have deep respect for CEO Nick Fink and other members of the management team.

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2. Dimensional growth drivers.
   a. ***U.S. new single-family home construction and remodel activity are at cyclically depressed levels.*** Fortune Brands should benefit from any pickup in U.S. new home construction and repair and remodel activity, which have been depressed for several years amid a challenging U.S. housing market and cautious consumer. Together, these end markets drive most of the revenue for Fortune Brands.
   b. ***Market share gains.*** Historically, Fortune Brands has demonstrated the ability to grow sales faster than the underlying market, driven by its leading brands, new product innovation, and strong distribution relationships.
   c. ***Pricing power.*** Fortune Brands has historically demonstrated ample pricing power to offset cost inflation.
   d. ***Connected Products.*** Over the last several years, Fortune Brands has been introducing new products to address an estimated $100 billion market for smart safety & security and energy & water control. Fortune Brands generated approximately $300 million of annualized sales at year end 2025 from these initiatives and is targeting $1 billion of sales by 2030.
   e. ***Margin expansion.*** Management expects EBITDA margins can expand as revenue grows, owing to high incremental margins realized on incremental volumes, coupled with a relentless focus on operational excellence.
3. Potential for mid-teens annual earnings per share growth over the next several years.
   a. Management believes that, as the new residential construction and remodel markets begin to recover, combined with other growth drivers outlined above, the company can grow earnings per share at a mid-teens rate.
4. Attractive valuation.
   a. We view valuation as attractive, with the stock trading at less than 9 times our estimate of next year's cash flow (which is cyclically depressed), relative to a historical range of 9 to 14 times.

While we recognize that uncertain business conditions could continue to weigh on shares of Fortune Brands in the near term, we are excited about the company's compelling medium-term growth prospects and depressed valuation. We see potential for significant share price appreciation in the coming years, driven by 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)
Vornado Realty Trust	6.8	42.6
American Tower Corporation	82.2	35.3
Taylor Morrison Home Corporation	5.8	31.6
D.R. Horton, Inc.	44.6	29.8
American Homes 4 Rent	12.2	23.7

During the quarter, we exited the Fund's position in **Vornado Realty Trust,** an owner and developer of premier office and street retail properties concentrated in New York City and reallocated the capital to real estate companies that we believe have superior near-term growth. We remain optimistic about the long-term prospects for Vornado and may revisit the company in the future.

We trimmed the Fund's positions in **American Tower Corporation** and **Taylor Morrison Home Corporation** but maintain ownership positions in both companies.

Concluding Thoughts on the Prospects for Real Estate and the Fund

We recognize that in the months ahead there may be choppy periods in the market, yet we remain directionally positive and ***believe there are valid reasons for optimism for the stock market, public real estate, and the Baron Real Estate Fund.***

Stock Market Outlook

We remain optimistic about the prospects for the stock market in 2026. Our research leads us to believe that economic conditions, which are broadly steady, may experience an acceleration in growth due to a series of potential tailwinds that include: lower trade uncertainty, lower taxes, depreciation benefits that will allow businesses to deduct capital expenditures such as investments in equipment and research and development, deregulation and the likelihood of further mergers & acquisition activity, a Federal Reserve that may continue to ease financial conditions, likely steps by the new administration to address the logjam in the housing market, and AI productivity gains that may lead to lower inflation (due to fewer jobs), lower long-term interest rates, and an expansion in profitability margins.

For these reasons, **we remain positive about the outlook for the stock market.**

<u>Real Estate Market Outlook</u>

We believe the conditions are in place for much of real estate to perform well in the year ahead. As detailed earlier in this letter, demand conditions for most segments of real estate are steady with expectations for an improvement in growth in the next few years. New competitive supply has collapsed – in many cases down more than 50% from peak levels in 2022. We believe this important point is not appreciated. Growth is poised to rebound faster than in prior cycles because real estate is not burdened with excess supply at low occupancy levels. Real estate shares have lagged, and valuations have reset for a higher cost of capital. Public real estate, in most cases, is attractively valued relative to private real estate. We believe private equity is likely to accelerate acquisitions of public real estate companies given the discounted valuations of several public real estate shares. Balance sheets and credit markets are strong. Lower shelter inflation and AI productivity gains may lead to lower long-term interest rates. This possibility would, of course, be a powerful catalyst for real estate. We believe a favorable combination of cash flow growth, dividends, and the prospects for an improvement in public real estate valuations may generate double-digit annual returns in the years ahead.

So, in our opinion, ***this is an attractive time to invest in real estate.***

<u>Baron Real Estate Fund Outlook</u>

We continue to believe the benefits of the Fund's broader and more flexible approach, which allows us to invest in an extensive array of real estate companies including REITs and non-REIT real estate-related 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. Some companies will experience an acceleration in tailwinds and others are likely to face ongoing headwinds. We believe we have constructed a portfolio that is populated with competitively advantaged real estate companies that generally are expected to grow faster than the real estate peer group. We have structured the Fund to potentially capitalize on compelling investment themes. 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 (%)
Jones Lang LaSalle Incorporated	15.9	171.7	7.4
Welltower Inc.	127.4	134.8	5.8
Brookfield Corporation	113.7	129.2	5.6
CBRE Group, Inc.	47.8	128.6	5.5
Toll Brothers, Inc.	12.8	109.5	4.7
Prologis, Inc.	121.2	98.4	4.2
CRH public limited company	83.5	92.5	4.0
Wynn Resorts, Limited	12.5	78.4	3.4
Hyatt Hotels Corporation	15.2	70.9	3.0
CoStar Group, Inc.	28.5	68.5	2.9

Our Core Real Estate Team

A big shout out of appreciation and admiration for our core real estate team - assistant portfolio manager, David Kirshenbaum, senior analyst, George Taras, and David Berk. David, George, and David are outstanding. Their commitment to our real estate business and strong work ethic are impressive. They are smart and driven to deliver excellent results. Each of them has developed a deep knowledge of real estate. And, on a personal note, they are fabulous people.

I, and our team, remain fully committed and energized to continue to deliver outstanding 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.

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.

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

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.

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. **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.

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 | DECEMBER 31, 2025

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

In 2025, Baron Real Estate Income Fund® (the Fund) increased 3.74% (Institutional Shares), outperforming the MSCI US REIT Index (the REIT Index), which increased 1.68%.

In the fourth quarter of 2025, the Fund modestly declined 0.40%, outperforming the REIT Index, which declined 1.99%.

Following double-digit annual returns in 2024 (17.36%) and 2023 (15.51%), the Fund's modest 3.74% gain in 2025 was due to various factors including superior relative growth in several non-real estate sectors, ongoing interest rate headwinds, and certain REIT sub-category headwinds.

Importantly, we believe that a good portion of the issues that weighed on real estate performance in 2025 are, at this stage, reflected in share prices. Looking forward, we believe now is an attractive time to prioritize public real estate and our Baron Real Estate Income Fund. Please see "Our current top-of mind thoughts" and "Concluding thoughts on the prospects for real estate and the Fund" sections later in this letter for our expectations for the year ahead.

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

	Fund Retail Shares[1,2]	Fund Institutional Shares[1,2]	MSCI US REIT Index[1]	S&P 500 Index[1]
QTD[3]	(0.47)	(0.40)	(1.99)	2.66
1 Year	3.41	3.74	1.68	17.88
3 Years	11.72	12.04	7.06	23.01
5 Years	5.45	5.74	5.35	14.42
Since Inception (12/29/2017)	8.56	8.80	4.18	14.33
Since Inception (12/29/2017) (Cumulative)[3]	92.84	96.38	38.72	191.98

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.

We are pleased to report that according to Morningstar, the Fund, since inception, has maintained its #2 real estate ranking for the 8-year period ended December 31, 2025. Notably, the only real estate funds that are ranked higher than the Fund since inception is the other real estate fund that we manage, Baron Real Estate Fund®, which has three share classes.

Also, according to Morningstar, the Fund's performance over its trailing multi-year periods remains strong when compared to the REIT Index and peers in the Morningstar Real Estate Category. As of December 31, 2025, the Fund's achievements are as follows:

- **Top 2% and top 24% for the Fund's trailing 3- and 5-year performance periods**, respectively

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

On November 14, 2025, at our annual Baron Investment Conference, we were interviewed by Morningstar Analyst Adam Sabban. Adam asked a series of real estate-related questions.

The key message that underpinned our answers then still holds true today.

<u>BOTTOM LINE</u>**: As we peer into 2026, we are optimistic about the prospects for public real estate and the Baron Real Estate Income Fund.**

Below is a synopsis of our Morningstar interview, slightly modified for the Baron Real Estate Income Fund.

<u>Question 1</u>: Why should one "bother with real estate" given concerns ranging from higher interest rates to the state of office properties.

<u>Our Answer:</u>

Real estate has been through a rough period in the last five years.

But while many look in the rearview mirror, we think real estate is at a pivotal moment. ***We believe real estate is at the doorstep of a positive inflection.***

Why is that?

1. Our view is that a large portion of the concerns about real estate – higher interest rates, refinancing challenges, bank failure concerns, empty office buildings, housing affordability challenges – are "old news" and largely reflected in share prices such that the risk/reward for real estate is compelling.
2. Real estate shares have lagged.
3. Valuations have reset for a higher cost of capital.
4. Demand conditions for most segments of real estate are steady with expectations for an improvement in growth in the next few years.
5. New competitive supply has collapsed – in many cases down more than 50% from peak levels in 2022. We believe this important point is not appreciated. Growth is poised to rebound faster than in prior cycles because real estate is not burdened with excess supply at low occupancy levels.
6. Balance sheets are in solid shape.
7. Public real estate is attractively valued relative to private real estate.
8. Long-term interest rates may head lower and that would be a powerful catalyst for real estate.
9. We are identifying attractively valued companies in several segments of real estate.

So, the following is the punch line:

We like the setup for real estate.

We think the risk/reward is compelling for much of real estate. When we aggregate the three key components of total return - growth + dividends + prospects for an improvement in valuation – we believe we can generate double-digit annual returns in the years ahead.

If we are right, we believe these returns will stack up well versus many other investment alternatives.

So, in our opinion, ***this is the time you want to invest in real estate.***

<u>Question 2</u>: Growth and real estate investing aren't commonly believed to have much overlap. Real estate is thought of as more of a "value" sector. You have more of a growth-oriented approach with your broader take of real estate. Why should investors view this as a valid way to invest in the space?

<u>Our Answer:</u>

You are right about the value categorization of real estate.

Most of our peers tend to limit their real estate investments to REITs – such as office buildings, apartments, malls, and shopping centers –which pay a dividend and grow, on average, only 4% to 5% per year (Source: Citi Research) through gains in occupancy and rent and are viewed as value investments.

As of December 31, 2025, the Morningstar Real Estate Category consisted of 215, 205, 196, and 188 share classes for the 1-, 3-, 5-year, and since inception (12/29/2017) periods. Morningstar ranked Baron Real Estate Income Fund Institutional Share Class in the 15th, 2nd, 24th, 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 31st, 6th, 42nd, and 4th 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.

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At Baron, we have never been satisfied with 4% to 5% growth for our real estate investments. That was the impetus to construct differentiated real estate funds that are more growth-oriented and populated with real estate companies that do not grow 4% per year like most REITs but instead may grow more than 10% per year. How do we accomplish this?

1. We embrace a broader, more comprehensive approach to real estate investing. We not only invest in REITs (though REITs are typically at least 75% of the Fund's net assets), but we also invest in real estate C-corps and operating companies, many of which grow faster than REITs, in part because they don't have to pay out their taxable income in dividends.
2. We prioritize best-in-class real estate. If we own the best real estate in the best geographic markets with population and job growth and limited new competitive supply, our best-in-class companies stand to grow faster than the peer group.
3. Examples from our real estate portfolios include:
   - Like our peers, we invest in REITs, yet we prioritize the faster-growing REITs such as senior housing-focused **Welltower Inc.**, which we believe will grow earnings the next few years 15% to 20% annually, or **Prologis, Inc.**, the largest industrial REIT that we believe will compound earnings at 10% per year over the next five years.
   - In addition to investing in REITs, we supercharge the Fund's growth by investing in highly compelling non-REIT real estate-related companies. Examples include:
     - Commercial real estate services companies such as **Jones Lang LaSalle Incorporated**, a leading commercial real estate services company that we expect will grow earnings 15% to 20% per year versus 4% to 5% for REITs.
     - In travel-related real estate, we are fans of certain travel-related companies that we expect will grow earnings faster than several REITs, such as **Wynn Resorts, Limited**.
     - In residential-related companies, there are certain companies such as **Toll Brothers, Inc.**, among others, that we believe may grow earnings at more than 10% annually in the next few years.

Brief advertisement: We believe our approach works. Through December 31, 2025 (updated from our November 14, 2025, Morningstar interview reply, which was based on performance results as of September 30, 2025):

- **Since inception 8 years ago, our Baron Real Estate Income Fund – which is more analogous to REIT-focused funds – has returned 96% versus the REIT Index which has returned only 39% – and the only real estate fund that has outperformed Baron's Real Estate Income Fund over this time are the three share classes of our Baron Real Estate Fund.**
- **Since inception 16 years ago, our Baron Real Estate Fund has generated a total return of 620% versus the REIT Index which has returned only 224% - and it is the number one ranked fund – according to Morningstar – since inception.***

  ***Baron Real Estate Fund**'s annualized returns for the Institutional Shares as of December 31, 2025: 1-year, 5.19%; 5-year, 5.65%; 10-year, 10.69%. **The MSCI USA IMI Extended Real Estate Index**'s annualized returns as of December 31, 2025: 1-year, 4.88%; 5-year, 8.64%; 10-year, 8.88%. **Morningstar ranked Baron Real Estate Fund Institutional Share Class in the 8th, 1st, 26th, 1st, 1st, and 1st percentiles, respectively. On an absolute basis, Morningstar ranked Baron Real Estate Fund Institutional Share Class as the 16th, 3rd, 50th, 1st, 1st, and 2nd best performing share class in its Category, for the 1-, 3-, 5-, 10-, 15-year, and since inception periods, respectively.**

Question 3: Given your flexibility, what innovations or secular trends within the broader real estate space get you excited today?

Our Answer:

A lot.

Admittedly, real estate is a cyclical business. Real estate should benefit from the cyclical tailwinds of economic growth. Over time, there will be more demand for apartments, shopping centers, industrial warehouses, and senior housing facilities. And as demand increases, occupancy will rise, rents will increase, cash flow will grow, and real estate values should appreciate, especially because demand versus supply is generally in balance.

What is not appreciated by many is that *real estate is also benefiting from secular tailwinds that are less sensitive to the economic cycle and should be enduring for years to come.* Examples include:

- **Industrial real estate** is benefiting from multi-year demand drivers including the move to e-commerce, "last mile" infrastructure, "onshoring," and a shift from "just-in-time" to "just-in-case" inventory management. Our investments in Prologis, **EastGroup Properties, Inc.**, **Terreno Realty Corporation**, and **Goodman Group** all benefit from these secular trends.
- The multi-year set up for **data centers** is as strong as it has ever been. The demand vectors are expanding and include rising data consumption, cloud computing, IT outsourcing, and AI. New supply is constrained due to the elevated cost to build and power constraints. And rents are rising. Our investments in **Equinix, Inc.**, **Digital Realty Trust, Inc.**, **GDS Holdings Limited**, and Goodman should be multi-year beneficiaries of these trends.
- **Senior housing real estate companies** are benefiting from aging baby boomers, the 80+ population which is among the fastest growing aging groups (Source: Organization for Economic Co-operation and Development and U.S. Census Bureau), and people are living longer in part due to wonderful new drugs that contribute to weight loss and extend life! Our investments in Welltower Inc. and **Ventas, Inc.** should continue to benefit from these trends.
- **Travel:** Most don't think about travel as a secular growth opportunity, but, at Baron, we do. Travel companies are benefiting from the favorable shift in consumer preferences away from spending on goods to prioritizing spending on travel. We own Wynn Resorts and **Las Vegas Sands Corporation**, which we expect to continue to benefit from these trends.

Question 4: Given the huge investments in physical infrastructure due to AI, what are the ramifications within real estate?

Our Answer:

The topic of artificial intelligence (AI) and its potential impact on real estate businesses is top of mind and a due diligence question that we discuss in all our meetings with companies.

Within real estate, there are likely to be AI winners, losers, and other factors to consider including the path of interest rates.

Our preliminary sense is that the "winner" columns will include:

- **Data centers:** AI workloads from the "Magnificent 7" companies (e.g., Microsoft, Meta, Amazon) are driving explosive demand for data center real estate, and we are capitalizing on the opportunity globally with our data center investments. In addition to owning the largest global data center companies – Equinix and Digital Realty Trust – we also have investments in China based data center company GDS Holdings, Australian based data center focused company Goodman, and other leading companies with data center operations including Prologis.
- **Industrial:** AI's physical manifestation – robotics, chip manufacturing, supply chain automation – will require more industrial facilities (hubs that can accommodate robotics and on-site servers).

Our preliminary sense is that real estate categories that may face headwinds include:

- **Office:** We have a mixed view on the long-term prospects for office real estate, in part since AI-driven automation and hybrid work models may lead to reduced traditional office demand.
- **Residential:** AI infrastructure may reshape regional housing markets – areas where job loss may weaken residential markets, while there are other geographic markets attracting large AI campuses and may see housing demand spikes.

Lastly, though we don't predict the path of interest rates at Baron, AI should lead to greater productivity efficiencies for companies – you can do more with fewer employees. Notably, fewer jobs run counter to the Federal Reserve's mandate for full employment. AI and associated job loss may result in a secular trend toward lower interest rates to offset job loss – time will tell, but certainly something to ponder, especially for real estate.

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Portfolio Composition

As of December 31, 2025, we invested the Fund's net assets as follows: REITs (71.2%), non-REIT real estate companies (25.0%), and cash and cash equivalents (3.8%). We currently have investments in 13 REIT categories. Our exposure to REIT and non-REIT real estate categories is based on our research and assessment of opportunities in each category on a bottom-up basis, which we outline below.

Fund investments in REIT categories

		Percent of Net Assets (%)
REITs		**71.2**
Health Care REITs	20.0	
Industrial REITs	17.4	
Mall REITs	8.0	
Data Center REITs	4.9	
Multi-Family REITs	3.5	
Hotel REITs	3.5	
Wireless Tower REITs	2.9	
Mortgage REITs	2.3	
Timber REITs	2.3	
Self-Storage REITs	2.2	
Office REITs	1.9	
Triple Net REITs	1.4	
Single-Family Rental REITs	1.0	
Non-REIT Real Estate Companies		**25.0**
Cash and Cash Equivalents		**3.8**
Total		**100.0***

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

Summary REIT and Non-REIT Category Commentary

Health Care REITs (20.0%)

- **We maintain a favorable view of the multi-year prospects for senior housing** and remain bullish on the outlook for **Welltower Inc.**, **Ventas, Inc.**, and **American Healthcare REIT, Inc.**
- We believe senior housing real estate is likely to benefit from favorable cyclical and secular growth opportunities in the next few years. Fundamentals are improving (rent increases and occupancy gains) against a backdrop of muted supply growth due to punitive financing and elevated construction costs. The long-term demand outlook remains favorable, driven in part by an aging population (baby boomers and the growth of the 80-plus population), which is expected to accelerate in the years ahead. Expense pressures (labor shortages/other costs) have largely abated, and we believe highly accretive acquisition opportunities may surface, particularly for Welltower given its cost of capital advantage.
- For our thoughts on Ventas, please see the "Top net purchases" section later in this letter.

Industrial REITs (17.4%)

- **In 2024, we were cautious on business prospects for industrial REITs** due to demand normalization to pre-pandemic levels (elongated corporate decision making), increased supply deliveries in the first half of 2024, moderating rent growth in certain geographic markets, inventory de-stocking, driving less need for warehousing space shorter term, and elevated headline valuations relative to other REIT categories.
- **We also reaffirmed that we are long-term bullish on industrial REITs and indicated that we may become more positive on**

the group at some point in 2025. This positive inflection occurred in the first quarter of 2025 when we re-acquired shares in Prologis, Inc. and EastGroup Properties, Inc. In the second quarter, we acquired shares in **Terreno Realty Corporation** and further increased our holdings later in 2025.

- **We are optimistic about the multi-year prospects for the Fund's industrial REIT holdings**, predicated on a compelling multi-year outlook for demand/supply/rent growth, significant embedded growth potential from in-place rents that are generally 20% to 30% below market rents, and several secular demand tailwinds (e-commerce, supply chain logistics, increasing "just-in-time" inventory safety stock, nearshoring/onshoring). For our thoughts on Prologis, please see the "Top contributors" section later in this letter.

Mall REITs (8.0%)

- **We remain optimistic about the prospects for mall REITs The Macerich Company** and **Simon Property Group, Inc.** The fundamental backdrop for high-quality mall and outlet real estate remains attractive: (i) tenant demand remains robust; (ii) there is a shortage of desirable retail space (high occupancy and a dearth of new mall developments); (iii) favorable demand/supply imbalance is enabling landlords to raise rents; and (iv) valuations are attractive.
- We remain bullish on the two-to-three-year prospects for the shares of Macerich. We have continued to spend time with CEO Jackson Hsieh, who we believe will create further meaningful long-term value for the company, in part by selling non-core properties, repaying debt, and improving lease terms with tenants.

Data Center REITs (4.9%)

- **We maintain conviction in the multi-year favorable prospects for data centers.** The Fund maintains positions in **Equinix, Inc.**, **Digital Realty Trust, Inc.**, and **GDS Holdings Limited** (a non-REIT data center company).
- **In the most recent quarter, however, we trimmed the Fund's exposure to data centers** due to the mismatch between development expenses and cash flow for certain data centers and other company-specific considerations.
- **Long term, we believe data center landlords such as Equinix, Digital Realty, and GDS are benefiting from low vacancy, demand outpacing supply, more constrained power availability, rising rental rates, and significant levels of pre-leasing before capital is spent for larger footprint data centers (had not been the case historically).** Several secular demand vectors, which are currently broadening, are contributing to robust fundamentals for data center space globally. They include the outsourcing of information technology infrastructure, increased cloud computing adoption, the ongoing growth in mobile data and internet traffic, and AI as a new wave of data center demand. Put simply, each year data continues to grow exponentially, and all this data needs to be processed, transmitted, and stored—supporting increased demand for data center space. In addition, while it is still early innings, we believe AI could not only provide a source of incremental demand but also further accelerate existing secular trends by driving increased prioritization and additional investment in digital transformation among enterprises. We are just beginning to see early signs of enterprise AI adoption, which could be further unlocked with costs coming down.

Multi-Family REITs (3.5%)

- In 2025, we were cautious about the prospects for multi-family REITs due to concerns about ongoing modest growth prospects in part due to job loss, decisions by a younger demographic of rents who may choose to live at home with mom/dad or "double up" to rent, and elevated apartment inventory.
- **Long term, we remain optimistic about the prospects for multi-family REITs** due to the rental affordability advantages versus for-sale housing (move-outs to buy remain at all-time lows), an attractive supply outlook from 2025 to 2027, the benefits of a partial inflation hedge given annual leases, strong rent-to-income ratios from a well-employed renter demographic, and public market valuation discounts relative to private market valuations.

Hotel REITs (3.5%)

- The Fund has maintained a position in **Host Hotels & Resorts, Inc.**, the world's largest lodging REIT. We have a favorable view of the company because it owns and operates a large portfolio of premier hotels in attractive geographic markets that should generate strong growth over time. Management maintains a strong and liquid investment grade balance sheet. We view the company's current valuation as compelling.
- In the most recent quarter, the Fund acquired shares in **Sunstone Hotel Investors, Inc.**, an owner of a $4 billion portfolio of mostly upper-scale full-service hotels. We will elaborate on the Fund's investment in Sunstone in future shareholder letters.

Wireless Tower REITs (2.9%)

- **We remain optimistic about the long-term growth prospects for wireless tower REITs** given strong secular growth expectations for mobile data usage, 5G spectrum deployment and network densification (with 6G around the corner), edge computing (possible requirement of mini data centers next to a tower presents an additional revenue opportunity), and growth in connected Internet of Things devices (e.g. homes and cars), which will require more wireless bandwidth usage and continued increased spending by the mobile carriers.
- Following strong share price performance in the first half of 2025 and our expectation that growth may moderate for some of the wireless tower REITs, we trimmed the Fund's allocation to wireless tower REITs. Please see "Top Detractors" for more complete thoughts on **American Tower Corporation**.

Mortgage REITs (2.3%)

- We have maintained the Fund's holding in **Blackstone Mortgage Trust, Inc.**, a commercial mortgage REIT that is focused on real estate credit investments. We believe the company benefits from several favorable attributes including its sponsorship by

Blackstone Inc., the largest owner of commercial real estate globally, the company's global platform which provides access to a geographically diversified pipeline of real estate credit investment opportunities, and the company's strong and liquid balance sheet. With its close to 10% dividend yield, discounted valuation (less than 1 times book value), and improving business prospects, we believe Blackstone Mortgage Trust is a compelling investment for the Fund.

Timber REITs (2.3%)

- In the most recent quarter, the Fund acquired shares 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. It is also one of the largest manufacturers of wood products such as lumber, OSB, plywood, and other building materials that are used in new housing construction and repair and remodel projects. We believe the shares are historically cheap and stand to benefit from an eventual improvement in the U.S. housing market. Please see "Top net purchases" for additional thoughts on the company.

Self-Storage REITs (2.2%)

- **We have been cautious about the prospects for self-storage REITs due to a multi-year period of flat to negative growth. In 2025, we have become moderately more bullish.** Our due diligence suggests that a positive fundamental inflection may be on the horizon and growth may reaccelerate later in 2026 and 2027. Long term, we believe self-storage is a highly attractive business and will elaborate on our views in future shareholder letters.
- Following strong share price performance, the Fund exited its position in **SmartStop Self Storage REIT, Inc.**, a self-storage REIT that owns a portfolio of 171 properties across 22 states and 3 provinces in Canada. On the other hand, we acquired shares in **Extra Space Storage Inc.** Please see "Top net purchases" for our thoughts on Extra Space.

Office REITs (1.9%)

- **We have remained selectively bullish on office REITs.** While we are generally cautious on broader office real estate for several years due to both cyclical and secular headwinds that we expected would persist, we have been able to identify certain geographic markets (New York City) and other well-located, high-quality portfolios of modern office properties (New York City and parts of the West Coast) that we believe are poised to gain market share and outperform as market conditions improve. We believe there is a segment of office REITs that trades at a significant discount to both the private market value and the replacement cost of their respective portfolios, while also trading at a meaningful discount relative to certain publicly traded peers. **The Fund maintains a position in BXP, Inc.** (formerly known as Boston Properties), a blue-chip office REIT that owns a portfolio of premier office properties in coastal U.S. markets including Boston, New York City, San Francisco, Washington, D.C., Los Angeles, and Seattle, and **Kilroy Realty Corporation**, a west-coast focused office REIT.

Triple Net REITs (1.4%)

- **We remain optimistic about the long-term prospects for triple net REIT Agree Realty Corporation.** Investment merits include its high-quality retail real estate portfolio, the company's investment grade tenant base, a cost of capital advantage to pursue accretive acquisitions, and an opportunity to triple the size of the current portfolio. Agree Realty is a founder-led firm with insider ownership and shareholder interests aligned. We believe Agree Realty could be an outsized beneficiary of a decline in interest rates given its ability to drive earnings growth via accretive acquisitions and the long duration nature of its cash flows.

Single-Family Rental REITs (1.0%)

- **We remain long-term bullish on single-family rentals** due to favorable demand/supply prospects, homeownership affordability challenges, and tenants' desire for flexibility afforded with a "mortgage-free" lifestyle. These multi-faceted tailwinds should lead to strong long-term rent growth prospects and the continued ability of landlords to increase rents. We believe valuations are attractive.
- The Fund maintains a modest position in **American Homes 4 Rent**.

Non-REIT Real Estate Companies (25.0%)

- We emphasize REITs but have the flexibility to invest in non-REIT real estate companies. We tend to limit these to no more than approximately 25% of the Fund's net assets. At times, some of our non-REIT real estate holdings may present superior growth, dividend, valuation, and share price appreciation potential than some REITs.
- Current holdings include **Brookfield Corporation**, **Jones Lang LaSalle Incorporated**, **CRH public limited company**, **Wynn Resorts, Limited**, **Blackstone Inc.**, **Toll Brothers, Inc.**, **GDS Holdings Limited**, **Vail Resorts, Inc.**, **Las Vegas Sands Corporation**, **Fortune Brands Innovations, Inc.**, **Wyndham Hotels & Resorts, Inc.**, and **Brookfield Asset Management Ltd**.

Top Contributors and Detractors

Top contributors to performance for the quarter

	Quarter End Market Cap ($B)	Contribution to Return (%)
Prologis, Inc.	121.2	1.20
Ventas, Inc.	36.3	0.47
Jones Lang LaSalle Incorporated	15.9	0.45
Welltower Inc.	127.4	0.44
Las Vegas Sands Corporation	44.0	0.28

Best-in-class industrial REIT **Prologis, Inc.** contributed positively to performance during the fourth quarter, aided by the company's "beat and raise" third quarter financial report, coupled with

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management's robust multi-year business outlook. As we outlined earlier this year in our first quarter shareholder letter, our sense had been that leasing activity had begun to stabilize and was poised to accelerate as the year progressed, which ultimately played out. We also outlined our view that Prologis is a competitively advantaged company with bright multi-year growth prospects, predicated on a favorable multi-year outlook for demand/supply/rent growth, significant embedded growth potential from in-place rents that are generally over 20% below market rents and 40% below replacement rents, several secular demand tailwinds (e-commerce, supply chain logistics, more inventory safety stock, nearshoring/onshoring), and a growing pipeline of lucrative data center development opportunities. We continue to believe the appreciation potential for Prologis' shares remains compelling given the strong runway for future cash flow and earnings growth in the next several years and an undemanding valuation.

In the most recent quarter, the shares of **Ventas, Inc.**, an operator of senior housing, life science, and medical office buildings, increased following strong quarterly business results. Please see "Top net purchases" for our more detailed thoughts on the company.

Leading commercial real estate service company, **Jones Lang LaSalle Incorporated**, contributed positively to performance during the fourth quarter, aided by the company's strong third quarter financial report, coupled with broad-based strength across the business. We expect the company to continue benefiting from structural and secular tailwinds: the outsourcing of commercial real estate, the institutionalization of commercial real estate, and opportunities to increase market share in a highly fragmented market. Looking forward, we continue to believe we are in the early days of a rebound in commercial real estate sales and leasing activity. We believe Jones Lang may generate annual earnings per share growth of mid- to high teens in the next few years, and the company is being valued at a discounted multiple of less than 17 times our estimate for next year's earnings versus 22 times for its closest peer, for comparable growth.

Top detractors from performance for the quarter

	Quarter End Market Cap or Market Cap When Sold ($B)	Contribution to Return (%)
Iron Mountain Incorporated	24.6	(0.78)
American Tower Corporation	82.2	(0.37)
GDS Holdings Limited	7.0	(0.32)
Digital Realty Trust, Inc.	54.1	(0.32)
SmartStop Self Storage REIT, Inc.	2.6	(0.22)

Shares of **Iron Mountain Incorporated**, a company that offers records storage management along with an evolving fast-growing data center segment, detracted from performance during the quarter after the company posted a disappointing quarter of new bookings within its higher growth data center business. In addition, a short report presented at an investor conference questioned the company's accounting adjustments and overall leverage levels added an overhang for the shares. While we disagree with the short report and believe the company has compelling long-term growth prospects, we harvested losses, exited our position, and reallocated capital to higher conviction ideas. We may revisit the investment later.

Shares of **American Tower Corporation** underperformed during the fourth quarter and lagged REITs broadly. While reported results were strong, growing investor concerns about the contractual commitments of a small customer (DISH) and associated potential churn timing/impacts after EchoStar divested its U.S. spectrum came to the forefront during the quarter. Along with its quarterly release, American Tower disclosed that it received a letter from DISH stating their view that they were absolved from any remaining contractual payments after its spectrum divestiture. American Tower subsequently filed a lawsuit to enforce its contractual rights. While DISH is only 2% of overall revenues, growth will likely be impacted in the near term and it make take some time to reach a final resolution (likely resulting in a "one-time" termination payment).

American Tower is a global owner of 150,000 wireless tower communication sites with a heavy emphasis on developed markets. We acknowledge the market's concern regarding lack of growth clarity for what is typically a highly predictable infrastructure business and the case for the shares to be range-bound for a period. Notwithstanding, American Tower remains attractively valued on an absolute basis and relative to other data infrastructure companies, the company's business is underpinned by the continued secular growth in mobile data, bookings activity is improving, and we believe the company will be able to deliver consistent mid-digit underlying per share organic earnings growth with optionality around capital allocation levers such as share repurchases on top of a growing 4% current dividend yield.

After strong performance in the first nine months of the year, shares of **GDS Holdings Limited**, the leading developer and operator of data centers in China and a fast growing developer and operator of data centers outside of Asia, lagged in the fourth quarter as investors digested the potential timing of the step-up in new business bookings and the associated capital investment required. We continue to see increasing evidence of the AI wave on the cusp of a step-change and further progress being made toward the loosening of chip supply in China that previously hindered data center leasing volumes. We remain long-term bullish on the company due to its undemanding valuation level, blue-chip customer base, valuable capacity in tier-1 markets and imbedded value in its international business demonstrated via private capital raises backed by highly regarded investors.

Recent Activity

Top net purchases for the quarter

	Quarter End Market Cap ($B)	Net Amount Purchased ($M)
Ventas, Inc.	36.3	9.0
Extra Space Storage Inc.	27.6	6.2
Weyerhaeuser Company	17.1	5.7
Sunstone Hotel Investors, Inc.	1.7	4.3
Fortune Brands Innovations, Inc.	6.0	3.2

We added to our senior housing investment theme by purchasing additional shares of **Ventas, Inc.** Ventas is an operator of senior housing, life science, and medical office buildings. We have been encouraged by the company's continued robust fundamental results, growing investment momentum in its external growth pipeline (expected at over $2.5 billion for the year) and increasing openness to shedding slower growth assets to redeploy proceeds into higher growth areas.

As outlined in prior letters, we continue to be optimistic about the prospects for both cyclical and secular growth in senior housing demand against a backdrop of muted supply that will lead to several years of favorable growth. Among senior housing operators, we believe shares of Ventas remain attractively valued given our expectation of approximately 10% underlying per share growth, the company's increasing mix of senior housing operating assets (currently at approximately 50% of cash flow), its declining leverage levels, and the company's ability to capitalize on a robust external growth opportunity.

During the quarter, we reacquired shares in best-in-class self-storage REIT **Extra Space Storage Inc.**, which owns or operates a portfolio of over 4,200 properties in the U.S., with 14% total market share by square footage. We have been cautious about the prospects for self-storage REITs due to a multi-year period of flat to negative growth, but more recently we have become incrementally bullish as our due diligence suggests that a positive fundamental inflection may be on the horizon and growth may begin to reaccelerate in 2026 as demand and rents stabilize while supply deliveries decline.

We are optimistic about our investment in Extra Space for several reasons:

1. Potential growth inflection on the horizon. In addition to benefitting from a potential improvement for the broader self-storage industry, Extra Space may see a more pronounced growth inflection as the company laps several discrete headwinds that weighed on 2025 performance, coupled with ongoing accretive capital allocation towards acquisitions and bridge lending opportunities.
2. We view self-storage as an attractive real estate business over the long-term owing to less cyclical demand (a portion is nondiscretionary), strong pricing power on in-place customers (high hassle cost to switch versus low monthly financial cost), and low capital intensity.
3. Large institutional owners such as Extra Space have powerful competitive scale advantages that lead to higher occupancy and rents relative to smaller players. The scale advantages stem from data analytics, technology investments, revenue management systems, and access to capital. We anticipate these advantages will strengthen in the future from the rapid development and adoption of AI tools and analytics that are getting applied across many facets of the self-storage business.
4. Extra Space has a proven management team, led by veteran CEO Joe Margolis.
5. Attractive valuation. We view valuation as attractive, with the stock trading at a capitalization rate of over 6% (on depressed cash flow) versus private market values in the low 5% range.

While we recognize that uncertain business conditions could continue to weigh on shares of Extra Space in the near term, we are excited about the company's attractive medium-term growth prospects and depressed valuation. We see potential for significant share price appreciation in the coming years, driven by growth and potential multiple expansion.

During the quarter, the Fund acquired shares 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. It is also one of the largest manufacturers of wood products such as lumber, OSB, plywood, and other building materials that are used in new housing construction and repair and remodel projects. The company is currently trading at an approximate 40% discount to net asset value, which is well above its mid-teens historical average and near all-time peak levels. We believe that the shares of Weyerhaeuser have become irrationally cheap and that support from recent lumber capacity curtailments, upward pricing momentum for lumber (from now-implemented Canadian duties and tariffs) and government housing initiatives should help bring the valuation back towards historical levels over time. Additionally, further support from an eventual pickup in new housing construction and repair and remodel activity could drive share price gains over the medium-to-long term.

Top net sales for the quarter

	Quarter End Market Cap or Market Cap When Sold ($B)	Net Amount Sold ($M)
American Tower Corporation	82.2	9.3
Iron Mountain Incorporated	24.6	8.4
Vornado Realty Trust	6.8	5.0
VICI Properties Inc.	33.1	4.9
Invitation Homes Inc.	16.9	4.8

During the quarter, we exited the Fund's position in **Vornado Realty Trust**, an owner and developer of premier office and street retail properties concentrated in New York City and reallocated the capital to real estate companies that we believe have superior near-term growth. We remain optimistic about the long-term prospects for Vornado and may revisit the company in the future. As noted earlier in this letter, we also exited **Iron Mountain Incorporated**.

We trimmed the Fund's positions in **American Tower Corporation** but maintain an ownership position in the company and may look for an opportunity to increase the Fund's position later.

Concluding Thoughts on the Prospects for Real Estate and the Fund

We recognize that in the months ahead there may be choppy periods in the market, yet we remain directionally positive and ***believe there are valid reasons for optimism for the stock market, public real estate, and the Baron Real Estate Income Fund.***

Stock Market Outlook

We remain optimistic about the prospects for the stock market in 2026. Our research leads us to believe that economic conditions, which are broadly steady, may experience an acceleration in growth due to a series of potential tailwinds that include: lower trade uncertainty, lower taxes, depreciation benefits that will allow businesses to deduct capital expenditures such as investments in equipment and research and development, deregulation and the likelihood of further mergers & acquisition activity, a Federal Reserve that may continue to ease financial conditions, likely steps by the new administration to address the logjam in the housing market, and AI productivity gains that may lead to lower inflation (due to fewer jobs), lower long-term interest rates, and an expansion in profitability 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 much of real estate to perform well in the year ahead. As detailed earlier in this letter, demand conditions for most segments of real estate are steady with expectations for an improvement in growth in the next few years. New competitive supply has collapsed – in many cases down more than 50% from peak levels in 2022. We believe this important point is not appreciated. Growth is poised to rebound faster than in prior cycles because real estate is not burdened with excess supply at low occupancy levels. Real estate shares have lagged, and valuations have reset for a higher cost of capital. Public real estate, in most cases, is attractively valued relative to private real estate. We believe private equity is likely to accelerate acquisitions of public real estate companies given the discounted valuations of several public real estate shares. Balance sheets and credit markets are strong. Lower shelter inflation and AI productivity gains may lead to lower long-term interest rates. This possibility would, of course, be a powerful catalyst for real estate. We believe a favorable combination of cash flow growth, dividends, and the prospects for an improvement in public real estate valuations may 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 continue to believe our approach to embracing and structuring a more expansive and diversified real estate income fund where we invest primarily in REITs (typically 75% to 80% of net assets) but also have the optionality to invest 20% to 25% in on-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. Some companies will experience an acceleration in tailwinds and others are likely to face ongoing headwinds. We believe we have constructed a portfolio that is populated with competitively advantaged real estate companies that generally are expected to grow faster than the real estate peer group. Valuations and return prospects are attractive.

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 (%)
Prologis, Inc.	121.2	27.8	10.8
Welltower Inc.	127.4	26.4	10.2
Ventas, Inc.	36.3	18.1	7.0
Simon Property Group, Inc.	60.4	11.3	4.3
Brookfield Corporation	113.7	10.4	4.0
Jones Lang LaSalle Incorporated	15.9	10.2	4.0
EastGroup Properties, Inc.	9.5	10.1	3.9
The Macerich Company	4.7	9.4	3.7
Equinix, Inc.	75.2	9.4	3.6
American Tower Corporation	82.2	7.6	2.9

Our Core Real Estate Team

A big shout out of appreciation and admiration for our core real estate team - assistant portfolio manager, David Kirshenbaum, senior analyst, George Taras, and David Berk. David, George, and David are outstanding. Their commitment to our real estate business and strong work ethic are impressive. They are smart and driven to deliver excellent results. Each of them has developed a deep knowledge of real estate. And, on a personal note, they are fabulous people.

I, and our team, remain fully committed and energized to continue to deliver outstanding long-term results.

I proudly remain a major shareholder of the Baron Real Estate Income Fund®.

Sincerely,

Jeffrey Kolitch

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.

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

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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.

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.

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).

QUARTERLY LETTER | DECEMBER 31, 2025

Baron Technology ETF®

Ticker: BCTK

Ashim Mehra
Portfolio Manager

Michael Lippert
Portfolio Manager

Dear Baron Technology ETF Shareholder,

Performance

During the fourth quarter, Baron Technology ETF® (the Fund) posted a decline of 0.77%(NAV), underperforming the MSCI ACWI Information Technology Index (the Benchmark), which gained 2.88%; the Invesco QQQ Trust (the QQQ), which increased 2.42%; and the broader S&P 500 Index, which rose 2.66%. For the full year 2025, the Fund appreciated 17.34%, trailing the Benchmark, which returned 26.37%, as well as the QQQ and S&P 500 Index, which gained 20.77% and 17.88%, respectively. *

On a trailing three-year basis, the Fund generated an annualized return of 41.50%, beating the Benchmark and the QQQ, which were up 35.93% and 32.91%, respectively.

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.

The ETF has an identical investment goal and substantially similar investment strategies as its predecessor mutual fund.

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 ETF's 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.

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

	ETF[1,2]	MSCI ACWI Information Technology Index[1]	S&P 500 Index[1]	MSCI ACWI Index[1]
QTD[3]	(0.77)	2.88	2.66	3.29
1 Year	17.34	26.37	17.88	22.34
3 Years	41.50	35.93	23.01	20.65
Since Inception (12/31/2021)	12.08	14.70	11.11	9.43

Review and Outlook

Market Backdrop

The fourth quarter of 2025 provided a steady finish to an otherwise turbulent year, with moderate gains across most indices amid easing economic pressures and holiday-season stability. The S&P 500 Index advanced 2.66% in the fourth quarter, supported by continued recovery momentum, while the NASDAQ Composite Index rose 2.72%. December 2025 was relatively flat, with the S&P 500 inching up just 0.06%, and the NASDAQ declining 0.47%.

Several factors underpinned fourth quarter gains and a sustained market rebound from the April 8 lows: moderating tariff impacts, robust corporate earnings, and continued monetary easing. Following a September rate cut of 25 basis points, the Federal Reserve lowered rates twice more during the fourth quarter – by 25 basis points each in October and December.

Performance

The Porfolio declined slightly during the quarter and underperformed both the Benchmark and the QQQ. The common drivers of both shortfalls were poor stock selection in sectors outside of Information Technology (IT) and not owning or being underweight strong performers in our two main yardsticks.

Versus the Benchmark

Relative to the Benchmark, the Fund outperformed the core IT sector. We had strong gains and relative performance from optical networking leaders, **Lumentum Holdings Inc.** and **Coherent Corp.** See below for more in-depth discussions of these two

Performance listed in the above table is net of annual operating expenses. The total annual fund operating expense 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. T 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.

companies. The strength of these holdings was somewhat offset by a meaningful pullback in leading cybersecurity vendor, **Zscaler, Inc.** (discussed more fully below). The Fund's relative underweight in **Apple Inc.** and memory suppliers, **Samsung Electronics Co., Ltd.** and **Micron Technology, Inc.**, further detracted from relative performance.

This quarter the Fund's investments outside of IT led to the shortfall versus the Benchmark, which limits constituents to that sector alone. In Communications Services, the Fund's large position in **Spotify Technology S.A.** (global streaming music and content leader) had the most significant negative impact on relative performance. Spotify, discussed more fully below, posted solid gains for the year (up 30%). In Consumer Discretionary, sharp pullbacks from **Duolingo, Inc.** (language learning platform) and **Eternal Limited** (India food delivery and quick commerce platform) also hurt relative performance. We exited both positions during the quarter, as discussed below. The Fund's unique exposure to Industrials, Real Estate, and Consumer Staples also weighed on relative performance, as a handful of our holdings in these sectors posted double-digit losses.

Versus the QQQ's

The Fund also outperformed within the IT sector against the QQQ, with the same investments mentioned above leading the way. This strength was offset by negative returns from Zscaler and **Oracle Corporation** (discussed below). The Fund's underweight position in Micron and lack of ownership of semiconductor vendor, Advanced Micro Devices, Inc. (AMD) further mitigated sector relative performance.

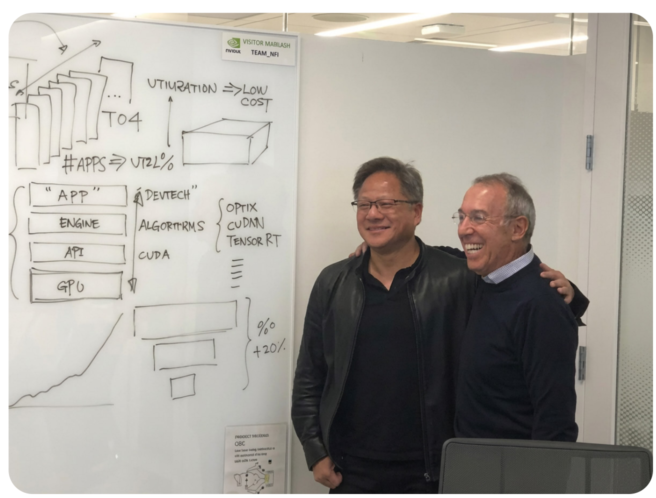
Weakness in Communication Services accounted for nearly half of the Fund's relative underperformance. The main drivers were poor performance from Spotify and our non-ownership of Alphabet Inc., which continued its strong second half run. Alphabet stands at the crossroads of AI. It possesses the scale, technical advantages, brands, and distribution to be a long-term AI winner, and its innovation and execution cadence improved in the later part of the year. But it also has a lot to lose if its near-monopoly commercial search business is disrupted by AI. We continue to carefully study and analyze Alphabet as part of our broader AI, e-commerce, and digital media/advertising coverage.

The Fund's Health Care underweight versus the QQQ also hindered performance, as the sector had an 18% return in the period while our two small investments lagged. Duolingo and Eternal hurt relative performance in Consumer Discretionary, as recounted above.

AI Update

Now just over three years since the “ChatGPT moment” rang the opening bell of the age of AI, there remains little dispute that AI is the most powerful and impactful technology platform shift and secular growth driver since the advent of the internet itself. It has also been the predominant driver of stock leadership and returns over the last three years. On stage at this year’s Baron Annual Investment Conference, we answered questions about AI and here’s a snapshot of what we presented:

- There is plenty of debate about AI—among investors and certainly in the finance media, whether CNBC, bloggers, podcasters, and X posters. We’ve seen AI sell offs—both broad based and stock specific—on clips or sound bites taken out of context or on trepidations like the DeepSeek alarm that sounded earlier this year. We did a public webinar on the Deep Seek scare and explained that the reported innovations, if true, were merely another data point on the AI innovation line and would have been dismissed if the AI Lab had been, say, French instead of Chinese. We explained how financial and social media pundits played up Sputnik type fears to get eyeballs and engagement. We caution investors to separate the signal from the noise and not get caught in sentiment swings.
- At Baron, we are deep research, evidence-based investors. We are positive about AI because it is real. It is the most significant change to the global economy since the internet itself. Every digital interaction of today forward will have AI as the brains of the application. We have investments across all the layers of the AI stack and spanning industries. Our most successful investments to date have been in the infrastructure or compute layer. We were early investors in **NVIDIA Corporation**, before the ChatGPT moment of November 2022, and it has been a 6.2-bagger for the Fund. Several of us spent a full day with founder and CEO Jensen Huang in the Fall of 2018, where he went to the white board to teach us about AI and why NVIDIA would win.



Baron Visits Nvidia's Headquarters, November 28, 2018

- We invested in **Broadcom Inc.** nearly three years ago after spending two hours with its CEO and founder Hock Tan. Broadcom has been a 5.6-bagger for the Fund. These returns resulted from explosive growth not multiple expansion.
- As you witnessed with the CEOs who spoke this morning, Baron research starts with people. We look for founders and management teams that are exceptional–but also who think long term and remain focused on building, not just managing. We also believe that sustained innovation is the competitive advantage of the future. In the past, a moat might have meant first-to-market, a distribution network, intellectual property, brands, or scale, and while these hold true, we think in today's fast-moving world how fast a company can innovate, adapt, launch, and then scale new products is another critical competitive advantage. Baron investments like NVIDIA, **Tesla, Inc.**, SpaceX, Spotify, and **Shopify Inc.** embody this mindset.
- We are not resting on our laurels; we are investing forward. The theme of the conference 10 years ago was "question everything." That's a key part of our research DNA and what we're doing with AI. While I don't have the time to list everything, a few of the key issues that we are questioning and studying include: scaling laws for model training, post training, and reasoning; the adoption, penetration, impact, and value (cost savings or monetization) of AI workflows and use cases for consumers and businesses alike; whether we can generate and deliver enough energy to power the compute data centers; and how AI investments will be financed, including how that will be different for the Magnificent Seven players like Alphabet, **Amazon.com, Inc.**, **Microsoft Corporation**, and Tesla, who can fund their investments with internal cash flow versus the AI lab start-ups like OpenAI, xAI, and Anthropic, which need outside financing.
- In our view, the most important thing to study is not the race to Artificial General Intelligence or Artificial Super Intelligence but the utility and value of AI. We recently listened to a recent podcast with Andrei Karpathy, a prominent AI researcher and engineer, who worked at both OpenAI and Tesla, and who we have met in our work at Baron. One thing resonated with us (and we're paraphrasing): Let's focus on building useful things, not AI animals.
- AI is already delivering value and proving useful: AI software code development—near 100% adoption and productivity improvements of 30% to 50% or higher; AI has delivered significant cost savings in customer service; Tesla Robotaxis are driven by AI; **Axon Enterprise, Inc.** is using AI to prepare first drafts of police reports; **Heartflow, Inc.** is using AI to advance heart disease diagnostics and save lives; and this will be the first holiday season of AI commerce, where Shopify's Catalog product will enable consumers to compete purchases with Shopify merchants without leaving AI chatbots. The massive opportunity ahead of us is scientific discovery—such as AI acting as the Rosetta Stone to help humans decipher the genetic language of cancer and other diseases.
- Technology paradigm shifts have multiple phases. The internet started on the desktop, then mobile, then the cloud. AI's impact on the world will not be one S-curve, but a series of stacked S-curves. We have investments across different phases of AI and among many of these S-curves. While our most successful investments to date have been in the infrastructure layer of AI, we also have excellent investments across other layers of the AI stack, such as the application layer and physical AI.

Top contributors to performance for the quarter

	Contribution to Return (%)
Lumentum Holdings Inc.	2.46
Coherent Corp.	1.33
Taiwan Semiconductor Manufacturing Company Limited	0.58
Lam Research Corporation	0.44
Broadcom Inc.	0.32

Lumentum Holdings Inc. is a leading photonics innovator specializing in indium phosphide-based lasers and components for optical modules that power high-speed AI data center networks. Lumentum is capitalizing on the explosive growth in AI data center buildouts, with cloud and AI infrastructure now driving over 60% of its revenue amid surging demand for next-generation laser components. As the market leader in laser production, the company is leveraging its dominant position in a supply-constrained environment, with electro-absorption modulated laser demand already sold out through 2026. The company also plans to expand indium phosphide capacity by 40% in the coming quarters. Lumentum is also poised to spearhead key technological shifts over the next two years, including optical circuit switches for intra-data center connectivity and advancements in co-packaged optics via external laser source modules. We remain confident that Lumentum will continue to thrive as a core enabler of the secular shift toward deeper optical communication integration in AI ecosystems.

Coherent Corp. is a premier photonics leader delivering advanced optical solutions essential for AI-driven networks to the data center, communications, and industrial markets, with a portfolio spanning high-speed transceivers, lasers, and integrated components. The company's robust growth is fueled by surging AI infrastructure expansion and the deepening integration of optical communications across datacenter architectures, with its networking segment now accounting for over 60% of total revenue. As the largest major Western optical transceiver manufacturer enabling intra-data center server connectivity, Coherent holds a commanding competitive edge, bolstered by its end-to-end vertical integration—from advanced materials like indium phosphide and gallium arsenide to lasers, critical components, and full transceiver modules—that not only powers its own products but also supplies key elements to customers throughout the AI supply chain. Shares rose in the quarter based on several positive developments —strong forward demand indicators for 800 gigabits per second and 1.6 terabits per second transceivers yielding multi-year bookings, alleviating supply bottlenecks through its six-inch wafer production ramp (doubling internal capacity over the next year across facilities in Texas and Sweden), and heightened optimism around innovative advancements such as optical circuit switches (with shipments to seven customers and a projected $2 billion market opportunity) and co-packaged optics. We believe Coherent will persist as a top-tier beneficiary of optical communications' pivotal expansion in data centers and broader AI infrastructure.

Taiwan Semiconductor Manufacturing Company Limited (TSMC) contributed to performance during the quarter, as revenue growth exceeded expectations due to surging demand for AI chips. TSMC dominates the advanced semiconductor foundry market, controlling over 90% share of the cutting-edge sub-7 nanometer (nm) nodes that power AI servers, flagship smartphones, and autonomous vehicles. TSMC benefits from a virtuous cycle, where its massive scale and profitability generate the capital necessary for industry-leading R&D and capex, which in turn widen its technological moat and reinforce its pricing power. As the ultimate "picks and shovels" provider of the AI era, TSMC remains insulated from the competitive dynamics within the AI chip design ecosystem. Whether hyperscalers develop custom accelerators or deploy merchant graphics processing units from companies like NVIDIA and AMD, nearly all advanced AI accelerators are manufactured exclusively at TSMC's 3nm and 5nm nodes. Arizona serves as the cornerstone of TSMC's geographic diversification. Since commencing high-volume production at its first Arizona fab in late 2024, the company has accelerated construction of two additional fabs targeting advanced nodes. Crucially, early yields in Arizona are comparable to its Taiwan fabs, proving TSMC can replicate its manufacturing excellence internationally. We believe TSMC's scale and pricing power will offset higher manufacturing costs in Arizona and sustain robust margins. We project TSMC will deliver 15% to 20% earnings growth over the next five years, supported by secular AI-driven demand for leading-edge capacity.

Top detractors from performance for the quarter

	Contribution to Return (%)
Spotify Technology S.A.	(0.83)
Oracle Corporation	(0.71)
Zscaler, Inc.	(0.54)
Duolingo, Inc.	(0.42)
Eternal Limited	(0.34)

Spotify Technology S.A. is a leading global digital audio service, offering on-demand music, podcasts, and audiobooks streaming through paid premium subscriptions and an ad-supported model. In our view, Spotify's stock pulled back during the quarter for reasons completely unrelated to its durable competitive advantages, long-term opportunity, or robust fundamentals, namely: (i) a lack of near-term catalysts; and (ii) sympathy with Netflix, whose own stock fell in connection with the Warner Brothers escalating takeover battle between it and Paramount. These are temporary factors. More importantly, Spotify continues to demonstrate double-digit user growth and industry-leading engagement levels. The platform's pricing power is evident as customer retention held despite recent hikes in several markets. The company also continues on its path to structurally higher gross margins, aided by its high-margin artist-promotions marketplace, scaling its podcast offering, and product and network improvements in its advertising business. Finally, Spotify's product innovation cadence remains rapid, including AI personalization, video content, and a Super Premium tier in development. We still view Spotify as a long-term winner in entertainment streaming with potential to reach over 1 billion monthly active users. At Spotify's current price, we believe the risk/reward is quite attractive.

Oracle Corporation is a leading software applications and infrastructure company. As the company's core software application and database businesses have matured, founder Larry Ellison and his management team pivoted in an attempt to become the fourth cloud service provider "hyperscaler"[4] with the build-out of its Oracle Cloud Infrastructure (OCI) offering. In so doing, the profile of the company has morphed from an asset-light, highly profitable mature software business to one that can best be described as a growth-acceleration story, requiring significant capital investments to build out its data center footprint. When the company reported its August 2025 quarter, it stunned the market with its OCI backlog surging 359% year-over-year to $455 billion, among one of the largest backlog increases ever seen. A couple of months later, at its analyst day event in October, the company raised its long-term guidance both for revenue and earnings per share on the back of robust demand for AI compute. Frustrating investors, however, Oracle did not break out its backlog by customer, but analysts believe OpenAI is north of 80% of the total. After the October event, Oracle shares started to slide on concerns around the OpenAI concentration and financing needs for both OpenAI and Oracle itself. We decided to exit the Oracle position and book a short-term tax loss, spreading the capital across several of the investments listed above.

Zscaler, Inc. is a top cybersecurity company specializing in Secure Access Service Edge, a modern cloud-based approach that combines networking and security into one seamless service. Instead of relying on traditional data-center security, Zscaler moves protection to the "cloud edge," allowing users to securely access company apps from anywhere—whether at home, in the office, or on the go—while keeping connections fast and safe. For instance, a remote worker can log into corporate systems via a web browser, and Zscaler's platform automatically applies the company's security rules to ensure they're only accessing approved resources. Despite delivering strong financial results for its first fiscal quarter of 2026—beating expectations on revenue, earnings, and other key metrics—the stock price fell. This underperformance stemmed from two main investor concerns: (i) revenue breakdown: questions arose about how much of the

SECTOR

$21 million boost in its annual recurring revenue guidance (ARR) came from Zscaler's core operations versus its recent acquisition of Red Canary. Management did not provide a precise breakdown but emphasized steady organic growth at 22% and raised its full-year ARR growth guidance to 23%. (ii) Timing of new business: The updated outlook indicated that about 48% of this fiscal year's net-new ARR would come in the first half of the year. The math on this suggested lower fiscal second quarter growth than the market had projected, but we view the implied guidance on this metric as quite conservative. We believe these short-term concerns overlook Zscaler's long-term strengths, which position it as a key player in cybersecurity.

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 fourth quarter, the largest market cap holding in the Fund was $4.5 trillion and the smallest was $777 million. The median market cap of the Fund was $44.8 billion and the weighted average market cap was $1.5 trillion.

We had investments in 39 unique companies. Our top 10 positions accounted for 61.9% of net assets.

To end the quarter, the Fund had $149 million in net assets.

Flows were positive in the fourth quarter and for the year.

Top 10 holdings

	Quarter End Market Cap ($B)	Quarter End Investment Value ($M)	Percent of Net Assets (%)
NVIDIA Corporation	4,532.0	17.5	11.8
Broadcom Inc.	1,641.0	15.0	10.1
Amazon.com, Inc.	2,467.5	11.7	7.9
Taiwan Semiconductor Manufacturing Company Limited	1,576.1	11.0	7.4
Tesla, Inc.	1,495.7	8.4	5.6
Microsoft Corporation	3,594.4	7.4	4.9
Spotify Technology S.A.	121.1	6.3	4.2
Lumentum Holdings Inc.	26.1	5.1	3.4
Coherent Corp.	29.0	5.0	3.3
Lam Research Corporation	215.5	4.8	3.2

Fund investments in GICS industries

	Percent of Net Assets (%)
Semiconductors & Semiconductor Equipment	37.1
Software	19.6
Broadline Retail	7.9
Automobiles	5.6
Communications Equipment	4.6
Entertainment	4.2
Aerospace & Defense	3.8
Electronic Equipment Instruments & Components	3.3
It Services	3.0
Technology Hardware Storage & Peripherals	2.6
Interactive Media & Services	2.2
Health Care Providers & Services	1.5
Construction & Engineering	1.2
Hotels Restaurants & Leisure	1.2
Building Products	0.9
Health Care Technology	0.4
Cash and Cash Equivalents	0.9
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)
Broadcom Inc.	1,641.0	5.2
Amazon.com, Inc.	2,467.5	4.0
Meta Platforms, Inc.	1,664.1	3.5
Taiwan Semiconductor Manufacturing Company Limited	1,576.1	3.4
Axon Enterprise, Inc.	44.8	3.4

We added to our **Broadcom Inc.** Position during the quarter. Broadcom is a leading semiconductor and enterprise software company, generating approximately 60% of revenue from semiconductors and 40% from software. The company remains strategically positioned at the intersection of high-performance AI compute and networking infrastructure, while also demonstrating disciplined execution in software. Broadcom continues to extend its leadership in networking silicon, from the cloud era into the AI era, and has established itself as the most reliable silicon partner for AI foundational model builders designing custom accelerator chips to train and inference frontier models. While Broadcom continues to execute with its key custom chip customer, Google, it is also ramping volume production with two additional customers (likely Meta and ByteDance), and has secured a fourth customer with orders worth $10 billion this year, and announced a 10 gigawatt deal with a notable fifth customer, OpenAI. Beyond AI, Broadcom is advancing VMware integration, while its non-AI semiconductor businesses appear to be bottoming and may gradually recover in the coming quarters.

While 2025 was a difficult year for **Amazon.com, Inc.**, we believe that 2026 is poised to be better. We believe that Amazon Web Services (AWS) growth should accelerate to the mid-20s, based on contracts with Anthropic and other large enterprise customers. The company is also rolling out its new Tranium 3 chipset on AWS and has improved access to NVIDIA's chip supply than it did in 2025. We also believe Amazon's advertising business continues to drive greater incremental profitability for the company, and the rollout of robotics in their warehouses should help the company reduce fulfillment costs. In our view, the combination of faster AWS growth, and better profitability in the core retail segment, positions Amazon as an attractive investment.

We initiated a position in **Meta Platforms, Inc.** based on the belief that the narrative around the company will improve throughout 2026 and beyond. Even though Meta has delivered solid topline growth, beating Street expectations consistently, investor sentiment turned negative with the perception that Meta has fallen behind the other frontier AI model companies and is not earning sufficient returns on its large operating and capital investments. Trading at the lowest earnings multiple of the Magnificent Seven, we believe the risk/reward on Meta is attractive, and that investor sentiment will turn as the company is poised to launch two new large language models in the first half of 2026.

Top net sales for the quarter

	Quarter End Market Cap or Market Cap When Sold ($B)	Net Amount Sold ($M)
Eternal Limited	31.4	2.6
Duolingo, Inc.	11.9	2.3
The Trade Desk	23.3	2.0
HPSP Co., Ltd.	1.7	1.1
Gartner, Inc.	18.5	1.1

We decided to exit our long-term investment in **The Trade Desk**, predominantly due to mounting competitive pressures from Amazon's aggressive ad-tech push. While we do not believe Amazon has yet captured meaningful market share, our industry checks suggested that more agencies and media buyers are inclined to try and expand budgets with Amazon in 2026, which is leveraging exclusive Prime Video and Netflix inventory and offering significantly lower take rates. This situation was further exacerbated by substantial executive turnover. Given these challenges, combined with less consistency in recent results, we found the risk/reward balance to be unfavorable and chose to sell our position. Given the company's and CEO Jeff Green's prior track record, we continue to research and analyze the company and reserve the right to revisit an investment in The Trade Desk.

We decided to sell our position in **Duolingo, Inc.** this quarter before the company reported third quarter earnings. Our thesis in Duolingo was that given how large the opportunity was for global language learning, the company could continue to grow users at rates well north of 25% for years to come. We had previously considered decelerating user metrics to be a temporary result of a brief reduction in marketing spend following social media backlash related to the company's AI posts. However, early in the quarter, our research indicated that the user slowdown continued unabated. In its earnings report, management signaled growth concerns by acknowledging the trend through October and choosing to delay monetization levers, resulting in a meaningful deceleration in bookings growth. We believe this decision would not have been necessary if organic growth had remained more robust. Shares of Duolingo are down meaningfully since the report and our sale.

We exited out of our position in **Gartner, Inc.** to reallocate to higher conviction ideas, including our investments in optics-related names.

Finally, in preparation for a conversion to an actively managed ETF, we sold shares of **Eternal Limited** (India) and **HPSP Co., Ltd.** (Korea), as the Fund needed to re-apply for approval to trade in those geographies under the new structure.

Looking Ahead

Looking ahead, while 2025 was a disappointing year for us, we continue to uncover compelling long-term investments that meet our criteria. 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
Portfolio Manager

Ashim Mehra
Portfolio Manager

SECTOR

[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.
[4] The three widely recognized hyperscalers are Amazon Web Services, Microsoft Azure, and Google Cloud Compute.
* As of December 31, 2025, the annualized returns of the Invesco QQQ Trust were 20.77%, 32.91%, and 12.20% for the 1-year, 3-year, and since Fund inception (12/31/2021) 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.

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.

For information pertaining to competitor funds, please refer to that firm's website.

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.

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

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.

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. **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.

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.

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 CAPITAL

QUARTERLY LETTER | DECEMBER 31, 2025

Baron WealthBuilder Fund®

Retail Shares: BWBFX | Institutional Shares: BWBIX | TA Shares: BWBTX

Ron Baron
CEO
Portfolio Manager

Michael Baron
Co-President
Portfolio Manager

Dear Baron WealthBuilder Fund Shareholder,

Performance

Baron WealthBuilder Fund® (the Fund) is an allocation strategy that invests exclusively in Baron Funds. Its investments span market caps, sectors, and geographies to provide growth equity diversification.

The Fund closed out a challenging year on a high note, appreciating 4.95% (Institutional Shares) during the fourth quarter. This result surpassed its primary benchmark, the S&P 500 Index (the Index), as well as the globally oriented MSCI ACWI Index (the Global Index), which were up 2.66% and 3.29%, respectively. The Fund also outperformed peers in the Morningstar Aggressive Allocation Category (the Peer Group), which were up 2.02%.*

Solid absolute and relative performance in the fourth quarter was largely driven by a handful of underlying funds with material positions in private rocket, satellite, and spacecraft manufacturer **Space Exploration Technologies Corp.** (SpaceX). These include the high-conviction, non-diversified Baron Partners and Focused Growth Funds, as well as Baron Asset, Global Opportunity, and Opportunity Funds, which offer exposure to the U.S. mid-cap, global, and domestic all-cap equity asset classes, respectively. Strong stock selection, attributable to SpaceX, private AI company **X.AI Holdings Corp.** (xAI), and a dozen other holdings, helped overcome headwinds from being overexposed to small- and mid-cap growth stocks during a quarter when large caps continued to dominate market returns. The Fund's absolute and relative performance was held back by its sizable positions in the Baron Growth and Baron Small Cap Funds, which are heavily invested in small- and mid-cap growth stocks.

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

	Fund Retail Shares[1,2]	Fund Institutional Shares[1,2]	Fund TA Shares[1,2]	S&P 500 Index[1]	MSCI ACWI Index[1]
QTD[3]	4.84	4.95	4.96	2.66	3.29
1 Year	9.88	10.20	10.21	17.88	22.34
3 Years	17.73	18.05	18.03	23.01	20.65
5 Years	5.02	5.29	5.28	14.42	11.19
Since Inception (12/29/2017)	12.91	13.18	13.18	14.33	10.77

For the year, the Fund rose 10.20%, trailing the Index and Global Index, which were up 17.88% and 22.34%, respectively. Performance also fell short of the Peer Group, which appreciated 13.03%.*

As of December 31, 2025, the Morningstar Aggressive Allocation Category consisted of 88, 88, 87, and 86 share classes for the 1-, 3-, 5-year, and since inception (12/29/2017) time periods. Morningstar ranked Baron WealthBuilder Fund Institutional Share Class in the 81st, 13th, 94th, and 1st percentiles, respectively.
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

Performance listed in the above table is net of annual operating expenses. The gross annual expense ratio for the Retail Shares, Institutional Shares, and TA Shares as of April 30, 2025 was 1.46%, 1.21%, and 1.21%, respectively, but the net annual expense ratio was 1.43%, 1.18%, and 1.18% (includes acquired fund fees of 1.13%, net of 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. BAMCO, Inc. ('BAMCO" or the "Adviser") has agreed that, pursuant to a contract expiring on August 29, 2036, unless renewed for another 11-year term, it will waive and/or reimburse certain expenses of the Fund, limiting net annual operating expenses (portfolio transaction costs, interest and dividend expense, acquired fund fees and expenses, fees and expenses related to filing foreign tax reclaims, and extraordinary expenses are not subject to the operating expense limitation) to 0.30% of average daily nest assets of Retail Shares, 0.05% of average daily net assets of Institutional Shares and 0.05% of average daily net assets of TA Shares, 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.

Baron Funds Performance: Institutional share class data

Percent of Net Assets of Fund (%)		Return for Fourth Quarter of 2025* (%)	Annualized Return 12/29/2017 to 12/31/2025 (%)	Primary Benchmark	Return for Fourth Quarter of 2025* (%)	Annualized Return 12/29/2017 to 12/31/2025 (%)
28.6	**Small Cap**					
4.6	Baron Discovery Fund	0.19	10.87	Russell 2000 Growth Index	1.22	7.88
12.3	Baron Growth Fund	(2.69)	7.31			
11.7	Baron Small Cap Fund	(1.56)	9.19			
9.5	**Small/Mid Cap**					
7.5	Baron Focused Growth Fund	12.34	23.03	Russell 2500 Growth Index	0.33	9.03
2.0	Baron SMID Cap ETF	(1.51)*†	(1.51)*†	Russell 2500 Growth Index	(1.63)*†	(1.63)*†
9.6	**Mid Cap**					
9.6	Baron Asset Fund	7.89	10.32	Russell Midcap Growth Index	(3.70)	11.64
8.2	**Large Cap**					
4.0	Baron Durable Advantage Fund	2.65	15.97†	S&P 500 Index	2.66	14.18†
4.2	Baron Fifth Avenue Growth Fund	3.32	14.23	Russell 1000 Growth Index	1.12	18.14
19.2	**All Cap**					
4.2	Baron Opportunity Fund	4.63	21.22	Russell 3000 Growth Index	1.14	17.49
15.0	Baron Partners Fund	19.07	26.21	Russell Midcap Growh Index	(3.70)	11.64
10.4	**Non-U.S./Global**					
2.9	Baron Emerging Markets Fund	(1.26)	3.59	MSCI Emerging Markets Index	4.73	4.93
4.4	Baron Global Opportunity Fund	6.52	11.46†	MSCI ACWI Index	3.29	10.40†
3.1	Baron International Growth Fund	(2.96)	5.33	MSCI ACWI ex USA Index	5.05	6.76
14.4	**Sector**					
2.3	Baron Financials ETF	(2.22)	10.35†	MSCI USA Financials Index	2.07	14.61†
2.9	Baron Health Care Fund	13.10	10.41†	Russell 3000 Health Care Index	11.92	8.78†
5.9	Baron Real Estate Fund	(1.32)	9.97	MSCI USA IMI Extended Real Estate Index	(3.45)	7.87
2.3	Baron Real Estate Income Fund	(0.40)	3.70†	MSCI US REIT Index	(1.99)	2.62†
1.0	Baron Technology ETF	(1.12)*†	(1.12)*†	MSCI ACWI Information Technology Index	(0.86)*†	(0.86)*†

* *Not annualized.*

† *Performance is calculated from the time the Fund was added to Baron WealthBuilder Fund: Baron SMID Cap ETF - 12/29/2025; Baron Durable Advantage Fund - 3/13/2018; Baron Global Opportunity Fund - 1/9/2018; Baron Financials ETF - 2/27/2020; Baron Health Care Fund - 10/18/2018; Baron Real Estate Income Fund - 5/17/2021; and Baron Technology ETF - 12/29/2025.*

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

Despite experiencing intermittent bouts of underperformance, with calendar year 2025 being a prime example, the Fund's long-term track record remains solid. The Fund's annualized return of 13.18% since inception is modestly below the Index (+14.33%) and ahead of the Global Index (+10.77%) and the Peer Group (+8.11%). As a result, the Fund ranked in the top percentile of its Peer Group since inception.

The recent year should not be viewed in isolation and should remind investors how the Fund has performed over the course of a full cycle. Results in 2025 follow a period of a surprise and drastic change in the U.S. political landscape. The business and investor euphoria experienced because of the Presidential election at the end of 2024 was met with the realities of policies enacted (and in some cases, enacted, paused, and/or withdrawn) at the start of 2025. Investors had believed that President Trump would usher in a pro-business era of less regulatory burdens, falling interest rates, and lower taxes. However, these same investors remain concerned about tariffs hindering international trade, inflation harming discretionary spending, and federal spending cuts, and the ongoing government shutdown impacting economic growth. It has been a whipsaw of forecasts.

We did not attempt to predict the 2024 election outcome, nor investor reaction to it. And we likewise are not attempting to predict current policy. We believe that our investments should achieve their goals regardless of political outcomes. Reduced regulatory burdens should enable our disruptive growth businesses to meet their objectives more quickly. And we find that more challenging economic environments tend to favor our core growth quality, competitively-advantaged businesses, which are well represented in the Fund. These businesses should face less competition from new entrants in such economies. And the executive teams should position their business to thrive. A transitional period is often volatile, and that has once again been the case.

Against this backdrop, the Fund's annual performance was bolstered by underlying funds (Baron Partners, Focused Growth, Global Opportunity, and Opportunity Funds) with exposure to SpaceX and in some cases, xAI. SpaceX'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.

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

The Fund also benefited from exposure to Baron Emerging Markets and International Growth Funds given the outperformance of international and emerging market (EM) equities during the year. International and EM equities significantly outperformed their U.S. and global counterparts for first time in several years. The year was marked by a largely unexpected U.S. withdrawal from the decades-long multilateral security and trade equilibrium, which triggered a variety of defensive policy responses around the world. When the U.S. subsequently negotiated new bilateral trade agreements, or relented, and materially diluted tariff and other protectionist measures, the monetary, fiscal and reform stimulus already in the pipeline led to solid global economic growth, ultimately resulting in a much more constructive backdrop for EM and international equities.

Although the Fund had many more gainers than losers during the year, resulting in above-average annual performance of 10.20%, it failed to keep pace with the Index because of exposure to lagging small- and mid-cap growth stocks. Smaller-cap growth stocks trailed large caps for a fifth straight year. Given this backdrop, the Fund underperformed largely due to its elevated small- and mid-cap exposure via positions in Baron Growth, Small Cap, Discovery, and Asset Funds, which together accounted for approximately 40% of the Fund's average assets. Investments in Baron Real Estate, Real Estate Income, and Health Care Funds that are heavily invested in certain sectors that were out of favor during the year (Real Estate, REITs, and Health Care) and lower exposure to the prime beneficiaries of AI (semiconductors) also proved costly.

Fund of Funds Structure and Investment Strategy

The Fund is a compilation of our Baron Funds and provides broad equity exposure. All underlying Baron Funds follow a consistent investment philosophy and process. We do not try to mimic the indexes, and we do not alter our strategy to coincide with short-term macro events that we regard as unpredictable. We remain focused on underlying business fundamentals.

We believe small- and mid-cap growth stocks offer attractive return potential relative to their risk over the long term. Small- and mid-cap businesses represent 59.3% of the Fund (compared to only 19.2% for the Index). While our small- and mid-cap growth investments have been successful over our Firm's 43-year history, these styles are occasionally out of favor. The past few years have been one of these environments. Large-cap growth companies outperformed small-cap growth companies this year and in many instances over the last decade. Since the Fund's inception almost eight years ago, the one-year rolling monthly returns of the Russell 1000 Growth Index have outperformed the Russell 2000 Growth Index 81% of the time including seven out of the past eight calendar years.

Rather than only examining the Fund's performance over a quarter or a year, we believe it is equally important to understand how the Fund has performed over the course of an economic cycle. The COVID-19 Pandemic and subsequent Macro-Induced Market Rotation has been very difficult for small- and mid-sized growth companies. Investors have favored larger-cap, value-oriented businesses that are deemed safer during a time of uncertainty. We believe this offers a great opportunity for long-term investors to invest in small- and mid-cap growth businesses at attractive prices. Markets first peaked in late February 2020 before rapidly dropping as the economy braced for the COVID-19 Pandemic. It recovered quickly, followed by another sizable drop based on macroeconomic factors. Over the three years of the COVID-19 Pandemic ended December 31, 2022, the Russell 2000 Growth Index, a small-cap growth index, gained only 1.96% on a cumulative basis. The Russell Midcap Growth Index fared better with a cumulative three-year return of 12.00%. With that backdrop, the Fund performed better and appreciated 28.11%. We believe protecting and growing clients' assets during this challenging period positions long-term investors well for meaningful appreciation once the macro landscape changes. The table below provides a more complete look at how the Fund and various indexes performed during the pandemic and its aftermath.

Since the end of the COVID-19 Pandemic, volatility has remained high and new challenges have emerged. Global conflict has increased, geopolitics remains uncertain, and a global trade war is threatened. Given our weightings, the Fund's performance has trailed the large-cap Index since the start of this cycle. However, the Fund's return has continued to exceed the small-cap growth index.

Cumulative performance throughout the pandemic and its aftermath (%)

	Pre-COVID	COVID Panic	COVID New Normal	Macro-Induced Market Rotation	COVID Pandemic Cycle	Conclusion of COVID Pandemic Cycle to Present
	12/31/2019 to 2/19/2020	2/19/2020 to 3/23/2020	3/23/2020 to 11/18/2021	11/18/2021 to 12/31/2022	12/31/2019 to 12/31/2022	12/31/2022 to 12/31/2025
Baron WealthBuilder Fund (Institutional Shares)	13.84	(38.48)	179.85	(34.64)	28.11	64.51
S&P 500 Index	5.08	(33.79)	115.86	(16.91)	24.79	86.11
MSCI ACWI Index	2.74	(33.64)	102.32	(18.44)	12.50	75.64
Russell 2000 Growth Index	5.09	(38.46)	129.58	(31.34)	1.96	54.42
Russell Midcap Growth Index	6.97	(35.71)	134.05	(30.42)	12.00	66.99

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.

Performance characteristics since inception

	Baron WealthBuilder Fund (Institutional Shares)	S&P 500 Index	Morningstar Aggressive Allocation Category
Alpha (%) - Annualized	(2.73)	0.00	(4.44)
Beta	1.18	1.00	0.91
Sharpe Ratio	0.49	0.71	0.35
Standard Deviation (%) - Annualized	21.35	16.49	15.50
Upside Capture (%)	106.99	100.00	81.05
Downside Capture (%)	117.56	100.00	99.31

Source: FactSet SPAR.
Except for Standard Deviation and Sharpe Ratio, the performance based characteristics above were calculated relative to the S&P 500 Index.

Sector exposures

	Percent of Total Investments (%)	S&P 500 Index Weight (%)	MSCI ACWI Index Weight (%)
Consumer Discretionary	20.3	10.4	10.2
Financials	20.1	13.4	17.6
Information Technology	19.0	34.4	27.2
Industrials	16.8	8.2	10.6
Health Care	9.8	9.6	9.0
Real Estate	7.0	1.8	1.8
Communication Services	5.2	10.6	8.8
Materials	1.1	1.8	3.7
Consumer Staples	0.4	4.7	5.1
Energy	0.1	2.8	3.4
Unclassified	0.0*	—	—
Utilities	0.0*	2.2	2.5

** Represents less than 0.1%.*

Fund of fund holdings

	Percent of Net Assets (%)
Baron Partners Fund	15.0
Baron Growth Fund	12.3
Baron Small Cap Fund	11.7
Baron Asset Fund	9.6
Baron Focused Growth Fund	7.5
Baron Real Estate Fund	5.9
Baron Discovery Fund	4.6
Baron Global Opportunity Fund	4.4
Baron Fifth Avenue Growth Fund	4.2
Baron Opportunity Fund	4.2
Baron Durable Advantage Fund	4.0
Baron International Growth Fund	3.1
Baron Health Care Fund	2.9
Baron Emerging Markets Fund	2.9
Baron Financials ETF	2.3
Baron Real Estate Income Fund	2.3
Baron SMID Cap ETF	2.0
Baron Technology ETF	1.0

Thank you for joining us as fellow shareholders in Baron WealthBuilder 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.

Respectfully,

Ronald Baron
CEO
Portfolio Manager

Michael Baron
Co-President
Portfolio Manager

[1] The **S&P 500 Index** measures the performance of 500 widely held large cap U.S. companies. The **MSCI ACWI Index Net (USD)** is an unmanaged, free float-adjusted market capitalization weighted index reflected in U.S. dollars that 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 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.

* As of December 31, 2025, the annualized returns of the Morningstar Aggressive Allocation Category Average were 13.03%, 14.61%, 8.33%, and 8.11% 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.

For information pertaining to competitor funds, please refer to that firm's website.

Risks: The Fund is a non-diversified fund because it invests, at any given time, in the securities of a select number of Baron mutual funds (the "Underlying Funds"), representing specific investment strategies. The Fund can invest in funds holding U.S. and international stocks; small-cap, small to mid-cap, large-cap, all-cap stocks; and specialty stocks. Each of the Underlying Funds has its own investment risks, and those risks can affect the value of the Fund's investments and therefore the value of the Fund's shares. To the extent that the Fund invests more of its assets in one Underlying Fund than in another, it will have greater exposure to the risks of that Underlying Fund. For further information regarding the investment risks of the Underlying Funds, please refer to the Underlying Funds' prospectus.

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

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)

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.	800,000^	12.5
X.AI Holdings Corp.	230,000^	6.7
The Charles Schwab Corporation	182,619	2.5
Amphenol Corporation	165,419	5.3
Welltower Inc.	127,389	1.1
Spotify Technology S.A.	121,070	1.4
Equinix, Inc.	75,226	0.9
Hilton Worldwide Holdings Inc.	66,767	0.2
Quanta Services, Inc.	62,936	2.8
Vertiv Holdings Co	61,943	1.2
IDEXX Laboratories, Inc.	54,022	5.4
Roper Technologies, Inc.	47,913	2.2
CBRE Group, Inc.	47,850	2.1
Axon Enterprise, Inc.	44,816	0.9
MSCI Inc.	43,110	0.8
Fair Isaac Corporation	40,083	2.6
Veeva Systems Inc.	36,695	1.4
Arch Capital Group Ltd.	34,783	3.9
Willis Towers Watson Public Limited Company	31,463	0.6
Verisk Analytics, Inc.	31,176	3.6
Rollins, Inc.	29,087	1.7
LPL Financial Holdings Inc.	28,587	0.5
CoStar Group, Inc.	28,498	3.5
Mettler-Toledo International Inc.	28,481	3.4
Tradeweb Markets Inc.	23,496	0.9
VeriSign, Inc.	22,522	0.1
SS&C Technologies Holdings, Inc.	21,333	0.9
Samsara Inc.	20,455	0.8

Company	Equity Market Cap ($M)	Percent of Net Assets (%)
West Pharmaceutical Services, Inc.	19,795	0.8
Gartner, Inc.	18,184	3.8
CDW Corporation	17,732	0.7
DraftKings Inc.	17,153	0.9
Guidewire Software, Inc.	17,090	4.6
TransUnion	16,653	1.6
The Cooper Companies, Inc.	16,062	1.3
On Holding AG	15,346	1.4
Hyatt Hotels Corporation	15,225	2.1
IDEX Corporation	13,319	0.2
SailPoint, Inc.	11,362	0.3
Procore Technologies, Inc.	11,309	1.0
FactSet Research Systems Inc.	10,859	1.2
Booz Allen Hamilton Holding Corporation	10,233	0.7
ServiceTitan, Inc.	9,973	0.7
Repligen Corporation	9,224	0.6
Bio-Techne Corporation	9,163	0.9
Morningstar, Inc.	8,938	0.8
Birkenstock Holding plc	7,522	0.6
Floor & Decor Holdings, Inc.	6,561	0.6
Loar Holdings Inc.	6,366	1.0
Vail Resorts, Inc.	4,751	1.2
StubHub Holdings, Inc.	4,675	0.6
Choice Hotels International, Inc.	4,408	1.0
Skyryse, Inc.	999^	0.2
Total		**99.1%***

* *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.	54,022	5.2
MSCI Inc.	43,110	17.3
Arch Capital Group Ltd.	34,783	17.5
CoStar Group, Inc.	28,498	7.7
Gartner, Inc.	18,184	7.8
Guidewire Software, Inc.	17,090	3.9
Houlihan Lokey, Inc.	12,207	2.0
FactSet Research Systems Inc.	10,859	5.4
Kinsale Capital Group, Inc.	9,099	9.1
Morningstar, Inc.	8,938	4.3
Primerica, Inc.	8,246	5.6
Clearwater Analytics Holdings, Inc.	7,059	0.2
Red Rock Resorts, Inc.	6,564	3.7
Moelis & Company	5,395	0.6
Vail Resorts, Inc.	4,751	3.4
Choice Hotels International, Inc.	4,408	7.3
FIGS, Inc.	1,869	3.6
Farmers Business Network, Inc.	500^	0.0**
Northvolt AB	0	0.0
Total		**104.6%***

* *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 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 (%)
TransDigm Group Incorporated	74,895	2.7
Vertiv Holdings Co	61,943	5.6
Waste Connections, Inc.	44,845	1.0
Mettler-Toledo International Inc.	28,481	0.4
DexCom, Inc.	25,885	0.5
Liberty Media Corporation - Liberty Formula One	24,388	2.6
The Trade Desk	18,357	0.5
Gartner, Inc.	18,184	3.1
DraftKings Inc.	17,153	0.9
Guidewire Software, Inc.	17,090	4.3
RBC Bearings Incorporated	14,176	2.9
ICON plc	13,914	2.7
Kratos Defense & Security Solutions, Inc.	12,817	1.8
Houlihan Lokey, Inc.	12,207	2.5
Karman Holdings Inc.	9,682	1.8
Kinsale Capital Group, Inc.	9,099	4.8
Planet Fitness, Inc.	9,038	3.6
JBT Marel Corporation	7,831	3.0
HealthEquity, Inc.	7,827	2.0
Liberty Live Holdings, Inc.	7,661	1.6
JFrog Ltd.	7,390	1.3
Clearwater Analytics Holdings, Inc.	7,059	2.3
Installed Building Products, Inc.	7,036	2.4
Red Rock Resorts, Inc.	6,564	5.4
Floor & Decor Holdings, Inc.	6,561	0.8
Madison Square Garden Sports Corp.	6,223	1.5
Cognex Corporation	6,030	2.0
Mirion Technologies, Inc.	5,944	0.4
Bright Horizons Family Solutions, Inc.	5,735	2.3
SiteOne Landscape Supply, Inc.	5,548	3.6

Company	Equity Market Cap ($M)	Percent of Net Assets (%)
RadNet, Inc.	5,504	1.5
Legence Corp.	4,534	1.6
Enpro Inc.	4,511	1.2
Novanta Inc.	4,257	1.5
Neptune Insurance Holdings Inc.	4,025	0.6
Intapp, Inc.	3,754	2.2
Hinge Health, Inc.	3,657	0.8
Accelerant Holdings	3,627	0.6
Exponent, Inc.	3,465	0.6
nCino Inc.	2,941	1.2
Andersen Group Inc.	2,877	0.4
Avient Corporation	2,861	0.9
The Baldwin Insurance Group, Inc.	2,858	2.1
Inspire Medical Systems, Inc.	2,680	0.4
First Advantage Corporation	2,530	1.6
The Cheesecake Factory Incorporated	2,516	1.8
Driven Brands Holdings Inc.	2,437	2.1
ODDITY Tech Ltd.	2,243	1.3
GCM Grosvenor Inc.	2,198	0.7
ASGN Incorporated	2,057	1.7
Neogen Corp.	1,519	1.1
PAR Technology Corporation	1,473	1.0
indie Semiconductor, Inc.	777	0.6
Grid Dynamics Holdings, Inc.	766	0.8
Holley Inc.	498	0.4
Repay Holdings Corporation	333	0.2
Total		**98.8%***

* *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	4,531,950	12.8
Microsoft Corporation	3,594,447	6.8
Amazon.com, Inc.	2,467,516	6.2
Meta Platforms, Inc.	1,664,132	4.0
Broadcom Inc.	1,640,955	6.4
Taiwan Semiconductor Manufacturing Company Limited	1,576,127	2.1
Tesla, Inc.	1,495,687	6.0
Eli Lilly and Company	1,015,985	3.5
Space Exploration Technologies Corp.	800,000^	8.8
Visa Inc.	686,219	1.9
Mastercard Incorporated	512,648	1.8
X.AI Holdings Corp.	230,000^	2.8
Shopify Inc.	209,882	1.6
Intuitive Surgical, Inc.	200,772	1.3
Arista Networks, Inc.	165,004	0.4
ServiceNow, Inc.	158,921	1.0
Spotify Technology S.A.	121,070	4.3
Synopsys, Inc.	89,866	0.5
Snowflake Inc.	75,065	1.5
Cloudflare, Inc.	69,172	1.2
Quanta Services, Inc.	62,936	0.6
argenx SE	51,776	2.2
Datadog, Inc.	47,721	0.9
Axon Enterprise, Inc.	44,816	1.0

Company	Equity Market Cap ($M)	Percent of Net Assets (%)
Monolithic Power Systems, Inc.	43,421	1.0
Atlassian Corporation	42,661	1.3
Zscaler, Inc.	35,868	1.0
LPL Financial Holdings Inc.	28,587	1.0
CoStar Group, Inc.	28,498	1.7
Samsara Inc.	20,455	1.5
Gartner, Inc.	18,184	1.5
DraftKings Inc.	17,153	1.1
Guidewire Software, Inc.	17,090	1.3
On Holding AG	15,346	1.0
Nova Ltd.	9,615	1.0
GDS Holdings Limited	6,993	1.2
Netskope, Inc.	6,898	0.2
Arcellx, Inc.	3,770	0.9
BillionToOne, Inc.	3,746	0.2
Hinge Health, Inc.	3,657	0.9
Heartflow, Inc.	2,482	0.8
Via Transportation, Inc.	2,350	0.2
ODDITY Tech Ltd.	2,243	0.3
indie Semiconductor, Inc.	777	1.0
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.	1,495,687	26.7
Space Exploration Technologies Corp.	800,000^	28.6
X.AI Holdings Corp.	230,000^	1.4
The Charles Schwab Corporation	182,619	4.0
Spotify Technology S.A.	121,070	1.2
IDEXX Laboratories, Inc.	54,022	3.9
MSCI Inc.	43,110	4.2
HEICO Corporation	39,062	0.6
Arch Capital Group Ltd.	34,783	5.4
CoStar Group, Inc.	28,498	4.2
Figma, Inc.	18,520	0.2
Gartner, Inc.	18,184	2.9
Guidewire Software, Inc.	17,090	1.6
Hyatt Hotels Corporation	15,225	4.9
Gaming and Leisure Properties, Inc.	12,648	0.7
FactSet Research Systems Inc.	10,859	3.5
Birkenstock Holding plc	7,522	1.0
Red Rock Resorts, Inc.	6,564	1.1
Vail Resorts, Inc.	4,751	1.9
StubHub Holdings, Inc.	4,675	0.1
Choice Hotels International, Inc.	4,408	1.8
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	4,531,950	12.3
Alphabet Inc.	3,781,633	6.1
Amazon.com, Inc.	2,467,516	8.3
Meta Platforms, Inc.	1,664,132	7.4
Broadcom Inc.	1,640,955	2.4
Taiwan Semiconductor Manufacturing Company Limited	1,576,127	5.4
Tesla, Inc.	1,495,687	4.2
Eli Lilly and Company	1,015,985	1.0
Space Exploration Technologies Corp.	800,000^	2.9
ASML Holding N.V.	420,298	2.1
X.AI Holdings Corp.	230,000^	2.8
Shopify Inc.	209,882	5.4
Intuitive Surgical, Inc.	200,772	3.1
ServiceNow, Inc.	158,921	1.6
CrowdStrike Holdings, Inc.	118,174	2.2
KKR & Co. Inc.	113,630	3.6
MercadoLibre, Inc.	102,117	3.6
Snowflake Inc.	75,065	3.1
Cloudflare, Inc.	69,172	3.4
argenx SE	51,776	3.4
Adyen N.V.	50,343	0.2
Datadog, Inc.	47,721	2.9
Monolithic Power Systems, Inc.	43,421	2.0
Coupang, Inc.	43,091	2.0
Atlassian Corporation	42,661	1.3
Block, Inc.	39,553	1.5
Samsara Inc.	20,455	3.5
Illumina, Inc.	20,041	1.5
Figma, Inc.	18,520	0.2
Grail, Inc.	3,337	0.0**
Total		**99.4%***

* *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.	1,495,687	8.1
Space Exploration Technologies Corp.	800,000^	19.2
X.AI Holdings Corp.	230,000^	3.7
Shopify Inc.	209,882	3.2
Spotify Technology S.A.	121,070	4.5
Interactive Brokers Group, Inc.	109,323	4.1
Airbnb, Inc.	83,542	1.5
IDEXX Laboratories, Inc.	54,022	4.7
Las Vegas Sands Corporation	44,010	1.7
MSCI Inc.	43,110	4.3
Arch Capital Group Ltd.	34,783	2.5
Live Nation Entertainment, Inc.	33,451	1.1
Verisk Analytics, Inc.	31,176	2.3
CoStar Group, Inc.	28,498	2.7
Samsara Inc.	20,455	1.5
Figma, Inc.	18,520	0.2
Guidewire Software, Inc.	17,090	3.4
On Holding AG	15,346	4.3
Hyatt Hotels Corporation	15,225	3.7
Toll Brothers, Inc.	12,846	1.1
Jefferies Financial Group Inc.	12,783	1.0
FactSet Research Systems Inc.	10,859	2.8
Neuralink Corp.	9,652^	0.1
Birkenstock Holding plc	7,522	3.4
Red Rock Resorts, Inc.	6,564	3.7
Vail Resorts, Inc.	4,751	3.3
Choice Hotels International, Inc.	4,408	2.5
FIGS, Inc.	1,869	2.8
Total		**97.3%***

* *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	1,576,127	4.4
Tencent Holdings Limited	698,956	1.5
Samsung Electronics Co., Ltd.	494,759	0.8
LVMH Moet Hennessy Louis Vuitton SE	375,281	0.6
Alibaba Group Holding Limited	349,757	1.2
SK hynix Inc.	329,497	0.6
AstraZeneca PLC	285,117	2.1
Nestle S.A.	256,123	1.3
Contemporary Amperex Technology Co., Limited	241,771	1.0
Reliance Industries Limited	236,451	1.0
Novo Nordisk A/S	227,179	0.4
Industria de Diseno Textil, S.A.	206,356	1.0
Linde plc	198,651	1.8
Mitsubishi UFJ Financial Group, Inc.	188,222	2.1
Airbus SE	184,729	1.7
Prosus N.V.	148,155	0.8
EssilorLuxottica SA	146,904	0.8
TotalEnergies SE	144,155	1.7
Bharti Airtel Limited	140,964	1.3
Compagnie Financiere Richemont SA	128,444	0.6
Sumitomo Mitsui Financial Group, Inc.	124,139	2.2
BYD Company Limited	121,117	0.5
BNP Paribas S.A.	106,033	2.7
Tokyo Electron Limited	104,797	1.9
Recruit Holdings Co., Ltd.	88,330	0.3
Keyence Corporation	88,004	1.5
Agnico Eagle Mines Limited	85,086	0.8
Deutsche Bank AG	73,672	2.4
BAE Systems plc	69,336	1.1
argenx SE	51,776	3.4
Constellation Software Inc.	51,105	1.6
Universal Music Group N.V.	47,917	1.6
Coupang, Inc.	43,091	0.6
Experian plc	41,594	1.8
Agilent Technologies, Inc.	38,576	1.6
HD Hyundai Heavy Industries Co., Ltd.	37,451	0.8
Kuaishou Technology	35,545	0.6
Arch Capital Group Ltd.	34,783	2.1
Sberbank of Russia PJSC	34,657†	0.0**
Mitsui Fudosan Co., Ltd.	31,625	0.7
Eternal Limited	29,854	0.6
Tencent Music Entertainment Group	27,152	0.5
Epiroc AB	26,689	1.6
Nomura Holdings, Inc.	26,276	1.8
Credicorp Ltd.	22,798	1.7
CyberArk Software Ltd.	22,516	1.1
InterGlobe Aviation Limited	21,762	0.8
Pernod Ricard SA	21,672	0.2

Company	Equity Market Cap ($M)	Percent of Net Assets (%)
Ajinomoto Co., Inc.	21,129	1.6
Jio Financial Services Limited	20,849	0.4
HD Korea Shipbuilding & Offshore Engineering Co., Ltd.	20,020	1.6
Sociedad Quimica y Minera de Chile S.A.	19,424	0.6
Lundin Mining Corporation	18,362	2.7
Bank of Ireland Group plc	18,333	2.5
Trent Limited	16,924	0.5
Euronext N.V.	15,598	1.0
WiseTech Global Limited	15,352	0.7
On Holding AG	15,346	0.8
Eurofins Scientific SE	13,359	1.5
Symrise AG	11,314	0.7
Max Healthcare Institute Limited	11,311	0.7
Full Truck Alliance Co. Ltd.	11,222	1.1
Japan Exchange Group, Inc.	11,040	1.6
Piraeus Financial Holdings S.A.	10,095	1.0
XP Inc.	8,798	0.3
Localiza Rent a Car S.A.	8,608	0.5
Lynas Rare Earths Limited	8,356	1.4
Brunello Cucinelli S.p.A.	7,949	0.7
GDS Holdings Limited	6,993	0.5
Godrej Properties Limited	6,717	0.3
Pony AI Inc.	6,286	0.5
Nippon Life India Asset Management Limited	6,235	0.6
InPost S.A.	6,152	1.1
Stevanato Group S.p.A.	6,093	0.7
Kingdee International Software Group Company Limited	6,061	0.6
Wix.com Ltd.	5,783	0.3
Zhejiang Shuanghuan Driveline Co., Ltd.	5,764	0.7
eMemory Technology Inc.	4,112	0.3
Kaynes Technology India Limited	2,993	0.4
ODDITY Tech Ltd.	2,243	1.1
Zai Lab Limited	1,975	0.5
ISC Co., Ltd.	1,638	0.6
JM Financial Limited	1,597	0.5
Afya Limited	1,393	0.4
AMG Critical Materials N.V.	1,085	1.3
Park Systems Corporation	1,018	0.5
GMR Power and Urban Infra Limited	885	0.4
SMS Co., Ltd.	755	0.4
eDreams ODIGEO SA	556	1.0
Centum Electronics Limited	383	0.7
Total		**97.8%***

* *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 (%)
Blackstone Inc.	190,607	2.9
Lowe's Companies, Inc.	135,279	2.3
Welltower Inc.	127,389	5.8
Prologis, Inc.	121,216	4.2
Brookfield Corporation	113,739	5.6
Brookfield Asset Management Ltd.	85,837	2.0
Airbnb, Inc.	83,542	2.8
CRH public limited company	83,502	4.0
American Tower Corporation	82,193	1.5
Equinix, Inc.	75,226	2.3
Hilton Worldwide Holdings Inc.	66,767	2.7
Simon Property Group, Inc.	60,433	1.3
Rocket Companies, Inc.	54,516	1.1
Digital Realty Trust, Inc.	54,103	0.5
CBRE Group, Inc.	47,850	5.5
Las Vegas Sands Corporation	44,010	1.5
Goodman Group	42,275	1.4
Vulcan Materials Company	37,686	2.6
Ventas, Inc.	36,348	2.8
CoStar Group, Inc.	28,498	2.9
Equity Residential	23,985	1.4
Jones Lang LaSalle Incorporated	15,880	7.4

Company	Equity Market Cap ($M)	Percent of Net Assets (%)
Hyatt Hotels Corporation	15,225	3.0
Toll Brothers, Inc.	12,846	4.7
Wynn Resorts, Limited	12,511	3.4
Advanced Drainage Systems, Inc.	11,263	1.8
BXP, Inc.	10,694	0.5
Installed Building Products, Inc.	7,036	0.9
GDS Holdings Limited	6,993	1.5
Red Rock Resorts, Inc.	6,564	1.7
AAON, Inc.	6,225	1.1
Fortune Brands Innovations, Inc.	6,009	1.4
Taylor Morrison Home Corporation	5,753	1.0
Louisiana-Pacific Corporation	5,624	2.3
SiteOne Landscape Supply, Inc.	5,548	2.5
The Macerich Company	4,728	2.0
Champion Homes, Inc.	4,720	2.6
Cavco Industries, Inc.	4,611	0.9
Legence Corp.	4,534	0.3
Cushman & Wakefield plc	3,750	1.0
Blackstone Mortgage Trust, Inc.	3,209	1.2
Total		**98.4%***

* *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	1,576,127	11.7
Tencent Holdings Limited	698,956	5.1
Samsung Electronics Co., Ltd.	494,759	3.4
Alibaba Group Holding Limited	349,757	3.9
SK hynix Inc.	329,497	2.0
Contemporary Amperex Technology Co., Limited	241,771	2.4
Reliance Industries Limited	236,451	1.4
HDFC Bank Limited	169,663	1.0
Bharti Airtel Limited	140,964	2.4
BYD Company Limited	121,117	0.9
MercadoLibre, Inc.	102,117	0.8
Nu Holdings Ltd.	80,894	0.6
Delta Electronics, Inc.	79,612	1.5
Grupo Mexico, S.A.B. de C.V.	73,507	1.5
Bajaj Finance Limited	68,318	2.2
Naspers Limited	54,900	0.6
Banco BTG Pactual S.A.	54,745	1.1
Samsung Biologics Co., Ltd.	54,532	0.6
Mahindra & Mahindra Limited	51,319	0.8
Kotak Mahindra Bank Limited	48,712	0.9
Coupang, Inc.	43,091	1.2
HD Hyundai Heavy Industries Co., Ltd.	37,451	1.1
Kuaishou Technology	35,545	1.1
Sberbank of Russia PJSC	34,657†	0.0**
Doosan Enerbility Co., Ltd.	33,706	0.6
Bharat Electronics Limited	32,499	0.7
Zhejiang Sanhua Intelligent Controls Co., Ltd.	31,882	1.2
FirstRand Limited	30,740	0.8
Eternal Limited	29,854	0.9
S.F. Holding Co., Ltd.	27,389	0.7
Power Grid Corporation of India Limited	27,381	0.8
Tencent Music Entertainment Group	27,152	0.9
Fuyao Glass Industry Group Co., Ltd.	23,804	0.9
Credicorp Ltd.	22,798	1.9
SBI Life Insurance Company Limited	22,704	1.2
InterGlobe Aviation Limited	21,762	1.2
Jiangsu Hengli Hydraulic Co., Ltd.	21,089	1.3
Jio Financial Services Limited	20,849	0.5
HD Korea Shipbuilding & Offshore Engineering Co., Ltd.	20,020	2.4
XPeng Inc.	19,491	0.7
Sociedad Quimica y Minera de Chile S.A.	19,424	0.9
Trent Limited	16,924	0.8
WuXi Biologics (Cayman) Inc.	16,677	0.3
Cholamandalam Investment and Finance Company Limited	15,983	0.6
Godrej Consumer Products Limited	13,914	0.5
Cummins India Limited	13,676	0.9
Tata Consumer Products Limited	13,124	0.5
Absa Group Limited	12,927	0.8
Samsung Epis Holdings Co., Ltd.	12,834	0.1
BDO Unibank, Inc.	12,203	0.8
Swiggy Limited	11,862	1.1
Max Healthcare Institute Limited	11,311	1.3
Full Truck Alliance Co. Ltd.	11,222	1.5
Chroma ATE Inc.	10,490	0.5
SRF Limited	10,141	0.5
Piraeus Financial Holdings S.A.	10,095	1.1
HYUNDAI Glovis Co., Ltd.	9,413	0.9
XP Inc.	8,798	0.5
ASPEED Technology Inc.	8,735	0.6
Localiza Rent a Car S.A.	8,608	1.2
Korea Aerospace Industries, Ltd.	7,734	0.6
China Mengniu Dairy Company Limited	7,431	0.9
E Ink Holdings Inc.	7,250	0.6
Hanwha Systems Co., Ltd.	7,134	0.5
GDS Holdings Limited	6,993	1.0
Godrej Properties Limited	6,717	0.5
Pony AI Inc.	6,286	0.9
Nippon Life India Asset Management Limited	6,235	1.0
InPost S.A.	6,152	1.2
Kingdee International Software Group Company Limited	6,061	1.4
Talabat Holding plc	5,960	0.2
Tata Communications Limited	5,788	0.7
Zhejiang Shuanghuan Driveline Co., Ltd.	5,764	1.5
eMemory Technology Inc.	4,112	0.5
Inter & Co, Inc.	3,746	0.2
Pine Labs Limited	3,205	1.0
Nuvama Wealth Management Limited	2,995	0.5
Kaynes Technology India Limited	2,993	0.6
GPS Participacoes e Empreendimentos S.A.	2,212	0.8
Zai Lab Limited	1,975	0.6
HPSP Co., Ltd.	1,950	0.3
ISC Co., Ltd.	1,638	1.0
JM Financial Limited	1,597	1.0
Afya Limited	1,393	0.4
Park Systems Corporation	1,018	0.4
Codere Online Luxembourg, S.A.	366	0.5
DCW Limited	191	0.1
Think & Learn Private Limited	22^	0.0**
Total		**99.4%***

* *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	4,531,950	9.0
Amazon.com, Inc.	2,467,516	4.0
Taiwan Semiconductor Manufacturing Company Limited	1,576,127	5.1
Tesla, Inc.	1,495,687	1.7
Space Exploration Technologies Corp.	800,000^	18.7
ASML Holding N.V.	420,298	2.5
Shopify Inc.	209,882	5.6
PDD Holdings Inc.	160,974	0.8
CrowdStrike Holdings, Inc.	118,174	1.6
MercadoLibre, Inc.	102,117	6.2
Nu Holdings Ltd.	80,894	2.8
Snowflake Inc.	75,065	2.8
Cloudflare, Inc.	69,172	2.7
Bajaj Finance Limited	68,318	3.4
argenx SE	51,776	3.7
Adyen N.V.	50,343	2.0
Datadog, Inc.	47,721	2.3
Coupang, Inc.	43,091	3.6
Block, Inc.	39,553	1.0
Zscaler, Inc.	35,868	2.0
Eternal Limited	29,854	3.1
Illumina, Inc.	20,041	1.6
Figma, Inc.	18,520	0.2
SailPoint, Inc.	11,362	0.5
ServiceTitan, Inc.	9,973	0.7
GDS Holdings Limited	6,993	2.1
Netskope, Inc.	6,898	1.0
Loar Holdings Inc.	6,366	1.5
InPost S.A.	6,152	1.3
Wix.com Ltd.	5,783	1.2
Viking Therapeutics, Inc.	3,977	0.4
BillionToOne, Inc.	3,746	0.2
Grail, Inc.	3,337	0.0
Heartflow, Inc.	2,482	0.6
Afya Limited	1,393	0.9
Taboola.com Ltd.	1,338	0.0**
indie Semiconductor, Inc.	777	0.8
Fiverr International Ltd.	710	0.6
Farmers Business Network, Inc.	500^	0.1
Codere Online Luxembourg, S.A.	366	1.4
Think & Learn Private Limited	22^	0.0**
Total		**99.7%***

* *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	24,388	0.9
Exact Sciences Corporation	19,288	3.5
DraftKings Inc.	17,153	2.8
Guidewire Software, Inc.	17,090	1.8
On Holding AG	15,346	0.9
RBC Bearings Incorporated	14,176	1.3
Dynatrace, Inc.	13,067	2.5
Kratos Defense & Security Solutions, Inc.	12,817	1.4
Wynn Resorts, Limited	12,511	2.2
Procore Technologies, Inc.	11,309	1.9
Texas Roadhouse, Inc.	10,980	1.8
Tempus AI, Inc.	10,505	0.9
ServiceTitan, Inc.	9,973	2.2
Karman Holdings Inc.	9,682	2.0
Nova Ltd.	9,615	1.3
Repligen Corporation	9,224	2.4
SiTime Corporation	9,219	1.6
Kinsale Capital Group, Inc.	9,099	1.5
Brunello Cucinelli S.p.A.	7,949	1.2
Advanced Energy Industries, Inc.	7,903	2.1
Liberty Live Holdings, Inc.	7,661	3.1
StepStone Group Inc.	7,612	1.7
Birkenstock Holding plc	7,522	1.8
JFrog Ltd.	7,390	1.4
Clearwater Analytics Holdings, Inc.	7,059	2.4
Masimo Corporation	6,986	1.8
Netskope, Inc.	6,898	1.4
Wingstop Inc.	6,627	2.0
Floor & Decor Holdings, Inc.	6,561	1.1
Loar Holdings Inc.	6,366	2.6
GitLab Inc.	6,320	2.0
Waystar Holding Corp.	6,266	1.7

Company	Equity Market Cap ($M)	Percent of Net Assets (%)
AAON, Inc.	6,225	1.3
Casella Waste Systems, Inc.	6,219	1.7
Stevanato Group S.p.A.	6,093	1.4
Primo Brands Corporation	6,054	1.4
SiteOne Landscape Supply, Inc.	5,548	2.0
Badger Meter, Inc.	5,140	1.5
SentinelOne, Inc.	5,098	1.5
Mercury Systems, Inc.	4,388	2.3
Novanta Inc.	4,257	1.8
Varonis Systems, Inc.	3,867	1.5
Arcellx, Inc.	3,770	0.8
Intapp, Inc.	3,754	2.1
BillionToOne, Inc.	3,746	0.2
Arcutis Biotherapeutics, Inc.	3,557	0.5
Veracyte, Inc.	3,328	1.0
Inspire Medical Systems, Inc.	2,680	0.7
Heartflow, Inc.	2,482	1.2
Alkami Technology Inc.	2,422	2.6
Establishment Labs Holdings Inc.	2,118	2.7
Enerpac Tool Group Corp.	2,018	0.8
TWFG, Inc.	1,617	1.2
GCI Liberty, Inc.	1,572	1.1
ARS Pharmaceuticals, Inc.	1,152	0.7
Ategrity Specialty Insurance Company Holdings	1,010	0.6
CareDx, Inc.	969	2.3
Montrose Environmental Group, Inc.	877	1.9
indie Semiconductor, Inc.	777	1.0
Total		**96.7%***

* *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	4,531,950	8.1
Alphabet Inc.	3,781,633	6.9
Microsoft Corporation	3,594,447	5.1
Amazon.com, Inc.	2,467,516	7.1
Meta Platforms, Inc.	1,664,132	7.1
Broadcom Inc.	1,640,955	5.6
Taiwan Semiconductor Manufacturing Company Limited	1,576,127	6.6
Visa Inc.	686,219	4.2
Mastercard Incorporated	512,648	1.6
Costco Wholesale Corporation	382,766	1.0
Thermo Fisher Scientific Inc.	217,704	1.7
Blackstone Inc.	190,607	2.8
Intuit Inc.	184,334	2.1
Amphenol Corporation	165,419	1.4
S&P Global Inc.	162,003	3.2
Danaher Corporation	161,698	1.8
Welltower Inc.	127,389	2.2
Brookfield Corporation	113,739	3.1
CME Group, Inc.	98,473	2.4
Moody's Corporation	91,136	3.1
Apollo Global Management, Inc.	84,022	3.1
TransDigm Group Incorporated	74,895	1.9
Quanta Services, Inc.	62,936	0.2
Monolithic Power Systems, Inc.	43,421	4.2
MSCI Inc.	43,110	2.3
HEICO Corporation	39,062	3.1
Arch Capital Group Ltd.	34,783	1.2
LPL Financial Holdings Inc.	28,587	3.2
CoStar Group, Inc.	28,498	1.5
Mettler-Toledo International Inc.	28,481	1.1
Texas Roadhouse, Inc.	10,980	1.0
Total		**99.9%***

* *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 (%)
Blackstone Inc.	190,607	1.8
Welltower Inc.	127,389	10.2
Prologis, Inc.	121,216	10.8
Brookfield Corporation	113,739	4.0
Brookfield Asset Management Ltd.	85,837	1.0
CRH public limited company	83,502	2.9
American Tower Corporation	82,193	2.9
Equinix, Inc.	75,226	3.6
Simon Property Group, Inc.	60,433	4.3
Digital Realty Trust, Inc.	54,103	1.3
Las Vegas Sands Corporation	44,010	1.6
Goodman Group	42,275	1.8
Ventas, Inc.	36,348	7.0
Extra Space Storage Inc.	27,639	2.2
Equity Residential	23,985	2.3
Weyerhaeuser Company	17,077	2.3
Essex Property Trust, Inc.	16,853	1.2
Jones Lang LaSalle Incorporated	15,880	4.0
Toll Brothers, Inc.	12,846	1.7
Wynn Resorts, Limited	12,511	2.3

Company	Equity Market Cap ($M)	Percent of Net Assets (%)
Host Hotels & Resorts, Inc.	12,193	1.9
American Homes 4 Rent	11,913	1.0
BXP, Inc.	10,694	0.5
EastGroup Properties, Inc.	9,504	3.9
American Healthcare REIT, Inc.	8,858	2.8
Agree Realty Corporation	8,279	1.4
GDS Holdings Limited	6,993	1.7
Terreno Realty Corporation	6,070	1.0
Fortune Brands Innovations, Inc.	6,009	1.3
Wyndham Hotels & Resorts, Inc.	5,709	1.1
Vail Resorts, Inc.	4,751	1.7
The Macerich Company	4,728	3.7
Kilroy Realty Corporation	4,421	1.4
Blackstone Mortgage Trust, Inc.	3,209	2.3
Sunstone Hotel Investors, Inc.	1,698	1.6
Total		**96.2%***

* *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	1,015,985	11.4
Johnson & Johnson	498,604	0.5
AbbVie Inc.	403,830	3.9
UnitedHealth Group Incorporated	299,026	1.4
AstraZeneca PLC	285,117	4.0
Thermo Fisher Scientific Inc.	217,704	5.2
Intuitive Surgical, Inc.	200,772	3.3
Danaher Corporation	161,698	3.1
Gilead Sciences, Inc.	152,281	2.3
Boston Scientific Corporation	141,351	3.1
Stryker Corporation	134,410	2.0
Welltower Inc.	127,389	1.0
Vertex Pharmaceuticals Incorporated	115,026	1.6
McKesson Corporation	101,246	2.8
IDEXX Laboratories, Inc.	54,022	2.8
Alnylam Pharmaceuticals, Inc.	52,535	1.0
argenx SE	51,776	6.8
Edwards Lifesciences Corporation	49,471	2.0
Insmed Incorporated	37,118	4.6
Teva Pharmaceutical Industries Limited	35,793	2.6
Mettler-Toledo International Inc.	28,481	3.4
DexCom, Inc.	25,885	0.3
Insulet Corporation	19,995	1.3
West Pharmaceutical Services, Inc.	19,795	1.1

Company	Equity Market Cap ($M)	Percent of Net Assets (%)
Tenet Healthcare Corporation	17,465	0.5
Roivant Sciences Ltd.	15,092	1.9
Madrigal Pharmaceuticals, Inc.	13,226	1.0
Ionis Pharmaceuticals, Inc.	12,814	2.0
Penumbra, Inc.	12,176	2.8
Ascendis Pharma A/S	11,924	0.8
Elanco Animal Health Incorporated	11,244	1.3
Encompass Health Corporation	10,679	1.3
Abivax S.A.	10,573	2.3
Repligen Corporation	9,224	1.0
HealthEquity, Inc.	7,827	0.4
Kymera Therapeutics, Inc.	6,209	1.1
RadNet, Inc.	5,504	3.0
Protagonist Therapeutics, Inc.	5,460	0.5
Arcellx, Inc.	3,770	1.2
BillionToOne, Inc.	3,746	0.4
Arcutis Biotherapeutics, Inc.	3,557	1.2
Xenon Pharmaceuticals Inc.	3,464	0.9
Heartflow, Inc.	2,482	0.6
Total		**95.7%***

* *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	236,451	6.7
HDFC Bank Limited	169,663	7.9
Bharti Airtel Limited	140,964	7.4
Tata Consultancy Services Limited	129,065	2.4
ICICI Bank Limited	106,545	4.4
Bajaj Finance Limited	68,318	4.3
Mahindra & Mahindra Limited	51,319	3.0
Kotak Mahindra Bank Limited	48,712	2.5
Titan Company Limited	40,019	0.8
Bajaj Finserv Limited	36,264	2.9
Bharat Electronics Limited	32,499	3.0
Eternal Limited	29,854	3.9
Power Grid Corporation of India Limited	27,381	2.1
SBI Life Insurance Company Limited	22,704	3.0
InterGlobe Aviation Limited	21,762	1.4
Trent Limited	16,924	1.7
Cholamandalam Investment and Finance Company Limited	15,983	2.9
Cummins India Limited	13,676	2.1
Tata Consumer Products Limited	13,124	2.0
Max Healthcare Institute Limited	11,311	4.3
Siemens Energy India Limited	10,144	1.1
Dixon Technologies (India) Limited	8,171	0.7
Godrej Properties Limited	6,717	0.6
Coforge Limited	6,199	0.9
Tata Communications Limited	5,788	0.8
360 ONE WAM Limited	5,366	1.2
Aster DM Healthcare Limited	3,556	3.0
Nuvama Wealth Management Limited	2,995	1.3
Kaynes Technology India Limited	2,993	0.6
Kirloskar Oil Engines Limited	1,971	1.7
Le Travenues Technology Limited	1,241	0.4
Shaily Engineering Plastics Limited	1,156	1.3
HealthCare Global Enterprises Limited	1,039	1.6
Astra Microwave Products Limited	1,037	1.0
GMR Power and Urban Infra Limited	885	2.4
Precision Wires India Limited	482	4.8
Centum Electronics Limited	383	2.6
DCW Limited	191	0.4
Total		**95.1%***

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

Portfolio Market Capitalization

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.	686,219	5.4
Mastercard Incorporated	512,648	5.4
Morgan Stanley	282,150	2.1
Shopify Inc.	209,882	2.0
Intuit Inc.	184,334	4.3
The Charles Schwab Corporation	182,619	3.8
BlackRock Inc.	174,983	2.0
S&P Global Inc.	162,003	5.7
Capital One Financial Corporation	154,076	2.6
The Progressive Corporation	133,534	1.4
KKR & Co. Inc.	113,630	4.1
Interactive Brokers Group, Inc.	109,323	3.3
MercadoLibre, Inc.	102,117	3.9
Robinhood Markets, Inc.	101,867	3.2
CME Group, Inc.	98,473	2.7
Moody's Corporation	91,136	3.3
Apollo Global Management, Inc.	84,022	3.3
Nu Holdings Ltd.	80,894	3.5
MSCI Inc.	43,110	3.0
Fair Isaac Corporation	40,083	3.5
Block, Inc.	39,553	0.8
Arch Capital Group Ltd.	34,783	1.9
Verisk Analytics, Inc.	31,176	2.4
LPL Financial Holdings Inc.	28,587	4.3

Company	Equity Market Cap ($M)	Percent of Net Assets (%)
Equifax Inc.	26,557	1.1
Tradeweb Markets Inc.	23,496	2.5
Guidewire Software, Inc.	17,090	3.1
TransUnion	16,653	1.2
Jack Henry & Associates, Inc.	13,207	1.6
Houlihan Lokey, Inc.	12,207	2.5
Wise plc	12,319	1.5
FactSet Research Systems Inc.	10,859	0.5
ServiceTitan, Inc.	9,973	1.3
Kinsale Capital Group, Inc.	9,099	0.9
Morningstar, Inc.	8,938	0.5
Primerica, Inc.	8,246	1.1
Clearwater Analytics Holdings, Inc.	7,059	0.9
Neptune Insurance Holdings Inc.	4,025	0.4
Accelerant Holdings	3,627	0.3
The Baldwin Insurance Group, Inc.	2,858	0.4
Alkami Technology Inc.	2,422	0.8
TWFG, Inc.	1,617	0.8
Ategrity Specialty Insurance Company Holdings	1,010	0.5
Total		**99.8%***

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

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	4,531,950	11.8
Apple Inc.	4,017,099	2.6
Microsoft Corporation	3,594,447	4.9
Amazon.com, Inc.	2,467,516	7.9
Meta Platforms, Inc.	1,664,132	2.2
Broadcom Inc.	1,640,955	10.1
Taiwan Semiconductor Manufacturing Company Limited	1,576,127	7.4
Tesla, Inc.	1,495,687	5.6
Micron Technology, Inc.	321,232	1.2
Lam Research Corporation	215,007	3.2
Shopify Inc.	209,882	1.5
Arista Networks, Inc.	165,004	1.1
ServiceNow, Inc.	158,921	1.0
Spotify Technology S.A.	121,070	4.2
Synopsys, Inc.	89,866	1.0
Snowflake Inc.	75,065	1.2
Cloudflare, Inc.	69,172	1.3
Quanta Services, Inc.	62,936	1.2
Datadog, Inc.	47,721	1.0
Axon Enterprise, Inc.	44,816	2.7
Monolithic Power Systems, Inc.	43,421	1.1
Zscaler, Inc.	35,868	1.6
Coherent Corp.	29,006	3.3
Lumentum Holdings Inc.	26,133	3.4
Samsara Inc.	20,455	2.0
DraftKings Inc.	17,153	1.2
Guidewire Software, Inc.	17,090	1.5
ServiceTitan, Inc.	9,973	0.6
Nova Ltd.	9,615	1.1
Clearwater Analytics Holdings, Inc.	7,059	1.2
GDS Holdings Limited	6,993	1.5
Netskope, Inc.	6,898	0.9
Loar Holdings Inc.	6,366	1.1
AAON, Inc.	6,225	0.9
Hinge Health, Inc.	3,657	1.5
Heartflow, Inc.	2,482	0.4
Via Transportation, Inc.	2,350	0.2
PAR Technology Corporation	1,473	1.0
indie Semiconductor, Inc.	777	1.2
Total		**99.1%***

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

Baron Asset Fund

Shares		Cost	Value
Common Stocks (79.68%)			
Communication Services (2.01%)			
	Movies & Entertainment (2.01%)		
90,030	Spotify Technology SA [1,2]	$ 22,203,025	$ 52,281,321
778,700	StubHub Holdings, Inc., Cl A [1]	18,279,267	10,535,811
988,065	StubHub Holdings, Inc., Cl A [1,3]	50,000,041	13,368,520
Total Communication Services		90,482,333	76,185,652
Consumer Discretionary (8.08%)			
	Casinos & Gaming (0.91%)		
1,000,000	DraftKings, Inc., Cl A [1]	39,108,590	34,460,000
	Footwear (2.05%)		
591,069	Birkenstock Holding PLC [1,2]	26,321,038	24,174,722
1,147,000	On Holding AG, Cl A [1,2]	35,496,145	53,312,560
		61,817,183	77,487,282
	Home Improvement Retail (0.56%)		
350,000	Floor & Decor Holdings, Inc., Cl A [1]	30,525,144	21,311,500
	Hotels, Resorts & Cruise Lines (3.34%)		
388,682	Choice Hotels International, Inc.	1,672,734	37,025,847
31,000	Hilton Worldwide Holdings, Inc.	6,489,341	8,904,750
500,233	Hyatt Hotels Corp., Cl A	13,700,166	80,197,355
		21,862,241	126,127,952
	Leisure Facilities (1.22%)		
348,231	Vail Resorts, Inc.	6,717,609	46,245,077
Total Consumer Discretionary		160,030,767	305,631,811
Financials (11.18%)			
	Financial Exchanges & Data (3.71%)		
162,719	FactSet Research Systems, Inc.	8,640,434	47,219,426
131,070	Morningstar, Inc.	27,625,493	28,482,822
53,000	MSCI, Inc.	19,223,355	30,407,690
316,189	Tradeweb Markets, Inc., Cl A	12,240,921	34,002,965
		67,730,203	140,112,903
	Insurance Brokers (0.65%)		
74,451	Willis Towers Watson PLC [2]	9,189,144	24,464,599
	Investment Banking & Brokerage (2.96%)		
943,394	The Charles Schwab Corp.	832,744	94,254,494
50,000	LPL Financial Holdings, Inc.	19,152,950	17,858,500
		19,985,694	112,112,994
	Property & Casualty Insurance (3.86%)		
1,523,417	Arch Capital Group Ltd. [1,2]	5,499,102	146,126,159
Total Financials		102,404,143	422,816,655

Shares		Cost	Value
Common Stocks (continued)			
Health Care (13.77%)			
	Health Care Equipment (5.39%)		
301,176	IDEXX Laboratories, Inc. [1]	$ 5,704,987	$ 203,754,599
	Health Care Supplies (1.32%)		
611,198	The Cooper Companies, Inc. [1]	23,501,499	50,093,788
	Health Care Technology (1.37%)		
231,728	Veeva Systems, Inc., Cl A [1]	12,911,823	51,728,642
	Life Sciences Tools & Services (5.69%)		
562,344	Bio-Techne Corporation	13,904,934	33,071,451
93,147	Mettler-Toledo International, Inc. [1]	5,490,384	129,864,616
144,000	Repligen Corp. [1]	23,336,583	23,595,840
104,474	West Pharmaceutical Services, Inc.	4,464,401	28,744,976
		47,196,302	215,276,883
Total Health Care		89,314,611	520,853,912
Industrials (14.87%)			
	Aerospace & Defense (1.89%)		
60,000	Axon Enterprise, Inc. [1]	15,677,319	34,075,800
550,000	Loar Holdings, Inc. [1]	40,056,269	37,400,000
		55,733,588	71,475,800
	Construction & Engineering (2.85%)		
255,080	Quanta Services, Inc.	43,127,971	107,659,065
	Data Processing & Outsourced Services (0.93%)		
403,076	SS&C Technologies Holdings, Inc.	10,805,709	35,236,904
	Electrical Components & Equipment (1.24%)		
290,000	Vertiv Holdings Co., Cl A	27,408,197	46,982,900
	Environmental & Facilities Services (1.71%)		
1,080,558	Rollins, Inc.	13,829,296	64,855,091
	Industrial Machinery & Supplies & Components (0.23%)		
48,460	IDEX Corp.	3,498,538	8,622,972
	Research & Consulting Services (6.02%)		
325,000	Booz Allen Hamilton Holding Corp.	33,928,523	27,417,000
725,500	TransUnion	30,419,913	62,211,625
616,476	Verisk Analytics, Inc.	15,033,469	137,899,516
		79,381,905	227,528,141
Total Industrials		233,785,204	562,360,873

Baron Asset Fund (continued)

Shares		Cost	Value
Common Stocks (continued)			
Information Technology (22.13%)			
	Application Software (11.90%)		
58,547	Fair Isaac Corp. [1]	$ 22,819,600	$ 98,980,729
862,495	Guidewire Software, Inc. [1]	43,112,662	173,370,120
515,000	Procore Technologies, Inc. [1]	37,516,513	37,461,100
185,692	Roper Technologies, Inc.	15,624,264	82,657,080
850,000	Samsara, Inc., Cl A [1]	33,416,962	30,132,500
256,493	ServiceTitan, Inc., Cl A [1]	20,395,336	27,316,505
		172,885,337	449,918,034
	Electronic Components (5.30%)		
1,483,270	Amphenol Corp., Cl A	35,151,622	200,449,108
	Internet Services & Infrastructure (0.06%)		
9,333	Verisign, Inc.	418,183	2,267,452
	IT Consulting & Other Services (3.84%)		
575,973	Gartner, Inc. [1]	12,046,961	145,306,468
	Systems Software (0.31%)		
586,717	SailPoint, Inc. [1,4]	13,377,788	11,869,285
	Technology Distributors (0.72%)		
200,011	CDW Corp.	12,043,287	27,241,498
Total Information Technology		245,923,178	837,051,845
Real Estate (7.64%)			
	Data Center REITs (0.93%)		
46,116	Equinix, Inc.	2,965,260	35,332,235
	Health Care REITs (1.08%)		
220,000	Welltower, Inc.	31,846,794	40,834,200
	Real Estate Services (5.63%)		
496,323	CBRE Group, Inc., Cl A [1]	5,552,580	79,803,775
1,979,901	CoStar Group, Inc. [1]	39,551,950	133,128,543
		45,104,530	212,932,318
Total Real Estate		79,916,584	289,098,753
Total Common Stocks		**1,001,856,820**	**3,013,999,501**

Shares		Cost	Value
Private Common Stocks (1.80%)			
Industrials (1.80%)			
	Aerospace & Defense (1.80%)		
92,406	Space Exploration Technologies Corp., Cl A [1,3,4]	$ 7,115,262	$ 38,902,926
69,932	Space Exploration Technologies Corp., Cl C [1,3,4]	5,384,764	29,441,372
Total Private Common Stocks		**12,500,026**	**68,344,298**
Private Preferred Stocks (17.59%)			
Communication Services (6.67%)			
	Interactive Media & Services (6.67%)		
3,341,687	X.AI Holdings Corp., Cl B [1,3,4]	39,999,994	252,163,701
Industrials (10.92%)			
	Aerospace & Defense (10.92%)		
277,529	Skyryse, Inc., Series C [1,3,4]	7,499,999	7,704,205
96,298	Space Exploration Technologies Corp., Series N [1,3,4]	26,000,460	405,414,580
Total Industrials		33,500,459	413,118,785
Total Private Preferred Stocks		**73,500,453**	**665,282,486**
Total Investments (99.07%)		**$ 1,087,857,299**	**3,747,626,285**
Cash and Other Assets Less Liabilities (0.93%)			**35,008,230**
Net Assets			**$ 3,782,634,515**

% Represents percentage of net assets.
[1] Non-income producing securities.
[2] Foreign corporation.
[3] At December 31, 2025, the market value of restricted securities amounted to $746,995,304 or 19.75% 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 (104.58%)			
Consumer Discretionary (18.05%)			
	Apparel, Accessories & Luxury Goods (3.60%)		
12,368,569	Figs, Inc., Cl A [1]	$ 87,745,510	$ 140,506,944
	Casinos & Gaming (3.73%)		
2,347,802	Red Rock Resorts, Inc., Cl A	61,849,524	145,446,334
	Hotels, Resorts & Cruise Lines (7.32%)		
3,000,000	Choice Hotels International, Inc. [4]	75,582,685	285,780,000
	Leisure Facilities (3.40%)		
1,000,000	Vail Resorts, Inc.	39,623,250	132,800,000
Total Consumer Discretionary		264,800,969	704,533,278
Financials (61.87%)			
	Financial Exchanges & Data (27.04%)		
723,000	FactSet Research Systems, Inc.	41,880,418	209,807,370
776,000	Morningstar, Inc.	16,063,699	168,632,560
1,180,000	MSCI, Inc.	21,297,386	677,001,400
		79,241,503	1,055,441,330
	Investment Banking & Brokerage (2.62%)		
450,000	Houlihan Lokey, Inc.	19,625,873	78,385,500
350,000	Moelis & Co., Cl A	3,209,979	24,059,000
		22,835,852	102,444,500
	Life & Health Insurance (5.56%)		
840,000	Primerica, Inc.	18,042,590	217,022,400
	Property & Casualty Insurance (26.65%)		
7,135,000	Arch Capital Group Ltd. [1,2]	22,531,191	684,389,200
910,000	Kinsale Capital Group, Inc.	29,951,419	355,919,200
		52,482,610	1,040,308,400
Total Financials		172,602,555	2,415,216,630
Health Care (5.20%)			
	Health Care Equipment (5.20%)		
300,000	IDEXX Laboratories, Inc. [1]	4,166,402	202,959,000
Information Technology (11.80%)			
	Application Software (4.05%)		
305,000	Clearwater Analytics Holdings, Inc., Cl A [1]	4,682,009	7,356,600
750,000	Guidewire Software, Inc. [1]	22,750,078	150,757,500
		27,432,087	158,114,100
	IT Consulting & Other Services (7.75%)		
1,200,000	Gartner, Inc. 1	16,543,497	302,736,000
Total Information Technology		43,975,584	460,850,100

Shares		Cost	Value
Common Stocks (continued)			
Real Estate (7.66%)			
	Real Estate Services (7.66%)		
4,450,000	CoStar Group, Inc. [1]	$ 18,553,457	$ 299,218,000
Total Common Stocks		504,098,967	4,082,777,008
Private Common Stocks (0.02%)			
Unclassified (0.02%)			
	Unclassified (0.02%)		
422,278	Farmers Business Network, Inc. [1,3,5,6]	16,300,002	785,437
Private Convertible Preferred Stocks (0.00%)			
Unclassified (0.00%)			
	Unclassified (0.00%)		
59,407,006	Northvolt AB (Sweden)[1,2,3,5,7]	9,374,988	0
Total Investments (104.60%)		$ 529,773,957	4,083,562,445
Liabilities Less Cash and Other Assets (-4.60%)			(179,549,306)
Net Assets			$ 3,904,013,139

% Represents percentage of net assets.
1 Non-income producing securities.
2 Foreign corporation.
3 At December 31, 2025, the market value of restricted securities amounted to $785,437 or 0.02% 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 The Adviser reclassified sector and sub-industry to Unclassified due to ongoing principal business activity restructuring.
7 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.

Baron Small Cap Fund

Shares		Cost	Value
Common Stocks (98.83%)			
Communication Services (6.15%)			
	Advertising (0.55%)		
500,000	The Trade Desk, Inc., Cl A [1]	$ 1,775,000	$ 18,980,000
	Movies & Entertainment (5.60%)		
650,000	Liberty Live Holdings, Inc. (formerly, Liberty Media Corp. – Liberty Live) Cl C [1]	34,147,487	54,054,000
900,000	Liberty Media Corp.-Liberty Formula One, Cl C [1]	15,481,364	88,659,000
200,000	Madison Square Garden Sports Corp. [1]	7,500,582	51,730,000
		57,129,433	194,443,000
Total Communication Services		58,904,433	213,423,000
Consumer Discretionary (19.57%)			
	Automotive Parts & Equipment (0.39%)		
3,250,000	Holley, Inc. [1]	15,612,642	13,422,500
	Casinos & Gaming (6.23%)		
875,000	DraftKings, Inc., Cl A [1]	11,187,787	30,152,500
3,000,000	Red Rock Resorts, Inc., Cl A	88,857,958	185,850,000
		100,045,745	216,002,500
	Education Services (2.26%)		
775,000	Bright Horizons Family Solutions, Inc. [1]	36,960,447	78,585,000
	Home Improvement Retail (0.79%)		
450,000	Floor & Decor Holdings, Inc., Cl A [1]	14,749,690	27,400,500
	Homebuilding (2.35%)		
315,000	Installed Building Products, Inc.	12,654,100	81,707,850
	Leisure Facilities (3.59%)		
1,150,000	Planet Fitness, Inc., Cl A [1]	47,029,230	124,740,500
	Restaurants (1.82%)		
1,250,000	The Cheesecake Factory, Inc.	30,023,502	63,100,000
	Specialized Consumer Services (2.14%)		
5,000,000	Driven Brands Holdings, Inc. [1]	90,115,067	74,100,000
Total Consumer Discretionary		347,190,423	679,058,850
Consumer Staples (1.30%)			
	Personal Care Products (1.30%)		
1,125,000	Oddity Tech Ltd., Cl A [1,2]	41,428,946	45,202,500
Financials (11.46%)			
	Asset Management & Custody Banks (0.72%)		
2,200,000	GCM Grosvenor, Inc., Cl A	24,160,896	24,904,000
	Insurance Brokers (3.23%)		
1,200,000	Accelerant Holdings, Cl A [1,2]	26,436,576	19,620,000
3,000,000	Baldwin Insurance Group, Inc., Cl A [1]	46,953,071	72,090,000
700,000	Neptune Insurance Holdings, Inc., Cl A [1,3]	14,860,182	20,412,000
		88,249,829	112,122,000

Shares		Cost	Value
Common Stocks (continued)			
Financials (continued)			
	Investment Banking & Brokerage (2.51%)		
500,000	Houlihan Lokey, Inc.	$ 23,001,811	$ 87,095,000
	Property & Casualty Insurance (4.79%)		
425,000	Kinsale Capital Group, Inc.	59,991,815	166,226,000
	Transaction & Payment Processing Services (0.21%)		
2,000,000	Repay Holdings Corporation [1]	14,541,410	7,300,000
Total Financials		209,945,761	397,647,000
Health Care (9.37%)			
	Health Care Equipment (0.88%)		
250,000	DexCom, Inc. [1]	829,089	16,592,500
150,000	Inspire Medical Systems, Inc. [1]	7,414,367	13,834,500
		8,243,456	30,427,000
	Health Care Services (2.34%)		
600,000	Hinge Health, Inc., Cl A [1]	20,066,580	27,870,000
750,000	RadNet, Inc. [1]	44,042,531	53,512,500
		64,109,111	81,382,500
	Health Care Supplies (1.11%)		
5,500,000	Neogen Corp. [1]	58,747,291	38,445,000
	Life Sciences Tools & Services (3.06%)		
507,000	ICON plc [1,2]	23,768,382	92,385,540
10,000	Mettler-Toledo International, Inc. [1]	482,569	13,941,900
		24,250,951	106,327,440
	Managed Health Care (1.98%)		
750,000	HealthEquity, Inc. [1]	12,292,452	68,707,500
Total Health Care		167,643,261	325,289,440
Industrials (27.71%)			
	Aerospace & Defense (6.23%)		
850,000	Karman Holdings, Inc. [1]	22,158,746	62,194,500
800,000	Kratos Defense & Security Solutions, Inc. [1]	15,528,793	60,728,000
70,000	TransDigm Group, Inc. [1]	0	93,089,500
		37,687,539	216,012,000
	Construction & Engineering (1.55%)		
1,250,000	Legence Corp., Cl A [1]	35,000,000	53,800,000
	Electrical Components & Equipment (5.60%)		
1,200,000	Vertiv Holdings Co., Cl A	13,438,757	194,412,000
	Environmental & Facilities Services (1.01%)		
200,000	Waste Connections, Inc. [2]	8,733,333	35,072,000
	Human Resource & Employment Services (1.57%)		
3,750,000	First Advantage Corp. [1]	60,629,977	54,487,500

Baron Small Cap Fund (continued)

Shares		Cost	Value
Common Stocks (continued)			
Industrials (continued)			
	Industrial Machinery & Supplies & Components (7.18%)		
200,000	Enpro, Inc.	$ 34,459,729	$ 42,826,000
700,000	JBT Marel Corp.	63,192,030	105,469,000
225,000	RBC Bearings, Inc. [1]	26,430,095	100,896,750
		124,081,854	249,191,750
	Research & Consulting Services (0.98%)		
499,966	Andersen Group, Inc., Cl A [1]	8,250,941	12,964,118
300,000	Exponent, Inc.	22,851,915	20,838,000
		31,102,856	33,802,118
	Trading Companies & Distributors (3.59%)		
1,000,000	SiteOne Landscape Supply, Inc. [1]	48,997,808	124,560,000
Total Industrials		359,672,124	961,337,368
Information Technology (22.37%)			
	Application Software (10.03%)		
3,250,000	Clearwater Analytics Holdings, Inc., Cl A [1]	60,623,313	78,390,000
750,000	Guidewire Software, Inc. [1]	19,187,566	150,757,500
1,700,000	Intapp, Inc. [1]	66,231,698	77,894,000
1,600,000	nCino, Inc. [1]	51,018,174	41,024,000
		197,060,751	348,065,500
	Electric Equipment (0.99%)		
950,000	PAR Technology Corp. [1]	59,213,961	34,466,000
	Electronic Equipment & Instruments (3.87%)		
1,900,000	Cognex Corp.	39,755,701	68,362,000
650,000	Mirion Technologies, Inc. [1]	14,487,795	15,223,000
425,000	Novanta, Inc. [1,2]	47,007,738	50,570,750
		101,251,234	134,155,750

Shares		Cost	Value
Common Stocks (continued)			
Information Technology (continued)			
	IT Consulting & Other Services (5.61%)		
1,250,000	ASGN, INC. [1]	$ 27,559,666	$ 60,212,500
425,000	Gartner, Inc. [1]	5,502,186	107,219,000
3,000,000	Grid Dynamics Holdings, Inc. [1]	36,322,597	27,090,000
		69,384,449	194,521,500
	Semiconductors (0.61%)		
6,000,000	indie Semiconductor, Inc., Cl A [1]	37,247,069	21,180,000
	Systems Software (1.26%)		
700,000	JFrog Ltd. [1,2]	22,404,055	43,722,000
Total Information Technology		486,561,519	776,110,750
Materials (0.90%)			
	Specialty Chemicals (0.90%)		
1,000,000	Avient Corp.	29,173,594	31,240,000
Total Investments (98.83%)		**$ 1,700,520,061**	**3,429,308,908**
Cash and Other Assets Less Liabilities (1.17%)			**40,433,031**
Net Assets			**$ 3,469,741,939**

% 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 Opportunity Fund

Shares		Cost	Value
Common Stocks (87.19%)			
Communication Services (8.30%)			
	Interactive Media & Services (4.02%)		
109,500	Meta Platforms, Inc., Cl A	$ 20,892,361	$ 72,279,855
	Movies & Entertainment (4.28%)		
132,500	Spotify Technology SA [1,2]	43,037,447	76,944,075
Total Communication Services		63,929,808	149,223,930
Consumer Discretionary (14.25%)			
	Automobile Manufacturers (5.98%)		
239,200	Tesla, Inc. [1]	15,546,000	107,573,024
	Broadline Retail (6.23%)		
485,500	Amazon.com, Inc. [1]	29,742,116	112,063,110
	Casinos & Gaming (1.05%)		
548,000	DraftKings, Inc., Cl A [1]	16,971,943	18,884,080
	Footwear (0.99%)		
382,000	On Holding AG, Cl A [1,2]	14,700,015	17,755,360
Total Consumer Discretionary		76,960,074	256,275,574
Consumer Staples (0.30%)			
	Personal Care Products (0.30%)		
136,700	Oddity Tech Ltd., Cl A [1,2]	8,281,369	5,492,606
Financials (4.78%)			
	Investment Banking & Brokerage (1.04%)		
52,600	LPL Financial Holdings, Inc.	17,393,000	18,787,142
	Transaction & Payment Processing Services (3.74%)		
56,400	Mastercard, Incorporated, Cl A	12,019,014	32,197,632
99,800	Visa, Inc., Cl A	15,336,164	35,000,858
		27,355,178	67,198,490
Total Financials		44,748,178	85,985,632
Health Care (9.80%)			
	Biotechnology (3.08%)		
244,000	Arcellx, Inc. [1]	15,864,812	15,908,800
46,869	argenx SE, ADR [1,2]	5,811,341	39,414,486
		21,676,153	55,323,286
	Health Care Equipment (1.29%)		
41,105	Intuitive Surgical, Inc. [1]	4,585,816	23,280,228
	Health Care Services (0.86%)		
331,785	Hinge Health, Inc., Cl A [1]	11,775,073	15,411,413
	Health Care Technology (0.85%)		
522,287	HeartFlow, Inc. [1]	13,088,320	15,224,666
	Life Sciences Tools & Services (0.19%)		
42,803	BillionToOne, Inc., Cl A [1,4]	2,568,180	3,502,997
	Pharmaceuticals (3.53%)		
59,100	Eli Lilly & Co.	45,476,856	63,513,588
Total Health Care		99,170,398	176,256,178

Shares		Cost	Value
Common Stocks (continued)			
Industrials (1.54%)			
	Aerospace & Defense (0.95%)		
30,200	Axon Enterprise, Inc. [1]	$ 17,102,732	$ 17,151,486
	Construction & Engineering (0.59%)		
25,000	Quanta Services, Inc.	6,003,860	10,551,500
Total Industrials		23,106,592	27,702,986
Information Technology (46.48%)			
	Application Software (5.86%)		
144,400	Atlassian Corp., Cl A [1,2]	25,487,321	23,413,016
120,100	Guidewire Software, Inc. [1]	7,741,897	24,141,301
737,000	SAMSARA, INC., CL A [1]	25,030,736	26,126,650
120,500	ServiceNow, Inc. [1,4]	3,170,684	18,459,395
19,000	Synopsys, Inc. [1]	8,780,793	8,924,680
150,577	Via Transportation, Inc., Cl A [1]	6,926,542	4,368,239
		77,137,973	105,433,281
	Communications Equipment (0.45%)		
61,097	Arista Networks, Inc. [1]	9,229,717	8,005,540
	Internet Services & Infrastructure (2.90%)		
642,000	GDS Holdings Ltd., ADR [1,2]	11,352,830	22,405,800
184,200	Shopify, Inc., Cl A [1,2]	7,388,975	29,650,674
		18,741,805	52,056,474
	IT Consulting & Other Services (1.48%)		
105,387	Gartner, Inc. [1]	10,666,481	26,587,032
	Semiconductor Materials & Equipment (1.04%)		
57,000	Nova Ltd. [1,2]	11,343,542	18,718,230
	Semiconductors (23.19%)		
330,200	Broadcom, Inc.	46,185,139	114,282,220
5,260,865	indie Semiconductor, Inc., Cl A [1]	25,534,345	18,570,853
19,500	Monolithic Power Systems, Inc.	11,338,786	17,674,020
1,229,900	NVIDIA Corp.	7,077,559	229,376,350
122,200	Taiwan Semiconductor Manufacturing Co., Ltd., ADR [2]	14,811,451	37,135,358
		104,947,280	417,038,801
	Systems Software (11.56%)		
105,600	Cloudflare, Inc., Cl A [1,4]	6,681,505	20,819,040
121,000	Datadog, Inc., Cl A [1,4]	12,963,856	16,454,790
254,000	Microsoft Corporation	27,363,758	122,839,480
178,138	Netskope, Inc., Cl A [1]	3,384,622	3,124,541
119,100	Snowflake, Inc., Cl A [1,4]	20,035,929	26,125,776
82,500	Zscaler, Inc. [1]	15,575,854	18,555,900
		86,005,524	207,919,527
Total Information Technology		318,072,322	835,758,885
Real Estate (1.74%)			
	Real Estate Services (1.74%)		
465,130	CoStar Group, Inc. [1]	23,649,851	31,275,341
Total Common Stocks		**657,918,592**	**1,567,971,132**

Baron Opportunity Fund (continued)

Shares		Cost	Value
Private Common Stocks (5.07%)			
Communication Services (0.58%)			
	Interactive Media & Services (0.58%)		
138,812	X.AI Holdings Corp., Cl A [1,3,4]	$ 5,000,000	$ 10,474,753
Industrials (4.47%)			
	Aerospace & Defense (4.47%)		
107,376	Space Exploration Technologies Corp., Cl A [1,3,4]	5,043,029	45,205,296
83,588	Space Exploration Technologies Corp., Cl C [1,3,4]	10,957,102	35,190,548
Total Industrials		16,000,131	80,395,844
Unclassified (0.02%)			
	Unclassified (0.02%)		
182,067	Farmers Business Network, Inc. [1,3,4,5]	2,394,652	338,645
Total Private Common Stocks		**23,394,783**	**91,209,242**
Private Convertible Preferred Stocks (0.16%)			
Unclassified (0.16%)			
	Unclassified (0.16%)		
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 (6.55%)			
Communication Services (2.22%)			
	Interactive Media & Services (2.22%)		
461,893	X.AI Holdings Corp., Series C [1,3,4]	$ 9,999,984	$ 34,854,446
66,260	X.AI Holdings Corp., Series E [1,3,4]	4,999,979	4,999,979
Total Communication Services		14,999,963	39,854,425
Industrials (4.33%)			
	Aerospace & Defense (4.33%)		
18,519	Space Exploration Technologies Corp., Series N [1,3,4]	5,000,130	77,964,990
Total Private Preferred Stocks		**20,000,093**	**117,819,415**
Total Investments (98.97%)		**$ 706,784,584**	**1,779,765,790**
Cash and Other Assets Less Liabilities (1.03%)			**18,511,247**
Net Assets			**$ 1,798,277,037**

% Represents percentage of net assets.
[1] Non-income producing securities.
[2] Foreign corporation.
[3] At December 31, 2025, the market value of restricted securities amounted to $211,794,658 or 11.78% 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.

Baron Partners Fund

Shares		Cost	Value
Common Stocks (78.63%)			
Communication Services (1.49%)			
	Movies & Entertainment (1.49%)		
225,000	Spotify Technology SA [1,2,6]	$ 36,152,862	$ 130,659,750
988,065	StubHub Holdings, Inc., Cl A [1,3]	50,000,041	13,368,520
Total Communication Services		86,152,903	144,028,270
Consumer Discretionary (42.01%)			
	Automobile Manufacturers (29.96%)		
6,455,000	Tesla, Inc. [1,5,6]	95,897,630	2,902,942,600
	Casinos & Gaming (1.28%)		
2,000,000	Red Rock Resorts, Inc., Cl A [6]	73,791,427	123,900,000
	Footwear (1.09%)		
2,575,000	Birkenstock Holding PLC [1,2,6]	113,141,007	105,317,500
	Hotels, Resorts & Cruise Lines (7.54%)		
2,100,000	Choice Hotels International, Inc. [6]	208,182,868	200,046,000
3,310,000	Hyatt Hotels Corp., Cl A [6]	114,517,357	530,659,200
		322,700,225	730,705,200
	Leisure Facilities (2.14%)		
1,560,000	Vail Resorts, Inc. [6]	159,089,831	207,168,000
Total Consumer Discretionary		764,620,120	4,070,033,300
Financials (19.28%)			
	Financial Exchanges & Data (8.63%)		
1,300,000	FactSet Research Systems, Inc. [6]	264,314,080	377,247,000
800,000	MSCI, Inc. [6]	396,396,488	458,984,000
		660,710,568	836,231,000
	Investment Banking & Brokerage (4.54%)		
4,400,000	The Charles Schwab Corp. [6]	113,630,269	439,604,000
	Property & Casualty Insurance (6.11%)		
6,175,000	Arch Capital Group Ltd. [1,2,6]	27,361,902	592,306,000
Total Financials		801,702,739	1,868,141,000
Health Care (4.33%)			
	Health Care Equipment (4.33%)		
620,000	IDEXX Laboratories, Inc. [1,6]	27,074,536	419,448,600

Shares		Cost	Value
Common Stocks (continued)			
Industrials (0.73%)			
	Aerospace & Defense (0.73%)		
125,625	HEICO Corp. [6]	9,632,520	40,650,994
116,875	HEICO Corp., Cl A [6]	7,586,429	29,502,756
Total Industrials		17,218,949	70,153,750
Information Technology (5.21%)			
	Application Software (2.01%)		
476,412	Figma, Inc., Cl A [1,6]	15,721,596	17,803,516
880,000	Guidewire Software, Inc. [1,6]	71,023,556	176,888,800
		86,745,152	194,692,316
	IT Consulting & Other Services (3.20%)		
1,230,000	Gartner, Inc. [1,6]	216,702,960	310,304,400
Total Information Technology		303,448,112	504,996,716
Real Estate (5.58%)			
	Other Specialized REITs (0.82%)		
1,775,000	Gaming and Leisure Properties, Inc. [6]	55,052,806	79,324,750
	Real Estate Services (4.76%)		
6,865,000	CoStar Group, Inc. [1,6]	92,989,423	461,602,600
Total Real Estate		148,042,229	540,927,350
Total Common Stocks		**2,148,259,588**	**7,617,728,986**
Private Common Stocks (12.24%)			
Communication Services (1.30%)			
	Interactive Media & Services (1.30%)		
1,665,754	X.AI Holdings Corp., Cl A [1,3,4]	60,000,000	125,697,796
Industrials (10.94%)			
	Aerospace & Defense (10.94%)		
2,216,310	Space Exploration Technologies Corp., Cl A [1,3,4]	29,920,185	933,066,510
302,210	Space Exploration Technologies Corp., Cl C [1,3,4]	4,079,835	127,230,410
Total Industrials		34,000,020	1,060,296,920
Total Private Common Stocks		**94,000,020**	**1,185,994,716**
Private Convertible Preferred Stocks (0.00%)			
Unclassified (0.00%)			
	Unclassified (0.00%)		
21,213,656	Northvolt AB, Series E2 (Sweden)[1,2,3,7]	**7,843,621**	**0**

Baron Partners Fund (continued)

Shares		Cost	Value
Private Preferred Stocks (21.42%)			
Communication Services (0.26%)			
	Interactive Media & Services (0.26%)		
331,301	X.AI Holdings Corp., Series E [1,3,4]	$ 24,999,974	$ 24,999,974
Industrials (21.16%)			
	Aerospace & Defense (21.16%)		
311,111	Space Exploration Technologies Corp., Cl H [1,3,4]	41,999,985	1,309,777,310
131,657	Space Exploration Technologies Corp., Cl I [1,3,4]	22,250,032	554,275,970
44,146	Space Exploration Technologies Corp., Series N [1,3,4]	11,919,420	185,854,660
Total Industrials		76,169,437	2,049,907,940
Total Private Preferred Stocks		**101,169,411**	**2,074,907,914**
Total Investments (112.29%)		**$ 2,351,272,640**	**10,878,631,616**
Liabilities Less Cash and Other Assets (-12.29%)			**(1,190,832,592)**
Net Assets			**$ 9,687,799,024**

% Represents percentage of net assets.
1 Non-income producing securities.
2 Foreign corporation.
3 At December 31, 2025, the market value of restricted securities amounted to $3,274,271,150 or 33.80% 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 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.
6 All or a portion of this security is pledged with the custodian in connection with the Fund's loans payable outstanding. At December 31, 2025, the total market value of pledged securities amounted to $2,384,818,535 or 24.62% of net assets.
7 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.

Baron Fifth Avenue Growth Fund

Shares		Cost	Value
Common Stocks (93.73%)			
Communication Services (13.55%)			
	Interactive Media & Services (13.55%)		
154,207	Alphabet, Inc., Cl A	$ 25,748,132	$ 48,266,791
89,102	Meta Platforms, Inc., Cl A	6,261,802	58,815,339
Total Communication Services		32,009,934	107,082,130
Consumer Discretionary (18.09%)			
	Automobile Manufacturers (4.23%)		
74,227	Tesla, Inc. [1]	16,024,679	33,381,366
	Broadline Retail (13.86%)		
284,121	Amazon.com, Inc. [1]	2,673,396	65,580,809
668,651	Coupang, Inc. [1]	12,056,062	15,773,477
13,982	MercadoLibre, Inc. [1]	9,633,147	28,163,384
		24,362,605	109,517,670
Total Consumer Discretionary		40,387,284	142,899,036
Financials (5.32%)			
	Asset Management & Custody Banks (3.58%)		
221,570	KKR & Co., Inc.	27,698,623	28,245,744
	Transaction & Payment Processing Services (1.74%)		
1,207	Adyen N.V., 144A (Netherlands)[1,2]	1,848,410	1,946,377
181,324	Block, Inc. [1]	11,182,919	11,802,379
		13,031,329	13,748,756
Total Financials		40,729,952	41,994,500
Health Care (9.10%)			
	Biotechnology (3.40%)		
31,913	argenx SE, ADR [1,2]	10,452,575	26,837,237
	Health Care Equipment (3.11%)		
43,393	Intuitive Surgical, Inc. [1]	5,068,231	24,576,060
	Life Sciences Tools & Services (1.55%)		
4,609	GRAIL, Inc. [1,4]	28,246	394,484
90,524	Illumina, Inc. [1]	6,777,437	11,873,128
		6,805,683	12,267,612
	Pharmaceuticals (1.04%)		
7,654	Eli Lilly & Co.	5,255,146	8,225,601
Total Health Care		27,581,635	71,906,510
Information Technology (47.67%)			
	Application Software (6.63%)		
65,629	Atlassian Corp., Cl A [1,2]	9,734,665	10,641,086
47,676	Figma, Inc., Cl A [1]	1,573,308	1,781,652
776,874	Samsara, Inc., Cl A [1]	29,003,918	27,540,184
81,075	ServiceNow, Inc. [1,4]	4,775,366	12,419,879
		45,087,257	52,382,801
	Internet Services & Infrastructure (5.43%)		
266,539	Shopify, Inc., Cl A [1,2]	12,692,489	42,904,783
	Semiconductor Materials & Equipment (2.06%)		
15,222	ASML Holding N.V. [2]	2,954,474	16,285,409

Shares		Cost	Value
Common Stocks (continued)			
Information Technology (continued)			
	Semiconductors (21.97%)		
53,852	Broadcom, Inc.	$ 18,465,447	$ 18,638,177
17,279	Monolithic Power Systems, Inc.	16,192,052	15,660,994
519,452	NVIDIA Corp.	6,777,240	96,877,798
139,558	Taiwan Semiconductor Manufacturing Co., Ltd., ADR [2]	26,454,594	42,410,281
		67,889,333	173,587,250
	Systems Software (11.58%)		
136,622	Cloudflare, Inc., Cl A [1,4]	10,915,868	26,935,027
36,869	Crowdstrike Holdings, Inc., Cl A [1]	6,131,149	17,282,712
167,782	Datadog, Inc., Cl A [1,4]	11,033,720	22,816,674
111,629	Snowflake, Inc., Cl A [1,4]	14,448,366	24,486,938
		42,529,103	91,521,351
Total Information Technology		171,152,656	376,681,594
Total Common Stocks		**311,861,461**	**740,563,770**
Private Common Stocks (2.85%)			
Industrials (2.85%)			
	Aerospace & Defense (2.85%)		
41,330	Space Exploration Technologies Corp., Cl A [1,3,4]	1,932,253	17,399,930
12,240	Space Exploration Technologies Corp., Cl C [1,3,4]	567,691	5,153,040
Total Private Common Stocks		**2,499,944**	**22,552,970**
Private Preferred Stocks (2.81%)			
Communication Services (2.81%)			
	Interactive Media & Services (2.81%)		
161,662	X.AI Holdings Corp., Series C [1,3,4]	3,499,982	12,199,015
132,520	X.AI Holdings Corp., Series E [1,3,4]	9,999,959	9,999,959
Total Private Preferred Stocks		**13,499,941**	**22,198,974**
Total Investments (99.39%)		**$ 327,861,346**	**785,315,714**
Cash and Other Assets Less Liabilities (0.61%)			**4,815,714**
Net Assets			**$ 790,131,428**

% Represents percentage of net assets.
[1] Non-income producing securities.
[2] Foreign corporation.
[3] At December 31, 2025, the market value of restricted securities, excluding Rule 144A securities as separately described below, amounted to $44,751,944 or 5.66% 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.
[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 December 31, 2025, the market value of Rule 144A securities amounted to $1,946,377 or 0.25% of net assets.

Baron Focused Growth Fund

Shares		Cost	Value
Common Stocks (74.22%)			
Communication Services (5.56%)			
	Movies & Entertainment (5.56%)		
265,000	Live Nation Entertainment, Inc.[1]	$ 35,488,718	$ 37,762,500
262,000	Spotify Technology SA[1,2]	35,016,218	152,146,020
Total Communication Services		70,504,936	189,908,520
Consumer Discretionary (36.01%)			
	Apparel, Accessories & Luxury Goods (2.85%)		
8,563,131	Figs, Inc., Cl A[1]	65,775,811	97,277,168
	Automobile Manufacturers (8.09%)		
615,000	Tesla, Inc.[1]	8,168,271	276,577,800
	Casinos & Gaming (5.35%)		
875,000	Las Vegas Sands Corp.	33,668,402	56,953,750
2,035,000	Red Rock Resorts, Inc., Cl A	86,323,075	126,068,250
		119,991,477	183,022,000
	Footwear (7.62%)		
2,810,000	Birkenstock Holding PLC[1,2]	133,146,511	114,929,000
3,130,000	On Holding AG, Cl A[1,2]	116,482,505	145,482,400
		249,629,016	260,411,400
	Homebuilding (1.13%)		
285,000	Toll Brothers, Inc.	30,630,554	38,537,700
	Hotels, Resorts & Cruise Lines (7.70%)		
384,000	Airbnb, Inc., Cl A[1]	45,306,913	52,116,480
900,000	Choice Hotels International, Inc.	87,624,344	85,734,000
781,500	Hyatt Hotels Corp., Cl A	63,750,712	125,290,080
		196,681,969	263,140,560
	Leisure Facilities (3.27%)		
843,000	Vail Resorts, Inc.	130,280,753	111,950,400
Total Consumer Discretionary		801,157,851	1,230,917,028
Financials (14.70%)			
	Financial Exchanges & Data (7.08%)		
330,000	FactSet Research Systems, Inc.	83,967,818	95,762,700
255,000	MSCI, Inc.	137,904,195	146,301,150
		221,872,013	242,063,850
	Investment Banking & Brokerage (5.09%)		
2,160,000	Interactive Brokers Group, Inc., Cl A	47,496,720	138,909,600
567,000	Jefferies Financial Group, Inc.	23,345,515	35,136,990
		70,842,235	174,046,590
	Property & Casualty Insurance (2.53%)		
900,000	Arch Capital Group Ltd.[1,2]	25,104,585	86,328,000
Total Financials		317,818,833	502,438,440

Shares		Cost	Value
Common Stocks (continued)			
Health Care (4.72%)			
	Health Care Equipment (4.72%)		
238,500	IDEXX Laboratories, Inc.[1]	$ 101,512,967	$ 161,352,405
Industrials (2.32%)			
	Research & Consulting Services (2.32%)		
355,000	Verisk Analytics, Inc.	76,138,680	79,409,950
Information Technology (8.20%)			
	Application Software (5.02%)		
169,502	Figma, Inc., Cl A[1]	5,593,566	6,334,290
572,800	Guidewire Software, Inc.[1]	56,746,264	115,138,528
1,419,900	Samsara, Inc., Cl A[1]	53,016,498	50,335,455
		115,356,328	171,808,273
	Internet Services & Infrastructure (3.18%)		
675,000	Shopify, Inc., Cl A[1,2]	34,732,649	108,654,750
Total Information Technology		150,088,977	280,463,023
Real Estate (2.71%)			
	Real Estate Services (2.71%)		
1,376,000	CoStar Group, Inc.1	71,503,811	92,522,240
Total Common Stocks		**1,588,726,055**	**2,537,011,606**
Private Common Stocks (12.71%)			
Industrials (12.71%)			
	Aerospace & Defense (12.71%)		
732,896	Space Exploration Technologies Corp., Cl A[1,3,4]	48,295,957	308,549,216
299,280	Space Exploration Technologies Corp., Cl C[1,3,4]	39,904,140	125,996,880
Total Private Common Stocks		**88,200,097**	**434,546,096**
Private Preferred Stocks (10.33%)			
Communication Services (3.69%)			
	Interactive Media & Services (3.69%)		
1,670,843	X.AI Holdings Corp., Cl B[1,3,4]	19,999,991	126,081,813
Health Care (0.15%)			
	Health Care Equipment (0.15%)		
99,010	Neuralink Corp., Series E[1,3,4]	5,000,005	5,000,005

Baron Focused Growth Fund (continued)

Shares		Cost	Value
Private Preferred Stocks (continued)			
Industrials (6.49%)			
	Aerospace & Defense (6.49%)		
29,630	Space Exploration Technologies Corp., Cl H[1,3,4]	$ 4,000,050	$ 124,742,300
1,479	Space Exploration Technologies Corp., Cl I[1,3,4]	249,951	6,226,590
12,346	Space Exploration Technologies Corp., Series K[1,3,4]	10,000,260	51,976,660
9,259	Space Exploration Technologies Corp., Series N[1,3,4]	2,499,930	38,980,390
Total Industrials		16,750,191	221,925,940
Total Private Preferred Stocks		**41,750,187**	**353,007,758**
Total Investments (97.26%)		**$ 1,718,676,339**	**3,324,565,460**
Cash and Other Assets Less Liabilities (2.74%)			**93,515,115**
Net Assets			**$ 3,418,080,575**

% Represents percentage of net assets.
1 Non-income producing securities.
2 Foreign corporation.
3 At December 31, 2025, the market value of restricted securities amounted to $787,553,854 or 23.04% 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 (97.78%)			
Australia (2.05%)			
548,019	Lynas Rare Earths Ltd.[1]	$ 2,375,610	$ 4,494,541
48,311	WiseTech Global Ltd.	3,285,174	2,196,436
Total Australia		5,660,784	6,690,977
Brazil (1.20%)			
86,059	Afya Ltd., Cl A	1,117,182	1,326,169
214,917	Localiza Rent a Car SA[1]	2,011,721	1,698,256
54,960	XP, Inc., Cl A	956,200	899,695
Total Brazil		4,085,103	3,924,120
Canada (5.13%)			
14,922	Agnico Eagle Mines Ltd.	691,600	2,529,727
2,238	Constellation Software, Inc.	49,984	5,383,070
411,795	Lundin Mining Corp.	4,284,861	8,850,645
Total Canada		5,026,445	16,763,442
Chile (0.57%)			
27,224	Sociedad Quimica y Minera de Chile SA, ADR[1]	1,268,232	1,873,011
China (9.13%)			
25,758	Alibaba Group Holding Limited, ADR	2,351,750	3,775,608
120,806	BYD Co. Ltd., Cl H	1,838,442	1,476,341
63,774	Contemporary Amperex Technology Co. Ltd., Cl A	2,076,249	3,353,398
321,012	Full Truck Alliance Co. Ltd., ADR	2,126,674	3,444,459
50,498	GDS Holdings Ltd., ADR[1]	1,842,158	1,762,380
1,147,691	Kingdee International Software Group Co. Ltd.[1]	669,626	1,967,573
236,313	Kuaishou Technology, 144A[1]	2,285,606	1,953,460
112,885	Pony AI, Inc., ADR[1]	1,519,839	1,636,832
33,822	Tencent Holdings Limited	263,759	2,595,620
28,886	Tencent Holdings Limited, ADR	1,179,815	2,211,223
93,663	Tencent Music Entertainment Group, ADR	850,955	1,641,912
90,659	Zai Lab Limited, ADR[1]	1,933,756	1,599,225
358,930	Zhejiang Shuanghuan Driveline Co. Ltd., Cl A	1,703,598	2,437,169
Total China		20,642,227	29,855,200
Denmark (0.43%)			
27,426	Novo Nordisk AS, ADR	2,308,343	1,395,435
France (10.14%)			
23,266	Airbus SE	3,883,254	5,402,918
94,150	BNP Paribas S.A.	3,671,787	8,907,247
8,770	EssilorLuxottica SA	2,610,113	2,773,055
65,406	Eurofins Scientific SE	626,089	4,783,036
21,180	Euronext NV, 144A	3,104,636	3,181,614
2,411	LVMH Moët Hennessy Louis Vuitton SE	539,088	1,817,257
8,875	Pernod Ricard SA	954,988	759,933
84,919	TotalEnergies SE	5,143,375	5,536,548
Total France		20,533,330	33,161,608

Shares		Cost	Value
Common Stocks (continued)			
Germany (3.09%)			
202,402	Deutsche Bank AG	$ 4,743,914	$ 7,804,621
28,258	Symrise AG	1,395,969	2,289,506
Total Germany		6,139,883	10,094,127
Greece (0.96%)			
394,791	Piraeus Bank (formerly, Piraeus Financial Holdings) SA	2,306,046	3,152,133
India (8.13%)			
226,104	Bharti Airtel Ltd. PP	1,159,388	4,256,944
93,973	Centum Electronics Ltd.	2,608,551	2,440,104
650,563	Eternal Ltd.[1]	2,013,573	2,016,083
1,100,621	GMR Power & Urban Infra Ltd.[1]	1,656,409	1,364,589
37,690	Godrej Properties Ltd.[1,3]	440,051	840,849
45,494	InterGlobe Aviation Ltd., 144A	1,971,812	2,566,108
383,174	Jio Financial Services Ltd.	869,533	1,258,472
966,962	JM Financial Limited	923,345	1,615,954
26,379	Kaynes Technology India Ltd.[1]	839,826	1,177,976
195,730	Max Healthcare Institute Ltd.	1,569,428	2,276,618
198,879	Nippon Life India Asset Management Ltd., 144A	637,020	1,948,224
186,781	Reliance Industries Limited	1,939,757	3,268,409
32,443	Trent Ltd.	587,898	1,547,234
Total India		17,216,591	26,577,564
Ireland (2.47%)			
421,578	Bank of Ireland Group PLC	3,109,952	8,062,805
Israel (2.44%)			
8,105	CyberArk Software Ltd.[1]	1,415,409	3,615,316
85,794	Oddity Tech Ltd., Cl A[1]	2,755,517	3,447,203
8,974	Wix.com Ltd.[1]	396,619	932,309
Total Israel		4,567,545	7,994,828
Italy (1.41%)			
19,795	Brunello Cucinelli SpA	2,159,061	2,270,440
115,568	Stevanato Group SpA	2,426,495	2,325,228
Total Italy		4,585,556	4,595,668
Japan (13.97%)			
241,280	Ajinomoto Co., Inc.	4,481,438	5,100,656
489,104	Japan Exchange Group, Inc.	5,149,194	5,220,478
13,439	Keyence Corporation	3,848,721	4,861,218
422,964	Mitsubishi UFJ Financial Group, Inc., ADR	3,960,098	6,708,209
197,100	Mitsui Fudosan Co. Ltd.	2,270,310	2,239,898
725,798	Nomura Holdings, Inc.	5,257,662	6,046,238
16,500	Recruit Holdings Co, Ltd.	250,235	927,161
152,700	SMS Co. Ltd.	2,786,159	1,314,965
221,370	Sumitomo Mitsui Financial Group, Inc.	3,134,615	7,119,572
27,540	Tokyo Electron Limited	3,235,497	6,133,909
Total Japan		34,373,929	45,672,304

Baron International Growth Fund (continued)

Shares		Cost	Value
Common Stocks (continued)			
Korea, Republic of (5.39%)			
82,449	Coupang, Inc.[1]	$ 942,142	$ 1,944,972
7,287	HD Hyundai Heavy Industries Co. Ltd.	664,681	2,568,296
17,967	HD Korea Shipbuilding & Offshore Engineering Co. Ltd.	1,156,121	5,069,777
25,468	ISC Co. Ltd.	1,039,083	1,967,875
10,589	Park Systems Corp.	1,387,334	1,537,687
30,233	Samsung Electronics Co., Ltd.	2,160,939	2,533,976
4,426	SK Hynix, Inc.	594,338	2,004,437
Total Korea, Republic of		7,944,638	17,627,020
Netherlands (7.05%)			
128,087	AMG Critical Materials NV	2,942,843	4,267,095
13,049	argenx SE, ADR[1]	365,763	10,973,556
41,990	Prosus NV	1,473,321	2,599,977
199,193	Universal Music Group NV	4,316,153	5,192,928
Total Netherlands		9,098,080	23,033,556
Peru (1.74%)			
19,865	Credicorp, Ltd.	2,931,265	5,701,255
Poland (1.06%)			
281,347	InPost SA[1]	1,980,758	3,457,394
Russia (0.00%)^			
487,800	Sberbank of Russia PJSC[1,2]	1,650,983	357
Spain (1.99%)			
686,780	eDreams ODIGEO SA[1]	4,396,976	3,210,715
50,191	Industria de Diseno Textil, S.A.	1,406,803	3,310,832
Total Spain		5,803,779	6,521,547
Sweden (1.65%)			
239,084	Epiroc AB, Cl A	3,811,164	5,389,400
Switzerland (2.63%)			
9,135	Compagnie Financiere Richemont SA, Cl A	1,259,491	1,969,971
41,363	Nestle S.A.	3,784,709	4,105,655
54,377	On Holding AG, Cl A[1]	2,719,513	2,527,443
Total Switzerland		7,763,713	8,603,069
Taiwan (4.71%)			
20,635	eMemory Technology, Inc.[3]	1,542,751	1,133,301
290,330	Taiwan Semiconductor Manufacturing Co., Ltd.	5,828,948	14,271,826
Total Taiwan		7,371,699	15,405,127
United Kingdom (6.72%)			
73,025	AstraZeneca PLC, ADR	2,601,115	6,713,188
151,656	BAE Systems PLC	2,622,249	3,490,372
129,580	Experian plc	2,321,033	5,842,316
13,926	Linde Public Limited Company	1,992,614	5,917,904
Total United Kingdom		9,537,011	21,963,780
United States (3.72%)			
38,777	Agilent Technologies, Inc.	$ 1,385,217	$ 5,276,386
71,655	Arch Capital Group Ltd.[1]	1,227,334	6,873,148
Total United States		2,612,551	12,149,534
Total Common Stocks		192,329,607	319,665,261
Warrants (0.00%)			
Canada (0.00%)			
5,029	Constellation Software, Inc. Exp. 3/31/2040[1,2]	0	0
Total Investments (97.78%)		$ 192,329,607	319,665,261
Cash and Other Assets Less Liabilities (2.22%)			7,249,941
Net Assets			$ 326,915,202

% Represents percentage of net assets.
[1] Non-income producing securities.
[2] At December 31, 2025, the market value of restricted securities, excluding Rule 144A securities as separately described below, amounted to $357 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 December 31, 2025, the market value of Rule 144A securities amounted to $9,649,406 or 2.95% of net assets.

Summary of Investments by Sector as of December 31, 2025	Percentage of Net Assets (%)
Financials	22.8%
Information Technology	17.0%
Industrials	14.0%
Health Care	11.7%
Consumer Discretionary	9.9%
Materials	9.2%
Communication Services	5.5%
Consumer Staples	4.1%
Energy	2.7%
Real Estate	0.9%
Cash and Cash Equivalents*	2.2%
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 (98.44%)			
Consumer Discretionary (27.52%)			
	Casinos & Gaming (6.57%)		
521,200	Las Vegas Sands Corp.	$ 21,938,793	$ 33,924,908
655,949	Red Rock Resorts, Inc., Cl A	14,794,046	40,636,040
651,478	Wynn Resorts Ltd.	53,643,713	78,392,348
		90,376,552	152,953,296
	Home Improvement Retail (2.26%)		
218,466	Lowe's Companies, Inc.	46,909,520	52,685,261
	Homebuilding (10.15%)		
36,500	Cavco Industries, Inc. [1]	20,592,585	21,562,010
714,114	Champion Homes, Inc. [1]	55,069,919	60,342,633
83,687	Installed Building Products, Inc.	11,413,997	21,707,571
394,100	Taylor Morrison Home Corp. [1]	23,220,161	23,200,667
809,800	Toll Brothers, Inc.	66,295,985	109,501,156
		176,592,647	236,314,037
	Hotels, Resorts & Cruise Lines (8.54%)		
477,666	Airbnb, Inc., Cl A [1]	55,486,883	64,828,829
218,900	Hilton Worldwide Holdings, Inc.	34,287,301	62,879,025
442,500	Hyatt Hotels Corp., Cl A	53,482,747	70,941,600
		143,256,931	198,649,454
Total Consumer Discretionary		457,135,650	640,602,048
Financials (12.77%)			
	Asset Management & Custody Banks (10.40%)		
431,900	Blackstone, Inc.	44,020,912	66,573,066
881,160	Brookfield Asset Management Ltd., Cl A [2]	33,124,546	46,163,972
2,816,050	Brookfield Corp., Cl A [2]	78,395,647	129,228,535
		155,541,105	241,965,573
	Commercial & Residential Mortgage Finance (1.14%)		
1,376,300	Rocket Cos., Inc., Cl A [1]	25,901,263	26,645,168
	Mortgage REITs (1.23%)		
1,498,050	Blackstone Mortgage Trust, Inc., Cl A	28,809,918	28,657,696
Total Financials		210,252,286	297,268,437
Industrials (7.12%)			
	Building Products (4.34%)		
340,450	AAON, Inc.	26,426,970	25,959,313
290,000	Advanced Drainage Systems, Inc.	33,790,661	42,000,700
661,764	Fortune Brands Innovations, Inc.	33,456,628	33,101,435
		93,674,259	101,061,448
	Construction & Engineering (0.27%)		
143,281	Legence Corp., Cl A [1]	4,253,127	6,166,814
	Trading Companies & Distributors (2.51%)		
469,535	SiteOne Landscape Supply, Inc. [1]	55,014,087	58,485,280
Total Industrials		152,941,473	165,713,542

Shares		Cost	Value
Common Stocks (continued)			
Information Technology (1.47%)			
	Internet Services & Infrastructure (1.47%)		
977,575	GDS Holdings Ltd., ADR [1,2]	$ 14,427,768	$ 34,117,368
Materials (8.88%)			
	Construction Materials (6.56%)		
741,400	CRH PLC [2]	73,124,460	92,526,720
211,095	Vulcan Materials Co.	45,884,282	60,208,516
		119,008,742	152,735,236
	Forest Products (2.32%)		
667,652	Louisiana-Pacific Corp.	58,754,264	53,919,576
Total Materials		177,763,006	206,654,812
Real Estate (40.68%)			
	Data Center REITs (2.88%)		
81,651	Digital Realty Trust, Inc.	10,292,263	12,632,226
70,965	Equinix, Inc.	38,488,632	54,370,544
		48,780,895	67,002,770
	Health Care REITs (8.63%)		
853,000	Ventas, Inc.	64,992,135	66,005,140
726,313	Welltower, Inc.	69,559,946	134,810,956
		134,552,081	200,816,096
	Industrial REITs (5.66%)		
1,624,700	Goodman Group, (Australia) [2]	36,199,681	33,433,338
770,700	Prologis, Inc.	86,261,431	98,387,562
		122,461,112	131,820,900
	Multi-Family Residential REITs (1.42%)		
525,300	Equity Residential	32,758,729	33,114,912
	Office REITs (0.50%)		
171,700	BXP, Inc.	12,053,564	11,586,316
	Real Estate Services (16.86%)		
799,898	CBRE Group, Inc., Cl A [1]	73,203,043	128,615,599
1,018,963	CoStar Group, Inc. [1]	68,372,091	68,515,072
1,457,850	Cushman & Wakefield Ltd. [1,2]	23,594,989	23,602,592
510,242	Jones Lang LaSalle, Inc. [1]	104,827,910	171,681,126
		269,998,033	392,414,389
	Retail REITs (3.22%)		
2,472,514	The Macerich Co.	41,783,217	45,642,608
158,650	Simon Property Group, Inc.	25,834,901	29,367,702
		67,618,118	75,010,310
	Telecom Tower REITs (1.51%)		
200,085	American Tower Corp.	35,911,606	35,128,923
Total Real Estate		724,134,138	946,894,616
Total Investments (98.44%)		**$ 1,736,654,321**	**2,291,250,823**
Cash and Other Assets Less Liabilities (1.56%)			**36,320,968**
Net Assets			**$ 2,327,571,791**

% Represents percentage of net assets.
[1] Non-income producing securities.
[2] Foreign corporation.
[ADR] American Depositary Receipt.

Baron Emerging Markets Fund

Shares		Cost	Value
Common Stocks (99.38%)			
Argentina (0.80%)			
14,095	MercadoLibre, Inc.[1]	$ 27,245,018	$ 28,390,995
Brazil (4.86%)			
925,480	Afya Ltd., Cl A	18,609,655	14,261,647
4,188,048	Banco BTG Pactual SA	28,929,004	40,120,955
9,630,305	GPS Participacoes e Empreendimentos SA, 144A	23,351,538	28,315,207
1,008,173	Inter & Co., Inc., BDR	4,043,419	8,572,311
5,272,501	Localiza Rent a Car SA[1]	31,397,924	41,662,863
1,351,153	NU Holdings Ltd., Cl A[1]	21,716,112	22,618,301
1,011,702	XP, Inc., Cl A	12,348,633	16,561,562
Total Brazil		140,396,285	172,112,846
Chile (0.93%)			
478,333	Sociedad Quimica y Minera de Chile SA, ADR[1]	21,460,149	32,909,310
China (27.18%)			
934,105	Alibaba Group Holding Limited, ADR	88,630,573	136,921,111
2,577,086	BYD Co. Ltd., Cl H	36,803,430	31,493,940
16,116,638	China Mengniu Dairy Co. Ltd.	28,378,096	30,936,664
1,649,500	Contemporary Amperex Technology Co. Ltd., Cl A	46,770,814	86,734,893
4,869,031	Full Truck Alliance Co. Ltd., ADR	33,415,475	52,244,703
3,436,750	Fuyao Glass Industry Group Co. Ltd., Cl A	23,788,268	31,861,516
1,047,678	GDS Holdings Ltd., ADR[1]	37,101,579	36,563,962
3,007,093	Jiangsu Hengli Hydraulic Co. Ltd., Cl A	23,623,603	47,258,357
28,558,633	Kingdee International Software Group Co. Ltd.[1]	15,938,898	48,960,213
4,911,081	Kuaishou Technology, 144A[1]	46,775,866	40,597,003
2,212,113	Pony AI, Inc., ADR[1]	29,823,948	32,075,638
5,850,207	SF Holding Co. Ltd., Cl H	26,044,959	26,085,058
1,961,346	Tencent Holdings Limited	33,798,365	150,520,619
372,856	Tencent Holdings Limited, ADR	15,366,889	28,542,127
1,764,998	Tencent Music Entertainment Group, ADR	18,685,652	30,940,415
2,962,955	Wuxi Biologics Cayman, Inc., 144A[1]	7,550,588	11,981,636
841,016	XPeng, Inc., ADR[1]	15,496,572	17,055,804
725,673	XPeng, Inc., Cl A[1]	5,208,491	7,378,546
1,179,109	Zai Lab Limited, ADR[1]	23,303,045	20,799,483
8,498,344	Zhejiang Sanhua Intelligent Controls Co. Ltd., Cl H	27,798,585	41,974,532
7,620,832	Zhejiang Shuanghuan Driveline Co. Ltd., Cl A	35,111,821	51,746,174
Total China		619,415,517	962,672,394
Greece (1.06%)			
4,699,668	Piraeus Bank (formerly, Piraeus Financial Holdings) SA	28,021,853	37,523,600

Shares		Cost	Value
Common Stocks (continued)			
India (25.45%)			
6,935,389	Bajaj Finance Limited	$ 34,913,532	$ 76,268,380
5,383,632	Bharat Electronics Ltd.	25,407,556	23,963,619
3,022,347	Bharti Airtel Ltd.	21,075,238	70,938,964
730,401	Bharti Airtel Ltd. PP	1,390,218	13,751,533
1,063,553	Cholamandalam Investment & Finance Co. Ltd.	16,220,732	20,173,141
656,193	Cummins India Ltd.	25,911,363	32,383,708
5,570,336	DCW Ltd.	6,204,179	3,617,312
10,400,268	Eternal Ltd.[1]	32,009,609	32,230,243
1,372,408	Godrej Consumer Products Ltd.	15,069,859	18,680,149
724,998	Godrej Properties Ltd.[1]	13,002,018	16,174,417
3,124,601	HDFC Bank Ltd.	27,923,793	34,517,130
739,461	InterGlobe Aviation Ltd., 144A	29,700,043	41,709,604
5,880,974	Jio Financial Services Ltd.	13,454,933	19,315,099
21,289,939	JM Financial Limited	22,679,528	35,579,027
448,053	Kaynes Technology India Ltd.[1]	14,690,275	20,008,173
1,275,933	Kotak Mahindra Bank Ltd.	29,514,445	31,299,215
670,046	Mahindra & Mahindra Ltd.	15,855,407	27,672,262
4,052,398	Max Healthcare Institute Ltd.	39,067,149	47,135,142
3,622,817	Nippon Life India Asset Management Ltd., 144A	11,604,068	35,489,214
1,129,325	Nuvama Wealth Management Ltd.	7,590,364	18,597,468
13,643,347	Pine Labs Ltd., 144A[1,2]	39,999,997	36,329,373
9,638,530	Power Grid Corp. of India Ltd.	36,180,350	28,421,695
2,863,804	Reliance Industries Limited	27,133,339	50,112,604
1,870,192	SBI Life Insurance Company Limited, 144A	19,234,012	42,391,700
471,922	SRF Ltd.	14,719,823	16,169,807
8,882,772	Swiggy Ltd.[1]	42,358,666	38,237,866
1,159,644	Tata Communications Ltd.	12,251,059	23,551,863
1,327,155	Tata Consumer Products Ltd.	10,255,142	17,600,717
609,323	Trent Ltd.	11,904,374	29,059,126
Total India		617,321,071	901,378,551
Korea, Republic of (15.30%)			
1,766,295	Coupang, Inc.[1]	20,516,881	41,666,899
431,079	Doosan Enerbility Co. Ltd.[1]	8,325,074	22,547,181
461,247	Hanwha Systems Co. Ltd.	7,433,566	17,421,073
111,052	HD Hyundai Heavy Industries Co. Ltd.	5,819,319	39,140,164
304,677	HD Korea Shipbuilding & Offshore Engineering Co. Ltd.	22,714,291	85,971,196
475,181	HPSP Co. Ltd.	10,608,359	11,068,338
265,630	Hyundai Glovis Co. Ltd.	26,408,994	33,342,005
476,036	ISC Co. Ltd.	17,504,748	36,782,609
287,484	Korea Aerospace Industries Ltd.	9,489,171	22,778,188
92,801	Park Systems Corp.	11,856,145	13,476,144
19,095	Samsung Biologics Co. Ltd., 144A[1]	20,168,744	22,421,051
1,424,710	Samsung Electronics Co., Ltd.	51,126,725	119,411,912
10,263	Samsung Episholdings Co. Ltd.[1]	2,397,176	5,293,401
155,906	SK Hynix, Inc.	17,999,980	70,606,369
Total Korea, Republic of		232,369,173	541,926,530

Baron Emerging Markets Fund (continued)

Shares		Cost	Value
Common Stocks (continued)			
Mexico (1.50%)			
5,629,188	Grupo Mexico S.A.B. de C.V., Series B	$ 13,400,546	$ 53,204,931
Peru (1.92%)			
236,839	Credicorp, Ltd.	28,528,730	67,972,793
Philippines (0.84%)			
12,982,090	BDO Unibank, Inc.	21,217,265	29,649,617
Poland (1.23%)			
3,542,313	InPost SA[1]	32,219,846	43,530,483
Russia (0.00%)^			
17,949,100	Sberbank of Russia PJSC[1,2]	64,430,586	13,138
South Africa (2.21%)			
2,036,599	Absa Group Ltd.	25,199,624	29,434,687
4,931,934	FirstRand Ltd.	23,956,395	27,026,950
329,615	Naspers Ltd., N Shares	9,253,691	21,982,506
Total South Africa		58,409,710	78,444,143
Spain (0.49%)			
2,176,630	Codere Online Luxembourg, S.A. Private Shares[1]	18,185,897	17,478,339
Taiwan (15.40%)			
97,743	ASPEED Technology, Inc.	10,144,310	22,487,749
767,181	Chroma ATE, Inc.	7,458,387	18,975,035
1,688,815	Delta Electronics, Inc.	5,826,022	51,515,502
3,151,216	E Ink Holdings, Inc.	25,602,279	19,798,882
302,226	eMemory Technology, Inc.	23,084,215	16,598,640
8,250,287	Taiwan Semiconductor Manufacturing Co., Ltd.	150,471,997	405,561,467
34,442	Taiwan Semiconductor Manufacturing Co., Ltd., ADR	600,951	10,466,580
Total Taiwan		223,188,161	545,403,855
United Arab Emirates (0.21%)			
28,541,528	Talabat Holding PLC	12,432,840	7,289,099
Total Common Stocks		**2,158,242,647**	**3,519,900,624**
Private Convertible Preferred Stocks (0.00%)			
India (0.00%)			
15,334	Think & Learn Private Limited, Series F[1,2]	**49,776,072**	**70,046**

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	$ 10,740
Total Investments (99.38%)		**$ 2,208,018,719**	**3,519,981,410**
Cash and Other Assets Less Liabilities (0.62%)			**21,812,635**
Net Assets			**$ 3,541,794,045**

% Represents percentage of net assets.
[1] Non-income producing securities.
[2] At December 31, 2025, the market value of restricted securities, excluding Rule 144A securities as separately described below, amounted to $36,412,557 or 1.03% 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 December 31, 2025, the market value of Rule 144A securities amounted to $259,234,788 or 7.32% of net assets.

Summary of Investments by Sector as of December 31, 2025	**Percentage of Net Assets (%)**
Information Technology	26.4%
Industrials	19.4%
Financials	17.8%
Consumer Discretionary	15.1%
Communication Services	10.1%
Health Care	3.0%
Materials	3.0%
Consumer Staples	1.9%
Energy	1.4%
Utilities	0.8%
Real Estate	0.5%
Cash and Cash Equivalents*	0.6%
Total	**100.0%****

* Includes other assets and liabilities-net.
** Individual weights may not sum to 100% due to rounding.

Baron Global Opportunity Fund

Shares		Cost	Value
Common Stocks (80.89%)			
Argentina (6.25%)			
22,871	MercadoLibre, Inc.[1]	$ 11,646,784	$ 46,068,140
Brazil (3.64%)			
416,760	Afya Ltd., Cl A	7,447,704	6,422,272
1,218,404	NU Holdings Ltd., Cl A[1]	14,892,736	20,396,083
Total Brazil		22,340,440	26,818,355
Canada (5.63%)			
257,699	Shopify, Inc., Cl A[1]	9,758,407	41,481,808
China (2.87%)			
441,040	GDS Holdings Ltd., ADR[1]	6,233,704	15,392,296
51,155	PDD Holdings, Inc., ADR[1]	7,069,327	5,800,465
Total China		13,303,031	21,192,761
India (6.51%)			
2,272,718	Bajaj Finance Limited[3]	14,022,343	24,993,049
7,408,729	Eternal Ltd.[1]	13,553,207	22,959,518
Total India		27,575,550	47,952,567
Israel (1.81%)			
231,622	Fiverr International Ltd.[1]	5,280,620	4,576,851
84,698	Wix.com Ltd.[1]	8,219,775	8,799,275
Total Israel		13,500,395	13,376,126
Korea, Republic of (3.56%)			
1,112,089	Coupang, Inc.[1]	17,833,026	26,234,180
Netherlands (8.17%)			
8,934	Adyen N.V., 144A[1]	6,863,044	14,406,740
32,477	argenx SE, ADR[1]	1,592,288	27,311,533
17,155	ASML Holding N.V.	3,495,349	18,484,859
Total Netherlands		11,950,681	60,203,132
Poland (1.34%)			
802,024	InPost SA[1]	9,445,913	9,855,846
Spain (1.31%)			
827,902	Codere Online Luxembourg S.A.[1]	7,576,156	6,648,053
375,992	Codere Online Luxembourg, S.A. Private Shares[1]	2,714,710	3,019,216
Total Spain		10,290,866	9,667,269
Taiwan (5.09%)			
123,587	Taiwan Semiconductor Manufacturing Co., Ltd., ADR	27,665,859	37,556,853

Shares		Cost	Value
Common Stocks (continued)			
United States (34.71%)			
128,187	Amazon.com, Inc.[1]	$ 29,738,511	$ 29,588,123
16,396	Billiontoone, Inc., Cl A[1]	983,760	1,341,849
109,976	Block, Inc.[1]	9,647,337	7,158,338
101,715	Cloudflare, Inc., Cl A[1]	2,267,119	20,053,112
25,825	Crowdstrike Holdings, Inc., Cl A[1]	5,102,677	12,105,727
125,157	Datadog, Inc., Cl A[1]	5,157,932	17,020,100
40,494	Figma, Inc., Cl A[1]	1,336,302	1,513,261
154	GRAIL, Inc.[1]	7,341	13,181
154,807	HeartFlow, Inc.[1]	3,853,287	4,512,624
92,028	Illumina, Inc.[1]	9,839,166	12,070,392
1,744,399	indie Semiconductor, Inc., Cl A[1]	9,330,953	6,157,728
163,103	Loar Holdings, Inc.[1]	12,634,501	11,091,004
413,617	Netskope, Inc., Cl A[1]	8,570,735	7,254,842
356,883	NVIDIA Corp.	6,728,358	66,558,680
188,611	SailPoint, Inc.[1]	4,148,024	3,815,601
45,099	ServiceTitan, Inc., Cl A[1]	3,636,169	4,803,044
95,516	Snowflake, Inc., Cl A[1]	11,461,920	20,952,390
27,899	Tesla, Inc.[1]	6,610,652	12,546,738
74,811	Viking Therapeutics, Inc.[1]	4,953,838	2,631,851
65,339	Zscaler, Inc.[1]	4,713,393	14,696,048
Total United States		140,721,975	255,884,633
Total Common Stocks		**316,032,927**	**596,291,670**
Private Common Stocks (18.77%)			
United States (18.77%)			
299,761	Farmers Business Network, Inc.[1,2]	12,250,007	557,556
252,130	Space Exploration Technologies Corp., Cl A[1,2]	11,571,518	106,146,730
75,250	Space Exploration Technologies Corp., Cl C[1,2]	3,428,124	31,680,250
Total Private Common Stocks		**27,249,649**	**138,384,536**
Private Convertible Preferred Stocks (0.01%)			
India (0.01%)			
9,201	Think & Learn Private Limited, Series F[1,2]	**29,867,591**	**42,030**

Baron Global Opportunity Fund (continued)

Shares		Cost	Value
Warrants (0.06%)			
Israel (0.00%)^			
228,748	Taboola.com Ltd., Exp. 12/31/2027 exercise price USD 11.50[1]	$ 417,099	$ 8,372
Spain (0.06%)			
502,360	Codere Online Luxembourg SA, Exp. 11/30/2026 exercise price USD 11.50[1]	845,632	406,912
Total Warrants		**1,262,731**	**415,284**
Total Investments (99.72%)		**$ 374,412,898**	**735,133,520**
Cash and Other Assets Less Liabilities (0.28%)			**2,035,840**
Net Assets			**$ 737,169,360**

% Represents percentage of net assets.
[1] Non-income producing securities.
[2] At December 31, 2025, the market value of restricted securities, excluding Rule 144A securities as separately described below, amounted to $138,426,566 or 18.78% of net assets.
[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 December 31, 2025, the market value of Rule 144A securities amounted to $14,406,740 or 1.95% of net assets.
^ Rounds to less than 0.01%.

Summary of Investments by Sector as of December 31, 2025	**Percentage of Net Assets (%)**
Information Technology	40.2%
Industrials	22.1%
Consumer Discretionary	21.7%
Financials	9.1%
Health Care	6.5%
Unclassified	0.1%
Communication Services	0.0%†
Cash and Cash Equivalents*	0.3%
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.

Baron Discovery Fund

Shares		Cost	Value
Common Stocks (96.70%)			
Communication Services (5.08%)			
	Integrated Telecommunication Services (1.13%)		
575,000	GCI Liberty, Inc., Cl C [1]	$ 20,318,351	$ 21,395,750
	Movies & Entertainment (3.95%)		
700,000	Liberty Live Holdings, Inc., (formerly, Liberty Media Corp. – Liberty Live) Cl C [1]	24,701,179	58,212,000
185,000	Liberty Media Corporation-Liberty Formula One, Cl A [1]	5,408,362	16,535,300
		30,109,541	74,747,300
Total Communication Services		50,427,892	96,143,050
Consumer Discretionary (13.80%)			
	Apparel, Accessories & Luxury Goods (1.18%)		
1,950,000	Brunello Cucinelli SpA, ADR [2]	20,218,822	22,366,044
	Casinos & Gaming (5.05%)		
1,550,000	DraftKings, Inc., Cl A [1]	33,848,042	53,413,000
350,000	Wynn Resorts Ltd.	26,407,091	42,115,500
		60,255,133	95,528,500
	Footwear (2.70%)		
850,000	Birkenstock Holding PLC [1,2]	41,577,113	34,765,000
350,000	On Holding AG, Cl A [1,2]	7,945,300	16,268,000
		49,522,413	51,033,000
	Home Improvement Retail (1.12%)		
350,000	Floor & Decor Holdings, Inc., Cl A [1]	13,151,955	21,311,500
	Restaurants (3.75%)		
205,000	Texas Roadhouse, Inc.	19,789,735	34,030,000
155,000	Wingstop, Inc.	36,263,204	36,965,950
		56,052,939	70,995,950
Total Consumer Discretionary		199,201,262	261,234,994
Consumer Staples (1.36%)			
	Soft Drinks & Non-alcoholic Beverages (1.36%)		
1,575,000	Primo Brands Corp.	37,995,724	25,751,250
Financials (5.05%)			
	Asset Management & Custody Banks (1.70%)		
500,000	StepStone Group, Inc., Cl A	29,862,837	32,085,000
	Insurance Brokers (1.19%)		
785,000	TWFG, Inc. [1]	16,660,641	22,584,450
	Property & Casualty Insurance (2.16%)		
550,000	Ategrity Specialty Holdings LLC [1]	9,452,264	11,555,500
75,000	Kinsale Capital Group, Inc.	3,355,498	29,334,000
		12,807,762	40,889,500
Total Financials		59,331,240	95,558,950
Health Care (21.74%)			
	Biotechnology (1.95%)		
233,217	Arcellx, Inc. [1]	16,909,477	15,205,748
320,000	Arcutis Biotherapeutics, Inc. [1]	9,905,985	9,292,800
1,074,609	ARS Pharmaceuticals, Inc. 1	19,202,095	12,519,195
		46,017,557	37,017,743
Common Stocks (continued)			
Health Care (continued)			
	Health Care Equipment (2.52%)		
141,567	Inspire Medical Systems, Inc. [1]	$ 16,750,962	$ 13,056,724
267,000	Masimo Corp. [1]	36,952,018	34,726,020
		53,702,980	47,782,744
	Health Care Supplies (2.66%)		
689,845	Establishment Labs Holdings, Inc. [1,2]	36,099,001	50,275,904
	Health Care Technology (2.99%)		
809,724	HeartFlow, Inc. [1]	21,679,450	23,603,455
1,005,000	Waystar Holding Corp. [1]	36,001,360	32,913,750
		57,680,810	56,517,205
	Life Sciences Tools & Services (11.62%)		
45,085	BillionToOne, Inc., Cl A, Cl A [1,3]	2,705,100	3,689,756
2,270,437	CareDx, Inc. [1,3]	27,440,847	42,775,033
645,119	Exact Sciences Corp. [1,3]	33,234,606	65,518,286
273,653	Repligen Corp. [1]	39,509,511	44,840,781
1,281,429	Stevanato Group SpA [2]	32,667,703	25,782,351
297,139	Tempus AI, Inc., Cl A [1]	13,262,029	17,546,058
468,790	Veracyte, Inc. [1,3]	11,556,243	19,736,059
		160,376,039	219,888,324
Total Health Care		353,876,387	411,481,920
Industrials (17.14%)			
	Aerospace & Defense (8.29%)		
517,345	Karman Holdings, Inc. [1]	15,392,271	37,854,134
342,158	Kratos Defense & Security Solutions, Inc. [1]	3,320,736	25,973,214
729,000	Loar Holdings, Inc. [1]	48,976,911	49,572,000
594,838	Mercury Systems, Inc. [1]	23,024,497	43,429,122
		90,714,415	156,828,470
	Building Products (1.27%)		
315,000	AAON, Inc.	23,661,924	24,018,750
	Environmental & Facilities Services (3.54%)		
325,000	Casella Waste Systems, Inc., Cl A [1]	30,986,002	31,830,500
1,419,000	Montrose Environmental Group, Inc. [1]	32,832,103	35,233,770
		63,818,105	67,064,270
	Industrial Machinery & Supplies & Components (2.06%)		
375,000	Enerpac Tool Group Corp.	14,358,665	14,340,000
55,000	RBC Bearings, Inc. [1]	11,183,890	24,663,650
		25,542,555	39,003,650
	Trading Companies & Distributors (1.98%)		
300,000	SiteOne Landscape Supply, Inc. [1]	26,536,239	37,368,000
Total Industrials		230,273,238	324,283,140

Baron Discovery Fund (continued)

Shares		Cost	Value
Common Stocks (continued)			
Information Technology (32.53%)			
	Application Software (14.96%)		
2,150,000	Alkami Technology, Inc. [1]	$ 49,235,984	$ 49,600,500
1,850,000	Clearwater Analytics Holdings, Inc., Cl A [1]	32,731,155	44,622,000
1,018,125	Gitlab, Inc., Cl A [1,3]	41,346,172	38,210,231
165,357	Guidewire Software, Inc. [1]	12,700,732	33,238,411
850,000	Intapp, Inc. [1]	33,745,754	38,947,000
500,000	Procore Technologies, Inc. [1]	32,493,235	36,370,000
395,000	ServiceTitan, Inc., Cl A [1]	37,281,538	42,067,500
		239,534,570	283,055,642
	Electronic Equipment & Instruments (5.48%)		
191,980	Advanced Energy Industries, Inc.	12,868,980	40,194,853
165,000	Badger Meter, Inc.	31,027,818	28,777,650
292,550	Novanta, Inc. [1,2]	33,293,951	34,810,524
		77,190,749	103,783,027
	Semiconductor Materials & Equipment (1.30%)		
75,129	Nova Ltd. [1,2]	11,919,362	24,671,612
	Semiconductors (2.54%)		
5,252,665	indie Semiconductor, Inc., Cl A [1]	14,359,110	18,541,907
83,600	SiTime Corp. [1]	14,237,964	29,526,684
		28,597,074	48,068,591
	Systems Software (8.25%)		
1,071,775	Dynatrace, Inc. [1,3]	39,921,770	46,450,729
410,000	JFrog Ltd. [1,2]	19,296,223	25,608,600
1,564,460	Netskope, Inc., Cl A [1]	33,719,323	27,440,628
1,835,000	SentinelOne, Inc., Cl A [1]	29,312,554	27,525,000
886,000	Varonis Systems, Inc. [1]	31,005,932	29,060,800
		153,255,802	156,085,757
Total Information Technology		510,497,557	615,664,629
Total Investments (96.70%)		**$ 1,441,603,300**	**1,830,117,933**
Cash and Other Assets Less Liabilities (3.30%)			**62,521,679**
Net Assets			**$ 1,892,639,612**

% 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.

Baron Durable Advantage Fund

Shares		Cost	Value
Common Stocks (99.90%)			
Communication Services (14.05%)			
	Interactive Media & Services (14.05%)		
116,092	Alphabet, Inc., Cl C	$ 15,513,531	$ 36,429,669
57,053	Meta Platforms, Inc., Cl A	17,492,254	37,660,115
Total Communication Services		33,005,785	74,089,784
Consumer Discretionary (8.08%)			
	Broadline Retail (7.09%)		
161,969	Amazon.com, Inc. [1]	23,545,746	37,385,685
	Restaurants (0.99%)		
31,516	Texas Roadhouse, Inc.	5,290,548	5,231,656
Total Consumer Discretionary		28,836,294	42,617,341
Consumer Staples (1.04%)			
	Consumer Staples Merchandise Retail (1.04%)		
6,349	Costco Wholesale Corp.	3,325,829	5,474,997
Financials (30.07%)			
	Asset Management & Custody Banks (5.83%)		
94,599	Blackstone, Inc.	10,626,026	14,581,490
351,402	Brookfield Corp., Cl A [2]	9,240,138	16,125,838
		19,866,164	30,707,328
	Diversified Financial Services (3.07%)		
111,830	Apollo Global Management, Inc.	11,700,402	16,188,511
	Financial Exchanges & Data (11.01%)		
45,561	CME Group, Inc.	10,424,756	12,441,798
32,029	Moody's Corp.	11,398,217	16,362,014
21,438	MSCI, Inc.	10,972,480	12,299,624
32,446	S&P Global, Inc.	13,855,269	16,955,955
		46,650,722	58,059,391
	Investment Banking & Brokerage (3.22%)		
47,584	LPL Financial Holdings, Inc.	12,563,196	16,995,577
	Property & Casualty Insurance (1.16%)		
63,527	Arch Capital Group Ltd. [1,2]	4,579,278	6,093,510
	Transaction & Payment Processing Services (5.78%)		
15,077	Mastercard, Incorporated, Cl A	6,626,772	8,607,158
62,415	Visa, Inc., Cl A	15,919,404	21,889,564
		22,546,176	30,496,722
Total Financials		117,905,938	158,541,039

Shares		Cost	Value
Common Stocks (continued)			
Health Care (4.66%)			
	Life Sciences Tools & Services (4.66%)		
41,209	Danaher Corp.	$ 8,648,094	$ 9,433,564
4,318	Mettler-Toledo International, Inc. [1]	5,274,877	6,020,113
15,694	Thermo Fisher Scientific, Inc.	7,391,995	9,093,888
Total Health Care		21,314,966	24,547,565
Industrials (5.21%)			
	Aerospace & Defense (4.96%)		
63,732	HEICO Corp., Cl A	9,083,174	16,087,869
7,592	TransDigm Group, Inc. [1]	10,170,656	10,096,221
		19,253,830	26,184,090
	Construction & Engineering (0.25%)		
3,115	Quanta Services, Inc.	1,326,089	1,314,717
Total Industrials		20,579,919	27,498,807
Information Technology (33.07%)			
	Application Software (2.11%)		
16,783	Intuit, Inc.	9,600,751	11,117,395
	Electronic Components (1.43%)		
55,623	Amphenol Corp., Cl A	3,538,949	7,516,892
	Semiconductors (24.46%)		
85,209	Broadcom, Inc.	11,551,497	29,490,835
24,555	Monolithic Power Systems, Inc.	13,272,290	22,255,670
228,416	NVIDIA Corp.	12,523,204	42,599,584
113,945	Taiwan Semiconductor Manufacturing Co., Ltd., ADR [2]	15,262,651	34,626,746
		52,609,642	128,972,835
	Systems Software (5.07%)		
55,304	Microsoft Corporation	17,392,273	26,746,120
Total Information Technology		83,141,615	174,353,242
Real Estate (3.72%)			
	Health Care REITs (2.21%)		
62,787	Welltower, Inc.	8,520,157	11,653,895
	Real Estate Services (1.51%)		
118,751	CoStar Group, Inc. [1]	10,322,523	7,984,817
Total Real Estate		18,842,680	19,638,712
Total Investments (99.90%)		$ 326,953,026	526,761,487
Cash and Other Assets Less Liabilities (0.10%)			530,915
Net Assets			$ 527,292,402

% Represents percentage of net assets.
[1] Non-income producing securities.
[2] Foreign corporation.
[ADR] American Depositary Receipt.

Baron Real Estate Income Fund

Shares		Cost	Value
Common Stocks (96.17%)			
Consumer Discretionary (8.28%)			
	Casinos & Gaming (3.84%)		
61,969	Las Vegas Sands Corp.	$ 3,028,316	$ 4,033,562
49,233	Wynn Resorts Ltd.	3,861,734	5,924,207
		6,890,050	9,957,769
	Homebuilding (1.69%)		
32,315	Toll Brothers, Inc.	3,312,197	4,369,634
	Hotels, Resorts & Cruise Lines (1.09%)		
37,279	Wyndham Hotels & Resorts, Inc.	2,876,475	2,816,801
	Leisure Facilities (1.66%)		
32,373	Vail Resorts, Inc.	4,789,294	4,299,135
Total Consumer Discretionary		17,868,016	21,443,339
Financials (9.20%)			
	Asset Management & Custody Banks (6.86%)		
30,907	Blackstone, Inc.	4,377,677	4,764,005
225,540	Brookfield Corp., Cl A [2]	7,450,418	10,350,031
50,239	Brookfield Asset Management Ltd., Cl A [2]	1,629,003	2,632,021
		13,457,098	17,746,057
	Mortgage REITs (2.34%)		
316,971	Blackstone Mortgage Trust, Inc., Cl A	6,121,859	6,063,655
Total Financials		19,578,957	23,809,712
Industrials (1.28%)			
	Building Products (1.28%)		
66,199	Fortune Brands Innovations, Inc.	3,228,461	3,311,274
Information Technology (1.67%)			
	Internet Services & Infrastructure (1.67%)		
123,642	GDS Holdings Ltd., ADR [1,2]	2,836,262	4,315,106
Materials (2.91%)			
	Construction Materials (2.91%)		
60,430	CRH PLC [2]	6,092,211	7,541,664
Real Estate (72.83%)			
	Data Center REITs (4.89%)		
20,941	Digital Realty Trust, Inc.	3,314,887	3,239,782
12,299	Equinix, Inc.	9,091,664	9,423,002
		12,406,551	12,662,784
	Health Care REITs (19.97%)		
151,675	American Healthcare REIT, Inc.	4,704,247	7,137,825
233,960	Ventas, Inc.	15,098,460	18,103,825
142,419	Welltower, Inc.	14,174,360	26,434,391
		33,977,067	51,676,041

Shares		Cost	Value
Common Stocks (continued)			
Real Estate (continued)			
	Hotel & Resort REITs (3.47%)		
279,317	Host Hotels & Resorts, Inc.	$ 4,155,095	$ 4,952,290
451,641	Sunstone Hotel Investors, Inc.	4,300,411	4,037,671
		8,455,506	8,989,961
	Industrial REITs (17.41%)		
56,445	EastGroup Properties, Inc.	9,452,304	10,055,112
221,075	Goodman Group, (Australia) [2]	4,882,310	4,549,317
218,142	Prologis, Inc.	24,191,031	27,848,008
44,575	Terreno Realty Corp.	2,551,316	2,616,998
		41,076,961	45,069,435
	Multi-Family Residential REITs (3.54%)		
93,970	Equity Residential	5,766,037	5,923,869
12,360	Essex Property Trust, Inc.	3,147,788	3,234,365
		8,913,825	9,158,234
	Office REITs (1.87%)		
19,098	BXP, Inc.	1,279,279	1,288,733
94,976	Kilroy Realty Corp.	3,918,982	3,549,253
		5,198,261	4,837,986
	Real Estate Services (3.96%)		
30,450	Jones Lang LaSalle, Inc. [1]	8,457,929	10,245,511
	Retail REITs (9.35%)		
48,697	Agree Realty Corp.	3,360,199	3,507,645
511,784	The Macerich Co.	8,292,502	9,447,533
60,778	Simon Property Group, Inc.	9,604,120	11,250,615
		21,256,821	24,205,793
	Self Storage REITs (2.16%)		
42,950	Extra Space Storage, Inc.	6,203,230	5,592,949
	Single-Family Residential REITs (0.98%)		
78,970	American Homes 4 Rent, Cl A	2,638,020	2,534,937
	Telecom Tower REITs (2.93%)		
43,122	American Tower Corp.	8,174,442	7,570,930
	Timber REITs (2.30%)		
251,520	Weyerhaeuser Co.	5,658,664	5,958,509
Total Real Estate		162,417,277	188,503,070
Total Investments (96.17%)		**$ 212,021,184**	**248,924,165**
Cash and Other Assets Less Liabilities (3.83%)			**9,904,652**
Net Assets			**$ 258,828,817**

% Represents percentage of net assets.
[1] Non-income producing securities.
[2] Foreign corporation.
[ADR] American Depositary Receipt.

Baron WealthBuilder Fund

Shares		Cost	Value
Affiliated Mutual Funds (94.71%)			
Small Cap (28.64%)			
710,142	Baron Discovery Fund - Institutional Shares	$ 17,049,594	$ 25,664,543
1,004,219	Baron Growth Fund - Institutional Shares	87,489,856	68,768,895
2,172,114	Baron Small Cap Fund - Institutional Shares	68,348,713	65,684,727
Total Small Cap		172,888,163	160,118,165
Small/Mid Cap (7.47%)			
690,381	Baron Focused Growth Fund - Institutional Shares	20,123,732	41,747,323
Mid Cap (9.60%)			
559,158	Baron Asset Fund - Institutional Shares	49,397,930	53,695,909
Large Cap (8.22%)			
670,649	Baron Durable Advantage Fund - Institutional Shares	10,570,360	22,372,852
350,072	Baron Fifth Avenue Growth Fund - Institutional Shares	10,904,773	23,587,881
Total Large Cap		21,475,133	45,960,733
All Cap (19.20%)			
402,470	Baron Opportunity Fund - Institutional Shares	8,915,125	23,395,596
316,671	Baron Partners Fund - Institutional Shares	19,699,202	83,933,690
Total All Cap		28,614,327	107,329,286
Non-U.S./Global (10.44%)			
841,928	Baron Emerging Markets Fund - Institutional Shares	11,399,018	16,106,082
489,198	Baron Global Opportunity Fund - Institutional Shares	12,853,378	24,787,642
543,969	Baron International Growth Fund - Institutional Shares	14,012,465	17,483,156
Total Non-U.S./Global		38,264,861	58,376,880
Sector (11.14%)			
775,854	Baron Health Care Fund - Institutional Shares	13,595,125	16,479,144
810,295	Baron Real Estate Fund - Institutional Shares	26,207,201	32,906,077
753,863	Baron Real Estate Income Fund - Institutional Shares	11,731,329	12,906,141
Total Sector		51,533,655	62,291,362
Total Affiliated Mutual Funds (94.71%)		**382,297,801**	**529,519,658**
Exchange-Traded Funds (5.31%)			
520,005	Baron Financials ETF	9,525,079	12,946,669
462,000	Baron SMID Cap ETF	11,321,310	11,171,160
222,000	Baron Technology ETF	5,635,470	5,576,329
Total Exchange-Traded Funds		**26,481,859**	**29,694,158**
Total Investments (100.02%)		**$ 408,779,660**	**559,213,816**
Liabilities Less Cash and Other Assets (-0.02%)			**(126,419)**
Net Assets			**$ 559,087,397**

% Represents percentage of net assets.
All Funds are Level 1, see footnote 5f for dividend income and other distributions.

Baron Health Care Fund

Shares		Cost	Value
Common Stocks (95.70%)			
Health Care (94.67%)			
	Biotechnology (33.20%)		
24,800	AbbVie, Inc.	$ 4,991,078	$ 5,666,552
25,000	Abivax SA, ADR [1,2]	2,230,311	3,371,375
3,500	Alnylam Pharmaceuticals, Inc. [1]	1,179,695	1,391,775
27,000	Arcellx, Inc. [1]	943,658	1,760,400
61,000	Arcutis Biotherapeutics, Inc. [1]	1,825,254	1,771,440
11,600	argenx SE, ADR [1,2]	2,522,131	9,755,020
5,600	Ascendis Pharma AS, ADR [1,2]	980,180	1,194,144
26,500	Gilead Sciences, Inc.	2,999,580	3,252,610
38,200	Insmed, Inc. [1]	2,762,308	6,648,328
36,000	Ionis Pharmaceuticals, Inc. [1]	2,054,332	2,847,960
20,000	Kymera Therapeutics, Inc. [1]	1,189,645	1,556,200
2,500	Madrigal Pharmaceuticals, Inc. [1]	1,044,088	1,455,850
8,300	Protagonist Therapeutics, Inc. [1]	729,218	724,922
125,000	Roivant Sciences Ltd. [1,2]	1,727,861	2,712,500
5,200	Vertex Pharmaceuticals, Incorporated [1]	1,246,703	2,357,472
30,000	Xenon Pharmaceuticals, Inc. [1,2]	917,389	1,344,600
		29,343,431	47,811,148
	Health Care Distributors (2.85%)		
5,000	McKesson Corp.	3,142,543	4,101,450
	Health Care Equipment (17.60%)		
47,000	Boston Scientific Corp. [1]	2,398,771	4,481,450
7,500	DexCom, Inc. [1]	823,467	497,775
33,300	Edwards Lifesciences Corp. [1]	2,632,793	2,838,825
6,000	IDEXX Laboratories, Inc. [1]	2,349,368	4,059,180
6,500	Insulet Corp. [1]	1,953,423	1,847,560
8,400	Intuitive Surgical, Inc. [1]	1,691,851	4,757,424
13,000	Penumbra, Inc. [1]	3,594,922	4,041,830
8,000	Stryker Corp.	2,123,053	2,811,760
		17,567,648	25,335,804
	Health Care Facilities (1.77%)		
17,500	Encompass Health Corp.	1,870,305	1,857,450
3,500	Tenet Healthcare Corp. [1]	670,505	695,520
		2,540,810	2,552,970
	Health Care Services (2.97%)		
60,000	RadNet, Inc. [1]	2,871,502	4,281,000
	Health Care Technology (0.56%)		
27,512	HeartFlow, Inc. [1]	522,728	801,975

Shares		Cost	Value
Common Stocks (continued)			
Health Care (continued)			
	Life Sciences Tools & Services (14.21%)		
6,904	BillionToOne, Inc., Cl A [1,3]	$ 414,240	$ 565,023
19,500	Danaher Corp.	4,185,353	4,463,940
3,500	Mettler-Toledo International, Inc. [1]	3,777,592	4,879,665
9,000	Repligen Corp. [1]	1,396,625	1,474,740
13,000	Thermo Fisher Scientific, Inc.	6,128,950	7,532,850
5,600	West Pharmaceutical Services, Inc.	1,508,853	1,540,784
		17,411,613	20,457,002
	Managed Health Care (1.76%)		
6,000	HealthEquity, Inc. [1]	555,636	549,660
6,000	UnitedHealth Group, Incorporated	2,115,765	1,980,660
		2,671,401	2,530,320
	Pharmaceuticals (19.75%)		
62,000	AstraZeneca PLC, ADR [2]	4,248,229	5,699,660
80,000	Elanco Animal Health, Inc. [1]	1,778,363	1,810,400
15,300	Eli Lilly & Co.	3,208,635	16,442,604
3,600	Johnson & Johnson	730,220	745,020
120,000	Teva Pharmaceutical Industries Ltd., ADR [1,2]	2,249,135	3,745,200
		12,214,582	28,442,884
Total Health Care		88,286,258	136,314,553
Real Estate (1.03%)			
	Health Care REITs (1.03%)		
8,000	Welltower, Inc.	1,536,230	1,484,880
Total Investments (95.70%)		$ 89,822,488	137,799,433
Cash and Other Assets Less Liabilities (4.30%)			6,189,453
Net Assets			$ 143,988,886

% 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.

Baron Financials ETF^

Shares		Cost	Value
Common Stocks (99.81%)			
Consumer Discretionary (3.91%)			
	Broadline Retail (3.91%)		
1,100	MercadoLibre, Inc. [1]	$ 1,546,900	$ 2,215,686
Financials (75.34%)			
	Asset Management & Custody Banks (6.09%)		
1,052	Blackrock, Inc.	780,323	1,125,998
18,200	KKR & Co., Inc.	2,032,883	2,320,136
		2,813,206	3,446,134
	Consumer Finance (2.63%)		
6,135	Capital One Financial Corp.	1,364,230	1,486,879
	Diversified Banks (3.48%)		
117,808	NU Holdings Ltd., Cl A [1,2]	955,103	1,972,106
	Diversified Financial Services (3.32%)		
12,984	Apollo Global Management, Inc.	938,245	1,879,564
	Financial Exchanges & Data (18.15%)		
5,549	CME Group, Inc.	1,206,363	1,515,321
959	FactSet Research Systems, Inc.	385,140	278,292
3,680	Moody's Corp.	1,297,116	1,879,928
1,338	Morningstar, Inc.	269,362	290,761
2,946	MSCI, Inc.	1,231,054	1,690,208
6,176	S&P Global, Inc.	2,415,662	3,227,516
12,959	Tradeweb Markets, Inc., Cl A	1,051,528	1,393,611
		7,856,225	10,275,637
	Insurance Brokers (1.92%)		
9,000	Accelerant Holdings, Cl A [1,2]	188,062	147,150
10,225	Baldwin Insurance Group, Inc., Cl A [1]	292,452	245,707
8,640	Neptune Insurance Holdings, Inc., Cl A [1,3]	174,352	251,942
15,335	TWFG, Inc. [1]	269,291	441,188
		924,157	1,085,987
	Investment Banking & Brokerage (19.21%)		
8,268	Houlihan Lokey, Inc.	604,513	1,440,203
29,467	Interactive Brokers Group, Inc., Cl A	617,984	1,895,023
6,743	LPL Financial Holdings, Inc.	1,257,951	2,408,397
6,600	Morgan Stanley	1,190,535	1,171,698
15,950	Robinhood Markets, Inc., Cl A [1]	755,649	1,803,945
21,600	The Charles Schwab Corp.	1,717,718	2,158,056
		6,144,350	10,877,322
	Life & Health Insurance (1.09%)		
2,400	Primerica, Inc.	614,186	620,064
	Property & Casualty Insurance (4.74%)		
11,184	Arch Capital Group Ltd. [1,2]	911,974	1,072,769
13,290	Ategrity Specialty Holdings LLC [1]	226,997	279,223
1,315	Kinsale Capital Group, Inc.	232,674	514,323
3,580	The Progressive Corp.	414,142	815,237
		1,785,787	2,681,552

Shares		Cost	Value
Common Stocks (continued)			
Financials (continued)			
	Transaction & Payment Processing Services (14.71%)		
6,933	Block, Inc. [1]	$ 801,012	$ 451,269
5,110	Jack Henry & Associates, Inc.	839,738	932,473
5,315	Mastercard, Incorporated, Cl A	1,837,679	3,034,227
8,690	Visa, Inc., Cl A	1,830,372	3,047,670
71,570	Wise PLC, Cl A (United Kingdom) [1,2]	724,541	859,573
		6,033,342	8,325,212
Total Financials		29,428,831	42,650,457
Industrials (4.74%)			
	Research & Consulting Services (4.74%)		
2,865	Equifax, Inc.	611,607	621,648
8,050	TransUnion	712,632	690,287
6,135	Verisk Analytics, Inc.	1,216,768	1,372,338
Total Industrials		2,541,007	2,684,273
Information Technology (17.26%)			
	Application Software (13.85%)		
20,119	Alkami Technology, Inc. [1]	536,454	464,145
20,450	Clearwater Analytics Holdings, Inc., Cl A [1]	494,864	493,254
1,167	Fair Isaac Corp. [1]	503,525	1,972,953
8,688	Guidewire Software, Inc. [1]	1,006,139	1,746,375
3,680	Intuit, Inc.	1,341,494	2,437,706
6,850	ServiceTitan, Inc., Cl A [1]	585,270	729,525
		4,467,746	7,843,958
	Internet Services & Infrastructure (1.97%)		
6,916	Shopify, Inc., Cl A [1,2]	1,020,913	1,113,269
Total Information Technology		5,488,659	8,957,227
Total Investments (99.81%)		$ 39,005,397	56,507,643
Cash and Other Assets Less Liabilities (0.19%)			105,690
Net Assets			$ 56,613,333

% 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.
^ As stated within the Supplement to the Prospectus and Statement of Additional Information dated April 30, 2025, effective December 12, 2025, Baron FinTech Fund was converted from a mutual fund into an exchange-traded fund, Baron Financials ETF. The ETF has identical investment objectives and substantially similar investment strategies as the predecessor mutual fund. For additional information please refer to the Supplement.

Baron India Fund

Shares		Cost	Value
Common Stocks (95.13%)			
Communication Services (8.23%)			
	Integrated Telecommunication Services (0.79%)		
9,878	Tata Communications Ltd.	$ 193,387	$ 200,618
	Wireless Telecommunication Services (7.44%)		
100,226	Bharti Airtel Ltd. PP	1,371,672	1,886,992
Total Communication Services		1,565,059	2,087,610
Consumer Discretionary (10.54%)			
	Apparel Retail (1.67%)		
8,912	Trent Ltd.	428,391	425,021
	Apparel, Accessories & Luxury Goods (0.78%)		
4,387	Titan Co. Ltd.	165,948	198,044
	Automobile Manufacturers (3.04%)		
18,652	Mahindra & Mahindra Ltd.	644,791	770,310
	Consumer Electronics (0.72%)		
1,350	Dixon Technologies India Ltd.	209,871	182,138
	Hotels, Resorts & Cruise Lines (0.43%)		
38,616	Le Travenues Technology Ltd. [1]	135,241	109,787
	Restaurants (3.90%)		
319,595	Eternal Ltd. [1]	898,099	990,419
Total Consumer Discretionary		2,482,341	2,675,719
Consumer Staples (1.98%)			
	Packaged Foods & Meats (1.98%)		
37,847	Tata Consumer Products Ltd.	463,660	501,927
Energy (6.66%)			
	Oil & Gas Refining & Marketing (6.66%)		
96,631	Reliance Industries Limited	1,601,357	1,690,909
Financials (30.42%)			
	Asset Management & Custody Banks (1.23%)		
23,607	360 ONE WAM Ltd.	261,498	312,844
	Consumer Finance (7.23%)		
100,022	Bajaj Finance Limited	949,852	1,099,941
38,803	Cholamandalam Investment & Finance Co. Ltd.	654,878	736,003
		1,604,730	1,835,944
	Diversified Banks (14.79%)		
181,882	HDFC Bank Ltd.	1,987,454	2,009,231
74,132	ICICI Bank Ltd.	1,127,689	1,109,502
25,938	Kotak Mahindra Bank Ltd.	591,400	636,271
		3,706,543	3,755,004

Shares		Cost	Value
Common Stocks (continued)			
Financials (continued)			
	Diversified Financial Services (2.95%)		
32,888	Bajaj Finserv Ltd.	$ 742,944	$ 747,282
	Investment Banking & Brokerage (1.27%)		
19,530	Nuvama Wealth Management Ltd.	294,227	321,615
	Life & Health Insurance (2.95%)		
33,043	SBI Life Insurance Company Limited, 144A	662,403	748,987
Total Financials		7,272,345	7,721,676
Health Care (8.94%)			
	Health Care Facilities (8.94%)		
112,365	Aster DM Healthcare Ltd., 144A	668,830	771,496
55,487	HealthCare Global Enterprises Ltd. [1]	382,152	408,686
93,721	Max Healthcare Institute Ltd.	1,164,829	1,090,108
Total Health Care		2,215,811	2,270,290
Industrials (17.82%)			
	Aerospace & Defense (3.00%)		
171,101	Bharat Electronics Ltd.	741,564	761,605
	Construction & Engineering (2.38%)		
487,462	GMR Power & Urban Infra Ltd. [1]	657,900	604,373
	Construction & Machinery & Heavy Trucks (2.12%)		
10,922	Cummins India Ltd.	464,409	539,010
	Electrical Components & Equipment (4.80%)		
460,558	Precision Wires India Ltd.	976,220	1,217,479
	Heavy Electrical Equipment (1.12%)		
10,004	Siemens Energy India Ltd. [1,2]	380,569	284,339
	Industrial Machinery & Supplies & Components (2.95%)		
31,499	Kirloskar Oil Engines Ltd.	339,753	428,256
12,775	Shaily Engineering Plastics Ltd.	221,990	321,565
		561,743	749,821
	Passenger Airlines (1.45%)		
6,521	InterGlobe Aviation Ltd., 144A	325,792	367,820
Total Industrials		4,108,197	4,524,447

Baron India Fund (continued)

Shares		Cost	Value
Common Stocks (continued)			
Information Technology (7.47%)			
	Communications Equipment (0.96%)		
22,356	Astra Microwave Products Ltd.	$ 256,210	$ 243,946
	Electronic Components (2.63%)		
25,722	Centum Electronics Ltd.	682,141	667,898
	Electronic Manufacturing Services (0.59%)		
3,365	Kaynes Technology India Ltd. [1]	165,906	150,267
	IT Consulting & Other Services (3.29%)		
12,141	Coforge Ltd.	240,179	224,932
17,067	Tata Consultancy Services Ltd.	729,785	609,790
		969,964	834,722
Total Information Technology		2,074,221	1,896,833
Materials (0.40%)			
	Commodity Chemicals (0.40%)		
155,566	DCW Ltd.	133,013	101,023
Real Estate (0.57%)			
	Real Estate Development (0.57%)		
6,481	Godrej Properties Ltd. [1]	149,075	144,588
Utilities (2.10%)			
	Electric Utilities (2.10%)		
180,827	Power Grid Corp. of India Ltd.	628,988	533,215
Total Investments (95.13%)		**$ 22,694,067**	**24,148,237**
Cash and Other Assets Less Liabilities (4.87%)			**1,236,636**
Net Assets			**$ 25,384,873**

% Represents percentage of net assets.
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[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 December 31, 2025, the market value of Rule 144A securities amounted to $1,888,303 or 7.44% of net assets.

Baron Technology ETF^

Shares		Cost	Value
Common Stocks (99.12%)			
Communication Services (6.39%)			
	Interactive Media & Services (2.17%)		
4,909	Meta Platforms, Inc., Cl A	$ 3,505,911	$ 3,240,382
	Movies & Entertainment (4.22%)		
10,824	Spotify Technology SA [1,2]	4,489,938	6,285,605
Total Communication Services		7,995,849	9,525,987
Consumer Discretionary (14.71%)			
	Automobile Manufacturers (5.64%)		
18,714	Tesla, Inc. [1]	5,933,336	8,416,060
	Broadline Retail (7.86%)		
50,780	Amazon.com, Inc. [1]	10,020,833	11,721,039
	Casinos & Gaming (1.21%)		
52,319	DraftKings, Inc., Cl A [1]	1,612,325	1,802,913
Total Consumer Discretionary		17,566,494	21,940,012
Health Care (1.93%)			
	Health Care Services (1.53%)		
49,043	Hinge Health, Inc., Cl A [1]	1,982,587	2,278,048
	Health Care Technology (0.40%)		
20,642	HeartFlow, Inc. [1]	502,461	601,714
Total Health Care		2,485,048	2,879,762
Industrials (5.91%)			
	Aerospace & Defense (3.79%)		
6,968	Axon Enterprise, Inc. [1]	3,727,982	3,957,336
24,981	Loar Holdings, Inc. [1]	1,855,869	1,698,708
		5,583,851	5,656,044
	Building Products (0.90%)		
17,584	AAON, Inc.	1,487,217	1,340,780
	Construction & Engineering (1.22%)		
4,309	Quanta Services, Inc.	1,523,523	1,818,657
Total Industrials		8,594,591	8,815,481
Information Technology (70.18%)			
	Application Software (8.61%)		
74,605	Clearwater Analytics Holdings, Inc., Cl A [1]	1,571,836	1,799,473
10,802	Guidewire Software, Inc. [1]	2,049,466	2,171,310
42,745	PAR Technology Corp. [1]	2,074,809	1,550,789
86,223	Samsara, Inc., Cl A [1]	3,336,813	3,056,605
9,583	ServiceNow, Inc. [1,3]	1,531,710	1,468,020
8,967	ServiceTitan, Inc., Cl A [1]	835,727	954,985
3,303	Synopsys, Inc. [1]	1,479,979	1,551,485
10,050	Via Transportation, Inc., Cl A [1]	451,332	291,551
		13,331,672	12,844,218
	Communications Equipment (4.59%)		
13,020	Arista Networks, Inc. [1]	1,825,470	1,706,010
13,930	Lumentum Holdings, Inc. [1]	2,775,424	5,134,459
		4,600,894	6,840,469

Shares		Cost	Value
Common Stocks (continued)			
Information Technology (contined)			
	Electronic Components (3.34%)		
26,975	Coherent Corp. [1]	$ 3,379,691	$ 4,978,776
	Internet Services & Infrastructure (2.98%)		
62,648	GDS Holdings Ltd., ADR [1,2]	1,462,546	2,186,415
14,073	Shopify, Inc., Cl A [1,2]	1,363,710	2,265,331
		2,826,256	4,451,746
	Semiconductor Materials & Equipment (4.34%)		
28,029	Lam Research Corp.	3,677,320	4,798,004
5,118	Nova Ltd. [1,2]	1,187,731	1,680,700
		4,865,051	6,478,704
	Semiconductors (32.77%)		
43,420	Broadcom, Inc.	10,475,419	15,027,662
519,127	indie Semiconductor, Inc., Cl A [1]	2,032,515	1,832,518
6,351	Micron Technology, Inc.	1,484,875	1,812,639
1,842	Monolithic Power Systems, Inc.	1,297,066	1,669,515
94,055	NVIDIA Corp.	11,077,259	17,541,257
36,167	Taiwan Semiconductor Manufacturing Co., Ltd., ADR [2]	7,777,215	10,990,790
		34,144,349	48,874,381
	Systems Software (10.94%)		
10,096	Cloudflare, Inc., Cl A [1,3]	1,255,715	1,990,426
11,208	Datadog, Inc., Cl A [1,3]	1,511,648	1,524,176
15,253	Microsoft Corporation	6,672,214	7,376,656
72,507	Netskope, Inc., Cl A [1]	1,350,347	1,271,773
8,003	Snowflake, Inc., Cl A [1,3]	1,650,524	1,755,538
10,691	Zscaler, Inc. [1]	2,492,739	2,404,620
		14,933,187	16,323,189
	Technology Hardware, Storage & Peripherals (2.61%)		
14,293	Apple, Inc.	3,104,004	3,885,695
Total Information Technology		81,185,104	104,677,178
Total Investments (99.12%)		$ 117,827,086	147,838,420
Cash and Other Assets Less Liabilities (0.88%)			1,306,164
Net Assets			$ 149,144,584

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ADR American Depositary Receipt.
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