BARON CAPITAL

QUARTERLY REPORT | JUNE 30, 2026

Baron Funds®

EST 1987

Letter from Ron

Ron at Beach....with his brand new, wine colored, "Signature" Model S Tesla... The most AWESOME car EVER!!! Tesla's FSD (Full Self Driving available on all Teslas...you gotta try it) REMARKABLE!!!

"This year, on July 4, 2026, the 250th Anniversary of America's founding, consider in retrospect whether you would have supported... President Thomas Jefferson's Louisiana Purchase in 1803 for $15 million (three-to-four cents per acre) that doubled the size of the United States... Presidents John Tyler and James Polk who purchased California in 1845 in its entirety for $15 million... President Polk who fought Mexico in 1846 to acquire Texas and open the Oregon Trail when few settlers lived there... and, President Andrew Johnson who purchased Alaska from Russia in 1867 for $7.2 million (about two cents an acre)?

"... or... would you instead have been more comfortable owning only the original 13 colonies... and our nation remaining an agrarian economy?" Henry Fernandez, Chairman, Founder and CEO MSCI. Conversation with Ron. July 27, 2026.

The Presidents and their Secretaries in all the above purchases were criticized for their territorial ambitions. All of which offered our young nation significant growth possibilities... with attendant risks... The risks were apparent. The vision of our leaders? Not so much. But, America had chosen its leaders well. As you may recall from eighth grade American history classes, President Johnson's Secretary of State, William Seward, became the object of ridicule for his role in the Alaska acquisition. That purchase was widely referred to as "Seward's Folly." Alaska was then regarded by many as useless frozen tundra... until the discovery of abundant natural resources in the territory and the realization of Alaska's strategic importance to defend the American homeland. The other acquisitions listed above proved visionary as well.

The same calculus of risk assumption for high reward can be applied to visionary decisions of exceptional executives in whom we have invested. One example? **MSCI Inc.**'s Henry Fernandez. We began to purchase shares of MSCI during its initial public offering in 2007 at $18 per share... amid The Great Financial Crisis... the GFC. MSCI's principal business was providing benchmark indexes for passive investment strategies. MSCI has since become one of the world's most important financial infrastructure businesses. Following costly investments that penalized current earnings for the past several years, MSCI, in addition to its widely used benchmarks, now offers clients risk assessment... portfolio analytics... and, soon, AI enabled, and what Henry regards as MSCI's human investigative CIA-like staff, its biggest opportunity. MSCI has built the world's largest, highest-quality private asset class database, covering more than $60 trillion of assets. **That data is difficult to obtain and could enable those businesses to be owned in institutional and individual investment portfolios.** MSCI has already begun to provide investors and creditors of privately owned businesses independent third-party valuations based on that data. This is in addition to the data and services it already provides on more than $20 trillion market capitalization publicly traded businesses. MSCI shares have increased from $18 in 2007 to nearly $600 per share at present. We believe, as does Henry, that Baron Capital will likely earn at least 4-5X MSCI's current price in ten years... spurred in part by strong demand to transact in private companies' shares and debt as well as continued growth of its existing businesses. Of course, there is no assurance that this goal can be met. Strong demand to lend to and invest in privately owned businesses didn't exist eighteen years ago...

Would you have preferred MSCI to remain a very profitable, competitively advantaged benchmark index business... or to spend a significant amount of its current profits to become a dramatically larger business longer term?

"Do you think Explorers who sailed from the Old World in 1492 had any idea what economies of present day New World societies would look like?" Elon Musk.

We met Elon Musk in 2010 during **Tesla, Inc.**'s IPO "roadshow." Although Tesla was then manufacturing only a few thousand fully electric vehicles per year, Elon told us his goal was to sell 20 million EV cars per year! Which... although we perceived him brilliant... didn't seem likely... since unions... internal combustion engine car companies... oil companies... car dealers... and politicians were all aligned against him.

Four years later, after diligent research during the period, it became obvious that I was wrong. From 2014-2016, Baron Capital then invested $400 million in Tesla shares. We have earned an estimated $7.7 billion in profits on those investments to date... and expect to earn 5x that amount in the next 10 to 15 years. This is although we obviously cannot assure you that we will do so. Tesla has since built enormous factories that manufacture cars using unique casting and super-efficient manufacturing processes… also batteries for cars… and utilities… and data centers… and robo self-driving cars. Hundreds of millions of humanoid robots will be next! Elon believes "the machine that makes the machine"… his factories… and the unique innovative processes he uses to produce quality, functional end products fast and cheaply *that actually work*… while eliminating unnecessary parts and processes… are at least as important as the final product. Among Elon's recent innovations are "boxed parallel manufacturing" production lines that will assemble cars twice as fast as his conventional lines… and use about 40% of the floor space… while working on Terafab, a manufacturing plant to produce an order of magnitude more chips. The Terafab project is a joint venture with SpaceX, Intel, and Micron.

When we invested in Tesla in 2014, I had no idea that Tesla's electric cars would one day be autonomous, i.e., self-driving. So, not only is Elon responsible for electrifying transportation… in the U.S. and elsewhere… without him we believe it is unlikely there would even be electric cars… but autonomous too? Like the wine-colored Tesla Model S that I purchased last month pictured on page one of this letter… my favorite car ever. The risk Elon assumed by building factories to electrify cars and assuming he could make them autonomous and purpose-built was clearly substantial… as were his efforts to make batteries… chips… vertically integrate his supply chain… and overcome regulatory hurdles. Regardless, he has accomplished that and will soon manufacture millions of self-driving robotaxis annually. Those cars will have no steering wheels… no gas pedals… each could last for more than one million miles… and cost Tesla $30,000 a piece. Robotaxis could each earn Tesla $50,000 to $60,000 cash flow every year, rather than a $7,000 to $10,000 profit per car new car sold… one time! Obviously, <u>not</u> a riskless endeavor. But would you rather Tesla remain a capital intensive, cyclical manufacturing business?

In that regard, in the July 26, 2026, *The Sunday New York Times* magazine headlined, "The American E.V. Has Been Crushed. Who is to blame?" Matthew Shaer. "Major U.S. automakers are giving up on electric vehicles, even though global sales are booming." Matthew attributed this to the industry's "failure to recognize that the world is changing." He further observed that "Detroit entered the New Millennium in a defensive crouch… low on innovation and lower still on daring." "Blinkered thinking. It was an attempt to maximize (short-term) profits." Jim Farley, Ford CEO, remarked that, "If we don't put our chips on the right number and the right color, Ford could maybe not exist."

P.S. Due to the New York Times political views, Tesla, the leading electric car business in the U.S. and worldwide was not even mentioned in this article for the first several pages… and then only tangentially!!!!! I suppose the newspaper I grew up expecting to "print all the news fit to print" has a pretty wide berth to think about what is "fit to print."

SpaceX IPO "roadshow" in June included a wide-ranging discussion between J.P. Morgan Chairman and CEO Jamie Dimon and SpaceX CEO Elon Musk. That conversation was also viewed real time in 90 J.P. Morgan offices worldwide. Topics encompassed culture… Elon's role as an American patriot who was contributing greatly to the U.S… and leadership. Jamie ended the meeting asking, "You've built multiple companies, Elon. What lessons have you learned and how have you changed from maybe 20 years ago? As a leader and as a person?" Jamie Dimon. J.P. Morgan headquarters. New York City. June 4, 2026.

Elon's response? "I think I'm probably more chill than I used to be. I'm way more laid back. I'm not that laid back… but more than I used to be. And one thing that I've found… is that in terms of recruiting people to SpaceX, their individual abilities and capabilities matter a lot.

"But it also matters if they have a good heart. It's not just about whether somebody has a certain IQ… but just are they a good person? That is what really matters.

"I've learned a lot. Although I feel like I still have a lot to learn and still make a lot of mistakes. ***But I think maybe the future AI will say, 'Not bad for a human.'"***

Since **Space Exploration Technologies Corp.** (SpaceX) is Baron Capital's largest holding and represents a little more than 30% of our Firm's $69 billion assets under management on June 30, we will communicate with you regularly about this investment… which we find so unusually compelling… and which we think offers more potential than any other during my 56-year career. If we are right, which is not a riskless outcome, we believe we will fulfill our Mission to "Change Lives" of our clients… our fellow employees and their families… and provide assurance that Baron Capital will fulfill its mission to "Change Lives" for many generations to come.

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"I think you should... "

"I think you should... " is the theme for the 33rd Annual Baron Investment Conference. November 6, 2026. The Metropolitan Opera House. Lincoln Center. New York City. We look forward to seeing you there.

When I considered **"I think you should..."** as the theme for our 2026 Investment Conference, I asked Grok AI... and its competitor, Anthropic AI, for their "thoughts." Anthropic happens to be *several months* more advanced than Grok at present. That's it. "Several months." That is since Grok started at least three years later than Anthropic but hopes to be equivalent to Anthropic in coding during the next several months... and maintain its superior capability in engineering that is due to proprietary learnings from SpaceX and Tesla. We'll see. Baron Capital is an investor in SpaceX, which owns Grok. Anthropic rents compute from Grok for $1.25 billion per month. This provides a very strong return on investment to Grok in this compute-challenged world. Google's Gemini, for $900 million per month, also rents compute from Grok. We estimate SpaceX's Tennessee data center's construction cost about 50% less than what other data center builders have been able to achieve... and was completed in about one third of the time.

When I considered the AI response to my prompts, I liked Anthropic's better. Probably because Anthropic focused on building the most effective enterprise coding software to generate as much revenue as it could as fast as it could... and has done an amazing job. Grok believes that longer-term availability of compute would be determinative of success.

My "conversation" with Anthropic's Claude follows.

Respectfully,

Ron Baron
Founder and CEO
August 4, 2026

P.S. "SpaceX is hiring exceptional engineering and skilled trades talent to build and operate the most powerful AI supercomputer clusters on and off earth. If interested, please email three bullet points demonstrating evidence of exceptional ability and your resume to datacenters@spacex.com." @elonmusk.

P.P.S. When people ask me, "What is the next SpaceX and who is the next Elon?" My simple answer? There is NO NEXT!!! Congratulations Elon, Gwynne, Bret, Majla and the rest of the team! And, thank all of you for what you are doing for humanity.

P.P.S. A conversation between Ron and Anthropic's Claude.

Ron: Hi Claude. Trying to develop a theme for our annual meeting. November 6. My idea? "I think you should... " or "I think you should... Go for it... "

This year I want to encourage risk taking. To step out of your comfort zone... your cocoon. To have a consequential impact on lives of others I believe you need to take a chance. The biggest regrets in my life are things I didn't try. You can have a great life staying within bounds. Or you can try for an impactful life by taking chances. Which do you think is a better descriptor of our theme and why?

Claude: Both work, but they're doing different things — and the choice matters.

"I think you should... " is a prompt. It invites the audience to fill in the blank themselves. It puts the speaker in the role of advisor and creates a moment of anticipation. The power is in the pause — *what should I do?* It's also slightly vulnerable, because saying "I think you should" implies the speaker has wrestled with it too.

"I think you should... Go for it... " answers its own question. It's more energetic and declarative, but it loses the tension. Once you complete the phrase, the audience doesn't have to lean in.

For the theme you're describing — stepping out of a cocoon, regret over inaction, choosing impact over comfort — I'd actually lean toward **"I think you should... "** with the ellipsis doing real work. Here's why:

The open ending mirrors the moment of decision itself. That hesitation before the leap is exactly what you're asking people to confront. The theme becomes a conversation rather than a command. It also scales well — every speaker at the meeting can finish it differently based on their own story, which reinforces that risk-taking is personal.

The regret framing you described is particularly compelling. People consistently report that their deepest regrets are acts of omission, not commission. That's a powerful anchor for a keynote or opening remarks.

Claude: What's the format of the meeting — is it keynote-driven, panel discussions, or more of a mosaic of speakers?

Ron: Conference consists of four 35-40 minute interviews by me or a Baron Capital analyst with executives in whom we have invested in the morning. Lunch with super Broadway... comedy... and **contemporary pop**... an afternoon panel of Baron portfolio managers... a brief clip... a 20-minute keynote by Founder/me and big entertainment like Paul McCartney, Billy Joel, Alicia Keys, Jerry Seinfeld, Barbra Streisand, Elton John, Chris Rock... all free to investors. Expenses paid by Baron Capital not by Funds. A thank you to our investors and effort to showcase executives like Elon Musk Gwynne Shotwell, Henry Fernandez, Charles Schwab... three Tesla door prizes... free ice cream cones... end of day swag.

Claude: That's a remarkable event — genuinely one of the most generous investor conferences in the world. The caliber of entertainment alone (McCartney, Seinfeld, Streisand-level) plus free everything signals something important: Baron Capital doesn't just manage money, it hosts an experience. That context actually sharpens the theme choice.

Given the full arc of the day, **"I think you should... "** works on multiple levels:

It becomes a throughline. Your morning interviews with executives like Elon or Gwynne aren't just business conversations — they're stories of people who went for it when others wouldn't. The theme frames every interview as an answer to the question. Each executive on that stage is living proof of the completed sentence.

It puts you in the right role. As founder and interviewer, you're not lecturing — you're drawing out wisdom. "I think you should... " positions you as someone who has watched extraordinary risk-takers up close and is passing that perspective to your investors. It's earned advice, not a bumper sticker.

It resonates differently by afternoon. By the time your keynote lands, the audience has spent a day absorbing stories of courage, creativity, and consequence. The theme has been building all day. Your 20 minutes becomes the synthesis.

The entertainment reinforces it without trying. McCartney, Seinfeld, Billy Joel — every one of them made a bet on themselves at a critical moment. They are the theme, embodied.

The ellipsis is doing exactly the right work here. It's an invitation, not an instruction.

The ellipsis. Definitively.

At nearly 6,000 people in the Met Opera House and Lincoln Center, the punctuation becomes *theatrical*. The ellipsis does what that stage does naturally — it creates suspension. It holds the breath before something happens.

A period closes the thought. It's confident but it stops the room. An ellipsis **opens** the room. It leans forward. At that scale, in that venue, with that audience, you want a theme that feels like a curtain rising, not a gavel coming down.

There's also something poetic about the mismatch in "I think you should... " — it's intimate language in an enormous space. Six thousand people reading that theme and each one privately finishing the sentence for themselves. That's actually the magic of it. The Met Opera House becomes personal.

And practically — when it appears on the big screen behind you during your keynote, on the program, on the swag — the three dots signal that the story isn't finished yet. Which is exactly what you're telling your investors about their own lives.

"I think you should... "

That's the one.

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

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.

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

The discussions of the companies at the Conference are not intended as advice to any person regarding the advisability of investing in any particular security. The views expressed at the Conference reflect those of the respective speakers. Those views are not intended as recommendations or investment advice to any person and are subject to change at any time based on market and other conditions and Baron Capital has no obligation to update them.

Portfolio holdings as a percentage of net assets as of June 30, 2026 for securities mentioned are as follows: MSCI Inc. - Baron Asset Fund (1.0%), Baron Durable Advantage Fund (3.0%), Baron Focused Growth Fund (5.0%), Baron Generational Growth Fund (19.5%), Baron Partners Fund (3.9%*), Baron Financials ETF (3.6%), Baron First Principles ETF (4.5%), Baron SMID Cap ETF (1.9%), Baron Global Durable Advantage ETF (2.3%), Baron Risk Optimized Large Cap ETF (0.9%); **Tesla, Inc.** - Baron Fifth Avenue Growth Fund (3.9%), Baron Focused Growth Fund (6.4%), Baron Global Opportunity Fund (1.5%), Baron Opportunity Fund (4.7%), Baron Partners Fund (14.1%*), Baron Technology ETF (3.2%), Baron First Principles ETF (12.4%), Baron Risk Optimized Large Cap ETF (2.1%); **Space Exploration Technologies Corp.** - Baron Asset Fund (34.3%), Baron Emerging Markets Fund (0.6%), Baron Fifth Avenue Growth Fund (10.2%), Baron Focused Growth Fund (28.6%), Baron Global Opportunity Fund (20.2%), Baron International Growth Fund (0.6%), Baron Opportunity Fund (19.0%), Baron Partners Fund (32.9%*), Baron Technology ETF (8.6%), Baron First Principles ETF (32.2%), Baron Risk Optimized Large Cap ETF (4.8%); **Micron Technology, Inc.** - Baron Opportunity Fund (1.8%), Baron Technology ETF (4.8%), Baron Risk Optimized Large Cap ETF (2.1%); **Alphabet Inc.** - Baron Durable Advantage Fund (7.8%), Baron Fifth Avenue Growth Fund (6.9%), Baron Global Opportunity Fund (2.4%), Baron Opportunity Fund (4.5%), Baron Partners Fund (0.5%*), Baron Technology ETF (6.0%), Baron Global Durable Advantage ETF (5.4%), Baron Risk Optimized Large Cap ETF (7.2%); **JPMorgan Chase & Co.** - Baron Financials ETF (3.8%).

*% of Long Positions.

As of June 30, 2026 the Funds did not hold shares of Intel Corp.

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.

BARON CAPITAL EST. 1982

CHANGING LIVES

Baron Capital's Top 25 Holdings*

As of 6/30/2026

Rank	Ticker	Security Name	Year of First Purchase[1]	Market Value ($M)	Percent of Total Assets[2] (%)	Total Realized and Unrealized Gains ($M)	Cumulative Total Return[3] (%)	Total Return Multiple (X)	Annualized Total Return (%)
1	SPCX	Space Exploration Technologies Corp.	2017	25,223	35.3	22,542[4]	6,391.2	64.9	60.7
2	TSLA	Tesla, Inc.	2014	5,268	7.4	7,718	3,436.8	35.4	33.3
3	MSCI	MSCI Inc.	2007	1,799	2.5	1,373	2,461.5	25.6	19.0
4	ACGL	Arch Capital Group Ltd.	2002	1,541	2.2	2,322	3,470.1	35.7	15.9
5	H	Hyatt Hotels Corporation	2009	1,411	2.0	943	616.5	7.2	12.6
6	SHOP	Shopify Inc.	2020	1,274	1.8	(51)	16.9	1.2	2.8
7	SCHW	The Charles Schwab Corporation	1992	1,159	1.6	1,770	15,114.9	152.1	16.1
8	SPOT	Spotify Technology S.A.	2020	1,117	1.6	(21)	278.1	3.8	23.7
9	GWRE	Guidewire Software, Inc.	2012	1,107	1.5	500	431.8	5.3	12.5
10	RRR	Red Rock Resorts, Inc.	2016	1,066	1.5	550	369.0	4.7	16.4
11	IDXX	IDEXX Laboratories, Inc.	2005	1,041	1.5	2,285	3,557.7	36.6	18.3
12	CHH	Choice Hotels International, Inc.	1996	1,034	1.4	761	3,102.5	32.0	12.4
13	TSM	Taiwan Semiconductor Manufacturing Company Limited	2013	1,029	1.4	1,182	3,394.5	34.9	31.3
14	IT	Gartner, Inc.	2007	985	1.4	1,208	409.1	5.1	8.8
15	FDS	FactSet Research Systems Inc.	2006	967	1.4	780	459.3	5.6	9.2
16	MTN	Vail Resorts, Inc.	1997	890	1.2	883	806.4	9.1	7.8
17	KNSL	Kinsale Capital Group, Inc.	2016	879	1.2	594	1,756.5	18.6	34.2
18	VRSK	Verisk Analytics, Inc.	2009	844	1.2	361	593.9	6.9	12.3
19	BIRK	Birkenstock Holding plc	2023	634	0.9	14	7.0	1.1	2.5
20	FIGS	FIGS, Inc.	2022	613	0.9	165	11.7	1.1	2.7
21	CSGP	CoStar Group, Inc.	2001	612	0.9	803	1,532.3	16.3	12.0
22	ONON	On Holding AG	2022	600	0.8	(32)	38.6	1.4	8.1
23	NVDA	NVIDIA Corporation	2018	593	0.8	740	2,930.3	30.3	55.2
24	MORN	Morningstar, Inc.	2005	546	0.8	206	777.8	8.8	10.8
25	AMZN	Amazon.com, Inc.	2009	466	0.7	205	6,003.5	61.0	27.4

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

[3] Reflects security performance from the date of Baron's first purchase until 06/30/2026. This performance may be lower or higher than the performance of the security in Baron's portfolios, depending on Baron's purchases and sales over the period.

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

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

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

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**Arch Capital Group Ltd.** - Baron Asset Fund (3.6%), Baron Durable Advantage Fund (1.1%), Baron Focused Growth Fund (2.0%), Baron Generational Growth Fund (21.7%), Baron International Growth Fund (2.0%), Baron Partners Fund (3.3%*), Baron Financials ETF (2.1%), Baron First Principles ETF (1.8%), Baron Risk Optimized Large Cap ETF (0.7%); **Hyatt Hotels Corporation** - Baron Asset Fund (2.3%), Baron Focused Growth Fund (4.3%), Baron Partners Fund (4.0%*), Baron Real Estate Fund (3.3%), Baron First Principles ETF (4.4%); **Shopify Inc.** - Baron Fifth Avenue Growth Fund (3.8%), Baron Focused Growth Fund (4.6%), Baron Global Opportunity Fund (4.9%), Baron Opportunity Fund (1.4%), Baron Partners Fund (3.7%*), Baron Financials ETF (1.5%), Baron Technology ETF (2.5%), Baron First Principles ETF (3.3%), Baron Risk Optimized Large Cap ETF (0.4%); **The Charles Schwab Corporation** - Baron Asset Fund (2.0%), Baron Opportunity Fund (0.5%), Baron Partners Fund (4.0%*), Baron Financials ETF (4.1%), Baron First Principles ETF (3.8%), Baron Risk Optimized Large Cap ETF (1.2%); **Spotify Technology S.A.** - Baron Asset Fund (1.0%), Baron Focused Growth Fund (4.2%), Baron International Growth Fund (0.5%), Baron Opportunity Fund (3.4%), Baron Partners Fund (3.1%*), Baron Technology ETF (4.2%), Baron First Principles ETF (2.7%), Baron Risk Optimized Large Cap ETF (2.5%); **Guidewire Software, Inc.** - Baron Asset Fund (2.7%), Baron Discovery Fund (1.7%), Baron Focused Growth Fund (3.0%), Baron Generational Growth Fund (4.4%), Baron Opportunity Fund (0.9%), Baron Partners Fund (2.2%*), Baron Small Cap Fund (3.0%), Baron Financials ETF (1.1%), Baron Technology ETF (0.4%), Baron First Principles ETF (1.5%), Baron SMID Cap ETF (2.3%), Baron Risk Optimized Large Cap ETF (1.0%); **Red Rock Resorts, Inc.** - Baron Focused Growth Fund (3.1%), Baron Generational Growth Fund (7.3%), Baron Partners Fund (1.9%*), Baron Real Estate Fund (2.0%), Baron Small Cap Fund (5.1%), Baron First Principles ETF (3.0%); **IDEXX Laboratories, Inc.** - Baron Asset Fund (3.4%), Baron Focused Growth Fund (2.9%), Baron Generational Growth Fund (4.9%), Baron Health Care Fund (1.2%), Baron Partners Fund (2.3%*), Baron First Principles ETF (1.7%); **Choice Hotels International, Inc.** - Baron Asset Fund (1.0%), Baron Focused Growth Fund (2.6%), Baron Generational Growth Fund (13.3%), Baron Partners Fund (2.3%*), Baron First Principles ETF (2.3%); **Taiwan Semiconductor Manufacturing Company Limited** - Baron Durable Advantage Fund (10.4%), Baron Emerging Markets Fund (15.7%), Baron Fifth Avenue Growth Fund (8.3%), Baron Global Opportunity Fund (5.3%), Baron International Growth Fund (6.3%), Baron Opportunity Fund (2.8%), Baron Technology ETF (8.9%), Baron Global Durable Advantage ETF (8.7%), Baron Emerging Markets Select ETF (13.9%), Baron Risk Optimized Large Cap ETF (2.7%); **Gartner, Inc.** - Baron Asset Fund (1.7%), Baron Focused Growth Fund (2.7%), Baron Generational Growth Fund (6.1%), Baron Opportunity Fund (0.5%), Baron Partners Fund (2.5%*), Baron Small Cap Fund (1.1%); **FactSet Research Systems Inc.** - Baron Asset Fund (0.9%), Baron Focused Growth Fund (2.9%), Baron Generational Growth Fund (6.5%), Baron Partners Fund (2.6%*), Baron First Principles ETF (2.4%); **Vail Resorts, Inc.** - Baron Asset Fund (1.1%), Baron Focused Growth Fund (3.2%), Baron Generational Growth Fund (4.0%), Baron Partners Fund (2.3%*), Baron Real Estate Income Fund (1.7%), Baron First Principles ETF (2.2%); **Kinsale Capital Group, Inc.** - Baron Discovery Fund (1.0%), Baron Generational Growth Fund (13.5%), Baron Partners Fund (1.7%*), Baron Small Cap Fund (4.1%), Baron Financials ETF (0.7%), Baron First Principles ETF (0.8%); **Verisk Analytics, Inc.** - Baron Asset Fund (3.0%), Baron Focused Growth Fund (3.1%), Baron Partners Fund (2.3%*), Baron Financials ETF (2.2%), Baron First Principles ETF (2.9%); **Birkenstock Holding plc** - Baron Asset Fund (0.6%), Baron Focused Growth Fund (3.5%), Baron Partners Fund (1.8%*), Baron First Principles ETF (2.5%); **FIGS, Inc.** - Baron Focused Growth Fund (1.9%), Baron Generational Growth Fund (6.0%), Baron First Principles ETF (2.3%); **CoStar Group, Inc.** - Baron Asset Fund (1.3%), Baron Focused Growth Fund (0.2%), Baron Partners Fund (2.3%*); **On Holding AG** - Baron Asset Fund (1.0%), Baron Focused Growth Fund (2.9%), Baron International Growth Fund (0.8%), Baron Opportunity Fund (0.6%), Baron Partners Fund (1.6%*), Baron First Principles ETF (2.1%), Baron Risk Optimized Large Cap ETF (0.4%); **NVIDIA Corporation** - Baron Durable Advantage Fund (8.7%), Baron Fifth Avenue Growth Fund (12.8%), Baron Global Opportunity Fund (6.3%), Baron Opportunity Fund (11.5%), Baron Technology ETF (5.6%), Baron Global Durable Advantage ETF (6.4%), Baron Risk Optimized Large Cap ETF (7.4%); **Morningstar, Inc.** - Baron Focused Growth Fund (2.1%), Baron Generational Growth Fund (4.0%), Baron Partners Fund (1.5%*), Baron First Principles ETF (2.0%); **Amazon.com, Inc.** - Baron Durable Advantage Fund (7.4%), Baron Fifth Avenue Growth Fund (8.4%), Baron Global Opportunity Fund (4.4%), Baron Opportunity Fund (5.3%), Baron Partners Fund (0.8%*), Baron Technology ETF (4.0%), Baron Global Durable Advantage ETF (6.1%), Baron Risk Optimized Large Cap ETF (4.6%).

*% of Long Positions.

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

Investment Products: NOT FDIC INSURED | MAY LOSE VALUE | NOT BANK GUARANTEED

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.

BARON CAPITAL EST. 1982

CHANGING LIVES

Inflation According to Ron

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 6/30/2026	Year	Ron through the years	Then	June 2026	Multiple	CAGR	Years to Double
Ron's Home 1948–1955 1122 Grassmere Avenue, Wanamassa, NJ (Asbury Park, NJ "suburb")	1948	Childhood home	$5,000	$677,400[1]	135.5x	6.5%	11
Ron's Home 1955–1975 542 Deal Parkway, West Allenhurst, NJ (Asbury Park, NJ "suburb")	1955	Family home through school and the start of Ron's career	$20,000	$1,543,300[1]	77.2x	6.4%	11
Golf Caddy Fees	1957	Age 14: Working papers first "job," golf caddy at Hollywood Golf Club in Deal, NJ; Palm Beach Country Club caddy fee today	$4 18 holes	$200 18 holes	50.0x	5.5%	12
Gallon of Gasoline	1960	"Four gallons, please" … "Seriously?" … "Yes, I can't afford to carry your inventory in my car."	$0.31 gallon	$3.83[2] gallon	12.4x	3.9%	18
Minimum Wage (New York)	1961	1961–1965: Ice cream man, cabana boy, ER orderly, lifeguard, waiter; shocked with SS W2 taxes	$1 hour	$16[3] hour	16.0x	4.4%	16
Ron's Annual Tuition at Bucknell University	1965	Ron's graduation year	$3,500	$72,600[4]	20.7x	5.1%	14
Ron's U.S. Patent Examiner Annual Salary	1966	1966–1969: U.S. patent examiner day job; a "critical-skill." Vietnam draft exempt; law school at night	$7,729	$138,728[5]	17.9x	5.0%	14
Ford Mustang (starting price)	1966	Aspiration: a new Ford Mustang	$2,500	$32,995[6]	13.2x	4.4%	16
Weed	1966	A bag of twigs on D.C. street corner then … regulated New York dispensary gummy product today	$0.50 twig	$14.00 gummy	28.0x	5.7%	12
Sirloin Steak	1967	Sirloin: a luxury for families, unless you owned a cow	$0.67 pound	$14.46[7] pound	21.6x	5.3%	13
McDonald's Big Mac	1967	The Big Mac launched nationwide	$0.45	$5.91	13.1x	4.3%	16
NYC Top Law Firm – First Year Associate Annual Salary	1970	Also the salary of a first-year Wall Street research analyst	$15,000	$235,000[8]	15.7x	5.1%	14
FROM EARNING A LIVING TO BUILDING A BUSINESS - OWNERSHIP CHANGED THE COMPOUNDING							
Gross Domestic Product (GDP)	1968	A turbulent year; MLK and Ron's hero the "real" RFK assassinated	$968 billion	$31,866[9] billion	32.9x	6.3%	12
Gold	1974	"Gold Mania" and Nixon resignation - U.S. Congress passes legislation allowing gold ownership	$188 ounce	$4,022[10] ounce	21.4x	6.1%	12
Dow Jones Industrial Average	1982	Founded Baron Capital amid deep recession and 15% short-term interest rates, building the Firm from $100K book value, $10M AUM	795	52,319[11]	65.8x*	9.9%*	7
S&P 500 Index	1982		107	7,499[11]	70.1x*	10.1%*	7

Gross Domestic Product (GDP) information is as of March 31, 2026.

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

Ron's story began with working papers and a $4 per round caddy fee at age 14. In 1982, after a twelve-year analyst career, he founded Baron Capital with $10 million assets in one of the most difficult economic environments in modern history. Many **everyday prices** have since risen **12 to 40 times** and the **Dow and S&P 500** indexes have increased about **66 to 70 times**. Since 1992, Baron Capital's AUM increased from $100 million to approximately **$69.7 billion**** while earning **$71.2 billion** in realized and unrealized gains. Baron's AUM grew almost **700 times** during the period, doubling about every four years.

** Includes client and proprietary accounts.

Sources:

[1] www.zillow.com

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

[3] https://dol.ny.gov/minimum-wage-0

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

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

[6] www.ford.com/cars/mustang/

[7] https://fred.stlouisfed.org/series/APU0000703613

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

[9] https://fred.stlouisfed.org/series/GDP

[10] https://www.macrotrends.net/1333/historical-gold-prices-100-year-chart

[11] FactSet

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.

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 Funds (Institutional Shares) and Benchmark Performance 6/30/2026

Fund/Benchmark	Inception Date	Average Annualized Returns (%) 1 Year	3 Years	5 Years	10 Years	Since Inception	Annual Expense Ratio (%)	Net Assets
Small Cap								
Baron Discovery Fund® (BDFIX)	9/30/2013	9.64	13.47	0.09	14.30	12.63	1.05 [6]	$1.83 billion
Russell 2000 Growth Index		38.74	18.44	5.57	11.97	10.16		
Baron Generational Growth Fund®† (BGRIX)	12/31/1994	(23.82)	(7.10)	(5.31)	7.00	10.89	1.13 [6][7]	$2.10 billion
Russell 2000 Growth Index		38.74	18.44	5.57	11.97	8.63		
Baron Small Cap Fund® (BSFIX)	9/30/1997	2.61	8.49	1.70	11.16	9.85	1.06 [6]	$2.85 billion
Russell 2000 Growth Index		38.74	18.44	5.57	11.97	7.29		
Small/Mid Cap								
Baron Focused Growth Fund® (BFGIX) [1]	5/31/1996	26.72	21.09	12.76	21.79	14.19	1.05 [8]	$5.54 billion
Russell 2500 Growth Index		32.94	16.40	4.98	12.56	8.81		
Baron SMID Cap ETF™ (BCSM) (NAV)[18]	12/12/2025					1.47*	0.75 [8]	$33.15 million
Baron SMID Cap ETF™ (BCSM) (Market Price)[18]	12/12/2025					1.49*		
Russell 2500 Growth Index						16.91*		
Mid Cap								
Baron Asset Fund® (BARIX)	6/12/1987	13.33	12.22	3.70	12.34	11.38	1.05 [6]	$4.00 billion
Russell Midcap Growth Index [2]		6.17	15.61	6.03	13.04	10.51		
Large Cap								
Baron Durable Advantage Fund® (BDAIX)	12/29/2017	12.09	20.19	13.71		15.84	0.70/0.73 [6][9]	$524.37 million
S&P 500 Index		22.32	20.61	13.41		14.74		
Baron Fifth Avenue Growth Fund® (BFTIX)	4/30/2004	22.04	27.32	7.09	16.77	11.07	0.75/0.76 [6][10]	$803.10 million
Russell 1000 Growth Index		17.71	22.58	13.71	18.58	12.71		
All Cap								
Baron First Principals ETF™ (RONB) (NAV)[18]	12/12/2025					(2.82)*	1.00[8]	$489.62 million
Baron First Principals ETF™ (RONB) (Market Price)[18]	12/12/2025					(2.78)*		
Russell 3000 Growth Index						6.29*		
Baron Opportunity Fund® (BIOIX)	2/29/2000	27.75	28.57	11.00	22.50	11.01	1.05 [6]	$2.12 billion
Russell 3000 Growth Index		18.24	22.26	13.17	18.13	8.15		
Baron Partners Fund® (BPTIX)[3,4]	1/31/1992	48.75	22.66	13.84	25.54	16.02	1.65 [8][11]	$18.01 billion
Russell Midcap Growth Index		6.17	15.61	6.03	13.04	10.29		
Non-U.S./Global								
Baron Emerging Markets Fund® (BEXIX)	12/31/2010	31.59	19.68	4.00	8.24	6.19	1.12 [8]	$3.99 billion
MSCI Emerging Markets Index		43.51	23.03	7.20	10.07	5.13		
MSCI Emerging Markets IMI Growth Index		41.22	22.50	5.34	10.32	5.83		
Baron Global Durable Advantage ETF™ (BCGD) (NAV)[18]	12/12/2025					5.66*	0.75[8]	$9.77 million
Baron Global Durable Advantage ETF™ (BCGD) (Market Price)[18]	12/12/2025					5.77*		
MSCI ACWI Index						11.94*		
Baron Global Opportunity Fund® (BGAIX)	4/30/2012	38.37	27.99	1.66	16.57	13.83	0.90/0.94 [8][12]	$1.39 billion
MSCI ACWI Index		23.67	19.70	10.98	12.78	11.06		
MSCI ACWI Growth Index		23.94	21.73	11.18	15.10	12.92		
Baron India Fund® (BINDX)	7/30/2021	(5.84)	5.79			(1.61)	1.20/2.30 [8][13]	$26.10 million
MSCI AC Asia ex Japan/India Linked Index		(12.76)	(1.27)			(5.15)		
MSCI India Index		(12.76)	5.73			5.04		
MSCI Emerging Markets Index		43.51	23.03			8.86		
Baron International Growth Fund® (BINIX)	12/31/2008	16.17	12.68	2.02	9.02	9.83	0.96/0.99 [8][14]	$322.94 million
MSCI ACWI ex USA Index		27.66	18.82	8.79	9.93	8.58		
MSCI ACWI ex USA IMI Growth Index		21.86	15.31	5.07	9.14	8.81		
Sector								
Baron Financials ETF™ (BCFN) (NAV)[18]	12/31/2019	(19.93)	7.03	(2.01)		6.79	0.80 [8]	$46.10 million
Baron Financials ETF™ (BCFN) (Market Price)[18]	12/31/2019	(20.10)	6.95	(2.33)		6.53		
MSCI USA Financials Index		3.40	19.03	9.66		10.68		
Baron Health Care Fund® (BHCHX)	4/30/2018	24.19	5.69	1.28		10.61	0.85/0.95 [8][15]	$114.09 million
Russell 3000 Health Care Index		23.56	8.60	5.26		10.02		
Baron Real Estate Fund® (BREIX)	12/31/2009	15.18	10.84	3.69	11.77	13.09	1.05 [8]	$2.29 billion
MSCI USA IMI Extended Real Estate Index		11.00	12.20	6.53	8.97	11.00		
Baron Real Estate Income Fund® (BRIIX)	12/29/2017	19.11	13.82	5.15		9.88	0.80/0.88 [8][16]	$297.90 million
MSCI US REIT Index		19.70	11.03	4.58		5.85		
Baron Technology ETF™ (BCTK) (NAV)[18]	12/31/2021	35.91	36.88			17.19	0.75 [8]	$205.23 million
Baron Technology ETF™ (BCTK) (Market Price)[18]	12/31/2021	35.23	36.65			17.06		
MSCI ACWI Information Technology Index		50.50	33.51			19.70		

Baron Funds (Institutional Shares) and Benchmark Performance 6/30/2026

Fund/Benchmark	Inception Date	Average Annualized Returns (%) 1 Year	3 Years	5 Years	10 Years	Since Inception	Annual Expense Ratio (%)	Net Assets
Equity Allocation								
Baron WealthBuilder Fund® (BWBIX)	12/29/2017	14.60	13.65	4.59		13.11	1.16/1.18 (8)(17)	$540.17 million
S&P 500 Index		22.32	20.61	13.41		14.74		
Broad-Based Benchmarks[5]								
S&P 500 Index		22.32	20.61	13.41	15.51			
MSCI ACWI Index		23.67	19.70	10.98	12.78			
MSCI Emerging Markets Index		43.51	23.03	7.20	10.07			
MSCI ACWI ex USA Index		27.66	18.82	8.79	9.93			
Russell 3000 Index		22.82	20.36	12.31	15.06			

(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, 45.3% of the Fund's long holdings were invested in SMID, Mid and Mid/Large-Cap securities (as defined by Russell, Inc.) as of 6/30/2026 (SMID represents 21.5% of the portfolio and has market capitalizations between $6.18 – $18.35 billion; Mid represents 13.0% and has market capitalizations between $18.35 – $65.29 billion; Mid /Large represents 10.8% and has market capitalizations between $65.29 – $255.51 billion).

(5) The Broad-Based Benchmark for Baron Discovery Fund, Baron Generational 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 Real Estate Fund, Baron Real Estate Income 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, and Baron WealthBuilder Fund is MSCI ACWI Index.

(6) As of 1/28/2026.

(7) Comprised of operating expenses of 1.04% and interest expense of 0.09%.

(8) As of 4/30/2026.

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

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

(11) Comprised of operating expenses of 1.04% and interest expense of 0.61%.

(12) Gross annual expense ratio was 0.94%, but the net annual expense ratio was 0.90% (net of Adviser's fee waivers).

(13) Gross annual expense ratio was 2.30%, but the net annual expense ratio was 1.20% (net of Adviser's fee waivers and expense reimbursements).

(14) Gross annual expense ratio was 0.99%, but the net annual expense ratio was 0.96% (net of Adviser's fee waivers).

(15) Gross annual expense ratio was 0.95%, but the net annual expense ratio was 0.85% (net of Adviser's fee waivers).

(16) Gross annual expense ratio was 0.88%, but the net annual expense ratio was 0.80% (net of Adviser's fee waivers).

(17) Gross annual expense ratio was 1.18%, but the net annual expense ratio was 1.16% (includes acquired fund fees and expenses, net of the expense reimbursements).

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

* Not annualized

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

† Formerly, Baron Growth Fund.

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

The performance data quoted represents past performance. Past performance is no guarantee of future results. The investment return and principal value of an investment will fluctuate; an investor's shares, when redeemed, may be worth more or less than their original cost. The Adviser waives and/or reimburses, or may waive or reimburse, certain Funds' expenses pursuant to a contract expiring on August 29, 2036, unless renewed for another 11-year term and the Funds' transfer agency expenses may be reduced by expense offsets from an unaffiliated transfer agent, without which performance would have been lower. Current performance may be lower or higher than the performance data quoted. For performance information current to the most recent month end, visit BaronCapitalGroup.com or call 1-800-99-BARON.

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

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

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

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

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

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

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

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

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JUNE 30, 2026

Co-President's Letter

Michael Baron
Co-President
Portfolio Manager

We have received a lot of "congratulations" over the past month regarding our investment in **Space Exploration Technologies Corp.** (SpaceX). I felt these calls, while well intended, were always awkward to accept. "Congratulations" is typically reserved for the beginning or end of an accomplishment: "congratulations on the birth of a child" or "congratulations on a graduation." Neither hold true for our involvement with SpaceX. Yes, we provided part of the capital that enabled the company to achieve various goals, a stable long-term owner on the cap table, and thoughts on how we believed the offering would be received in the public markets. But we did not sell a single share on June 12, 2026, the date of the company's well-publicized and historic initial public offering. In fact, we did the opposite and purchased approximately $1 billion worth of additional shares for our various portfolios and client accounts. Our investment in SpaceX still feels like it's in the early days. To us, the IPO of SpaceX was a momentous milestone for the company and validation for our investment thesis, instead of a congratulatory event. The many times oversubscribed deal was priced at $135 per share, valued the company at approximately $1.77 trillion, and was well received by investors as the stock traded smoothly over the subsequent weeks.[1] It substantiated our investment thesis derived over years of consistent research, analysis, and questioning all aspects of the business. But this event marks only a steppingstone in what we believe will be an extraordinarily lucrative investment in the years (and potentially decades) to come for Baron Capital clients.

The conversations with these well-intended well-wishers inevitably turned into their trying to understand what we had correctly understood about the company for years. They asked about our relationship with management (and Elon), what we saw that others missed, and what is next for the company and our various Baron Capital portfolios that hold it. Now that we are no longer constrained by a stringent NDA (that was eased upon their filing of the S1), I anticipate we will much more freely and readily discuss our investment thesis in SpaceX, the company's various achievements and milestones, and the several portfolios that own it. Clients should expect to be inundated with information and candor in our quarterly letters, client calls, and media interviews. All with the intention of providing clarity if Baron Capital's portfolios remain appropriate for you.

Our Conviction Is Built Over YEARS Of Research

One thing many get wrong about our initial investment is that we were "early." We do not attempt to be early investors but rather invest when we achieve the appropriate level of confidence and remain invested to see it through to fruition. SpaceX was founded in 2002, interestingly a year prior to the founding of Elon's other widely discussed company and significant investment at Baron Capital, **Tesla, Inc.** Similar to our investment in SpaceX, we were not "early" in Tesla. We made our initial substantial investment in Tesla in 2014 after having consistently met with executives since their IPO in 2010. At the time of our first investment, the company's yearly vehicle production was approximately 31,000 at a single facility in California. A sign at that facility shared Tesla's mission to change the world through "sustainable transport" and eventually "sustainable energy." It was a much more robust and lofty goal than vehicle manufacturing. We spent countless meetings understanding that mission, and the company's likelihood for achievement. At the time, there was no mass production of affordable vehicles, global plants producing a wide array of models and functionality, or Gigafactories producing batteries. Autonomous functionality, a viable energy business, and Optimus robots were years away. But over those diligence meetings, we spent time discussing how these concepts could eventually become meaningful contributors to the business and its mission. Over the course of our investment in Tesla, revenue has grown nearly 30x and profitability, we believe, is on the cusp of acceleration.

Our first investment in SpaceX came three years later in 2017. So, while we were significantly earlier than the vast majority of investors who only acquired shares in June, I do not consider us to be early-stage investors. Instead, we were early to do our research and invested at an appropriate time and level of understanding. At the time of our initial meetings, the company's Falcon 9 completed 18 orbital launches that year while reutilizing a booster twice. It delivered approximately 20% of global mass to orbit. The company did not possess satellites or AI capabilities. Today, the company successfully completes a launch approximately every other day and delivers about 80% of global mass to orbit. Its boosters have a reusability of 36 flights driving down costs significantly. Its Starship rocket is expected to again meaningfully lower cost to access space and deliver proprietary satellites at massive scale that would enable connectivity and artificial intelligence. And there are more business lines that this functionality could spur for government agencies, mining, and transport.

At our Investment Conference last year, Ron and Elon discussed some of those countless conversations with the executive team over the four years of diligence on Tesla prospects and likelihood for success. We questioned all aspects of the company's vision, mission, and the motivations behind its leaders before investing. And maybe most importantly, how the company's competitive advantage would be sustained and enhanced over the coming years. Elon jokingly stated that it took you long enough to be convinced on me. While never explicitly saying it, I believe while we were doing our homework over the years on this business and the executives who lead it, Elon was doing his analysis of us. He respected our diligence, our ownership mentality, and our investment horizon. And he determined that Baron Capital portfolios would be a good prospective owner of his privately held SpaceX. He invited us to participate, provided access to information and executives, and allowed us to form our own conclusions.

While we started purchasing shares in 2017, we consistently purchased in the years that followed. In fact, we purchased 27 times over the following nine years. We never missed an opportunity to build our stake in a suitable manner that was good for both our clients and the company. Our research and analysis never stopped either. Each conversation led to more discoveries and more questions.

We understood the mission and the possibilities behind what Elon was attempting to accomplish. It was much greater than a launch business to space. And we understood why only this vertically integrated company could succeed and achieve unmatched market share. With each conversation, each discovery, our conviction grew. And unlike typical venture capitalists, who distribute holdings upon the finite fund lives, Baron Funds are perpetual portfolios that usually do not need to sell or distribute shares other than remaining within its prospectus guidelines and regulatory requirements. This structure allowed us and our clients to realize the long-term value creation from the company.

We Believe the Greatest Value Creation Still Lies Ahead

Many investors may now look at this company as easily accessible. It trades readily on NASDAQ after approximately $86 billion worth of stock was offered in mid-June. It has a market capitalization that only a handful of others have eclipsed. For a minimal transaction fee on many platforms, most can purchase shares directly (and bypass a management fee on Baron Capital products.) But while access is now ubiquitous, conviction is not.

Ron appeared on CNBC the week following the IPO , laying out our thought process behind the company's opportunities and competitive advantages. It was obvious to viewers that it was difficult for him to contain his excitement. He encouraged interested investors to "read the prospectus," believing that they too would be equally as excited. Simple advice, and the most basic level of research, that shockingly most do not perform. Conviction cannot be achieved without primary research, knowledge, and understanding. And without conviction, investors cannot remain owners. And without being an owner, we believe, the potential appreciation in value cannot be realized.

Conviction cannot be achieved without primary research, knowledge, and understanding. And without conviction, investors cannot remain owners. And without being an owner, we believe, the potential appreciation in value cannot be realized.

Volatility of a single stock (especially one of SpaceX's potential) makes ownership difficult outside of a balanced portfolio. Baron Strategies do not just examine investment merits of a company, but also portfolio construction attributes. The SpaceX security became a disproportionate amount in some portfolios because of significant appreciation. As of the end of the quarter, it represented 32.9% of total investments for Baron Partners Fund. We faced criticism and scrutiny by intermediaries who felt the position was too large a percentage in some portfolios. (It mirrored critiques we have faced in the past as we let some successful winners run.) But what many fail to recognize is that we constantly aim to mitigate risk and volatility by holding securities of various characteristics, but that also meet our time-tested investment criteria. Portfolio construction, we believe, is often taken for granted by investors who aim to reduce costs by directly owning a handful of securities. And therefore, holding individual stocks creates a risk level that is unappealing and unacceptable to most.

We have laid out a case for our investment in SpaceX. The company is attacking many massive markets: launch, connectivity, AI compute, and inference, to name only a few. Based on our research, we believe its superior services coupled with insurmountably massive cost advantages make the company prime to garner unprecedented market share of each opportunity. If correct, we believe its valuation could eventually reach $10-, $20-, $30 trillion and be the most valuable company ever. The day the IPO valuation range was announced, Baron Partners Fund® (the Fund) (Institutional Shares), which has one of the largest weights to SpaceX out of any '40 Act vehicle, increased 6.6%. The day of the IPO, the Fund increased 5.5%. After both days, we experienced a noticeable increase in client redemptions of that Fund. We scratched our heads. We have been discussing internally and publicly how this company could increase 5-, 10-, 15- times from the IPO level and yet some are choosing to lock in minimal early gains. Those redemptions were executed by those who do not share our ownership mentality. In all cases, we maintained or increased the weight of SpaceX in the portfolio on the day of the IPO. We believe long-term investors will benefit from other's shortsightedness.

While we continue to receive congratulatory calls about our investment in SpaceX, I believe the "congratulations" should be reserved for those who purchased portfolios that own SpaceX on or before June 12, those who are just beginning their journey with this company's potential. Moreover, "congratulations" to the Baron Capital clients who have for years entrusted us to steward their capital, properly understood and assessed portfolio construction, and realize the long-term potential on this and other investments.

And of course, congratulations to the 2026 NBA Champion New York Knicks!

Michael Baron
Co-President
Portfolio Manager

[1] The stock did retreat below the offering price after the end of the quarter due to an aborted test flight of Starship. The hiccup did not alter our long-term investment thesis.

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: The Fund is non-diversified which means, in addition to increased volatility of the Fund's returns, it will likely have a greater percentage of its assets in a single issuer or a small number of issuers, including in a particular industry than a diversified fund. Single issuer risk is the possibility that factors specific to an issuer to which the Fund is exposed will affect the market prices of the issuer's securities and therefore the net asset value of the Fund. Specific risks associated with leverage include increased volatility of the Fund's returns and exposure of the Fund to greater risk of loss in any given period.

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

Top 10 holdings
Baron Partners Fund
6/30/2026

	Percent of Total Investments (%)
Space Exploration Technologies Corp.	32.9
Tesla, Inc.	14.1
Hyatt Hotels Corporation	4.0
The Charles Schwab Corporation	4.0
MSCI Inc.	3.9
Shopify Inc.	3.7
Arch Capital Group Ltd.	3.3
Spotify Technology S.A.	3.1
FactSet Research Systems Inc.	2.6
Gartner, Inc.	2.5
Total	**74.1**

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

Investment Products: NOT FDIC INSURED | MAY LOSE VALUE | NOT BANK GUARANTEED

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SpaceX: Lift Off!

On **June 12, 2026, Space Exploration Technologies Corporation (SpaceX)** began trading on the Nasdaq after the largest initial public offering (IPO) on record. The successful IPO was the culmination of more than two decades of development at the company, which was founded in 2002 by Elon Musk to increase access to space and make humans a multiplanetary species.

The IPO is not an ending, however, but a beginning. Today, SpaceX dominates a unique value chain that stretches from rocket launching pads and satellite networks, to frontier AI models. We believe the company is well positioned to benefit from a secular growth opportunity that could, ultimately, exceed tens of trillions of dollars.

SpaceX has achieved leading expertise in three areas—space, connectivity, and AI. These capabilities, together, are far more than a sum of parts:

Space: The foundation of SpaceX's success has been its ability to reach space cheaply and reliably. Through the pioneering development of reusable booster rockets, the company has dramatically reduced the cost of access to orbit, supplementing a primarily government-driven space launch market with robust commercial-driven demand. The company's innovations have paved the way for groundbreaking commercial space missions, including the first private and commercial human spaceflight missions, the first commercial spacewalk, and several government and private astronaut missions to the International Space Station. A SpaceX rocket lifts off, on average, three times a week, and the company accounts for 85% of the mass carried into orbit each year.

Connectivity: SpaceX has used its rocket capabilities to deploy a satellite network (Starlink), which offers fast internet access to millions of users across all seven continents and oceans. As of mid-June 2026, the network has grown to more than 9,600 satellites, and the number of subscribers exceeds 12 million (more than double the subscribers at the close of 2024). A strong majority of active satellites in orbit today are operated by SpaceX. The company's goal is to extend this service to the entire surface of Earth, where three billion people lack access to fast internet.

AI: SpaceX is drawing upon its capabilities in rockets, satellite technology, and terrestrial data centers to develop its AI business. AI's frontier model, Grok, is integrated with the X platform, which provides it with direct, real-time information. Ultimately, SpaceX believes its access to this and other sources of data, along with the efficacy of its data centers, will help it develop leading AI models that can deliver solutions to businesses, consumers, governments, and society. In addition, SpaceX has developed infrastructure to help meet demand for compute, which has been growing sharply and, in the view of SpaceX, will exceed capacity on Earth. Ultimately, SpaceX aims to deploy a network in space that, using energy from the sun and cooled by space, could serve as massive AI data centers.

In hindsight, SpaceX's development may seem like a natural progression. In reality, the company built expertise, scale, and proficiency to meet opportunities that, in many cases, did not yet exist. SpaceX was founded five years before the iPhone and two decades before ChatGPT, but the company is now a prime beneficiary of advancements in mobile communications and artificial intelligence.

We believe that SpaceX, today, is even more favorably positioned to benefit from the secular growth trends—many of them still over the horizon—that will transform the global economy and beyond. Space, according to the company's IPO filing, "represents the largest economic frontier in human history." We strongly agree. Unlike most companies, who are constrained by activity on Earth, SpaceX's long-term total addressable market extends into a multi-planetary future and the space economy. Over time, these could represent additional multi-trillion-dollar economic opportunities.

"We think SpaceX is going to become the largest, most profitable company on the planet."

— Ron Baron, June 2, 2026.

Space

Falcon 9 Launch and Reusability

The Falcon 9, SpaceX's "workhorse" rocket, has redefined the space launch market by offering more reliable and more available access to space at a fraction of the cost. SpaceX's newest rocket, Starship V3, promises to revolutionize space access even more through reducing costs by orders of magnitude over time.

The dominance of SpaceX's launch segment is demonstrated by a record 165 Falcon rocket launches in 2025, which represented about 80% of global mass to orbit. (China, in comparison, achieved 93 orbital space launches in 2025, accounting for 10%–15% of global mass to orbit.)[1] The Falcon launch figure marks growth from 134 in 2024, a close to 25% increase. The 165 Falcon missions in a single year easily surpasses the 135 Space Shuttle missions flown by NASA over a 30-year period.[2] This increased launch cadence presents SpaceX with multiple advantages, including greater revenue potential, improved Starlink deployment efficiency, and reduced launch costs.

The essential pillar of Falcon's success and competitive edge is SpaceX's mastery of rocket reusability. Since its inception, **SpaceX has launched more than 650 times,** of which around **85% of missions** have leveraged a flight-proven (reused) booster. As of May 2026, SpaceX had already launched a fleet of **17 boosters, each flying 20 times or more.** The record-holding booster, serial number 1067, performed its inaugural flight in 2021. With 35 missions, this booster has launched 8 astronauts, nearly 6 tons of supply to the ISS, several hundred Starlink satellites, and multiple third-party commercial satellites to orbit.[3]

Central to SpaceX's cost advantage is the reusability of their hardware—most notably boosters—which the company recovers, refurbishes, and reflies many times instead of discarding after single use. Space flight that historically cost billions per launch now costs in the tens of millions. The first version of Falcon 9 in 2010 had a launch cost of approximately $2,700 per kilogram, an 85% reduction from the historical cost of $18,500 per kilogram. The Falcon Heavy in 2018 further reduced this cost to approximately **$1,400 per kilogram.**[4]

SpaceX Falcon 9 rocket (Photo: SpaceX)

650+
Total SpaceX launches to date

85%
Flown on a reused (flight-proven) booster

17
Boosters with 20+ flights each

$1,400/kg
Falcon Heavy cost per kg — vs. $18,500 historically

[1] Wall, Mike. "SpaceX Shatters Its Rocket Launch Record yet Again - 165 Orbital Flights in 2025." *Space,* Space, December 1, 2025, https://www.space.com/space-exploration/private-spaceflight/spacex-shatters-its-rocket-launch-record-yet-again-167-orbital-flights-in-2025

[2] Malik, Tariq. "NASA's Space Shuttle By the Numbers: 30 Years of a Spaceflight Icon." *Space,* Space. July 21, 2011 NASA's Space Shuttle By the Numbers: 30 Years of a Spaceflight Icon, https://www.space.com/12376-nasa-space-shuttle-program-facts-statistics.html

[3] https://spaceflightnow.com/2026/06/07/live-coverage-spacex-to-launch-falcon-9-rocket-booster-on-record-breaking-35th-flight/

[4] https://www.sec.gov/Archives/edgar/data/1181412/000162828026036936/spaceexplorationtechnologi.htm, pp. 75-76.

Starship's Development Program

SpaceX is a proven disruptor and its own fiercest competitor. Despite being the clear leader in launch, SpaceX's mission and innovation culture continue to drive the technology forward.

Starship has performed several successful flight tests, including inspiring mid-flight catches of the Super Heavy booster. When fully operational, Starship promises unparalleled reduction in launch costs, enhanced availability, and expanded volumetric and gravitational capabilities for payloads destined for low-Earth orbit, the Moon, and eventually Mars.

Starship, SpaceX's revolutionary new launch vehicle, is poised to significantly expand SpaceX's growth opportunities and strengthen its competitive position.

At a towering **407 feet** and an unprecedented thrust of over **16 million pounds,** Starship has earned its title as the largest and most powerful rocket ever flown. This behemoth is expected to enhance SpaceX's reusability-driven efficiencies by becoming the world's first fully and rapidly reusable rocket, while pushing the boundaries of orbital vehicle performance. With an anticipated payload capacity of up to **200 metric tons,** in-orbit refueling capabilities, and a reliable and rapidly reusable architecture, Starship will allow the transport of larger payloads deeper into space than ever before.[5]

As of mid-June 2026, SpaceX had conducted **12 Starship flight tests.** Several of these demonstrated substantial progress including: achieving orbital speed for the first time, nearly flawless Raptor engine performance, successful hot-staging separations between the Super Heavy booster and Ship, multiple soft landings in the ocean, and three remarkable mid-air catches of the Super Heavy booster by SpaceX's Mechazilla mechanical system on the launch and catch tower.

Starship V3 will launch 100 tons of payload to orbit in a reusable configuration and up to 400 tons as an expendable vehicle,[6] significantly more than Falcon 9's capacity of 17 to 23 tons.[7] The company's goal is to reduce Starship's launch costs to $2 to $3 million per flight, which could lower the cost of launching a kilogram to low-Earth orbit to just tens of dollars.[8] This would represent a significant decrease from Falcon 9's current cost, illustrating the transformative potential of Starship.[9]

In the coming years, SpaceX expects to meaningfully accelerate its launch rate. The goal for the next Starship, V4, is to launch "every hour," said Musk, a schedule that would result in thousands of flights per year for SpaceX's fleet.[10]

The company has already been awarded contracts leveraging Starship's unique capabilities, including multi-billion dollar awards for the Human Landing System as part of NASA's Artemis Program aimed to return U.S. astronauts to the Moon.

During our 2024 Annual Baron Investment Conference, SpaceX President and Chief Operating Officer Gwynne Shotwell noted that, "ultimately, I think Starship will be the thing that takes us over the top as one of the most valuable companies. We can't even envision what Starship is going to do to humanity and human... lives, and I think that will be the most valuable part of SpaceX."[11]

Starship Test Flight Mission (Photo: SpaceX)

407 ft
Tall — largest rocket ever flown

16 million pounds
Of thrust — most powerful ever

200 metric tons
Anticipated payload capacity, up to

12
Starship flight tests

[5] All references to tons are metric tons; https://www.spacex.com/vehicles/starship
[6] Starship V4 will carry 200 tons of payload; https://www.sec.gov/Archives/edgar/data/1181412/000162828026040364/spaceexplorationtechnologib.htm, Introduction, p. 5.
[7] https://www.spacex.com/vehicles/falcon-9
[8] https://x.com/SpaceX/status/1776669097490776563
[9] https://ntrs.nasa.gov/api/citations/20200001093/downloads/20200001093.pdf
[10] JP Morgan's Jamie Dimon Interviews Elon Musk (Transcript)," June 5, 2026. https://www.europesays.com/people/102307/
[11] https://www.baroncapitalgroup.com/conference-2024/meet-coo-gwynne-shotwell-spacex

Connectivity

We view SpaceX's satellite broadband segment, Starlink, as a key economic driver for the company.

The company is currently operating about **9,600 satellites** for Starlink. This represents an unprecedented launch cadence and has positioned the company as the largest satellite constellation operator by more than a factor of 10. In fact, as of March 31, 2026, SpaceX was operating roughly **75% of all active maneuverable satellites.**[12]

During 2025 and through May 2026, the company launched about 4,000 new satellites. All Starlink satellites were second-generation satellites, offering four times higher throughput than the original satellites.[13] The combination of more satellites and higher throughput allows the network to be more robust and offers better coverage around the world.

The introduction of the Starlink Mini kit in 2024 provides a smaller, more portable, and more affordable solution catering to customers with higher mobility needs. This, coupled with a significant expansion in production capacity for customer kits at the company's Bastrop facility, should enable even faster growth for Starlink.[14]

Starlink also achieved robust growth among users, reaching over **12 million active subscribers**—more than double the subscribers at the close of 2024. Starlink is now available in more than **160 countries and territories,** covering an area with a total population of over three billion people.[15]

Starlink achieved notable growth in both the maritime and aviation sectors, highlighted by a milestone contract with United Airlines and Air France to equip their entire fleets with Starlink. Starlink has already been installed on more than 2,500 planes, signaling a rapid expansion of its footprint in the sector. In maritime, Starlink serves approximately 150,000 vessels that consume 50 petabytes of data each month. With over 300 cruise ships subscribed to the network, Starlink is used by 20 million passengers annually, or close to 30% of global cruise ship passengers.[16]

Starlink, SpaceX's satellite broadband network, is a key economic driver for the company and is growing rapidly.

As part of 2025's Starlink buildup phase, the company also launched more than 650 satellites with direct-to-cell capabilities. This functionality allows the company to offer connectivity to billions of potential cellular and other internet-connected devices across the world. The company announced a list of partners and launched the service in late 2024 in New Zealand, in partnership with One New Zealand, and in early 2025 in the U.S., in partnership with T-Mobile.[17] In November 2025, Starlink signed a direct-to-cell agreement with Dubai-based telecom company VEON. The deal will provide satellite-to-phone connectivity to over 150 million potential customers across VEON's operating companies.[18] As of March 31, 2026, Starlink provides mobile services to approximately 7.4 million monthly unique devices across 30 countries.[19]

Starlink Mission (Photo: SpaceX)

9,600
Satellites for Starlink

75 %
Of all active satellites in orbit

12 million
Active subscribers, mid-2026

160
Countries and territories served

[12] https://www.sec.gov/Archives/edgar/data/1181412/000162828026040364/spaceexplorationtechnologib.htm, Introduction, p. 6.
[13] https://starlink.com/public-files/Gen2StarlinkSatellites.pdf
[14] https://www.sec.gov/Archives/edgar/data/1181412/000162828026036936/spaceexplorationtechnologi.htm, p. 190.
[15] https://x.com/Starlink/status/2062649204359708741
[16] https://starlink.com/public-files/starlinkProgressReport_2024.pdf, pp. 18-19; https://starlink.com/public-files/starlinkProgressReport_2025.pdf, p.34.
[17] https://starlink.com/public-files/starlinkProgressReport_2025.pdf, p. 82.
[18] Gianluca Lo Nostro & Leo Marchandon – *"Starlink signs landmark global direct-to-cell deal with Veon as satellite-to-phone race heats up."* Reuters, November 6, 2025.
[19] https://www.sec.gov/Archives/edgar/data/1181412/000162828026036936/spaceexplorationtechnologi.htm, p. 2.

Artificial Intelligence

SpaceX will draw upon its unique infrastructure to develop frontier AI models. SpaceX's ownership of compute infrastructure and vertical integration across the full AI stack gives it significant capabilities compared to competitors. The underlying hardware infrastructure is tailored to the model's training and iteration, making the process faster, more efficient, and more effective. The infrastructure offers access to the computing power needed to run AI models, which is facing accelerating demand and, according to SpaceX, exceeds the U.S.'s ability to generate capacity.

Because SpaceX has invested in data centers and demand has risen so sharply, it has been able to rent out compute capacity to other tech companies at advantageous terms. In May, Anthropic announced a deal to use all of SpaceX's Colossus 1 data center in Memphis, Tennessee—for **$1.25 billion** per month (or more as usage rises). In June, Google announced it would rent capacity from SpaceX—for **$920 million per month.** These agreements are relatively flexible (they can be terminated by either party with 90-day notice), allowing SpaceX to focus on its own AI development and/or monetize its capacity.

Outside of infrastructure, SpaceX's AI capabilities are integrated across Grok and X, which together have over 1.3 billion supported accounts, including approximately **550 million monthly active users (MAUs).** These users generate about 350 million posts each day, and about 117 million MAUs use Grok's AI features.[18] SpaceX cites the X platform as a competitive differentiator, since it allows Grok "direct, real-time access to information and human discourse," which in turn enhances the model's "truth-seeking capabilities by grounding outputs in up-to-date knowledge and diverse viewpoints."[20] The model's capabilities make it ideal for high-frequency, high-value use cases across consumer and enterprise AI applications.

Elon Musk, who was a co-founder and early financier of OpenAI, believes AI applications are fundamental to SpaceX's long-term success. In its S-1 Form filing, SpaceX estimated its total addressable market (TAM) at $28.5 trillion—comprising $370 billion in Space; $1.6 trillion in Connectivity; and **$26.5 trillion in AI** across $2.4 trillion in AI infrastructure, $760 billion in consumer subscriptions, $600 billion in digital advertising, and $22.7 trillion in applications.

Ultimately, SpaceX believes its access to unique sources of data, along with its access to its own data centers, will help it develop leading AI models that can deliver solutions to businesses, consumers, governments, and society.[21]

On June 16, 2026, SpaceX announced their acquisition of AI start up Cursor. SpaceX is describing the deal as part of its strategy to vertically integrate compute infrastructure, models, and applications, accelerate its development of AI-native software tools, and combined with SpaceX's compute capacity, strengthen its position in AI-assisted developer productivity.[22]

AI Business (Photo: SpaceX)

$1.25 billion/month
Anthropic — full Colossus 1 data center

$920 million/month
Google — capacity for Gemini Enterprise

550 million
Monthly active users across Grok & X

$26.5 trillion
AI market — the bulk of SpaceX's TAM

[20] https://www.sec.gov/Archives/edgar/data/1181412/000162828026036936/spaceexplorationtechnologi.htm, p. 84.
[21] https://www.sec.gov/Archives/edgar/data/1181412/000162828026036936/spaceexplorationtechnologi.htm, p. 11.
[22] https://www.sec.gov/Archives/edgar/data/1181412/000162828026036936/spaceexplorationtechnologi.htm, pp. 145-146.

SpaceX: Into the Future[23]

The creators of foundational technologies and systems (e.g., steam power, electricity, the internet) rarely know the scope of their applications or the size of their total addressable markets. What was once extraordinary—e.g., mobile communication, open-heart surgery, intercontinental air travel—is now routine. We believe the space economy is no different, and SpaceX has detailed several scenarios that it is seeking to make reality.

Point-to-point Earth transport. Starship could enable passengers and cargo to travel between major cities in a fraction of current transit times

Space tourism. We expect increasing interest in human space travel as it becomes easier and more common to access space

In-orbit manufacturing. In-space manufacturing facilities can leverage microgravity conditions of space to produce materials, pharmaceuticals, and advanced components that are difficult or impossible to manufacture on Earth

Inter-planetary passenger and cargo transport. Large-scale passenger and cargo missions can deliver the people, equipment, and supplies needed to establish permanent human settlements on the Moon and other planets

Energy production on the Moon and Mars. Large-scale solar energy production on the Moon and Mars that takes advantage of the thin atmosphere and constant solar exposure

Manufacturing capabilities on the Moon and Mars. Manufacturing infrastructure on the Moon and Mars that uses local resources to produce fuel, construction materials, etc.

Asteroid mining. Mining operations to extract metals and other resources from near-Earth and main-belt asteroids

Conclusion

SpaceX's incredible accomplishments have transformed the space industry in ways that other companies and governments had not considered feasible. This has created significant value for stakeholders, including employees, shareholders, consumers, and governments. Its promise to make life multiplanetary has the potential to change the course of humanity.

SpaceX is an ideal example of a Baron Capital-style investment. First, SpaceX benefits from attractive markets supported by long-term secular trends. The space launch and space applications markets, such as broadband from space, are large and rapidly growing, driven by declining orbital launch costs, technology innovation, and an evolving regulatory environment. Second, SpaceX has built layers of competitive differentiation by leveraging its strong first-mover benefit, unique technology architecture, talent, culture, and significant scale. Third, management has proved, over many years and occasions, their ability to deliver high-quality results well beyond elevated expectations, which are often considered impossible by competitors and industry experts.

We have been studying SpaceX for close to a decade. Our confidence in the opportunity has increased dramatically over the years, and we remain extremely excited about SpaceX's long-term prospects.

*“**I don't know what's going to happen short term.** All that you can do is figure out **what something is going to become.** And then you have to buy it for much less than it's worth in some future date and time. And if you buy it at a big enough discount from that price today, **that's a good deal.** And to me, if you're buying something in SpaceX today at $2 trillion, and one of the businesses you think in **10 or 12 years can be worth $14 trillion,** you're making seven times your money in 10 years.”*

— Ron Baron, June 2, 2026.

[23] https://www.sec.gov/Archives/edgar/data/1181412/000162828026036936/spaceexplorationtechnologi.htm, pp. 170-171.

About Baron Capital

Baron Capital is a research and asset management Firm focused exclusively on delivering growth equity investment solutions to institutions, financial advisors, and individual investors. Since its founding in **1982,** Baron Capital has been united under one style of investing with a single objective—to be long-term investors in secular growth businesses with durable competitive advantages, run by great management teams. With **$47.0 billion** in assets under management (as of 3/31/2026) across **25** strategies, Baron Capital prides itself on delivering the best solutions and outcomes for clients globally.

To learn more, visit **BaronCapitalGroup.com**

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

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

Portfolio holdings as a percentage of net assets as of March 31, 2026 for securities mentioned are as follows: Space Exploration Technologies Corporation - Baron Asset Fund (25.5%), Baron Fifth Avenue Growth Fund (7.5%), Baron Focused Growth Fund (21.2%), Baron Global Opportunity Fund (20.5%), Baron Opportunity Fund (15.4%), Baron Partners Fund (33.0%*), Baron First Principles ETF (12.6%).

* % of Long Positions.

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

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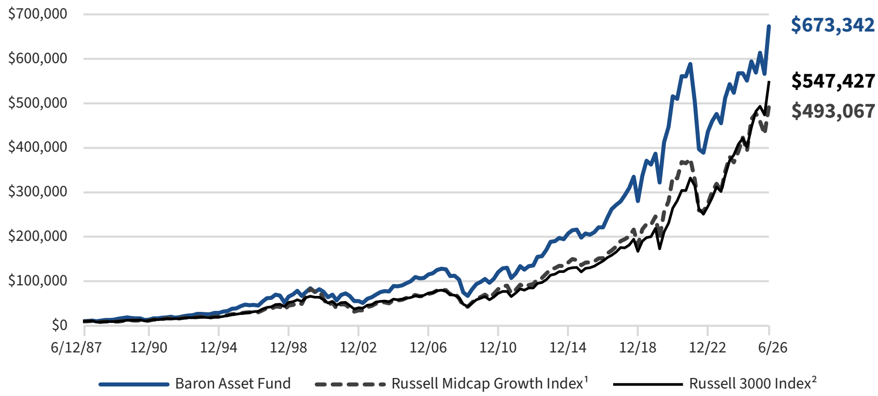
Growth of $10,000 Investment (Institutional Shares)^

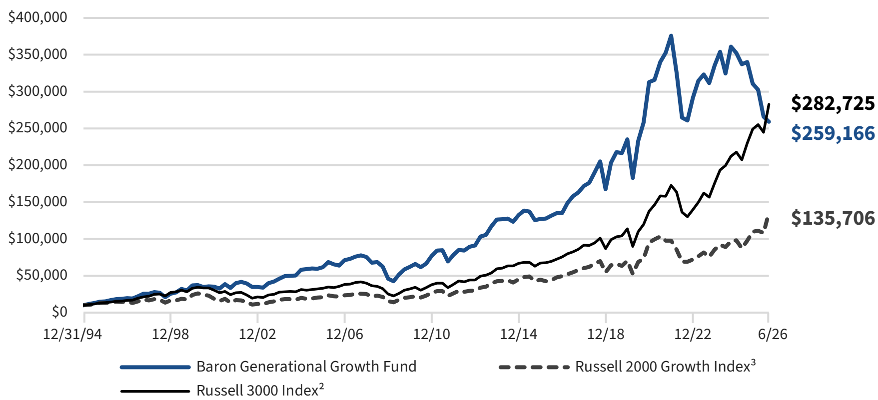
Baron Asset Fund® *(Inception Date:* 6/12/1987*)*



	Annualized Returns (%)		
	BARIX	Russell Midcap Growth Index[1,†]	Russell 3000 Index[2]
3 Months*	18.98	14.55	15.44
1 Year	13.33	6.17	22.82
3 Years	12.22	15.61	20.36
5 Years	3.70	6.03	12.31
10 Years	12.34	13.04	15.06
Since Inception	11.38	10.51	10.79
Net Assets	$4.00B	–	–

M Mid Cap

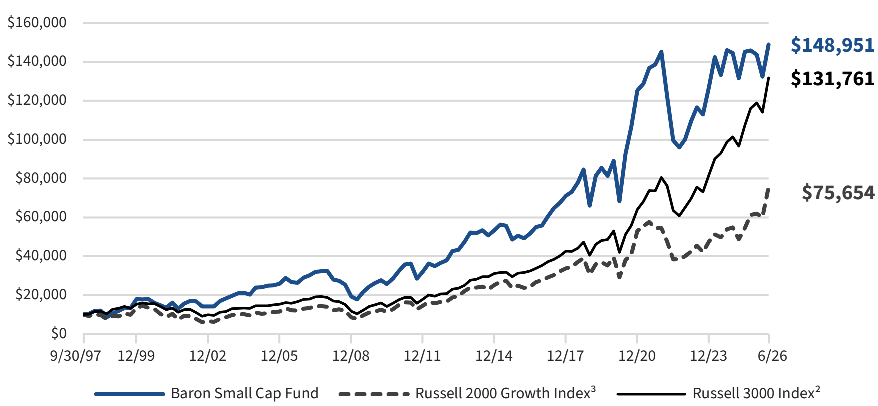
Baron Generational Growth Fund®** *(Inception Date:* 12/31/1994*)*



	Annualized Returns (%)		
	BGRIX	Russell 2000 Growth Index[3]	Russell 3000 Index[2]
3 Months*	(2.51)	25.71	15.44
1 Year	(23.82)	38.74	22.82
3 Years	(7.10)	18.44	20.36
5 Years	(5.31)	5.57	12.31
10 Years	7.00	11.97	15.06
Since Inception	10.89	8.63	11.19
Net Assets	$2.10B	–	–

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*	12.57	25.71	15.44
1 Year	2.61	38.74	22.82
3 Years	8.49	18.44	20.36
5 Years	1.70	5.57	12.31
10 Years	11.16	11.97	15.06
Since Inception	9.85	7.29	9.38
Net Assets	$2.85B	–	–

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.

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

* Not annualized.

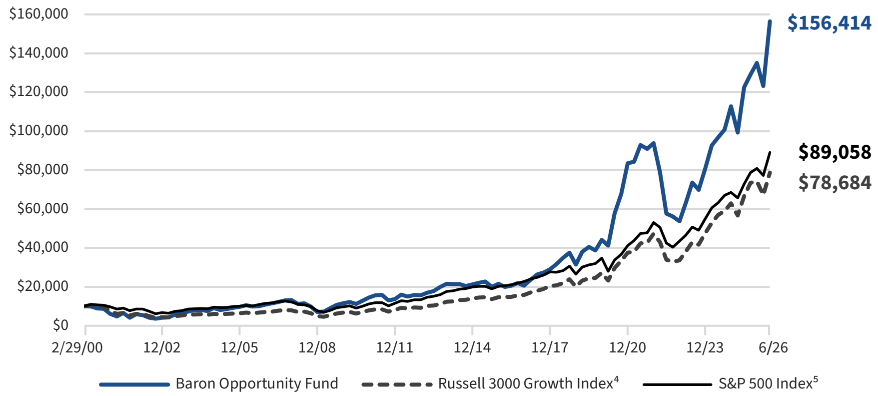
^ Performance for the Institutional Shares prior to May 29, 2009 is based on the performance of the Retail Shares, which have a distribution fee. The Institutional Shares do not have a distribution fee. If the annual returns for the Institutional Shares prior to May 29, 2009 did not reflect this fee,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

** As stated within the Supplement to the Summary Prospectus, Prospectus and Statement of Additional Information dated January 28, 2026, effective June 1, 2026, Baron Growth Fund® has changed its name to Baron Generational Growth Fund™. For additional information please refer to the Supplement.

See index footnotes on page 31.

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

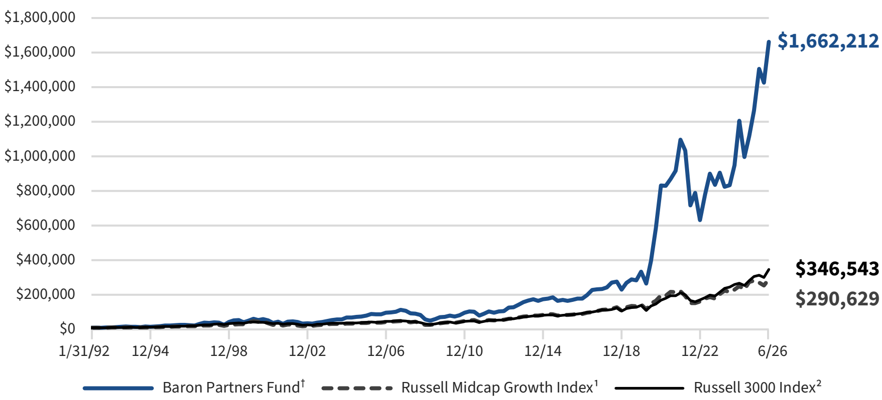
Baron Opportunity Fund® *(Inception Date: 2/29/2000)*



	Annualized Returns (%)		
	BIOIX	Russell 3000 Growth Index[4]	S&P 500 Index[5]
3 Months*	27.07	17.05	15.20
1 Year	27.75	18.24	22.32
3 Years	28.57	22.26	20.61
5 Years	11.00	13.17	13.41
10 Years	22.50	18.13	15.51
Since Inception	11.01	8.15	8.66
Net Assets	$2.12B	—	—

A **All Cap**

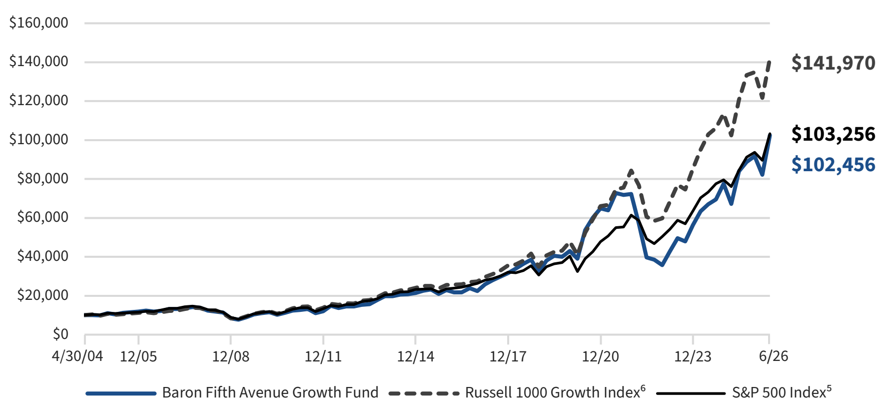
Baron Partners Fund® *(Inception Date: 1/31/1992)*



	Annualized Returns (%)		
	BPTIX	Russell Midcap Growth Index[1]	Russell 3000 Index[2]
3 Months*	16.61	14.55	15.44
1 Year	48.75	6.17	22.82
3 Years	22.66	15.61	20.36
5 Years	13.84	6.03	12.31
10 Years	25.54	13.04	15.06
Since Inception	16.02	10.29	10.85
Net Assets	$18.01B	—	—

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*	24.64	16.74	15.20
1 Year	22.04	17.71	22.32
3 Years	27.32	22.58	20.61
5 Years	7.09	13.71	13.41
10 Years	16.77	18.58	15.51
Since Inception	11.07	12.71	11.11
Net Assets	$803.10M	—	—

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.

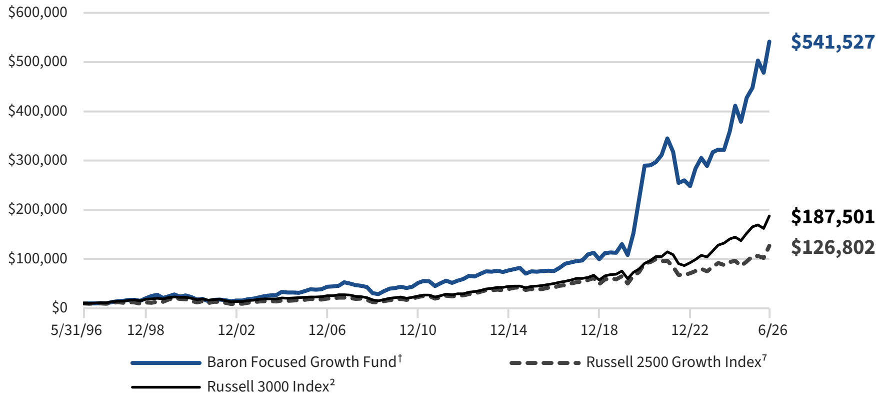
* Not annualized.

^ 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 31.

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

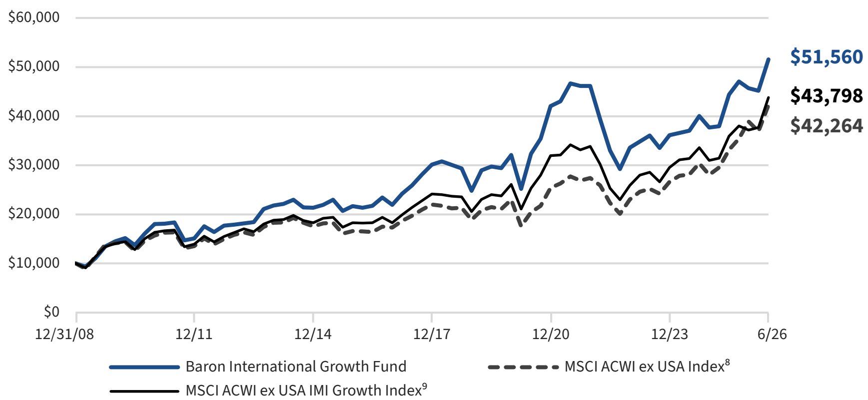
Baron Focused Growth Fund® *(Inception Date:* **5/31/1996***)*



	Annualized Returns (%)		
	BFGIX	Russell 2500 Growth Index[7]	Russell 3000 Index[2]
3 Months*	13.26	24.02	15.44
1 Year	26.72	32.94	22.82
3 Years	21.09	16.40	20.36
5 Years	12.76	4.98	12.31
10 Years	21.79	12.56	15.06
Since Inception	14.19	8.81	10.23
Net Assets	$5.54B	–	–

S-M **Small-Mid Cap**

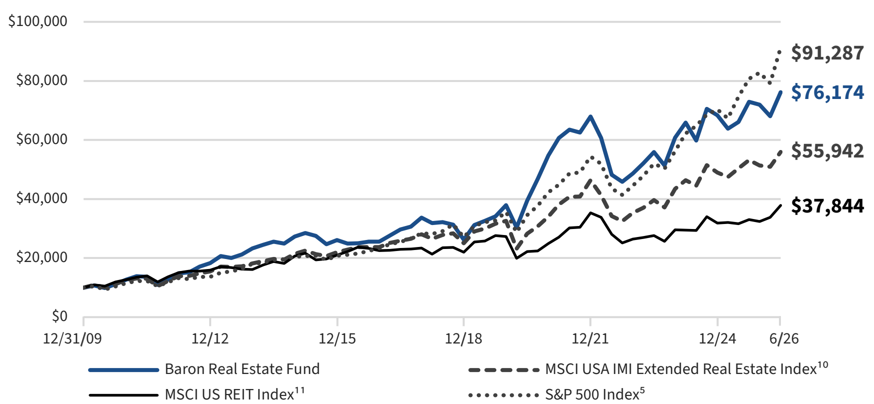
Baron International Growth Fund® *(Inception Date:* **12/31/2008***)*



	Annualized Returns (%)		
	BINIX	MSCI ACWI ex USA Index[8]	MSCI ACWI ex USA IMI Growth Index[9]
3 Months*	14.05	14.49	16.27
1 Year	16.17	27.66	21.86
3 Years	12.68	18.82	15.31
5 Years	2.02	8.79	5.07
10 Years	9.02	9.93	9.14
Since Inception	9.83	8.58	8.81
Net Assets	$322.94M	–	–

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*	11.89	9.88	11.84	15.20
1 Year	15.18	11.00	19.70	22.32
3 Years	10.84	12.20	11.03	20.61
5 Years	3.69	6.53	4.58	13.41
10 Years	11.77	8.97	4.80	15.51
Since Inception	13.09	11.00	8.40	14.34
Net Assets	$2.29B	–	–	–

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.

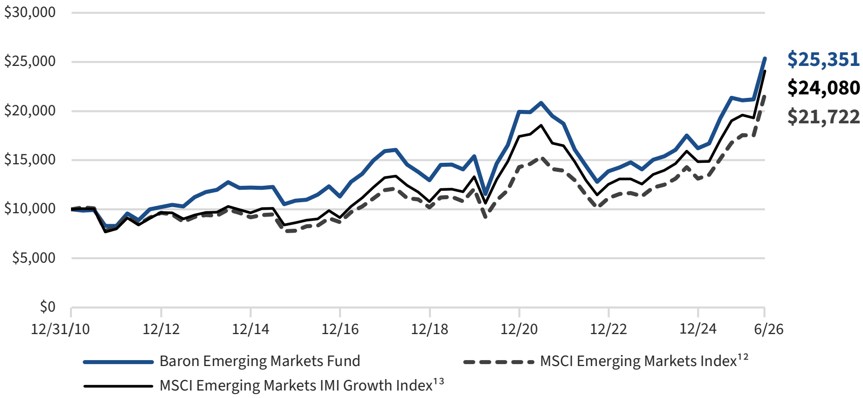
* Not annualized.

^ 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 31.

Growth of $10,000 Investment (Institutional Shares)

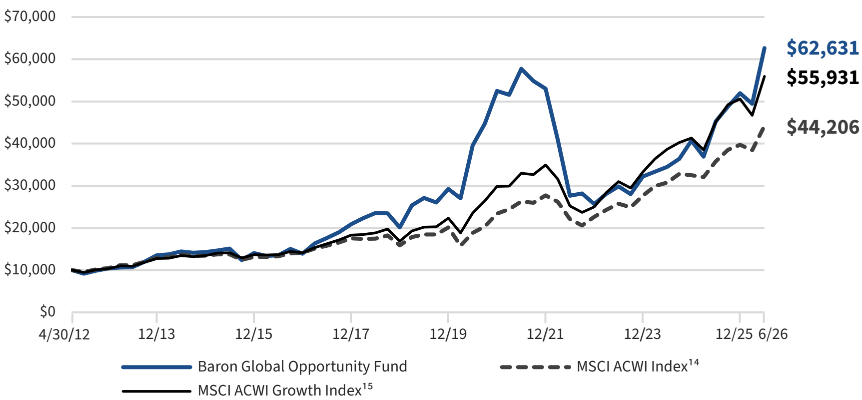
Baron Emerging Markets Fund® *(Inception Date:* 12/31/2010*)*



	Annualized Returns (%)		
	BEXIX	MSCI Emerging Markets Index[12]	MSCI Emerging Markets IMI Growth Index[13]
3 Months*	19.61	24.05	24.80
1 Year	31.59	43.51	41.22
3 Years	19.68	23.03	22.50
5 Years	4.00	7.20	5.34
10 Years	8.24	10.07	10.32
Since Inception	6.19	5.13	5.83
Net Assets	$3.99B	—	—

Non-U.S./Global

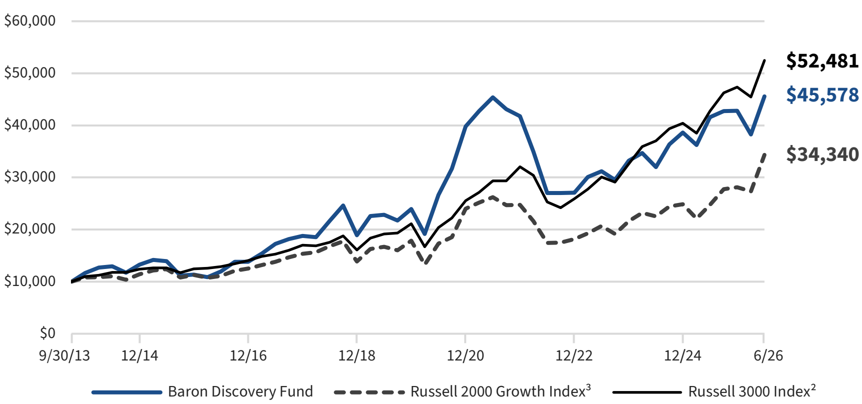
Baron Global Opportunity Fund®† *(Inception Date:* 4/30/2012*)*



	Annualized Returns (%)		
	BGAIX	MSCI ACWI Index[14]	MSCI ACWI Growth Index[15]
3 Months*	26.68	14.93	19.78
1 Year	38.37	23.67	23.94
3 Years	27.99	19.70	21.73
5 Years	1.66	10.98	11.18
10 Years	16.57	12.78	15.10
Since Inception	13.83	11.06	12.92
Net Assets	$1.39B	—	—

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*	19.08	25.71	15.44
1 Year	9.64	38.74	22.82
3 Years	13.47	18.44	20.36
5 Years	0.09	5.57	12.31
10 Years	14.30	11.97	15.06
Since Inception	12.63	10.16	13.89
Net Assets	$1.83B	—	—

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.

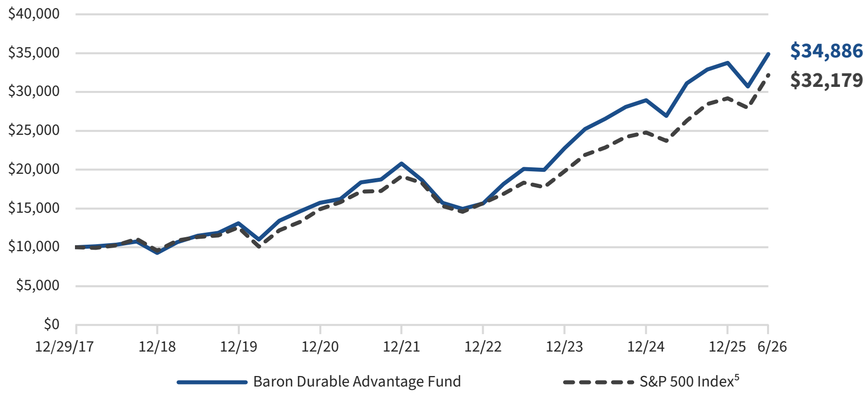
* Not annualized.

† 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 31.

Growth of $10,000 Investment (Institutional Shares)

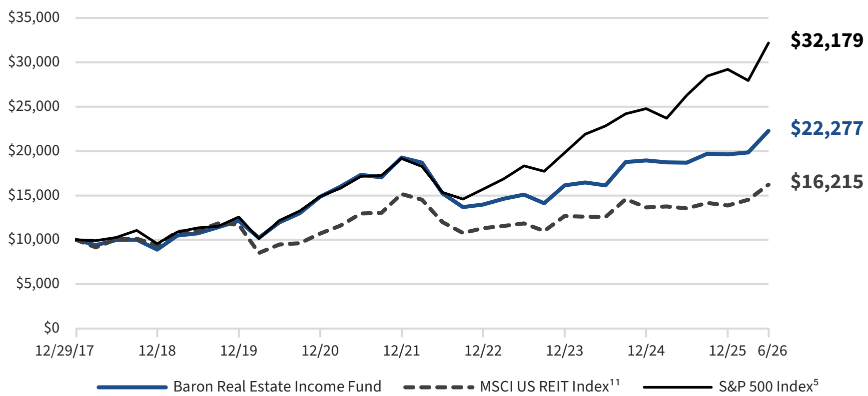
Baron Durable Advantage Fund® *(Inception Date:* 12/29/2017*)*



	Annualized Returns (%)	
	BDAIX	S&P 500 Index[5]
3 Months*	13.64	15.20
1 Year	12.09	22.32
3 Years	20.19	20.61
5 Years	13.71	13.41
Since Inception	15.84	14.74
Net Assets	$524.37M	—

L Large Cap

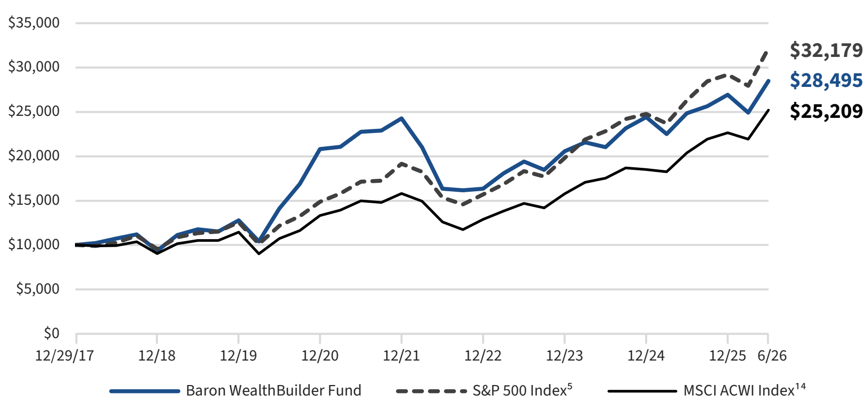
Baron Real Estate Income Fund® *(Inception Date:* 12/29/2017*)*



	Annualized Returns (%)		
	BRIIX	MSCI US REIT Index[11]	S&P 500 Index[5]
3 Months*	12.18	11.84	15.20
1 Year	19.11	19.70	22.32
3 Years	13.82	11.03	20.61
5 Years	5.15	4.58	13.41
Since Inception	9.88	5.85	14.74
Net Assets	$297.90M	—	—

SCT Sector

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



	Annualized Returns (%)		
	BWBIX	S&P 500 Index[5]	MSCI ACWI Index[14]
3 Months*	14.29	15.20	14.93
1 Year	14.60	22.32	23.67
3 Years	13.65	20.61	19.70
5 Years	4.59	13.41	10.98
Since Inception	13.11	14.74	11.49
Net Assets	$540.17M	—	—

EA Equity Allocation

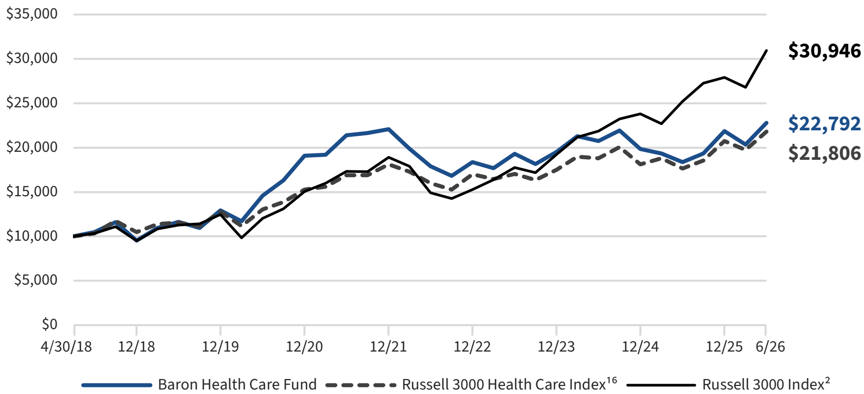
The Funds, MSCI US REIT Index, and MSCI ACWI Index include reinvestment of dividends, net of foreign withholding taxes, while the S&P 500 Index includes reinvestment of dividends before taxes. Reinvestment of dividends positively impacts performance results. The indexes are unmanaged. Index performance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

* Not annualized.

See index footnotes on page 31.

Growth of $10,000 Investment (Institutional Shares)

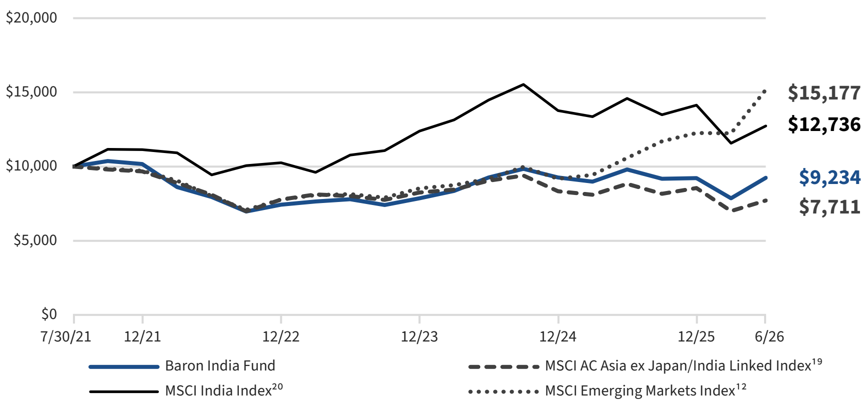
Baron Health Care Fund® *(Inception Date:* 4/30/2018*)*



	Annualized Returns (%)		
	BHCHX	Russell 3000 Health Care Index[16]	Russell 3000 Index[2]
3 Months*	11.99	10.48	15.44
1 Year	24.19	23.56	22.82
3 Years	5.69	8.60	20.36
5 Years	1.28	5.26	12.31
Since Inception	10.61	10.02	14.83
Net Assets	$114.09M	—	—

SCT **Sector**

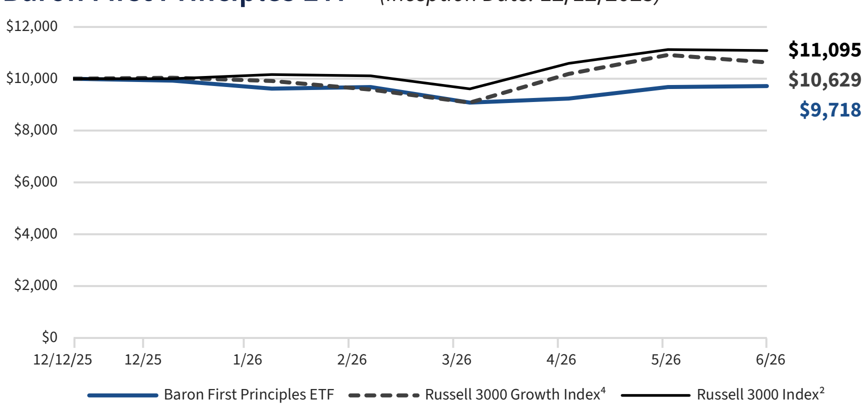
Baron India Fund® *(Inception Date:* 7/30/2021*)*



	Annualized Returns (%)			
	BINDX	MSCI AC Asia ex Japan/ India Linked Index[19]	MSCI India Index[20]	MSCI Emerging Markets Index[12]
3 Months*	17.59	10.07	10.07	24.05
1 Year	(5.84)	(12.76)	(12.76)	43.51
3 Years	5.79	(1.27)	5.73	23.03
Since Inception	(1.61)	(5.15)	5.04	8.86
Net Assets	$26.10M	—	—	—

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

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



	Annualized Returns (%)			
	RONB	Market Price Performance	Russell 3000 Growth Index[4]	Russell 3000 Index[2]
3 Months*	7.01	6.69	17.05	15.44
Since Inception*	(2.82)	(2.78)	6.29	10.95
Net Assets	$489.62M	—	—	—

A **All Cap**

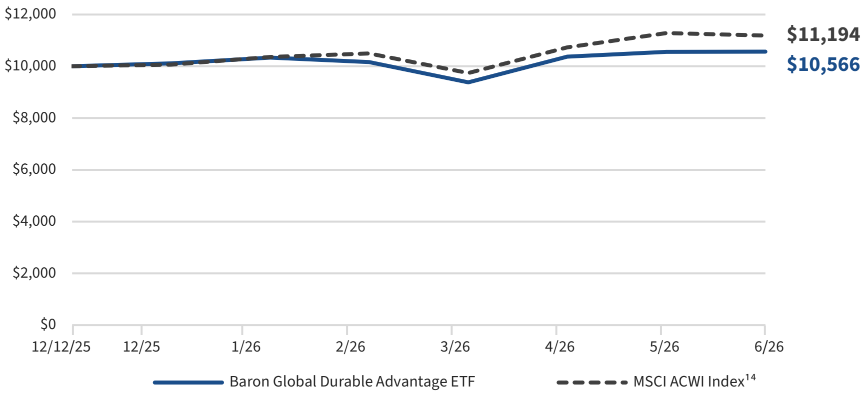
The Funds, MSCI USA Financials Index, MSCI ACWI Index, MSCI AC Asia ex Japan/India Linked Index, MSCI India Index, and MSCI Emerging Markets Index include reinvestment of dividends, net of foreign withholding taxes, while the Russell 3000 Health Care Index, Russell 3000 Growth Index, Russell 3000 Index,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

* Not annualized.

See index footnotes on page 31.

Growth of $10,000 Investment (Institutional Shares)

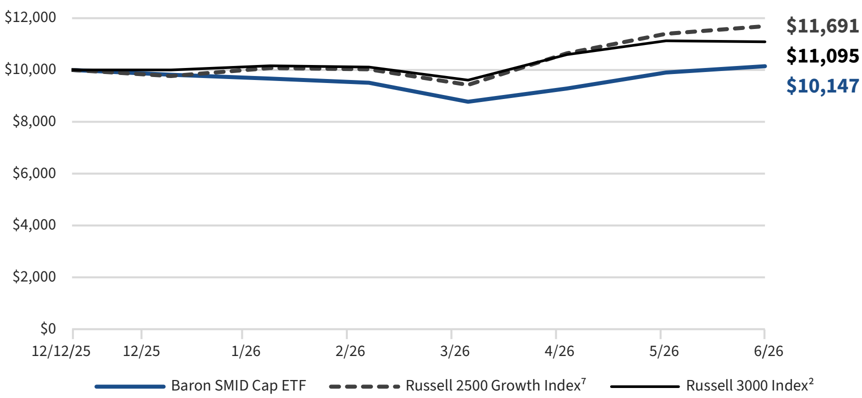
Baron Global Durable Advantage ETF® *(Inception Date:* **12/12/2025***)*



	Annualized Returns (%)		
	BCGD	**Market Price Performance**	**MSCI ACWI Index**[14]
3 Months*	12.65	13.00	14.93
Since Inception*	5.66	5.77	11.94
Net Assets	$9.77M	—	—

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

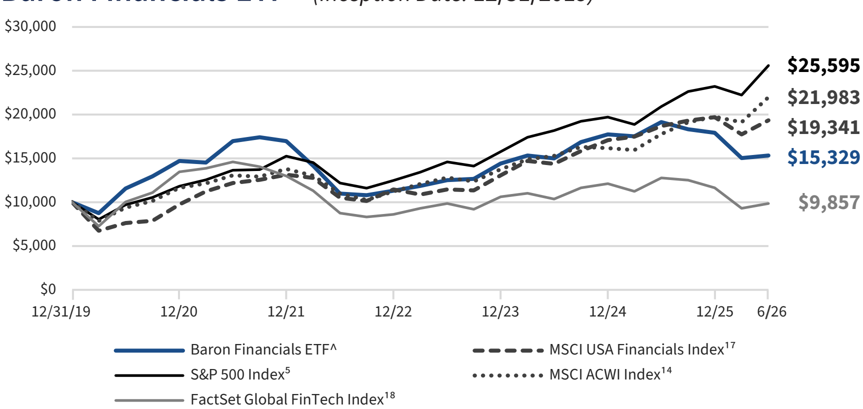
Baron SMID Cap ETF® *(Inception Date:* **12/12/2025***)*



	Annualized Returns (%)			
	BCSM	**Market Price Performance**	**Russell 2500 Growth Index**[7]	**MSCI ACWI Index**[14]
3 Months*	15.62	15.50	24.02	15.44
Since Inception*	1.47	1.49	16.91	10.95
Net Assets	$33.15M	—	—	—

S-M **Small-Mid Cap**

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



	Annualized Returns (%)					
	BCFN^	**Market Price Performance**	**MSCI USA Financials Index**[17]	**S&P 500 Index**[5]	**MSCI ACWI Index**[14]	**FactSet Global FinTech Index**[18]
3 Months*	1.82	1.77	8.93	15.20	14.93	6.14
1 Year	(19.93)	(20.10)	3.40	22.32	23.67	(22.84)
3 Years	7.03	6.95	19.03	20.61	19.70	—
5 Years	(2.01)	(2.33)	9.66	13.41	10.98	(7.55)
Since Inception	6.79	6.53	10.68	15.56	12.88	(0.22)
Net Assets	$46.10M	—	—	—	—	—

SCT **Sector**

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

* Not annualized.

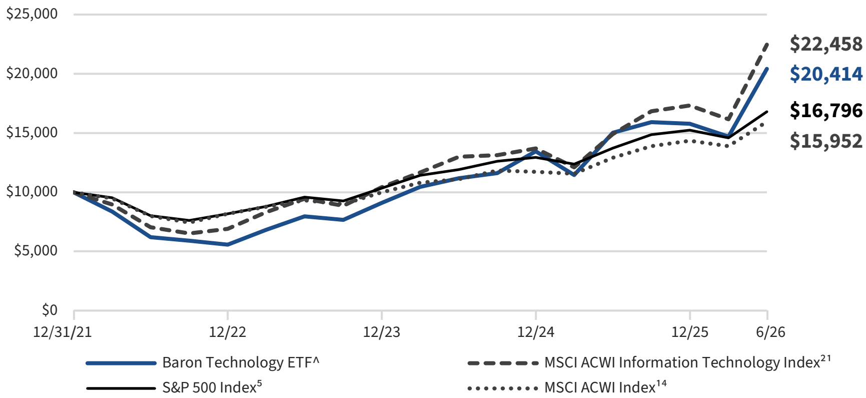
^ NAV returns include returns of the Institutional shares of the predecessor mutual fund prior to the ETF's commencement of operations. Prior to the ETFs listing on 12/15/2025 the NAV returns of the Institutional shares of the predecessor mutual fund are used as proxy market price returns. If the predecessor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

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

See index footnotes on page 31.

Growth of $10,000 Investment (Institutional Shares)

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



Annualized Returns (%)

	BCTK^	Market Price Performance	MSCI ACWI Information Technology Index[21]	S&P 500 Index[5]	MSCI ACWI Index[14]
3 Months*	38.95	39.23	39.09	15.20	14.93
1 Year	35.91	35.23	50.50	22.32	23.67
3 Years	36.88	36.65	33.51	20.61	19.70
Since Inception	17.19	17.06	19.70	12.21	10.94
Net Assets	$205.23M	—	—	—	—

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®).

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

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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.

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QUARTERLY LETTER | JUNE 30, 2026

Baron Discovery Fund®

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

Randy Gwirtzman
Portfolio Manager

Laird Bieger
Portfolio Manager

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Dear Baron Discovery Fund Shareholder,

Performance

Baron Discovery Fund (the Fund) increased 19.08% (Institutional Shares) in the quarter, which lagged the Russell 2000 Growth Index's (the Benchmark) performance of 25.71%. As has been the case for the last year, the Benchmark's second quarter performance was driven almost exclusively by a momentum-driven "AI winners"* trade. The table on the following page lists the top 20 contributors to the Benchmark's performance in the quarter with the "AI winners" highlighted in gray. The table highlights the concentration of the Benchmark performance with AI winners representing 14 of the top 15 performers during the quarter. Analyzing the "Stock Total Return" column you will see that the top 20 stocks were generally up 50% to 100% in the quarter!

Barra factor attribution reveals that of the Fund's 6.63% underperformance in the quarter, fully 6% was a combination of being underweight the strong performing Momentum (4.49%) and Beta (1.51%) factors. We strive to maintain a long-term balanced portfolio that we expect will outperform the market over different cycles. We do not chase momentum. Rather, we use it to our advantage to take profits in severely over-valued investments and apply them to new ideas that are trading at significant discounts when they are out of favor. Software is a good example of this. Our software names were hurt badly in the first quarter of 2026 which we described in our last letter. We also described why we thought the market was overly pessimistic on the group. We initiated two new software investments in the teeth of this negative sentiment, **Samsara Inc.** and **Rubrik, Inc.**, which performed strongly in the second quarter. They are detailed below.

Annualized performance (%) for periods ended June 30, 2026†

	Fund Retail Shares[1,2]	Fund Institutional Shares[1,2]	Russell 2000 Growth Index[1]	Russell 3000 Index[1]
QTD[3]	19.01	19.08	25.71	15.44
YTD[3]	6.23	6.39	22.18	10.88
1 Year	9.32	9.64	38.74	22.82
3 Years	13.17	13.47	18.44	20.36
5 Years	(0.17)	0.09	5.57	12.31
10 Years	14.00	14.30	11.97	15.06
Since Inception (9/30/2013)	12.35	12.63	10.16	13.89
Since Inception (9/30/2013) (Cumulative)[3]	341.14	355.78	243.40	424.81

Similarities Between the Dot-Com Era and Today

One of the benefits of having almost 30 years of investing experience is that we lived through the dot-com bubble of the late 1990s which is very analogous to the market we are seeing today. Back then we saw massive infrastructure buildout as telecommunication companies laid billions of miles of fiber optic cable anticipating internet demand just as today, hyperscalers are pouring hundreds of billions of dollars into data centers in anticipation of AI token usage.

In the 1990s, the internet infrastructure buildout "picks and shovels" stocks such as Cisco, Lucent, JDS Uniphase, and Sun Microsystems were some of the best performers. Similarly, today AI "picks and shovels" stocks are the market's top performers. In fact, all but one (Digital Ocean) of the top 20 AI winners this quarter would be considered "picks and shovels" companies.

Lastly, the dot-com bubble illustrated a crucial distinction: a technology that will eventually create enormous economic value does not automatically translate into rising stock prices at any

Performance listed in the above table is net of annual operating expenses. Annual expense ratio for the Retail Shares and Institutional Shares as of January 28, 2026 was 1.33% and 1.05%, respectively. The performance data quoted represents past performance. Past performance is no guarantee of future results. The investment return and principal value of an investment will fluctuate; an investor's shares, when redeemed, may be worth more or less than their original cost. The Adviser may waive or reimburse certain Fund expenses pursuant to a contract expiring on August 29, 2036, unless renewed for another 11 year term and the Fund's transfer agency expenses may be reduced by expense offsets from an unaffiliated transfer agent, without which performance would have been lower. Current performance may be lower or higher than the performance data quoted. For performance information current to the most recent month end, visit BaronCapitalGroup.com or call 1-800-99-BARON.

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Russell 2000 Growth Index - Top Contributors to Performance
3/31/2026 to 6/30/2026

#	Security Name	Index Average Weight (%)	Contribution to Index Return (%)	Stock Total Return (%)	Select Style Factor Metrics[1] Beta	Momentum	MSCI Barra Main Industry
1	Bloom Energy Corporation	3.1	1.92	86.0	High	High	US Electrical Equipment
2	Credo Technology Group Holding Ltd.	1.7	1.62	153.5	High	High	US Semiconductors
3	Sterling Infrastructure, Inc.	1.1	0.74	97.6	High	High	US Construction and Engineering
4	SiTime Corporation	0.8	0.51	94.6	High	High	US Semiconductors
5	IonQ, Inc.	1.0	0.50	71.0	High	Average	US Computers Electronics
6	Semtech Corporation	0.7	0.46	94.8	High	High	US Semiconductors
7	Guardant Health, Inc.	0.7	0.41	61.5	Moderate	High	US Health Care Providers (non-HMO)
8	Dycom Industries, Inc.	0.7	0.29	44.1	High	High	US Construction and Engineering
9	DigitalOcean Holdings, Inc.	0.6	0.27	62.4	High	High	US Internet Software and IT Services
10	Rambus Inc.	0.8	0.26	33.4	High	High	US Semiconductors
11	Viavi Solutions Inc	0.6	0.25	43.1	High	High	US Communications Equipment
12	Vicor Corporation	0.3	0.25	103.1	High	High	US Electrical Equipment
13	TeraWulf Inc.	0.4	0.24	79.0	High	High	US Software
14	Applied Optoelectronics, Inc.	0.5	0.24	60.4	High	High	US Communications Equipment
15	D-Wave Quantum Inc.	0.5	0.24	66.3	High	High	US Software
16	Moog Inc.	0.6	0.23	45.0	Moderate	High	US Aerospace and Defense
17	BrightSpring Health Services, Inc.	0.4	0.23	63.7	High	High	US Health Care Providers (non-HMO)
18	Oscar Health, Inc.	0.3	0.22	148.6	High	Low	US Life Health and Multi-line Insurance
19	MaxLinear, Inc.	0.1	0.22	636.2	High	High	US Semiconductors
20	MYR Group Inc.	0.4	0.22	77.2	High	High	US Construction and Engineering
Top 20 Total		**15.1**	**9.34**	**85.7**	**High**	**High**	
Other 1,388 Index Securities		**84.9**	**16.37**	**22.3**	**Moderate**	**Low**	
Index Total		**100.0**	**25.71**				

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.

[1] The levels of the stock metrics are based on average raw factor exposures of the individual stocks according to the MSCI Barra USSLOWL Factor Model for the second quarter of 2026. The group level totals are averages for the top 20 and the remaining securities in the Russell 2000 Growth Index.

Sources: Baron Capital, FTSE Russell, MSCI Barra USSLOWL Factor Model, and FactSet PA.

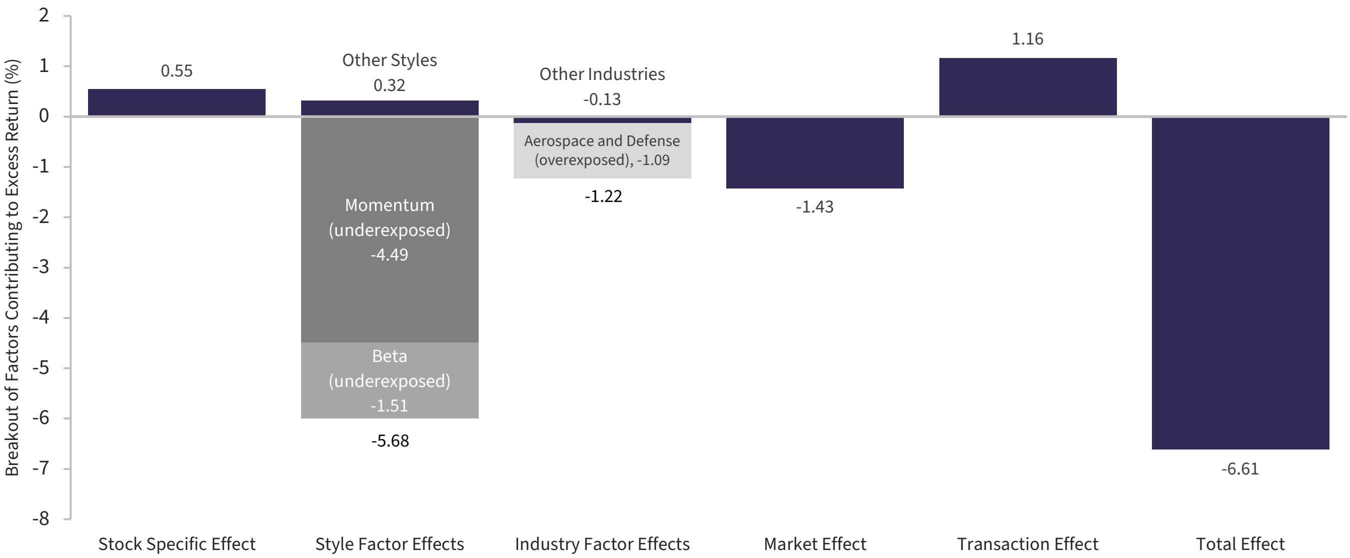
valuation. Simply put, investors assumed that since “the internet is going to be huge,” they could buy internet stocks at any price and they would still go up in price. During the later phases of the dot-com bubble, investors piled into anything associated with the internet (even adding “.com” to a company name would cause a stock to immediately increase just as adding “AI” to a company name does today). The combination of momentum and fear of missing out pulled investors off the sidelines and into the market anxious not to be left behind by the next great technological revolution.

What investors missed was not the internet’s potential but its timeline. Investors were right that the internet would create significant economic value, but they were wrong about when (by our rough math, probably by a decade or more; this aligns with the fact that the NASDAQ Composite Index did not re-capture its March 2000 peak level until April of 2015!). Stocks are a claim on discounted future cash flows so when the timing of internet company cash flows got pushed out, the bubble popped and share prices collapsed.

We believe the same structural forces that slowed the internet's economic impact are shaping AI's trajectory. To be clear, we believe that AI is a revolutionary technology far beyond “Dot-Com 1.0.” We are simply arguing that momentum has carried market valuations too far and too fast. AI adoption will have fits and starts (it will be S-shaped as opposed to linear) and we have already started to see significant headwinds that could cause AI adoption to progress slower, or with more fits and starts than investors currently anticipate. These include:

1. Token cost pushback: As enterprises move from AI experimentation to production deployment, scrutiny of token consumption (the unit by which large language models (LLMs) measure and charge for compute) is intensifying. Early adopters

Baron Discovery Fund vs. Russell 2000 Growth Index
Drivers of Underperformance for June 2026 Quarter Using Barra Factor Attribution
About 90% of Shortfall Associated with Impacts from Style Factors



The effects in the chart above were calculated using MSCI Barra's USSLOWL factor model. The model attributes a portfolio's excess return to five types of sources: style effects, industry effects, market effect, transaction effects, and stock specific effect. Style effects result from exposures to common market factors that include beta, dividend yield, earnings quality, earnings yield, growth, leverage, liquidity, long-term reversal, management quality, mid capitalization, momentum, profitability, prospect, residual volatility, size, and value, as defined and calculated by MSCI Barra. Industry effects result from exposures to common market factors that include 60 industries, as defined and calculated by MSCI Barra (a classification similar to GICS but not exactly GICS). The market effect is a reflection of the U.S. equity market exposure of a portfolio (e.g. a portfolio with a higher cash position is less exposed to the market). Transaction effects account for the impact of trading activity and management fees. Stock specific effect is the portion of excess return not explained by style effects, industry effects, the market effect, or transaction effects.

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.

Sources: Baron Capital, FTSE Russell, MSCI Barra USSLOWL Factor Model, and FactSet PA.

treated token costs as a rounding error relative to the novelty of the technology. That tolerance is eroding. Procurement and finance teams are now auditing AI usage the way they audit cloud infrastructure spend, and in many organizations the cost of running frontier models at scale is proving difficult to justify against the productivity gains realized so far. This is creating pressure on vendors to reduce pricing and pressure on internal teams to rationalize or curtail usage.

2. Data sovereignty and the rise of small language models (SMLs): Enterprise customers are becoming increasingly aware that frontier model providers have structural incentives to absorb customer data (both to improve their own models and, potentially, to inform competing products). This concern is driving a meaningful shift in how sophisticated customers architect their AI deployments. Rather than routing sensitive workflows through external frontier models, many are building or licensing SMLs that run within their own controlled environments. This approach simultaneously reduces token costs and walls off proprietary data from external exposure. The net effect is a fragmentation of the LLM market that was not anticipated in early adoption forecasts, and which limits the revenue growth of frontier model providers (and ultimately could slow the investments being made into AI compute).

3. Community opposition to data center construction: Data centers strain power grids, consume millions of gallons of water, and generate substantial noise and heat. As a result, new data center construction has faced localized community resistance. NIMBY or Not In My Back Yard lawsuits have lengthened permitting timelines and caused some projects to be abandoned completely. This is a meaningful constraint on the pace at which AI capacity can expand, independent of the capital available to fund it.

Strategy and Positioning

2026 has been a challenging year for fundamental investors, like us, who focus on investing in companies with long-term sustainable earnings growth. Conversely, 2026 has rewarded managers who chase momentum in a narrow group of companies perceived to be AI winners. Given the strong performance of "AI winners" year to date, we believe these stocks are priced for perfection with zero tolerance for any "bumps in the road." We think this assessment is overly optimistic for the reasons we discussed in the previous section. While AI as a technology will be transformative, we are seeing real-time indicators that AI capital expenditures could have some lumpiness in the not-too-distant future.

Given this belief, we are not chasing the latest AI fad. Quite the contrary, we are sticking to our process in order to find companies with significant opportunities for growth, sustainable competitive advantages, exceptional management teams, and attractive valuations. While this means we might underperform if the "AI winner" stock mania continues, we believe it positions us to preserve capital when the inevitable "bump in the road" reverses the momentum in this "AI winner" trade.

Top contributors to performance for the quarter

	Contribution to Return (%)
SiTime Corporation	2.28
Forgent Power Solutions, Inc.	2.14
CareDx, Inc.	1.44
Mercury Systems, Inc.	1.21
Establishment Labs Holdings Inc.	1.20

SiTime Corporation is a fabless semiconductor company that designs and sells micro-electro-mechanical system (MEMS)-based timing solutions and clock chips across consumer, communications, data center, automotive, and industrial end markets. MEMS-based solutions continue to take share from traditional quartz-based timing solutions given their benefits including a smaller form factor, programmability, and robustness in harsh conditions. Shares rose during the quarter as the company reported meaningfully better-than-expected results and guidance driven by continued strong growth in its data center-related products which are proliferating with the adoption of AI. While investors expected close to 50% growth for the year, the company guided to 80%-plus growth, a "step change" driven by accelerating adoption of the company's unique offerings. Combined with its positioning on Apple's internal modem, growing presence in automotive, industrial, and aerospace and defense end markets, and accretion from the soon-to-close Renesas timing chip acquisition, we believe the company will continue to deliver strong growth for several years to come with strong operating leverage driving significant earnings growth and stock performance.

Forgent Power Solutions, Inc. is a leading manufacturer of electrical distribution equipment used in data centers, the power grid, and industrial applications. Forgent is a low- and medium-voltage equipment specialist focused on custom, "engineered-to-order" products (over 90% of revenue) whereas larger competitors in the industry generally focus more on higher voltage and standard products. The stock rose during the quarter as Forgent continued to deliver very strong financial results reflecting improving demand for its products amidst the broader data points on AI infrastructure and grid buildout continuing to point to strong growth for the next several years. Forgent is gaining share with its ability to offer customized products at industry-leading lead times and is still just scratching the surface of its opportunity having sold very little directly to the biggest customers in the market. The company has invested heavily in capacity and people to support future growth, and we see many strong years of growth and margin expansion ahead as it grows from an approximate $1.2 billion revenue run-rate currently into its $5 billion manufacturing footprint.

Shares of **CareDx, Inc.** contributed to performance. CareDx sells diagnostic testing services which detect early rejection of heart, kidney, and lung transplants. Shares declined dramatically in the third quarter of 2025, as the Centers for Medicare and Medicaid Services (CMS) MolDX Program issued a draft local coverage decision (LCD) that, if finalized, would significantly limit reimbursement for CareDx's tests. In particular, the draft LCD would remove increased coverage for HeartCare (which is a dual test including donor derived cell-free DNA (dd-cfDNA) and gene expression profiling (GEP) despite definitive data showing a heightened clinical benefit from using both tests. The draft LCD also proposes a bundled payment reimbursement model that has been studied and is recommended by medical societies. It is not yet clear whether the structure of the bundling program would help or hurt CareDx's revenues. We thought that at their lowest levels of $11 to $12 last summer, CareDx shares were pricing in a worst-case scenario, and we meaningfully increased our position at those levels. Recently, shares have outperformed and are trading in the high-$20s as investors better understood that the LCD process is a dialogue between the CMS and key stakeholders and that the CMS may come to better appreciate recent clinical data. We expect the LCD to be finalized very soon. Further, in the second quarter of 2026, CareDx announced a very solid 1Q26 result with revenues up 39% year over year and testing volumes up 17% year over year. The company also announced financially and strategically attractive deals to divest its lab products business and acquire Naveris, marking the company's entrance into the head and neck cancer testing market.

Top detractors from performance for the quarter

	Contribution to Return (%)
Shake Shack Inc.	(0.78)
Karman Holdings Inc.	(0.69)
Kratos Defense & Security Solutions, Inc.	(0.56)
Guidewire Software, Inc.	(0.55)
Procore Technologies, Inc.	(0.52)

Shares of **Shake Shack Inc.**, the better-burger fast casual concept, detracted from performance in the second quarter. The stock fell sharply after the company reported weaker-than-expected first-quarter earnings, though we believe the reaction reflected poor communication and expectation-setting rather than any deterioration in the underlying business. Same-Shack sales grew 4.6%, including 1.4% in positive traffic, the third consecutive quarter of positive traffic growth, despite a 2.40% weather headwind. Restaurant-level margin expanded 0.5% to 21.2%. While adjusted cash flow (EBITDA) missed expectations, this was due to the timing of some costs (specifically accelerated pre-opening costs as well as the timing of some repair and maintenance costs). Lastly, while trends in April showed weakness, early May rebounded nicely with 8% same-Shack sales and 5% restaurant traffic growth driven by excitement around menu innovation. We continue to believe that Shake Shack is a compelling long-term growth idea and that its valuation is extremely attractive relative to business fundamentals.

Karman Holdings Inc. designs, tests, and manufactures mission-critical systems for existing and emerging missile and space programs, which are some of the growthiest and in-demand segments of the defense industry. It has unique experience in complex/proprietary manufacturing methods, high-end materials and composites, and system level design. Nearly 90% of Karman's sales are sole-sourced from the company, and 94% of its revenue is tied to proprietary IP-driven solutions (including patent-protected technologies). This enables it to drive adjusted cash flow margins in excess of 30%. Shares declined during the quarter for a few reasons. First, markets are concerned about noise related to the defense budget during an election year, as well as the reversal of momentum into defense stocks earlier in the year when the Iran war started. This has compressed multiples across the industry. Second, in May there was a secondary share sale on behalf of Karman's private equity sponsor and its limited partners (we believe the sponsor is done selling its own shares, though some limited partners are likely to sell more in July). Finally, the company also changed its CEO, with Tony Koblinski stepping back to the board on his way to retirement. We very much liked Tony's leadership and admired his construction of the company as it exists today. We have now met with new CEO Jon Rambeau multiple times and we are confident that he will be able to move Karman to the next level. Jon is a mechanical engineer with a fantastic breadth of experience at Lockheed Martin and L3Harris Technologies.

Investors should be comforted that Jon has maintained Karman's expectation of 20% or greater organic growth for the foreseeable future. This is partly based upon the receipt of multi-year contingent contracts for missile components that started at around $1 billion in value but have progressed to amounts significantly in excess of this. This is in line with the Department of War's stated objective to increase missile production at rates of two to five times existing levels on systems such as Patriot (PAC-3), Standard Missile (SM3/6), THAAD interceptors, Tomahawks, and others. We expect to see Karman grow well above its peers given its mission critical content on these and other programs that are seeing multi-fold increases in production over the next few years.

Similar to Karman, shares of leading defense technology provider **Kratos Defense & Security Solutions, Inc.** declined during the quarter as sentiment toward high-multiple small- and mid-cap defense companies weakened amid increased uncertainty surrounding the pace of defense budget growth and a reversal in momentum-driven investor flows. We remain shareholders and used recent weakness to add to our position. The company continues to execute well, with strong visibility into additional contract wins across its core business and new opportunities emerging across previously nascent segments. We believe CEO Eric DeMarco has built one of the most innovative defense players and continue to see compelling long-term prospects for Kratos.

Portfolio Structure

Top 10 holdings

	Year Acquired	Quarter End Investment Value ($M)	Percent of Net Assets (%)
Loar Holdings Inc.	2024	64.4	3.5
Forgent Power Solutions, Inc.	2026	55.9	3.1
Dynatrace, Inc.	2019	48.8	2.7
Mercury Systems, Inc.	2015	48.4	2.6
Liberty Live Holdings, Inc.	2023	47.5	2.6
Enpro Inc.	2026	41.6	2.3
Novanta Inc.	2017	41.1	2.2
Rubrik, Inc.	2026	40.9	2.2
Samsara Inc.	2026	40.5	2.2
Casella Waste Systems, Inc.	2025	39.3	2.1

The top 10 investments constituted 25.6% of the portfolio at quarter end, consistent with historical levels.

Recent Activity

Top net purchases for the quarter

	Year Acquired	Quarter End Market Cap ($B)	Net Amount Purchased ($M)
Samsara Inc.	2026	18.9	36.7
Advanced Drainage Systems, Inc.	2026	12.0	34.3
Shake Shack Inc.	2026	2.4	33.9
Blackstone Digital Infrastructure Trust Inc.	2026	2.2	30.7
Rubrik, Inc.	2026	16.5	28.6

We initiated a new position in **Samsara Inc.** Samsara provides a cloud software platform for commercial vehicle telematics, video-based driver safety, frontline worker workflow automation, and industrial equipment monitoring. Its software collects and analyzes data from millions of moving sensors and cameras installed in its customers' commercial trucks, construction equipment, warehouses, and other assets, helping companies visualize and improve their physical operations. More than 20,000 customers in the transportation, field services, construction, utilities, and other industries have adopted Samsara, giving it a leading market position in its software vertical.

Samsara has been winning share from competitors in the $175 billion connected fleet and industrial asset software market due to its superior cloud native architecture, ability to address multiple use cases in a single platform, and its rapid product release cycle. Importantly, as Samsara continues to expand its connected asset base, it is building an unmatched data asset and physical sensor network that it is using to drive better outcomes for its customers relative to competitors. Capturing more than 25 trillion data points from over 100 billion miles driven across 99% of major U.S. roads, Samsara uses AI to help companies optimize their vehicle routes,

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prevent accidents, improve asset utilization, conduct predictive maintenance, and lower insurance premiums. In its fiscal 2026, across its customer base, the company prevented 380,000 accidents and reduced carbon emissions by billions of pounds. Seeing a fast and tangible return on investment, customers have renewed and expanded their Samsara subscriptions at a healthy rate.

We see a long runway for growth as Samsara expands in existing accounts and wins new logos. Samsara is less than 35% penetrated in its existing customers' vehicle fleets and has a significant opportunity to cross-sell newer non-vehicle products into its base. The company believes cross-selling all its products and covering all its existing customer assets wall-to-wall would increase its annualized recurring revenue eight-fold without ever needing to add a new logo. That said, the company has also increased its customer count every quarter and identified hundreds of thousands of potential new accounts to win. As it has scaled, Samsara has delivered healthy operating leverage, and we think free cash flow margins will soon surpass 20%. Lastly, we believe the combination of Samsara's expansive sensor and camera network, its proprietary data asset, and its exposure to real-world operations insulates it from AI disruption better than most software businesses and positions it as an AI beneficiary over the long term.

During the quarter, we reinitiated a position in **Advanced Drainage Systems, Inc.** (ADS), the leading U.S. manufacturer of stormwater and onsite wastewater management products. The company offers a comprehensive suite of pipes, drainage structures, storage chambers, and water treatment systems designed to manage stormwater from the moment it hits the ground until it is returned cleanly to the environment. We view ADS as a high quality, competitively differentiated business. It is the only national player of scale in an otherwise fragmented market and is roughly 10 to 15 times larger than its next closest competitors. Its manufacturing and logistics footprint is unmatched, spanning more than 60 plants and a company-owned fleet of roughly 600 trucks and 1,100 trailers that enables delivery of bulky products directly to jobsites. Its vertically integrated recycling operations, which supply roughly half of its raw materials at a discount to virgin resin, make it the lowest cost producer in the space.

ADS operates in an industry that is currently benefiting from both secular and cyclical tailwinds. The company estimates the combined stormwater and onsite wastewater market at roughly $16 billion today, of which it holds only a high teens share, leaving ample room to grow. Several secular tailwinds are working in its favor, most notably the rising frequency and intensity of storms and the aging, undersized infrastructure across much of the country, both of which are driving greater investment into stormwater management systems. On the wastewater side, only about 25% of U.S. homes currently have an onsite septic system versus roughly a third of new homes being built, so adoption should rise naturally over time. Underpinning all of this is the steady, multi-decade conversion from legacy concrete pipe and tanks to plastic, which is cheaper, lighter, and both faster and less labor-intensive to install. From a cyclical standpoint, both residential and non-residential new construction markets are potentially at cyclical lows following several years of muted activity.

We see a compelling, multi-year growth opportunity ahead for ADS. Management outlined a credible path to grow revenue organically at a rate "greater than 8%" through 2030, and at "greater than 10%" including acquisitions, drawing on a strong track record of using M&A as a growth lever. We also expect margins to expand over time, supported by operating leverage as residential and non-residential new construction markets eventually recover, along with ongoing new product introductions and favorable price/cost realization. Finally, we believe the valuation is attractive today, with shares trading at a below-average multiple of roughly 12 times fiscal 2027 EBITDA on what should prove to be near-bottom-of-the-cycle earnings.

During the quarter we purchased **Shake Shack Inc.**, a premium fast-casual burger chain. We believe Shake Shack is one of the most compelling growth stories in restaurants today, with a differentiated brand, improving unit economics, and an accelerating unit growth algorithm. Shake Shack operates over 675 locations globally, with 390 company-operated units and 289 licensed units. The brand sells across urban street locations, suburban formats, and licensed venues including airports, stadiums, and international franchise territories. Average unit volumes in domestic company-operated restaurants exceed $4 million, among the highest in the fast-casual peer set. Shake Shack differentiates itself versus both conventional quick service burger chains and most fast-casual peers through a higher quality product and a proven innovation ability that most burger chains cannot match. That product quality has translated into average unit volumes that exceed most fast-casual peers despite a price point that, while premium to quick service restaurant (QSR) operators, remains accessible relative to sit-down dining. Importantly, this quality positioning insulates Shake Shack from the aggressive discounting and value-war dynamics currently pressuring conventional QSR operators like McDonald's, Burger King, and Wendy's, whose core consumer is highly price-elastic and whose product is not meaningfully differentiated on quality.

We believe Shake Shack is still in the early innings of its growth lifecycle with significant runway across several dimensions. Management has articulated a long-term target of 1,500 domestic company-operated Shacks, compared to roughly 390 today. They expect to open 60 to 65 company operated restaurants in 2026, up from 44 in 2025, which is supported by improving unit economics as the company has been able to expand restaurant level margins while reducing build costs. Internationally, licensed partners in the Middle East, Asia, and Europe continue to expand. At the same time, restaurant-level margins are on an upward trajectory as the operations team captures efficiency gains unlocked under new management. We believe that Shake Shack will be able to grow revenue in the double digits and EBITDA mid-teens over the next several years and that shares are attractively priced relative to that growth.

We initiated a position in **Rubrik, Inc.**, a subscription software company focused on automating backup, storage, and recovery of corporate data, as well as creating resilience to cyberattacks on that data. It serves many Fortune 500 and Global 2000 companies including leading technology and defense firms. We purchased our investment in the mid-$50s per share during the “SaaS-pocalypse” when the market believed that every software company would be disintermediated by AI. Investors were also concerned that the increased cost of memory chips (due to an AI-data-center-induced shortage), would hamstring growth and margins of Rubrik as it and its customers use backup hardware. This has not materialized, and Rubrik does not believe memory costs are a material issue. At the time we invested, shares traded at about 21 times enterprise value to free cash flow (on 2027 numbers), with free cash flow growing over 40%. If the company has a clear competitive advantage (which we obviously believe based on our diligence), it was a steal at that price (it closed the quarter at over $80 per share).

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)
Establishment Labs Holdings Inc.	2022	1.9	2.5	40.1
Advanced Energy Industries, Inc.	2019	2.6	14.2	34.9
Birkenstock Holding plc	2025	9.6	8.1	32.7
SiTime Corporation	2023	2.3	19.7	27.6
Alkami Technology Inc.	2021	3.6	1.8	27.3

Establishment Labs Holdings Inc. sells next-generation Motiva breast implants that have meaningfully lower safety risks and aesthetic benefits compared to competitors. Shares outperformed in the second quarter, driven by continued strong adoption of Motiva in the U.S. breast augmentation market and anticipation of the upcoming launch in the U.S. breast reconstruction market. Additionally, the macro consumer spending anxieties and silicone supplier contract fears that weighed on the stock last quarter have notably eased. Positive momentum was further amplified by the company's official inclusion in the Russell 2000 Index, which drives increased institutional visibility and index-related buying. This caused significant upward share price movement, and we trimmed our investment based upon shares nearing our long-term valuation targets. We believe Establishment Labs will capture substantial plurality share in the U.S. over the next few years, which is meaningfully reflected in the shares. There is further upside if Establishment Labs is successful in launching its new minimally invasive products which promise easier procedures and faster healing times for its patients.

Advanced Energy Industries, Inc. is a designer and manufacturer of power components that ensure precision power delivery for end market applications including semiconductor manufacturing, medical procedures and data center equipment. We were meaningful buyers between $50 and $110 during calendar years 2020 and 2021 when the company was trading at very low multiples and its strategic value was unrecognized. In the quarter we sold about 60% of our investment at $375, on the back of excitement about the growth in AI data center buildouts. We believe that at those levels the company was approaching our long-term price target, and the position had grown to nearly 4% of the portfolio. Both are reasons that we would sell according to our long-standing risk management process. We really like the company and the management team and would look to add to our investment at lower valuations.

While we remain long-term believers in the brand, we exited our position in **Birkenstock Holding plc** in order to raise capital for new ideas that we felt had higher return potential.

Conclusion

We never like to underperform, and 2026 has been disappointing thus far. That said, we believe in our process, and we aim to consistently focus on company fundamentals combined with objective long-term valuation measures in making our investments. There is no need to chase momentum – rather we wait for opportunities to come to us by doing “the work” early and taking advantage of periods when “negative momentum” works in our favor. Warren Buffett said that one of his guiding principles is to “be fearful when others are greedy and greedy when others are fearful.” Holistically, we are trying to execute that plan. We see attractive valuations in a large part of the market where stocks don’t have exposure to AI. Broadly speaking, we are seeing investors ignore many industries and companies with strong earnings growth simply because these companies are considered “AI losers” or they don’t have any AI exposure. At the same time, we are hyper focused on managing risk across the names where we have AI exposure, especially when they have experienced large stock gains year to date.

Thank you for your trust in us!

Randy Gwirtzman
Portfolio Manager

Laird Bieger
Portfolio Manager

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

1 The **Russell 2000® Growth Index** measures the performance of small-sized U.S. companies that are classified as growth. The **Russell 3000® Index** measures the performance of the largest 3,000 U.S. companies representing approximately 98% of the investable U.S. equity market, as of the most recent reconstitution. All rights in the FTSE Russell Index (the "Index") vest in the relevant LSE Group company which owns the Index. Russell® is a trademark of the relevant LSE Group company and is used by any other LSE Group company under license. Neither LSE Group nor its licensors accept any liability for any errors or omissions in the indexes or data and no party may rely on any indexes or data contained in this communication. The Fund includes reinvestment of dividends, net of withholding taxes, while the Russell 2000® Growth and Russell 3000® Indexes include reinvestment of dividends before taxes. Reinvestment of dividends positively impacts the performance results. The indexes are unmanaged. Index performance is not Fund performance. Investors cannot invest directly in an index.

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.

* Broadly speaking, in addition to data center operators, "AI winners" includes the hardware that goes into the data center (servers, memory, storage, semiconductors, networking equipment), the power source and energy infrastructure to energize the data centers, and other ancillary services (engineering and construction, HVAC/cooling, etc.).

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.

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

Investment Products: NOT FDIC INSURED | MAY LOSE VALUE | NOT BANK GUARANTEED

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QUARTERLY LETTER | JUNE 30, 2026

Baron Generational Growth Fund®

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

Neal Rosenberg
Portfolio Manager

Ron Baron
Founder
CEO
Portfolio Manager

SMALL CAP

Dear Baron Generational Growth Fund Shareholder,

Baron Generational Growth Fund (the Fund) declined 2.51% (Institutional Shares) for the quarter ended June 30, 2026. This trailed the return of the Fund's benchmark, the Russell 2000 Growth Index (the Benchmark), which gained 25.71% for the quarter. The Russell 3000 Index, which measures the performance of the 3,000 largest publicly traded U.S. companies, gained 15.44% for the quarter.

The performance of the portfolio has meaningfully diverged from the strong business fundamentals being reported by the companies in which we have invested. Portfolio level earnings grew at a mid-teens rate this quarter, and most of our investments reported accelerating growth. This was more than offset by valuation compression, as investors sold stocks with high-quality characteristics to fund investments in riskier businesses. We believe the portfolio is extremely attractively valued and are confident that the market will ultimately recognize the dramatic divergence between the quality growth prospects embedded in our portfolio and its compelling valuation.

Annualized performance (%) for periods ended June 30, 2026

	Fund Retail Shares[1,2]	Fund Institutional Shares[1,2,3]	Russell 2000 Growth Index[1]	Russell 3000 Index[1]
QTD[4]	(2.57)	(2.51)	25.71	15.44
YTD[4]	(14.36)	(14.27)	22.18	10.88
1 Year	(24.01)	(23.82)	38.74	22.82
3 Years	(7.34)	(7.10)	18.44	20.36
5 Years	(5.55)	(5.31)	5.57	12.31
10 Years	6.73	7.00	11.97	15.06
15 Years	7.46	7.74	10.81	13.89
Since Inception (12/31/1994)	10.73	10.89	8.63	11.19

Performance

This quarter the Fund was renamed Baron Generational Growth Fund. We believe that adding the word "Generational" better reflects the Fund's long-term multigenerational wealth-building focus. It also represents the kinds of management teams in which we prefer to invest. We seek to invest with management teams that have the character, skill, ambition, and resilience to grow and scale businesses to achieve long-term success. We believe that these attributes are most common in founder-led organizations and those where a founder remains a sizeable stakeholder. As of June 30, according to FactSet's People database, approximately 71% of the Fund's net assets were invested in businesses that were led by a founder or where a founding family maintains a significant investment in the company.

We also modified our investment strategy to enhance our ability to take advantage of the recent underperformance of high-quality growth stocks. We believe that all the investments in the Fund benefit from sustainable barriers to entry, durable competitive advantages, and vast and growing addressable markets. Most have high levels of recurring revenue, and all exhibit strong margin profiles, excellent free cash flow conversion, and are run for the long term by outstanding management teams. For the past several quarters, investors have elected to sell higher-quality investments like these to buy riskier stocks. The magnitude of this shift is historically notable. According to data from MSCI Barra, performance for the Earnings Quality factor during the one-year period ended June 30, 2026, was in the 98th percentile since 1975, which is when data first became available. Conversely, the positive performance of the Momentum and Beta factors for this period are in the 2nd and 4th percentiles, respectively. The few instances where Momentum and Beta performed better occurred mostly during the dotcom rally.

Performance listed in the above table is net of annual operating expenses. Annual expense ratio for the Retail shares and Institutional shares as of February 26, 2026 was 1.60% and 1.34%, respectively (comprised of operating expenses of 1.30% and 1.04%, respectively, and interest expense of 0.30% and 0.30%, respectively). The performance data quoted represents past performance. Past performance is no guarantee of future results. The investment return and principal value of an investment will fluctuate; an investor's shares, when redeemed, may be worth more or less than their original cost. The Fund's transfer agency expenses may be reduced by expense offsets from an unaffiliated transfer agent, without which performance would have been lower. Current performance may be lower or higher than the performance data quoted. For performance information current to the most recent month end, visit BaronCapitalGroup.com or call 1-800-99-BARON.

Until May 31, the Fund had been unable to add to these positions if they had appreciated beyond the small-cap level. Effective June 1, we gained the added flexibility to add to these positions, even if they appreciate beyond the small-cap level, provided we initially purchased them when they were below the small-cap cut-off. We expect to use this flexibility sparingly but opportunistically. We are confident that this will help us enhance returns on a go forward basis.

We continue to focus on the fundamental results of the businesses in which we have invested. We see sustained progress in the growth and development of those businesses, even though this progress has not yet been rewarded by the stock market. For the three-months ended June 30, the earnings of the portfolio grew at approximately 13% year-over-year*, similar to growth reported last quarter. Additionally, more than half of the investments currently in the portfolio showed accelerated earnings growth in their recently reported quarter.

We believe that over the long term, stock prices tend to follow growth in the underlying business, provided that a company's barriers to entry, competitive advantages, and long-term growth prospects remain intact. In the short term, valuations fluctuate as investors react to economic, geopolitical, or thematic changes. The combination of consistent earnings growth but declining stock prices indicates that our recent underperformance stems from valuation compression. We estimate that the valuation of the portfolio has declined by approximately 23% over the prior year, even though earnings continue to grow at mid-teens rates.

We believe that there are two primary sources of this multiple compression. First is a "softening" of the property and casualty (P&C) insurance market, which has negatively impacted the valuations of **Arch Capital Group Ltd.** and **Kinsale Capital Group, Inc.** After several years of consistent and elevated premium increases, premium prices in certain lines have flattened or declined. This is an inevitable but temporary phase of the P&C insurance cycle, as more capital enters the market to chase attractive ROE opportunities. Despite the softening market, both Arch and Kinsale are growing their written premium and book value per share through high returns on equity, market share gains, underwriting discipline, and attractive capital allocation strategies. We are confident that as the cycle inevitably turns again, premium growth will reaccelerate, and both stocks' multiples will expand.

We also experienced valuation declines in several stocks where the market's assessment of AI's impact differed from our own. This cohort, which includes holdings such as **Gartner, Inc.**, **FactSet Research Systems Inc.**, **MSCI Inc.**, **Morningstar, Inc.**, and **Guidewire Software, Inc.**, presently represents approximately 40% of our portfolio. On average, these stocks declined 43% over the last year despite producing low double-digit revenue growth and 22% profit growth. This significant divergence between growth and 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 addressable markets, sustainable competitive advantages, and attractive and durable growth prospects. We expect their valuations to expand as these characteristics are again recognized by the market.

As a result of consistent business performance and multiple compression, we believe that the portfolio is extremely attractively valued. We estimate that the portfolio's valuation has declined by approximately 34% over the last 18 months alone as investors have chased a small group of perceived AI winners and shunned the highly recurring, sustainably differentiated growth businesses in which we invest. The portfolio presently trades at a 25% discount to its 5-year average valuation, a 36% discount to its 10-year average valuation, and a 29% discount to its 20-year average. This attractive valuation comes despite the profitability, cash generation, and returns on capital of the portfolio being meaningfully above its historical levels.

Management teams have recognized the significant dislocation in equity prices and have meaningfully accelerated stock repurchases. The rate of repurchases made by companies in which we are invested has more than doubled over the past year and are three times larger than the historical average magnitude of repurchases. We are confident that the market will similarly recognize the dramatic divergence between the quality growth prospects embedded in our portfolio and its compelling valuation. As that happens, we expect our investments to benefit from the combination of earnings growth and multiple expansion as stock prices again trade closer to the fundamentals.

Total returns by investment type for the quarter

	Percent of Net Assets (%)	Total Return (%)	Contribution to Return (%)
Russell 2000 Growth Index		**25.71**	
Real/Irreplaceable Assets	**24.6**	**7.10**	**1.69**
Red Rock Resorts, Inc.	7.3	22.44	1.23
Vail Resorts, Inc.	4.0	7.75	0.31
Choice Hotels International, Inc.	13.3	6.82	0.77
CoStar Group, Inc.	0.0	(20.12)	(0.62)
Financials	**72.9**	**1.90**	**1.09**
Primerica, Inc.	6.0	14.01	0.74
FactSet Research Systems Inc.	6.5	6.41	0.27
MSCI Inc.	19.5	4.31	0.41
Arch Capital Group Ltd.	21.7	1.13	0.37
Kinsale Capital Group, Inc.	13.5	(3.39)	(0.16)
Houlihan Lokey, Inc.	1.7	(6.17)	(0.16)
Morningstar, Inc.	4.0	(7.44)	(0.38)
Core Growth	**21.4**	**(19.72)**	**(4.83)**
IDEXX Laboratories, Inc.	4.9	(6.29)	(0.30)
Guidewire Software, Inc.	4.4	(17.73)	(0.80)
Gartner, Inc.	6.1	(18.18)	(1.29)
FIGS, Inc.	6.0	(30.74)	(2.43)
Cash and Cash Equivalents	**(19.0)**	**—**	**0.00**
Fees	**—**	**(0.49)**	**(0.48)**
Total	**100.0***	**(2.52)****	**(2.52)****

* *Individual weights may not sum to displayed total due to rounding.*
** *Represents the blended return of all share classes of the Fund.*
As of June 30, 2026, private investments held in the Disruptive Growth category represented less than 0.05% of net assets.
Sources: Baron Capital, FTSE Russell, and FactSet PA.

Our investments in **Real/Irreplaceable Assets**, **Core Growth**, and **Financials** companies represent 24.6%, 21.4%, and 72.9% of the Fund's net assets respectively. We believe this balance appropriately reflects our goal to generate superior returns over time with less risk than the Benchmark.

Performance Characteristics: Millennium internet bubble to present.

	Millennium Internet to Financial Panic 12/31/1999 to 12/31/2008	Financial Panic to Present 12/31/2008 to 6/30/2026	Millennium Internet Bubble to Present 12/31/1999 to 6/30/2026	Inception 12/31/1994 to 6/30/2026
Alpha	5.05	0.38	2.77	4.52
Beta	0.58	0.76	0.68	0.70

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 6/30/2026		Millennium Internet Bubble to Present 12/31/1999 to 6/30/2026		Inception 12/31/1994 to 6/30/2026	
	Value of $10,000	Annualized Return (%)	Value of $10,000	Annualized Return (%)	Value of $10,000	Annualized Return (%)	Value of $10,000	Annualized Return (%)
Baron Generational Growth Fund (Institutional Shares)	12,448	2.46	56,282	10.38	70,062	7.62	259,166	10.89
Russell 2000 Growth Index	6,476	(4.71)	87,854	13.22	56,891	6.78	135,706	8.63
Russell 3000 Index	7,634	(2.95)	112,352	14.82	85,774	8.45	282,725	11.19

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 outperformed its Benchmark over the long term. The Fund has gained 10.89% on an annualized basis since its inception on December 31, 1994, which exceeds that of the Benchmark by 2.26%. It trails the Russell 3000 Index by 0.30% over the same period. Relative to the Benchmark, this represents robust absolute and relative returns across a variety of market environments. We attribute this result to not losing money during periods of significant market drawdowns. While the Fund did not make much money from December 31, 1999, through December 31, 2008, a period which includes the highs of the Internet Bubble and the lows of the Financial Panic, it did generate a positive annualized return of 2.46%. Conversely, a hypothetical investment in a fund designed to track the Fund's Benchmark would have declined in value by 4.71% on an annualized basis over the same time. Similarly, a hypothetical investment in a fund designed to track the Russell 3000 Index would have declined 2.95% annualized (Please see the **Performance in Challenging Times** table IV–Millennium Internet Bubble to Financial Panic).

We believe that the power of compounding is better demonstrated by viewing these returns in dollar terms. A hypothetical investment of $10,000 in the Fund at its inception on December 31,1994 would be worth $259,166 on June 30, 2026. This is approximately 1.9 times greater than the $135,706 the same hypothetical investment made in a fund designed to track the Benchmark would be worth, but 8% less than a hypothetical investment in the Russell 3000 Index. Hypothetically, our returns were achieved with approximately 30% 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 (%)
Red Rock Resorts, Inc.	2016	2.3	6.8	22.44	1.23
Choice Hotels International, Inc.	1996	0.4	5.0	6.82	0.77
Primerica, Inc.	2010	1.1	8.9	14.01	0.74
MSCI Inc.	2007	1.8	41.0	4.31	0.41
Arch Capital Group Ltd.	2002	0.4	33.9	1.13	0.37

Red Rock Resorts, Inc. is a casino owner and operator focused on the Las Vegas locals market. Shares increased in the second quarter as construction-related disruption dissipated and investors grew more optimistic about the benefits of the company's recent resort investments. This should result in increased earnings and cash flow, allowing the company to continue investing in its properties while returning capital to shareholders. The company's balance sheet remains strong, with increased liquidity to support further capital investment and shareholder returns. We believe the stock remains attractive relative to what we believe the business can become over time.

Global hotel franchisor **Choice Hotels International, Inc.** contributed to performance as revenue per available room accelerated throughout the quarter and management highlighted an increase in new hotel contract signings. This momentum should support stronger margins and cash flow and enable the company to step up share repurchases. Choice's balance sheet also remains solid, with financial leverage below targeted levels. Earnings

SMALL CAP

and cash flow continue to improve, yet the stock still trades at historically low valuation multiples. We believe this disconnect leaves the shares attractive at current levels.

Shares of life insurance and investment products provider **Primerica, Inc.** contributed to performance as rising equity markets improved the outlook for investment sales and asset-based fees. The company reported quarterly financial results that exceeded Street expectations, with 9% revenue growth and 19% earnings-per-share growth, reflecting investment products momentum, margin expansion, and share repurchases. We continue to own the stock because we expect earnings growth to persist, as Primerica provides much-needed financial advice to underserved middle-income households.

Top detractors from 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	1.7	(30.74)	(2.43)
Gartner, Inc.	2007	2.3	8.7	(18.18)	(1.29)
Guidewire Software, Inc.	2012	1.3	10.2	(17.73)	(0.80)
CoStar Group, Inc.	2004	0.7	13.4	(20.12)	(0.62)
Morningstar, Inc.	2005	0.8	5.9	(7.44)	(0.38)

FIGS, Inc. designs and sells scrubwear for health care professionals through a digitally native, direct-to-consumer strategy. The stock detracted from performance as shares slipped due largely to investor positioning. Even so, the company reported a very strong first quarter. Revenue came in at $159.9 million, up 28%, well ahead of the company's guidance for low-20% growth and above consensus expectations. The results were broad-based. U.S. revenue grew 24% to $131.6 million, with strength across core offerings, new product launches, and promotional periods, while international revenue accelerated 50% to $28.3 million, with double-digit growth in every region. Active customers surpassed 3 million for the first time, up 12% year over year, with both new and repeat customers contributing. We continue to have conviction in the strength of FIGS' business model and the company's ability to gain market share in the attractive global health care apparel industry.

Syndicated research provider **Gartner, Inc.** detracted from performance due to multiple compression driven by rising AI fears. The market has increasingly come to view AI as an existential risk for a growing number of industries, including software, business services, information services, and video games. While there is little evidence of any fundamental impact on these sectors, investors have largely adopted a "shoot first and ask questions later" approach, leading to significant stock price declines. We continue to own Gartner given its large addressable market, significant competitive advantage, and robust free cash flow generation, which we expect management to deploy toward share repurchases at depressed valuation levels.

Shares of P&C insurance software vendor **Guidewire Software, Inc.** declined after a handful of deals slipped from the fiscal third quarter into the fiscal fourth quarter. We believe this is purely a timing issue, with these deals having since closed in the current period. Guidewire's InsuranceSuite platform serves as the core system of record for insurance carriers, functioning as the single source of truth for the policies an insurer writes, the claims it processes, the premiums it collects, and the payments it makes. We think the core-system opportunity alone represents nearly $20 billion of annual recurring revenue, or roughly 20 times Guidewire's current size. In our view, AI will meaningfully expand this opportunity by enabling automation and intelligence on top of the core system of record. Guidewire is already bringing new AI-enabled capabilities to market and signing customers, and we expect adoption to accelerate over the coming year. Finally, we expect Guidewire to benefit from the same internal productivity enhancements AI is driving across enterprises, which should help it grow faster with lower costs and ultimately improve profitability.

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 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 June 30, 2026, our weighted average holding period was 18.8 years. This strategy is dramatically longer than most other small-cap growth funds, which, according to Morningstar, turn over about 72% of their portfolios annually based on an average for the last three years. The Fund's portfolio is designed to significantly outperform over the long term. Accordingly, it is much different than other funds that align more closely to index compositions. The portfolio's 10 largest positions have a weighted average holding period of 18.7 years, ranging from a 3.9-year investment in **FIGS, Inc.** to an investment in **Choice Hotels International, Inc.** that is approaching 30 years. We have held 11 investments, representing 82.1% of the Fund's total investments, for more than 10 years. We have held 4 investments, representing 17.9% of the Fund's total investments, for less than 10 years. We believe that the two tables below quantify the merits of our long-term holding philosophy.

Top performing stocks owned more than 10 years

	Year Acquired	Cumulative Return Since Date Acquired (%)	Annualized Return Since Date Acquired (%)
IDEXX Laboratories, Inc.	2005	3,557.7	18.3
Arch Capital Group Ltd.	2002	3,470.1	15.9
Choice Hotels International, Inc.	1996	3,102.5	12.4
MSCI Inc.	2007	2,461.5	19.0
Primerica, Inc.	2010	1,641.0	19.2

The cohort of investments that we have held for more than 10 years earned a weighted average annualized rate of return of 14.9% since we first purchased them. This exceeded the performance of the Fund's Benchmark by 5.3% annualized.

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	1,148.5	30.2
Houlihan Lokey, Inc.	2017	286.7	16.8

The cohort of investments that we have held for fewer than 10 years has returned 20.5% annually on a weighted average basis since our initial purchase, exceeding the Benchmark by 8.1% annualized.

Portfolio Holdings

As of June 30, 2026, we owned 15 investments. The top 10 holdings represented 104.8% of the Fund's net assets (88.1% of gross assets), which have been held for a minimum of three years. All were small-cap businesses at the time of purchase and have become top 10 positions through stock appreciation. Our holdings in these stocks have returned 16.5% annually based on weighted average assets since our initial investment, exceeding the Benchmark by an average of 6.5% 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.

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	33.9	456.7	21.7
MSCI Inc.	2007	1.8	41.0	409.9	19.5
Kinsale Capital Group, Inc.	2016	0.6	7.6	284.9	13.5
Choice Hotels International, Inc.	1996	0.4	5.0	279.3	13.3
Red Rock Resorts, Inc.	2016	2.3	6.8	152.7	7.3
FactSet Research Systems Inc.	2006	2.5	8.4	137.6	6.5
Gartner, Inc.	2007	2.3	8.7	128.7	6.1
FIGS, Inc.	2022	1.7	1.7	126.5	6.0
Primerica, Inc.	2010	1.1	8.9	125.3	6.0
IDEXX Laboratories, Inc.	2005	1.9	41.5	103.4	4.9

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

Sincerely,

Ronald Baron
Founder
CEO
Portfolio Manager

Neal Rosenberg
Portfolio Manager

[1] The **Russell 2000® Growth Index** measures the performance of small-sized U.S. companies that are classified as growth. The **Russell 3000® Index** measures the performance of the largest 3,000 U.S. companies representing approximately 98% of the investable U.S. equity market, as of the most recent reconstitution. All rights in the FTSE Russell Index (the "Index") vest in the relevant LSE Group company which owns the Index. Russell® is a trademark of the relevant LSE Group company and is used by any other LSE Group company under license. Neither LSE Group nor its licensors accept any liability for any errors or omissions in the indexes or data and no party may rely on any indexes or data contained in this communication. The Fund includes reinvestment of dividends, net of withholding taxes, while the Russell 2000® Growth and Russell 3000® Indexes include reinvestment of dividends before taxes. Reinvestment of dividends positively impacts the performance results. The indexes are unmanaged. Index performance is not Fund performance. Investors cannot invest directly in an index.

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

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

[4] Not annualized.

* Excludes FIGS, Inc., which was an outlier given the company's extremely high year-over-year earnings growth.

As stated within the Supplement to the Summary Prospectus, Prospectus and Statement of Additional Information dated January 28, 2026, effective June 1, 2026, Baron Growth Fund® has changed its name to Baron Generational Growth Fund®. For additional information please refer to the Supplement.

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. 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.

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 Generational Growth 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. 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. **Beta** measures a fund's sensitivity to market movements. The beta of the market (Russell 2000 Growth Index) is 1.00 by definition. **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(s) on Invested Capital (ROIC)** is a calculation used to determine how well a company allocates its capital to profitable projects or investments.

Investment Products: NOT FDIC INSURED | MAY LOSE VALUE | NOT BANK GUARANTEED

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QUARTERLY LETTER | JUNE 30, 2026

Baron Small Cap Fund®

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

Cliff Greenberg
Portfolio Manager

Dear Baron Small Cap Fund Shareholder,

Performance

Baron Small Cap Fund (the Fund) was up 12.57% (Institutional Shares) in the second quarter, trailing the Russell 2000 Growth Index (the Index) by 13.14%, as the Index was up 25.71%. Year to date, the Fund is up 3.67% while the Index is up 22.18%. The Russell 3000 Index, which measures the performance of the overall U.S. equity market, rose 15.44% for the quarter and is up 10.88% this year.

After selling off in March due to the U.S.-Iran conflict and disruptions in the Strait of Hormuz, U.S. equities rallied to new record highs during the second quarter, with most of the gains coming in April and May. The AI secular growth trade was the principal driver of market returns, with most of the gains coming from so-called "AI winners".... primarily semiconductors, which boomed in the quarter, and certain other Information Technology (IT) and Industrials stocks involved in building out AI infrastructure.

The market powered through a rather confusing macro environment. Inflation data was mixed and employment data was solid, so rate hikes are being considered by the Federal Reserve, which is led by new chair Kevin Warsh. The U.S.-Iran conflict continued to have twists and turns, and oil prices were on a rollercoaster ride during the quarter, adding great uncertainty about the future effect on inflation and growth expectations. Oil prices did collapse late in the quarter after the U.S. and Iran signed a Memorandum of Understanding in mid-June, aimed at ending the conflict. Consumer sentiment from high living costs, persistent inflation, and elevated borrowing rates weighed on consumer spending, especially in the lower income class. Still, the S&P 500 and NASDAQ Composite Indexes were up 15.2% and 21.6% respectively, for the quarter, representing the largest quarterly gains since the COVID pandemic.

Annualized performance (%) for periods ended June 30, 2026†

	Fund Retail Shares[1,2]	Fund Institutional Shares[1,2,3]	Russell 2000 Growth Index[1]	Russell 3000 Index[1]
QTD[4]	12.52	12.57	25.71	15.44
YTD[4]	3.55	3.67	22.18	10.88
1 Year	2.35	2.61	38.74	22.82
3 Years	8.22	8.49	18.44	20.36
5 Years	1.45	1.70	5.57	12.31
10 Years	10.88	11.16	11.97	15.06
15 Years	9.59	9.88	10.81	13.89
Since Inception (9/30/1997)	9.68	9.85	7.29	9.38

From a market cap standpoint, small caps meaningfully outperformed in the quarter to extend their advantage over large caps this year. Small caps (+21.5%), defined as the Russell 2000 Index, led the way in the second quarter, outpacing mid (+13.8%) and large caps (+15.1%). Small caps remain on track to outperform large caps for the first time since 2016. Growth stocks performed exceptionally well in April and May before fading somewhat in June.

The Fund has sizable holdings that are directly involved in the AI buildout or considered beneficiaries of AI usage, such as **Vertiv Holdings Co**, **Legence Corp.**, and **JFrog Ltd.**, which were strong performers in the quarter as they have been for a while. We trimmed these names to right size the positions and acknowledge

Performance listed in the above table is net of annual operating expenses. Annual expense ratio for the Retail Shares and Institutional Shares as of January 28, 2026 was 1.32% and 1.06%, respectively. The performance data quoted represents past performance. Past performance is no guarantee of future results. The investment return and principal value of an investment will fluctuate; an investor's shares, when redeemed, may be worth more or less than their original cost. The Fund's transfer agency expenses may be reduced by expense offsets from an unaffiliated transfer agent, without which performance would have been lower. Current performance may be lower or higher than the performance data quoted. For performance information current to the most recent month end, visit BaronCapitalGroup.com or call 1-800-99-BARON.

expanded valuations. Of our IT holdings, **Cognex Corporation** continues to surge as new management turns around the business, and **Novanta Inc.** rose due to an improved growth outlook and the announcement of a large attractive acquisition. Many of our Industrials performed well on strong results or rebounding from oversold conditions, including **Enpro Inc.**, **First Advantage Corporation**, and **Andersen Group Inc**. In Health Care, **Hinge Health, Inc.** more than doubled in the quarter after reporting strong results and new services, and **ICON plc** rebounded after addressing accounting concerns and reporting strong billings and backlog. Our position in **Madison Square Garden Sports Corp.** has been strong, as our beloved NY Knicks won the NBA Championship....Knicks in 5!!

The Fund continued to suffer losses in certain software and services segments, such as application software and IT consulting & other services, where several holdings were pressured by ongoing concerns that AI will negatively affect their businesses. **Guidewire Software, Inc.**, **Gartner, Inc.**, **Everforth, Inc.**, **Exponent, Inc.**, and **Intapp, Inc.** were down again this quarter, building on losses from the first quarter. **Planet Fitness, Inc.**, **Installed Building Products, Inc.**, and **Bright Horizons Family Solutions, Inc.** fell after reporting soft earnings. Defense contractors **Kratos Defense & Security Solutions, Inc.** and **Karman Holdings Inc.** gave back some of their large gains from the prior quarter, as the war in the Middle East appeared to near an end.

On a relative basis, many of the top contributors in the Index have elevated exposure to Beta and Momentum, factors to which the Fund is, and always has been, underexposed. “Beta” was the top performing domestic factor and “Momentum” ranked in the second percentile relative to history, leading to about 70% of the underperformance. And many of the top stocks this quarter are businesses that are not in our wheelhouse—the companies are too speculative or risky, and the valuations too high. This condition has persisted over the last nine months, unfortunately. Being uninvested in commodity-sensitive sectors, such as Energy and Materials, however, worked in our favor.

Top contributors to performance for the quarter

	Contribution to Return (%)
Vertiv Holdings Co	2.66
Cognex Corporation	1.44
Legence Corp.	1.24
Hinge Health, Inc.	1.19
Red Rock Resorts, Inc.	1.13

Vertiv Holdings Co provides power and cooling systems for data centers. Shares increased during the quarter as Vertiv reported strong Q1 financial results (adjusted earnings per share increased 83% year-over-year) and increased fiscal year guidance fueled by organic sales growth of around 30%. Vertiv is benefiting from the industry's shift toward integrated and modular solutions that help alleviate labor shortages and accelerate deployment timelines, supported by its market-leading product portfolio and service capabilities. The company is also well positioned to support key technology transitions, including liquid cooling and direct current power architectures. Management increased long-term financial projections to 20%-plus revenue CAGR and a 27%-plus EBIT margin out to 2030, with $24 billion of cash to deploy for M&A, offering a compelling investment from current levels. Though we have trimmed our position along the way, we maintain a large position believing strongly in the future success of the company.

Cognex Corporation is a leading provider of machine vision solutions. Shares rose during the quarter following a robust earnings report, with the company experiencing accelerating, broad-based growth driven by improving industrial conditions. This top-line momentum, combined with material cost-cutting efforts, is enabling significant earnings per share expansion. We expect this elevated level of growth to persist, supported by a meaningfully improved cost structure and go-to-market sales approach. We believe that Cognex will benefit from new phone formats and consumer devices to access AI.

Legence Corp. is a leading provider of engineering, installation, and maintenance services for mission-critical building systems, with a focus on complex heating, ventilation, air conditioning, process piping, and other mechanical, electrical, and plumbing systems. Shares rose during the quarter, driven by a combination of strong underlying business momentum and continued enthusiasm around AI and data center construction, which remains a significant tailwind for the business. Quarterly results highlighted accelerating growth, with both revenue and cash flow more than doubling compared to the prior year. Additionally, the company's backlog reached a record high, providing excellent visibility for future growth.

Other holdings that rose over 30% in the quarter but added less to overall returns were Hinge Health, ICON, Enpro, First Advantage, JFrog, Novanta, **The Cheesecake Factory Incorporated**, Andersen Group, and **indie Semiconductor, Inc.**

Top detractors from performance for the quarter

	Contribution to Return (%)
Planet Fitness, Inc.	(0.99)
Guidewire Software, Inc.	(0.81)
Everforth, Inc.	(0.71)
SiteOne Landscape Supply, Inc.	(0.69)
Karman Holdings Inc.	(0.51)

Planet Fitness, Inc., the leading high-value, low-cost gym operator, detracted from performance in the second quarter after the company lowered full-year guidance following weaker-than-expected member additions in the first quarter. Member growth was pressured by a combination of unfavorable weather, macroeconomic headwinds, increased competition in certain markets, and marketing changes that did not resonate with certain customer segments. As a result, management reduced its outlook for the year to reflect the lower membership base and paused previously announced price increases. Despite the disappointing results, Planet Fitness remains the category leader, with scale advantages needed to capitalize on favorable long-term health and wellness trends.

Shares of property and casualty insurance software vendor **Guidewire Software, Inc.** declined after a handful of deals slipped from the fiscal third quarter into the fiscal fourth quarter. We believe this is purely a timing issue, with these deals closed in the current period. Guidewire's InsuranceSuite platform serves as the core system of record for insurance carriers, functioning as the single source of truth for the policies an insurer writes, the claims it processes, the premiums it collects, and the payments it makes. We think the core-system opportunity alone represents nearly $20 billion of annual recurring revenue, or roughly 20 times Guidewire's current size. In our view, AI will meaningfully expand this opportunity by enabling automation and intelligence on top of the core system of record.

Everforth, Inc., formerly known as ASGN Incorporated, is a leading provider of IT consulting and staffing services. Shares fell after the company reported disappointing first quarter results and second quarter guidance was below expectations. We believe commercial conversions are slowing and sales cycles are lengthening, particularly for higher-margin enterprise software projects, as customers pause to assess the implications of AI. At less than 6 times EBITDA, we believe the stock is trading at or near a valuation trough, and Everforth is well positioned to help its customers develop and implement critical and modern IT solutions as demand normalizes.

Another holding that declined over 30% in the quarter but had less impact on overall performance was Karman.

Portfolio Structure

As of June 30, 2026, the Fund had $2.8 billion under management and owned 55 stocks. The Top 10 stocks accounted for 38.5% of the Fund's net assets. As expected, with more initial public offerings, market volatility, and improved liquidity through the utilization of Redemption in Kind (RIK) trades, the number of names in the Fund has increased somewhat, and concentration has decreased.

Top 10 holdings

	Year Acquired	Quarter End Investment Value ($M)	Percent of Net Assets (%)
Vertiv Holdings Co	2019	217.6	7.6
Red Rock Resorts, Inc.	2016	144.8	5.1
Kinsale Capital Group, Inc.	2019	115.4	4.1
SiteOne Landscape Supply, Inc.	2016	105.2	3.7
JBT Marel Corporation	2017	95.7	3.4
TransDigm Group Incorporated	2006	93.2	3.3
Cognex Corporation	2011	90.5	3.2
Guidewire Software, Inc.	2012	86.1	3.0
Liberty Media Corporation - Liberty Formula One	2016	76.1	2.7
The Baldwin Insurance Group, Inc.	2019	71.8	2.5

The Fund is primarily invested in five sectors: Industrials, Consumer Discretionary, IT, Health Care, and Financials. The mix of these sectors has remained fairly consistent over the past few years. We are well overweight in Industrials and Consumer Discretionary, slightly overweight in Financials, underweight in IT, and well underweight in Health Care (because we don't own biotechnology stocks which are approximately 15% of the Index).

These weightings are the outcropping of our team's research to find the best investment opportunities for the long term. It is not a reflection about our feelings on near-term expectations about what sectors will perform best or the pace of economic growth, which is not our area of expertise. Identifying high-quality businesses that are well managed, have strong competitive advantages, great long-term opportunities, and trade a reasonable multiple that enable us to make good long-term investment returns...that's our thing.

Our approach of being long-term investors and holding onto our winners has served us well. Our goal is to identify special businesses that we can buy when they are small and own as they grow and mature, and their stocks compound at attractive rates in line with the company's success. 39% of our assets are invested in companies that we have invested in for 10 years or more and another 31% in stocks we have owned between 5 and 10 years. These holdings have performed well. We also strongly believe that we should maintain our investments in our winning investments (though we trim the position sizes back over time) to benefit from

SMALL CAP

their continued growth. 25% of our assets are in stocks that have appreciated over five times since we purchased them, and another 34% have more than doubled. The annualized returns of these holdings is very strong. We believe the success of this approach is reflected in the consistency of the Fund's outperformance over the long term versus the Index and peers, as shown below.

Percentage of time Fund outperformed benchmark and peers over different time periods from inception through 6/30/2026

Rolling Return Period	1 Year	3 Years	5 Years	10 Years
Fund Outperformance vs. Russell 2000 Growth Index	60%	66%	66%	75%
Fund Outperformance vs. Morningstar Small Growth Category Average	66%	82%	90%	99%
Morningstar Small Growth Category Average vs. Russell 2000 Growth Index	44%	42%	42%	42%

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.
Sources: Baron Capital, FTSE Russell, and Morningstar Direct.

SMALL CAP

We are now in a period of rapid change, brought on by the onset of AI, which will affect most businesses. We need to be extra diligent in understanding the impact of AI on our holdings and actively reevaluate each holding, even if we have had great long-term success in the stocks. It is more challenging now to predict the future, but we believe we have a great perch from which to do so with our deep relationships with our companies and vast, experienced, and differentiated research effort.

Relative underperformance versus the Index has been more pronounced and protracted than in the past. We believe this primarily has to do with anomalies in the market/Index, which for a while now has favored lower quality, more speculative, high beta, and momentum stocks. We are not sure why. Our response is to stick to our knitting and invest as we always have. It seems like this period is coming to an end, which would be welcome.

Recent Activity

Top net purchases for the quarter

	Year Acquired	Quarter End Market Cap ($B)	Net Amount Purchased ($M)
Shake Shack Inc.	2026	2.4	32.6
Blackstone Digital Infrastructure Trust Inc.	2026	2.2	30.0
Applied Aerospace & Defense, Inc.	2026	3.9	27.6
Wingstop Inc.	2026	4.7	23.9
Casella Waste Systems, Inc.	2026	6.2	18.4

In the second quarter, we added five new names to the portfolio and increased three existing positions. The Fund initiated or increased positions with a weighted average market cap of $3.5 billion, squarely in the small-cap designation. Of the five, two were new to the public markets. Both are profiled below.

Wingstop Inc. was a previous successful investment that remains a best-in-class franchisor with stellar unit economics and long growth runway. We are investing again in this high-quality "fallen angel" at what we think is a meaningfully discounted valuation. We acquired shares of **Casella Waste Systems, Inc.**, a well-entrenched market leader with high barriers to entry in an industry we understand well (after more than a decade owning **Waste Connections, Inc.**) at what we believe is an attractive entry point. In both cases, we feel the issues leading to lower stock prices are temporary, creating long-term opportunities in the stocks.

During the quarter we initiated a position in **Shake Shack Inc.**, a premium fast-casual burger chain, after the stock sold off almost 30% after its Q1 earnings call on a reported bad comp in April, and slightly lower fiscal year margin guidance from rising beef inflation. This presented a compelling opportunity to invest in a differentiated brand led by an experienced new management team, with stellar unit economics and balance sheet to fund growth for many years to come.

We believe Shake Shack is still in the early innings of its growth lifecycle with significant runway across several dimensions. Management has articulated a long-term target of 1,500 domestic company-operated Shacks, compared to roughly 390 today. They expect Shake Shack to open 60 to 65 company-operated restaurants in 2026, up from 44 in 2025 which is supported by improving unit economics (35% cash-on-cash returns) as the company has been able to expand restaurant-level margins while reducing build costs. Average unit volumes in domestic company-operated restaurants exceed $4 million, among the highest in the fast-casual peer set, with an attractive sales/investment ratio of roughly two times. Internationally, licensed partners in the Middle East, Asia, and Europe continue to expand, providing high-margin fee income to the company. At the same time, restaurant-level margins are on an upward trajectory as the operations team captures efficiency gains unlocked under new management. We believe that Shake Shack will be able to grow revenue growth in the double digits and EBITDA mid-teens over the next several years, and that shares are attractively priced relative to that growth.

We participated in the IPO of **Blackstone Digital Infrastructure Trust Inc.**, a newly listed Blackstone-sponsored vehicle focused on acquiring stabilized, fully leased data centers underpinned by long-term, non-cancellable leases to the world's largest hyperscalers in primary data center markets. The opportunity is compelling given the absence of large-scale capital dedicated to acquiring stabilized data center assets – leaving a significant volume of institutional-quality assets available at attractive prices with limited competition. Blackstone's sponsorship brings an unparalleled sourcing advantage, having invested $200 billion into digital infrastructure since 2018 and sourcing over 85% of deals off market, alongside a near-term actionable pipeline of $25 billion. We believe the long-term leases with annual escalators and limited exposure to operating risks support a highly visible, attractive return profile. We spent considerable time with management prior to the IPO and came away highly impressed with the depth of the team, the quality of the identified pipeline, and the clarity of the long-term vision.

Applied Aerospace & Defense, Inc. is a premier provider of mission-critical structures and components for the aerospace and defense industrial base. During its IPO, we were drawn to the company's scarce, IP-rich franchise, with an 87% sole source and 89% proprietary portfolio. The company sits deep in the supply chain across three attractive end markets – defense aviation, space launch, and C5ISR/Precision Strike – producing reusable landing systems for launch vehicles, control surfaces for next-generation fixed-wing aircraft, and solid rocket components among other offerings. We see a multi-pronged path to durable growth ahead as the company converts a $1.1 billion backlog and $3.8 billion weighted pipeline into revenue. We expect the company to grow revenue at least at a mid-teens CAGR organically with EBITDA margins expanding to the high 20% level over time.

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	128.6	65.0
Legence Corp.	2025	3.1	9.2	54.3
The Cheesecake Factory Incorporated	2001	1.3	4.0	34.5
Cognex Corporation	2011	1.4	12.1	32.1
Gartner, Inc.	2007	2.2	8.7	19.9

During the quarter, our largest sales were trims of some of our largest and best performing stocks (**Vertiv Holdings Co**, **Legence Corp.**, **The Cheesecake Factory Incorporated**, and **Cognex Corporation**). The weighted average market cap of our decreased positions (20 in total) was approximately $33 billion. We sold three positions during the quarter, with the largest disposal being Floor & Decor Holdings, Inc. as existing home sales, a key driver for flooring demand, remain weak and we favor other ways to play a future housing recovery. We reallocated funds from Accelerant Holdings and PAR Technology Corporation to other ideas we like more.

Outlook

The first half ended with the market near highs and the economy being strong and resilient. Inflation was moderating, with the decline in the price of oil, and interest rates were declining, which would be a positive for growth and the multiples of stocks. But subsequently, the U.S.-Iran deal has collapsed, oil prices have jumped, and rates are trending higher. A very fluid situation.

In June and July, there has been a rotation in the market. The Magnificent Seven was all the rage in 2025 and AI/technology stocks were the primary drivers of market performance in the first half of 2026. But the second quarter's biggest AI winners, semiconductor stocks, have come back to earth. There is newfound interest in sectors and stocks that have been overlooked and haven't participated in the year's rally. This is healthy and a positive trend for the Fund.

We believe small caps, generally, and our portfolio, in particular, are well positioned for good returns. Though the small-cap indexes have done well this year, it's just a narrow swath of stocks that have dominated the performance, and most stocks are still unloved and undervalued. Despite recent outperformance of small-cap growth stocks, the relative valuation versus large caps remains attractive relative to long-term averages. We believe our holdings range from cheap to reasonably valued. We foresee stronger rates of growth going forward, as the industrial economy perks up after three years of subpar growth. We believe this improved earnings trajectory, driven by faster organic growth and the execution of corporate opportunities, will drive good stock performance from these levels.

Thank you for your interest in the Fund. We remain dedicated to applying our time-tested investment approach and confident that it will return excellent results in the long term. Our research team is tremendous. We are excited about the prospects for our holdings and are seeing many new investment opportunities that are generated by the volatility in the market, changing and uncertain perceptions about the future, and an improved new issue calendar.

Sincerely,

Cliff Greenberg
Portfolio Manager

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

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[4] Not annualized.

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

Beta explains common variation in stock returns due to different stock sensitivities to market or systematic risk that cannot be explained by the US Country factor. Positive exposure indicates high beta stock. Negative exposure indicates low beta stock. **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. **Earnings Per Share (EPS)** is a commonly used measure of a company's profitability. It indicates how much profit each outstanding share of common stock has earned. **Free Cash Flow (FCF)** represents the cash that a company generates after accounting for cash outflows to support operations and maintain its capital assets.

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BARON CAPITAL

QUARTERLY LETTER | JUNE 30, 2026

Baron Focused Growth Fund®

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

David Baron
Co-President
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Dear Baron Focused Growth Fund Shareholder,

Performance

Baron Focused Growth Fund (the Fund) rebounded in the second quarter from a disappointing start to the year with the Fund gaining 13.26% (Institutional Shares) compared with a gain of 24.02% for the Russell 2500 Growth Index (the Benchmark). The quarterly relative underperformance was due to continued concerns about the effects of AI on many businesses held in the portfolio as well as continued momentum in the AI infrastructure and data center buildout companies to which the Fund is underexposed. The continued software declines were somewhat offset by the IPO of **Space Exploration Technologies Corp.** (SpaceX) at a significantly higher valuation than we had been carrying it when it was a private entity.

While we are disappointed with the year-to-date relative underperformance, we continue to see opportunities throughout the portfolio. Our portfolio companies continue to do quite well and are generating strong revenue growth with more recurring earnings and cash flow as businesses increase the number of clients and subscribers to their platforms while increasing their spending as they introduce new products and services. This is giving these businesses enhanced pricing power and leading to stronger margins and cash flow for additional investments in their businesses. We believe these investments should lead to further growth with excess cash being returned to shareholders through share buybacks and dividends.

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

Annualized performance (%) for periods ended June 30, 2026†

	Fund Retail Shares[1,2,3]	Fund Institutional Shares[1,2,3,4]	Russell 2500 Growth Index[1]	Russell 3000 Index[1]
QTD[5]	13.17	13.26	24.02	15.44
YTD[5]	7.45	7.61	19.66	10.88
1 Year	26.37	26.72	32.94	22.82
3 Year	20.77	21.09	16.40	20.36
5 Year	12.46	12.76	4.98	12.31
10 Year	21.48	21.79	12.56	15.06
15 Year	16.22	16.52	11.45	13.89
Since Conversion (6/30/2008)	14.42	14.69	10.96	12.18
Since Inception (5/31/1996)	14.03	14.19	8.81	10.23

Valuations for many stocks in the portfolio continue to trade at historically low valuations, and we believe there is a disconnect between where these businesses trade today and what they can become over time. As a result, this past quarter we began to see companies allocating capital towards accelerated share repurchases such as at **Verisk Analytics, Inc.** and **Birkenstock Holding plc** with others accelerating their public market quarterly share repurchases such as at **Las Vegas Sands Corporation**, **Gartner, Inc.**, **FactSet Research Systems Inc.**, **Morningstar, Inc.**, and **Arch Capital Group Ltd**. When we see these purchases, it gives us further confidence in our investment theses for these

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, 2026, was 1.31% and 1.05%, respectively. The performance data quoted represents past performance. Past performance is no guarantee of future results. The investment return and principal value of an investment will fluctuate; an investor's shares, when redeemed, may be worth more or less than their original cost. The 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.

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

We believe this combination of strong and more recurring 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.

Further, there continues to be a ton of capital remaining on the sidelines waiting to be invested as private equity firms continue to raise new funds. We believe as rates continue to move lower over the next 12 to 18 months, public to private transactions and strategic acquisitions should accelerate, which should further support valuations and our investments. We continue to believe these businesses have strong competitive advantages with underpenetrated growth opportunities ahead of them and robust balance sheets to finance their growth.

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

The Fund has continued to outperform its Benchmark over the prior 3-, 5-, and 10- year periods, generating significant excess returns with much less than market risk. Over the past 3-, 5-, and 10- year periods, the Fund has generated 469, 778, and 923 bps of annualized outperformance, respectively, with volatility measured as the beta of the Fund that is approximately 43%, 21%, and 8%, 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 as well as the uncorrelated nature of the portfolio with high active share, which shows the portfolio differentiation versus its benchmark. 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 following table, the Fund has outperformed its Benchmark for all relevant periods longer than one year, including since inception (May 31, 1996). **Since its inception as a private partnership 30 years ago, the Fund has increased 14.19% annually. This compares to an 8.81% annualized return for the Benchmark and a 10.23% annualized return for the Russell 3000 Index that measures the performance of the broad U.S. equity market.**

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Total returns by investment type for the quarter

	Percent of Net Assets (%)	Total Return (%)	Contribution to Return (%)
Disruptive Growth	**45.9**	**32.40**	**10.70**
Space Exploration Technologies Corp.	28.6	64.49	9.87
Tesla, Inc.	6.4	12.93	0.89
Samsara Inc.	2.0	1.71	0.08
Neuralink Corp.	0.1	0.00	0.00
Moderna, Inc.	0.0	(0.12)	0.00
Shopify Inc.	4.6	(3.08)	0.02
Spotify Technology S.A.	4.2	(5.09)	(0.03)
Figma, Inc.	0.0	(21.60)	(0.14)
Russell 2500 Growth Index		**24.02**	
Real/Irreplaceable Assets	**19.5**	**9.78**	**2.23**
Hyatt Hotels Corporation	4.3	34.92	1.46
Red Rock Resorts, Inc.	3.1	22.44	0.67
Toll Brothers, Inc.	0.8	20.95	0.15
Airbnb, Inc.	2.9	13.23	0.35
Vail Resorts, Inc.	3.2	7.86	0.26
Choice Hotels International, Inc.	2.6	6.71	0.25
Wynn Resorts, Limited	0.0	(4.65)	(0.02)
Las Vegas Sands Corporation	2.3	(13.78)	(0.28)
CoStar Group, Inc.	0.2	(31.21)	(0.60)
Financials	**17.7**	**8.67**	**1.90**
Interactive Brokers Group, Inc.	3.9	29.69	1.12
Jefferies Financial Group Inc.	1.9	21.67	0.38
FactSet Research Systems Inc.	2.9	6.45	0.29
MSCI Inc.	5.0	4.10	0.34
Arch Capital Group Ltd.	2.0	1.06	0.00
Morningstar, Inc.	2.1	(9.12)	(0.22)
Core Growth	**20.8**	**(6.69)**	**(1.31)**
Live Nation Entertainment, Inc.	0.9	20.06	0.19
Birkenstock Holding plc	3.5	19.56	0.75
On Holding AG	2.9	4.17	0.28
Verisk Analytics, Inc.	3.1	(5.33)	(0.24)
IDEXX Laboratories, Inc.	2.9	(6.22)	(0.18)
Guidewire Software, Inc.	3.0	(17.95)	(0.60)
Gartner, Inc.	2.7	(18.46)	(0.53)
Procore Technologies, Inc.	0.0	(26.50)	(0.06)
FIGS, Inc.	1.9	(30.75)	(0.91)
Cash and Cash Equivalents	**(3.8)**	**—**	**0.02**
Fees	**—**	**(0.28)**	**(0.30)**
Total	**100.0***	**13.25****	**13.25****

** 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 strong gains due to the IPO of SpaceX at a valuation significantly higher than previous marks, performance in the second quarter was hurt by continued concerns about the introduction of AI into the economy and those businesses that could be impacted most by the new competition. These included our subscription-based software and platform investments such as **Guidewire Software, Inc.**, Gartner, and **CoStar Group, 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.

These losses were offset by gains seen in our exposure to consumer-focused investments as worries about the escalation of the war in Iran dissipated along with concerns about inflation, interest rates, and consumer spending. These included companies such as **Hyatt Hotels Corporation**, **Red Rock Resorts, Inc.**, and Birkenstock. These businesses continue to do quite well, generating strong revenue growth with significant pricing power as the high-end consumer remains robust and continues to spend despite macro uncertainty.

Property and casualty (P&C) insurance software vendor Guidewire declined 18.0% in the second quarter and detracted 60 bps from performance. However, the company continues to do quite well - after a multi-year transition period, the company's cloud transition is substantially complete, and insurers are upgrading to the cloud at an accelerated rate. We believe that cloud will be the sole path forward, with annual recurring revenue (ARR) benefiting from new customer wins and migrations of the existing customer base to the company's Insurance Suite Cloud. We also expect the company to shift R&D resources to product development from infrastructure investment, which should help drive cross-sales into its sticky installed base and potentially accelerate ARR over time. We are encouraged by Guidewire's subscription gross margin expansion, which improved by 340 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%.

Global research and advisory firm Gartner declined 18.5% in the second quarter and hurt performance by 53 bps. The declines were due to multiple compression driven by rising AI fears as the fundamental business continues to be quite strong. The market has come to view AI as an existential risk for a growing number of industries. While there is no evidence of any fundamental impact to these industries, the market is "shooting first and asking questions later," leading to significant stock declines. We believe that AI is an under-appreciated tailwind for Gartner. Every company in the world is struggling to assess the risks and opportunities from AI on their business, and Gartner represents the most comprehensive and cost-effective service to help businesses assess potential outcomes. AI will enable Gartner to convert its proprietary data into actionable insights while also making it easier for customers to consume this data. The company is continuing to generate attractive growth, with contract value accelerating in its most recently reported quarter after decelerating for the four prior quarters. We expect continued acceleration in contract value for the remainder of 2026 and beyond as Gartner makes operational enhancements to its product and sales force, leverages improved public sector spending, and benefits from easier comparisons. Management has accelerated share repurchases as the stock's valuation has declined and we expect this rate of repurchases to be sustained on a go forward basis.

Shares of global hotelier Hyatt appreciated 34.9% and helped performance by 146 bps in the second quarter as revenue per available room (RevPAR) accelerated and management indicated they are seeing increased demand from franchisees for its brands. In addition, the company still expects to grow units between 6% and 7% this year with management indicating they expect it to be in the upper end of that range. We believe this growth combined with mid-single-digit RevPAR growth and slight margin improvement should lead to low double-digit EBITDA growth this year. This should generate strong free cash flow, which the company can use for further share buybacks and reinvestment back into the business. The company still has a strong investment grade balance sheet with 90% of the business coming through fees that should grow to 95% in 2028 as they sell further owned assets and continue to grow their managed and franchised business. Hyatt continues to trade at a discount to peers despite a similar growth and mix of business. We believe this discount should narrow over time as investors see the continued growth and resilience of its business model.

Shares of Las Vegas Locals casino operator Red Rock Resorts increased 22.4% in the second quarter and helped performance by 67 bps as construction disruption dissipated and investors looked ahead to the benefits of the company's recent investments in its resorts. This should result in increased earnings and cash flow and allow the company to continue to invest in its properties while returning capital to shareholders. The company's balance sheet remains strong with increased liquidity for further capital investment and shareholder returns. We believe the stock remains attractive compared to what we believe the business can become in time.

Shares of global footwear retailer Birkenstock increased 19.6% in the second quarter and helped performance by 75 bps as sales continued to be quite strong and grew at a mid-teens rate despite concerns about the war in the Middle East, a depreciating dollar, and tariffs. Full-price sell-through remains above 90%, closed-toe shoes continue to increase penetration rates and same store sales are growing at double-digit rates. Despite the worsening macro since the first quarter, management confirmed all fiscal year 2026 targets and continue to execute on its key growth objectives of expanding retail stores, growing in Asia Pacific and increasing closed-toe penetration. The stock continues to trade at a significant discount to peers with the stock trading at just 15 times next year's earnings per share despite growing earnings 30% next year and 20% after that. We continue to believe the market is being too harsh on the company, even as they continue to deliver solid double-digit growth that is well balanced across regions and channels.

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	2,248.4	64.49	9.87
Hyatt Hotels Corporation	2009	4.2	18.3	34.92	1.46
Interactive Brokers Group, Inc.	2023	33.8	148.0	29.69	1.12
Tesla, Inc.	2014	31.2	1,579.7	12.93	0.89
Birkenstock Holding plc	2023	7.6	7.9	19.56	0.75

Space Exploration Technologies Corp. develops and launches advanced rockets, satellites, and spacecraft, with the long-term goal of making humanity multi-planetary. Shares rose as the company successfully completed the largest initial public offering in history, raising more than $85 billion. The proceeds are expected to accelerate growth across massive addressable markets, such as connectivity, launch, terrestrial and space infrastructure, and AI. Fundamental momentum was further reinforced by landmark compute hosting deals totaling tens of billions of dollars annually, including agreements with market leaders Anthropic and Google. SpaceX also announced its acquisition of Cursor, a premier enterprise AI-powered coding platform. Integrating Cursor's technology, talent, and customer base provides another strategic stepping stone into the vast opportunities within AI applications and agentic systems. Lastly, the company conducted a successful test flight of the latest version of Starship, demonstrating meaningful advancements in rapid and full reusability. We believe these developments support sustained long-term revenue and profit growth well beyond current levels.

Shares of global hotelier **Hyatt Hotels Corporation** increased in the second quarter as RevPAR and management highlighted rising franchisee interest in its brands. As a result, the company is seeing strong growth in earnings and cash flow. Hyatt continues to have a robust balance sheet and is repurchasing shares, taking advantage of the stock's significant valuation discount to peers despite having a similar mix of fee-based business. We believe Hyatt remains an attractive investment despite recent gains.

Global electronic brokerage firm **Interactive Brokers Group, Inc.** contributed to performance as the company continued to compound growth at a rare pace for its scale. Client accounts increased 34% year over year to 5.2 million, customer equity grew 40%, and margin loan balances rose 67%. Trading activity remained robust, with June daily average revenue trades increasing 53% year over year. Operating on a highly automated, low-cost platform, Interactive Brokers benefits from substantial operating leverage as volume grows, supporting industry-leading pretax margins. New opportunities, including an expanded prediction markets offering and the favorable modernization of day-trading margin rules, further extend the company's growth runway. We retain conviction in the stock, viewing Interactive Brokers as a structural share gainer with a large global addressable market that few competitors can serve at similarly low cost.

Top detractors from performance for the quarter

	Year Acquired	Market Cap When Acquired ($B)	Quarter End Market Cap ($B)	Total Return (%)	Contribution to Return (%)
FIGS, Inc.	2022	1.5	1.7	(30.75)	(0.91)
Guidewire Software, Inc.	2013	2.7	10.2	(17.95)	(0.60)
CoStar Group, Inc.	2014	6.2	11.6	(31.21)	(0.60)
Gartner, Inc.	2026	11.2	8.7	(18.46)	(0.53)
Las Vegas Sands Corporation	2023	34.7	30.6	(13.78)	(0.28)

FIGS, Inc. designs and sells scrubwear for health care professionals through a digitally native, direct-to-consumer strategy. The stock detracted from performance as shares slipped due largely to investor positioning. Even so, the company reported a very strong first quarter. Revenue came in at $159.9 million, up 28%, well ahead of the company's guidance for low-20% growth and above consensus expectations. The results were broad-based. U.S. revenue grew 24% to $131.6 million, with strength across core offerings, new product launches, and promotional periods, while international revenue accelerated 50% to $28.3 million, with double-digit growth in every region. Active customers surpassed 3 million for the first time, up 12% year over year, with both new and repeat customers contributing. We continue to have conviction in the strength of FIGS' business model and the company's ability to gain market share in the attractive global health care apparel industry.

Shares of P&C insurance software vendor **Guidewire Software, Inc.** declined after a handful of deals slipped from the fiscal third quarter into the fiscal fourth quarter. We believe this is purely a timing issue, with these deals having since closed in the current period. Guidewire's InsuranceSuite platform serves as the core system of record for insurance carriers, functioning as the single source of truth for the policies an insurer writes, the claims it processes, the premiums it collects, and the payments it makes. We think the core-system opportunity alone represents nearly $20 billion of annual recurring revenue, or roughly 20 times Guidewire's current size. In our view, AI will meaningfully expand this opportunity by enabling automation and intelligence on top of the core system of record. Guidewire is already bringing new AI-enabled capabilities to market and signing customers, and we expect adoption to accelerate over the coming year. Finally, we expect Guidewire to benefit from the same internal productivity enhancements AI is driving across enterprises, which should help it grow faster with lower costs and ultimately improve profitability.

CoStar Group, Inc. is the leading provider of information and marketing services to the commercial and residential real estate industries. Shares fell due to multiple compression driven by rising AI fears. The market has increasingly come to view AI as an existential risk for a growing number of industries, including software, business services, information services, and video games. While there is little evidence of any fundamental impact on these sectors, investors have largely adopted a "shoot first and ask questions later" approach, leading to significant stock price

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declines. We continue to own CoStar due to its enviable business model, differentiated data assets, and meaningful growth opportunities in providing enhanced real estate information, analytics, and marketplace offerings. The company also maintains a substantial cash balance, which we are hopeful will be used to aggressively repurchase shares at current depressed valuation levels.

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 potentially 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 45% invested in high-growth disruptive investments that can potentially generate revenue growth of as much as 20% to 30%; 20% of the portfolio in real irreplaceable assets that trade at significant discounts to replacement cost and where they would sell to private equity or another strategic buyer; between 15% and 20% in financial data businesses that have recurring revenue and earnings given the embedded nature of their products in the workflow of their customers; and the balance in core double-digit revenue growing businesses that are more mature in their lifecycle and generate earnings growth while using excess cash for dividend increases, share buybacks, and additional investments in the business to accelerate growth further.

As of June 30, 2026, 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. 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, which explains why the Fund has such high active share of almost 100%. It is nothing like the Benchmark! For example, the Fund is heavily weighted to Consumer Discretionary businesses with 33.9% of net assets in this sector versus 9.6% for the Benchmark. The Fund has no exposure to Energy, Materials, Consumer Staples, 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 8.6% aggregate exposure to these sectors. The Fund also has lower exposure to Health Care stocks at 3.0% versus 24.5% for the Benchmark. The performance of many stocks in the Health Care sector can change quickly due to exogenous events or binary outcomes (e.g., biotechnology and pharmaceuticals). As a result, we tend to limit our exposure to these stocks in this focused portfolio. In Health Care, we invest in competitively advantaged companies that are leaders in their industries such as **IDEXX Laboratories, Inc.**, the leading provider of diagnostics to the veterinary industry and who is benefiting from the increase in pets that people acquired during the COVID pandemic, especially as these pets age. The Fund is further diversified by investments in businesses at different stages of growth and development.

Disruptive Growth Companies

	Percent of Net Assets (%)	Year Acquired	Cumulative Return Since Date Acquired (%)
Space Exploration Technologies Corp.	28.6	2017	6,428.5
Tesla, Inc.	6.4	2014	2,419.5
Shopify Inc.	4.6	2022	228.0
Spotify Technology S.A.	4.2	2020	91.9
Samsara Inc.	2.0	2025	(4.9)
Neuralink Corp.	0.1	2025	0.0

Disruptive Growth firms accounted for 45.9% 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 e-commerce platform provider **Shopify Inc.** These companies all have large underpenetrated addressable markets and are well financed with significant equity stakes by these founder-led companies, giving us further conviction in our investment.

Core Growth Investments

	Percent of Net Assets (%)	Year Acquired	Cumulative Return Since Date Acquired (%)
Birkenstock Holding plc	3.5	2023	7.0
Verisk Analytics, Inc.	3.1	2022	6.5
Guidewire Software, Inc.	3.0	2013	166.2
On Holding AG	2.9	2023	11.1
IDEXX Laboratories, Inc.	2.9	2022	19.3
Gartner, Inc.	2.7	2026	(18.3)
FIGS, Inc.	1.9	2022	11.7
Live Nation Entertainment, Inc.	0.9	2024	30.5

Core Growth investments, steady growers that continually invest in their businesses for growth and return excess cash-flow to shareholders, represented 20.8% of net assets. An example would be **FIGS, Inc.**, the largest provider of scrubs and other attire to health care workers. The company continues to add new customers and increase the level of spending per customer as they add new articles of clothing and open new stores both domestically and abroad. This has allowed them to grow its addressable market and improve client retention and cash flow. FIGS continues to invest its cash flow in its business to accelerate growth further, which we believe should generate strong returns over time.

Investments with Real/Irreplaceable Assets

	Percent of Net Assets (%)	Year Acquired	Cumulative Return Since Date Acquired (%)
Hyatt Hotels Corporation	4.3	2009	616.5
Vail Resorts, Inc.	3.2	2013	213.6
Red Rock Resorts, Inc.	3.1	2017	288.8
Airbnb, Inc.	2.9	2024	24.8
Choice Hotels International, Inc.	2.6	2010	461.9
Las Vegas Sands Corporation	2.3	2023	7.0
Toll Brothers, Inc.	0.8	2025	53.8
CoStar Group, Inc.	0.2	2014	32.3

Companies that own what we believe are **Real/Irreplaceable Assets** represent 19.5% of net assets. **Vail Resorts, Inc.**, owner of the premier ski resort portfolio in the world, upscale lodging brand **Hyatt Hotels Corporation**, and **Red Rock Resorts, Inc.**, the largest casino operator in the Las Vegas Locals casino gaming market, are examples of companies we believe possess meaningful brand equity and barriers to entry that equate to pricing power over time. All of these businesses trade at significant discounts to what we believe they would sell for to a private equity or strategic investor.

Financials Investments

	Percent of Net Assets (%)	Year Acquired	Cumulative Return Since Date Acquired (%)
MSCI Inc.	5.0	2021	(9.7)
Interactive Brokers Group, Inc.	3.9	2023	342.9
FactSet Research Systems Inc.	2.9	2008	446.7
Morningstar, Inc.	2.1	2026	(7.4)
Arch Capital Group Ltd.	2.0	2003	2,703.1
Jefferies Financial Group Inc.	1.9	2023	78.7

Financials investments accounted for 17.7% 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 June 30, 2026, the Fund's top 10 holdings represented 66.8% 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.**, **MSCI Inc.**, **Shopify Inc.**, and **Hyatt Hotels Corporation**, all have, in our view, significant competitive advantages due to irreplaceable assets, strong brand awareness, technologically superior industry expertise, or exclusive data that is integral to their operations. We think these businesses cannot be easily duplicated and have large market opportunities to penetrate further, which enhances their potential for superior earnings growth and shareholder returns.

Top 10 holdings

	Year Acquired	Market Cap When Acquired ($B)	Quarter End Market Cap ($B)	Quarter End Investment Value ($M)	Percent of Net Assets (%)
Space Exploration Technologies Corp.	2017	21.6	2,248.4	1,584.3	28.6
Tesla, Inc.	2014	31.2	1,579.7	352.2	6.4
MSCI Inc.	2021	53.9	41.0	278.3	5.0
Shopify Inc.	2022	43.9	147.6	254.7	4.6
Hyatt Hotels Corporation	2009	4.2	18.3	238.2	4.3
Spotify Technology S.A.	2020	45.4	94.5	231.2	4.2
Interactive Brokers Group, Inc.	2023	33.8	148.0	214.2	3.9
Birkenstock Holding plc	2023	7.6	7.9	193.9	3.5
Vail Resorts, Inc.	2013	2.3	4.9	176.5	3.2
Red Rock Resorts, Inc.	2017	2.6	6.8	172.9	3.1

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

Sincerely,

Ronald Baron
Founder
CEO
Portfolio Manager

David Baron
Co-President
Portfolio Manager

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

1 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.

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. **Beta** explains common variation in stock returns due to different stock sensitivities to market or systematic risk that cannot be explained by the US Country factor. Positive exposure indicates high beta stock. Negative exposure indicates low beta stock. **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. **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. **Return(s) on Invested Capital (ROIC)** is a calculation used to determine how well a company allocates its capital to profitable projects or investments. **Sharpe Ratio** is a risk-adjusted performance statistic that measures reward per unit of risk. The higher the Sharpe ratio, the better a fund's risk adjusted 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 | JUNE 30, 2026

Baron SMID Cap ETF®

Ticker: BCSM

Randy Gwirtzman
Portfolio Manager

Laird Bieger
Portfolio Manager

Dear Baron SMID Cap ETF Shareholder,

Palantir (@PalantirTech). "Your AI sovereignty dictates your institution's future... Data retention is your treasure. Transfer it at your own peril... There is no contradiction between sovereignty and alpha." X (formerly Twitter), June 30, 2026.

Cumulative performance (%) for periods ended June 30, 2026†

	ETF Market Price[1,2]	ETF NAV[1,2]	Russell 2500 Growth Index[1]	Russell 3000 Index[1]
QTD	15.50	15.62	24.02	15.44
YTD	3.08	3.41	19.66	10.88
Since Inception (12/12/2025)	1.49	1.47	16.91	10.95

Performance

Baron SMID Cap ETF® (BCSM) gained 15.62% (NAV) in the second quarter, underperforming the Russell 2500 Growth Index (the Benchmark), which increased 24.02%, by 8.40%.

The rotation into perceived "AI winners" from the first quarter continued. These include companies that supply chips, power generation equipment, electrical and air conditioning equipment, engineering services and infrastructure, and financing geared toward AI data center construction. The PHLX Semiconductor Sector Index (known as the "SOX") had its best quarter ever! While there is no doubt that AI is revolutionary, we believe that the indiscriminate momentum driving the price performance in the AI winners bucket has a number of headwinds that by the end of the second quarter were beginning to show. These include:

1. Concerns regarding the pushback on unbridled usage of AI tokens (which measure the amount of work and thereby cost of usage) by customers of large language models (LLMs) including OpenAI and Anthropic. There are numerous reports of so-called "tokenmaxxing" being curtailed by companies such as Tesla, Meta, Accenture, and Walmart. And this is quantified in the Silicon Data LLM Token Expenditure Index which has shown a dramatic reduction in the willingness to spend on tokens from May to the end of June 2026.
2. Greater sophistication by customers of LLMs in their understanding that the LLMs want to take customer data for the benefit of their own LLM development, or even to create competing products. This is leading to customer creation of their own small language models which help to lower costs of LLM usage and simultaneously wall off intellectual property data leakage to outsiders. This is the point made in the opening quote to this letter.
3. Pushback on the build of new data centers by local communities. NIMBY or Not In My Back Yard lawsuits have slowed new construction.

The result is that in the last few weeks of the second quarter, and into the current quarter, the AI winners have receded (including semiconductors in particular), and we have seen a rebound in health care, industrials (including aerospace and defense), and importantly, software which has been the poster child of the "AI losers" bucket for the last 12 months. In this period (where more rational heads are prevailing), BCSM has outperformed.

Much of this AI activity is reflected in style factors. In fact, according to MSCI's Barra factor attribution, our entire underperformance can be attributed to being underweight Momentum (not "chasing" short-

Performance listed in the above table is net of annual operating expenses. The total annual fund operating expense ratio as of April 30, 2026 was 0.75%. The performance data quoted represents past performance. Past performance is no guarantee of future results. The investment return and principal value of an investment will fluctuate; an investor's shares, when redeemed, may be worth more or less than their original cost. Total returns assume the reinvestment of all distributions and the deduction of all fund expenses. Current performance may be lower or higher than the performance data quoted. For performance information current to the most recent month end, visit BaronCapitalGroup.com or call 1-800-99-BARON.

term stock price winners hurt us by 4.16%) and Beta (not structuring a portfolio that moves more relative to the market hurt by 2.90%) for a total of 7.06% of the 8.40% underperformance in the quarter. Additionally, because BCSM is weighted a bit more toward mid-cap sized stocks versus the Benchmark, we were hurt by an additional 2.15%.

Like its sister fund in small-cap growth (Baron Discovery Fund®), BCSM is built for long-term returns based upon growth in the free cash flow of our investments. These investments are individually picked for their management talent, market opportunities, and competitive positioning. We target doubling our investment in each company in a three-to-five-year time frame. On top of this, we risk manage the portfolio to retain balance among industries, aggressiveness of growth profile, position sizing, and valuation. We are always invested in the fastest themes in the economy, but we are not all-in on any individual theme including AI (which was the only way to keep up with the market in the last two quarters). We hate to underperform, but we will accept short-term underperformance in momentum-driven periods as the price to pay for long-term alpha and the avoidance of catastrophic losses.

Top contributors to performance for the quarter

	Contribution to Return (%)
Forgent Power Solutions, Inc.	1.78
Datadog, Inc.	1.58
Coherent Corp.	1.57
Rubrik, Inc.	1.42
Lattice Semiconductor Corporation	1.31

Forgent Power Solutions, Inc. is a leading manufacturer of electrical distribution equipment used in data centers, the power grid, and industrial applications. Forgent is a low- and medium-voltage equipment specialist focused on custom, "engineered-to-order" products (over 90% of revenue) whereas larger competitors in the industry generally focus more on higher voltage and standard products. The stock rose during the quarter as it continued to deliver very strong financial results reflecting improving demand for its products amidst the broader data points on AI infrastructure and grid buildout continuing to point to strong growth for the next several years. Forgent is gaining share with its ability to offer customized products at industry-leading lead times and is still just scratching the surface of its opportunity having sold very little directly to the biggest customers in the market. The company has invested heavily in capacity and people to support future growth, and we see many strong years of growth and margin expansion ahead as it grows from an approximate $1.2 billion revenue run-rate currently into its $5 billion manufacturing footprint.

Shares of **Datadog, Inc.** outperformed during the quarter as results confirmed the company is emerging as a structural beneficiary of the AI buildout. Datadog, a leading observability and cloud monitoring platform, secured landmark deals with the superintelligence research divisions of two of the world's largest technology companies—organizations that historically built tooling in-house—validating its commercial value and opening the model-training market as an entirely new addressable opportunity. Beyond these marquee wins, the growth proved encouragingly broad: revenue accelerated to 32% year over year for a fourth straight quarter, non-AI core customers re-accelerated to mid-20% usage growth at scale, and the AI-native cohort diversified to more leading labs and AI-native applications. Management raised its full-year guidance for revenue and earnings per share materially, and net revenue retention re-accelerated to the low 120%. We believe this quarter served as further evidence that AI is expanding demand for observability through more cloud workloads, faster development timelines, and a more complex stack to monitor. Our conviction in the long-term thesis is intact and reinforced by multiple secular growth drivers.

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

Top detractors from performance for the quarter

	Contribution to Return (%)
Shake Shack Inc.	(0.83)
Karman Holdings Inc.	(0.68)
Guidewire Software, Inc.	(0.60)
Rollins, Inc.	(0.43)
Hamilton Lane Incorporated	(0.41)

Shares of **Shake Shack Inc.**, the better-burger fast casual concept, detracted from performance in the second quarter. The stock fell sharply after the company reported weaker-than-expected first-quarter earnings, though we believe the reaction reflected poor communication and expectation-setting rather than any deterioration in the underlying business. Same-shack sales grew 4.6%, including 1.4% in positive traffic, the third consecutive quarter of positive traffic growth, despite a 2.40% weather headwind. Restaurant-level margin expanded 0.5% to 21.2%. While adjusted cash flow (EBITDA) missed expectations, this was due to the timing of some costs (specifically accelerated pre-opening costs) as well as the timing of some repair and maintenance costs. Lastly, while trends in April showed weakness, early May rebounded nicely with 8% same-Shack sales and 5% restaurant traffic growth driven by excitement around menu innovation. We continue to believe that Shake Shack is a compelling long-term growth idea and that its valuation is extremely attractive relative to business fundamentals.

SMALL-MID CAP

Karman Holdings Inc. designs, tests, and manufactures mission-critical systems for existing and emerging missile and space programs, which are some of the growthiest and in-demand segments of the defense industry. It has unique experience in complex/proprietary manufacturing methods, high end materials and composites, and system level design. Nearly 90% of Karman's sales are sole-sourced from the company, and 94% of its revenue is tied to proprietary IP-driven solutions (including patent protected technologies). This enables it to drive adjusted cash flow margins in excess of 30%. Shares declined during the quarter for a few reasons. First, markets are concerned about noise related to the defense budget during an election year, as well as the reversal of momentum into defense stocks earlier in the year when the Iran war started. This has compressed multiples across the industry. Second, in May there was a secondary share sale on behalf of Karman's private equity sponsor and its limited partners (we believe the sponsor is done selling its own shares, though the limited partners are likely to sell some more in July). Finally, the company also changed its CEO, with Tony Koblinski stepping back to the board on his way to retirement. We very much liked Tony's leadership and admired his construction of the company as it exists today. We have now met with new CEO Jon Rambeau multiple times and we are confident that he will be able to move Karman to the next level. Jon is a mechanical engineer with a fantastic breadth of experience at Lockheed Martin and L3Harris Technologies.

Investors should be comforted that Jon has maintained Karman's expectation of 20% or greater organic growth for the foreseeable future. This is partly based upon the receipt of multi-year contingent contracts for missile components that started at around $1 billion in value but have progressed to amounts significantly in excess of this. This is in line with the Department of War's stated objective to increase missile production at rates of two to five times existing levels on systems such as Patriot (PAC-3), Standard Missile (SM3/6), THAAD interceptors, Tomahawk cruise missiles, and others. We expect to see Karman grow well above its peers given its mission critical content on these and other programs that are seeing multifold increases in production over the next few years.

Shares of property and casualty insurance software vendor **Guidewire Software, Inc.** declined due to a small handful of deals slipping into the fiscal fourth quarter from the fiscal third quarter coinciding with fears of AI-driven disruption pressuring industry-wide valuation multiples. We surmise that the deal slippage is purely a timing issue, and that the deals that slipped will all close in the current period. We also believe that AI will be a significant tailwind for the company. Guidewire's InsuranceSuite platform serves as a core system of record for insurance carriers. Guidewire is the single source of truth for the policies written by an insurer, the claims that it needs to process, the premiums it needs to collect, and the payments it needs to make. The complexity of insurance policies, their highly regulated nature, and the fact that they exclusively exist in Guidewire rather than in a physical form makes the system of record particularly critical, and therefore highly valuable. We believe the core system opportunity alone represents almost $20 billion of annual recurring revenue, or close to 20 times Guidewire's current size. We think AI will meaningfully expand this opportunity by enabling automation or intelligence on top of the core system of record. We are already seeing Guidewire bring new AI-enabled capabilities to market and sign customers, and we expect adoption to grow rapidly over time. Finally, we expect Guidewire to harness AI to help the company support faster growth with lower costs, ultimately leading to better profitability.

Portfolio Structure

Top 10 holdings

	Year Acquired	Quarter End Investment Value ($M)	Percent of Net Assets (%)
Axon Enterprise, Inc.	2025	1.4	4.2
Rubrik, Inc.	2025	1.1	3.2
Loar Holdings Inc.	2025	1.0	3.1
Coherent Corp.	2025	0.9	2.8
Samsara Inc.	2025	0.9	2.8
Forgent Power Solutions, Inc.	2026	0.9	2.7
Enpro Inc.	2025	0.9	2.7
Dynatrace, Inc.	2025	0.9	2.6
Datadog, Inc.	2026	0.8	2.6
Mercury Systems, Inc.	2025	0.8	2.5

The top 10 holdings in the Fund represented 29.3% of total assets. We expect the top 10 holdings to represent roughly 30% of the portfolio over time.

Recent Activity

Top net purchases for the quarter

	Year Acquired	Quarter End Market Cap ($B)	Net Amount Purchased ($K)
Shake Shack Inc.	2026	2.4	601.5
Advanced Drainage Systems, Inc.	2026	12.0	575.8
Axon Enterprise, Inc.	2025	45.2	391.0
AMETEK, Inc.	2026	55.5	376.9
Viking Holdings Ltd	2026	46.7	355.0

During the quarter we purchased **Shake Shack Inc.**, a premium fast-casual burger chain. We believe Shake Shack is one of the most compelling growth stories in restaurants today, with a differentiated brand, improving unit economics, and an accelerating unit growth algorithm. Shake Shack operates over 675 locations globally, with 390 company-operated units and 289 licensed units. The brand sells across urban street locations, suburban formats, and licensed venues including airports, stadiums, and international franchise territories. Average unit volumes in domestic company-operated restaurants exceed $4 million, among the highest in the fast-casual peer set. Shake Shack differentiates itself versus both conventional quick service burger chains and most fast-casual peers through a higher quality product and a proven innovation ability that most burger chains cannot match. That product quality has translated into average unit volumes that exceed most fast-casual peers despite a price point that, while premium to quick service restaurant (QSR) operators, remains accessible relative to sit-down dining. Importantly, this quality positioning insulates Shake Shack from the aggressive discounting and value-war dynamics currently pressuring conventional QSR operators like McDonald's, Burger King, and Wendy's, whose core consumer is highly price-elastic and whose product is not meaningfully differentiated on quality.

We believe Shake Shack is still in the early innings of its growth lifecycle with significant runway across several dimensions. Management has articulated a long-term target of 1,500 domestic company-operated Shacks, compared to roughly 390 today. They expect to open 60 to 65 company-operated restaurants in 2026, up from 44 in 2025, which is supported by improving unit economics as the company has been able to expand restaurant-level margins while reducing build costs. Internationally, licensed partners in the Middle East, Asia, and Europe continue to expand. At the same time, restaurant-level margins are on an upward trajectory as the operations team captures efficiency gains unlocked under new management. We believe that Shake Shack will be able to grow revenue in the double digits and EBITDA mid-teens over the next several years and that shares are attractively priced relative to that growth.

During the quarter, we initiated a position in **Advanced Drainage Systems, Inc.** (ADS), the leading U.S. manufacturer of stormwater and onsite wastewater management products. The company offers a comprehensive suite of pipes, drainage structures, storage chambers, and water treatment systems designed to manage stormwater from the moment it hits the ground until it is returned cleanly to the environment. We view ADS as a high-quality, competitively differentiated business. It is the only national player of scale in an otherwise fragmented market and is roughly 10 to 15 times larger than its next closest competitors. Its manufacturing and logistics footprint is unmatched, spanning more than 60 plants and a company-owned fleet of roughly 600 trucks and 1,100 trailers that enables delivery of bulky products directly to jobsites. Its vertically integrated recycling operations, which supply roughly half of its raw materials at a discount to virgin resin, make it the lowest cost producer in the space.

ADS operates in an industry that is currently benefitting from both secular and cyclical tailwinds. The company estimates the combined stormwater and onsite wastewater market at roughly $16 billion today, of which it holds only a high teens share, leaving ample room to grow. Several secular tailwinds are working in its favor, most notably the rising frequency and intensity of storms and the aging, undersized infrastructure across much of the country, both of which are driving greater investment into stormwater management systems. On the wastewater side, only about 25% of U.S. homes currently have an onsite septic system versus roughly a third of new homes being built, so adoption should rise naturally over time. Underpinning all of this is the steady, multi-decade conversion from legacy concrete pipe and tanks to plastic, which is cheaper, lighter, and both faster and less labor-intensive to install. From a cyclical standpoint, both residential and non-residential new construction markets are potentially at cyclical lows following several years of muted activity.

We see a compelling, multi-year growth opportunity ahead for ADS. Management outlined a credible path to grow revenue organically at a rate "greater than 8%" through 2030, and at "greater than 10%" including acquisitions, drawing on a strong track record of using M&A as a growth lever. We also expect margins to expand over time, supported by operating leverage as residential and non-residential new construction markets eventually recover, along with ongoing new product introductions and favorable price / cost realization. Finally, we believe the valuation is attractive today, with shares trading at a below-average multiple of roughly 12 times fiscal 2027 EBITDA on what should prove to be near-bottom-of-the-cycle earnings.

Axon Enterprise, Inc. is a public-safety-oriented company that sells its products to governments and law enforcement agencies around the world. Its mission is to “make the bullet obsolete” using non-lethal Taser devices combined with digital body cameras, drones, license plate readers, cloud-based software (including AI report generation which simplifies the administrative workload for law enforcement officers), and virtual reality training. This array of technology aims to provide better relationships between law enforcement and its constituent communities, and to reduce the number of fatal outcomes dramatically when stressful confrontations occur. Axon was a very successful investment for Baron Discovery Fund® when it was a smaller market cap company. In the current quarter we got a rare opportunity to repurchase Axon at a discount when it traded down as part of the “AI losers” basket. For the first half of 2026, the market has pressured the shares of all software-oriented companies as part of the “LLMs will eat all other software companies” trade. We view Axon as a market leading “atoms plus electrons” software provider with huge competitive moats. And we believe there’s an opportunity to more than double our money over a five-year time frame at current prices.

Top net sales for the quarter

	Year Acquired	Market Cap When Acquired ($B)	Market Cap When Sold ($B)	Net Amount Sold ($K)
Booz Allen Hamilton Holding Corporation	2025	11.3	8.5	652.6
Insulet Corporation	2025	20.8	11.1	594.7
Heartflow, Inc.	2026	1.9	2.5	382.8
Rambus Inc.	2026	10.7	12.0	363.3
Monolithic Power Systems, Inc.	2025	45.6	67.9	327.5

Booz Allen Hamilton Holding Corporation is a provider of IT services for state and federal governmental entities. The company has stabilized its revenue base after experiencing meaningful declines in its federal civil segment caused by cost reduction initiatives in the federal government. While we admire the company and its management, we are increasingly concerned that IT consulting is becoming more commoditized, and we believe we can find more protected areas within IT for our capital.

Insulet Corporation is the global leader in tubeless automated insulin delivery (AID) devices. It has over 600,000 active global customers using its AID devices and had $2.7 billion in revenues in 2025 which is a fraction of the $19 billion worldwide type 1 diabetes market it predicts in 2028, and the additional $12 billion type 2 market in 2028. We sold our position in the quarter to re-evaluate the accelerating competitive landscape and to assess a series of safety issues that have affected Insulet's AID production. We admire the company and its products and are keeping Insulet on our radar.

Heartflow, Inc. is a provider of software that analyzes CT scans (with contrast) of a patient's coronary arteries, and shows calcification, plaque buildup, and blood flow quality in a three-dimensional model. We sold the position in the quarter as we grew incrementally more concerned with the presence of competitors on the market.

Outlook

As we noted in our BCSM letter for the first quarter of 2026, our companies are performing well fundamentally, and we view our holdings as long-term cash flow compounders that will drive significant returns for our investors. The dramatic AI winners (only) trade is likely to reverse at some point and more rational views of valuation and company differentiation will come more into focus. We are not saying that the AI trade is over, only that investors will become more discerning (as we always are), and will invest more rationally in higher quality companies within the AI winners basket as well as in the other secular growth areas of the economy (health care, software, etc.) that have been ignored in the current market mania. We are confident that BCSM will shine as this transition plays out.

Sincerely,

Randy Gwirtzman
Portfolio Manager

Laird Bieger
Portfolio Manager

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

[1] The **Russell 2500™ Growth Index** measures the performance of small to medium-sized U.S. companies that are classified as growth. The **Russell 3000® Index** measures the performance of the broad segment of the U.S. equity universe comprised of the largest 3000 U.S. companies representing approximately 98% of the investable U.S. equity market. All rights in the FTSE Russell Index (the "Index") vest in the relevant LSE Group company which owns the Index. Russell® is a trademark of the relevant LSE Group company and is used by any other LSE Group company under license. Neither LSE Group nor its licensors accept any liability for any errors or omissions in the indexes or data and no party may rely on any indexes or data contained in this communication. The Fund includes reinvestment of dividends, net of withholding taxes, while the Russell 2500™ Growth and Russell 3000® Indexes include reinvestment of dividends before taxes. Reinvestment of dividends positively impacts the performance results. The indexes are unmanaged. Index performance is not Fund performance. Investors cannot invest directly in an index.

[2] The performance data in the table does not reflect the deduction of taxes that a shareholder would pay on Fund distributions or redemptions of Fund shares.

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

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

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

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

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

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

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

Beta explains common variation in stock returns due to different stock sensitivities to market or systematic risk that cannot be explained by the US Country factor. Positive exposure indicates high beta stock. Negative exposure indicates low beta stock. **EBITDA**, short for earnings before interest, taxes, depreciation, and amortization, is an alternate measure of profitability to net income. It's used to assess a company's profitability and financial performance. **Free Cash Flow (FCF)** represents the cash that a company generates after accounting for cash outflows to support operations and maintain its capital assets.

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QUARTERLY LETTER | JUNE 30, 2026

Baron Asset Fund®

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

Andrew Peck
Portfolio Manager

Dear Baron Asset Fund Shareholder,

Performance

After selling off in March, largely in response to the U.S.-Iran conflict, U.S. equities rallied to record highs during the second quarter. Market returns were driven primarily by a relatively narrow group of stocks that investors believe will be outsized beneficiaries of an AI-driven transformation of the global economy. Sector performance reflected this one-sided market dynamic. Information Technology (IT) stocks, and semiconductor stocks in particular, outperformed all other sectors by a wide margin. In fact, the iShares Semiconductor ETF (SOXX) gained nearly 100% during the quarter.

Against this backdrop, Baron Asset Fund (the Fund) rose 18.98% (Institutional Shares) in the quarter, outperforming the Russell Midcap Growth Index (the Index) by 443 basis points. According to MSCI's Barra factor attribution, the Fund's positive stock selection offset significant headwinds from certain style factors, principally Beta and Momentum. The Fund's longstanding investment approach left the portfolio underexposed to Beta, and this underweight was detrimental given this factor's outstanding performance.

In fact, the Beta factor posted its best three-month performance on record during the quarter. This showing rivaled Beta's exceptional performance during previous sharp market rallies that followed bear markets, such as "Black Monday," the dotcom collapse, the Great Recession, and the COVID pandemic. The Fund's underexposure to Momentum was also problematic as this factor continued its run of strong performance during the quarter, driven by investor enthusiasm for AI.

We are encouraged that the Fund managed to overcome a challenging backdrop during the past 12 months. Index performance was driven by stocks with characteristics (Beta and Momentum) that the Fund's investment approach leads us to underweight. In addition, Earnings Quality has mostly been out of favor, especially in the latter half of 2025, presenting a further headwind to relative performance.

Annualized performance (%) for periods ended June 30, 2026[†]

	Fund Retail Shares[1,2]	Fund Institutional Shares[1,2,3]	Russell Midcap Growth Index[1]	Russell 3000 Index[1]
QTD[5]	18.90	18.98	14.55	15.44
YTD[5]	9.54	9.68	7.27	10.88
1 Year	13.04	13.33	6.17	22.82
3 Years	11.93	12.22	15.61	20.36
5 Years	3.44	3.70	6.03	12.31
10 Years	12.05	12.34	13.04	15.06
15 Years	11.28	11.58	12.01	13.89
Since Inception (6/12/1987)	11.25	11.38	10.51[4]	10.79

We are optimistic that the Fund is positioned to continue to outperform. In particular, we believe that the Fund's overexposure to software and services businesses should become a positive tailwind. As shown in the chart on the following page, the Fund's holdings in this area have performed poorly and weighed meaningfully on overall performance. Despite a material improvement in these businesses' prospects, they are presently trading at exceptionally attractive valuations. We expect valuations of these stocks to re-rate higher, as market leadership broadens beyond the existing "AI beneficiaries."

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Performance listed in the above table is net of annual operating expenses. Annual expense ratio for the Retail Shares and Institutional Shares as of January 28, 2026 was 1.31% and 1.05%, respectively. The performance data quoted represents past performance. Past performance is no guarantee of future results. The investment return and principal value of an investment will fluctuate; an investor's shares, when redeemed, may be worth more or less than their original cost. The Fund's transfer agency expenses may be reduced by expense offsets from an unaffiliated transfer agent, without which performance would have been lower. Current performance may be lower or higher than the performance data quoted. For performance information current to the most recent month end, visit BaronCapitalGroup.com or call 1-800-99-BARON.

Baron Asset Fund - Software and Services Losses Driven by Multiple Compression, Not Fundamentals

	Weight as of 6/30/2026 (%)	1-Year Ended 6/30/2026 Returns: Fund +13.33% vs. Russell Midcap Growth Index +6.17% Average Weight (%)	Stock Total Return (%)	Contribution to Return (%)	Multiple Used	Valuation Multiple 6/30/2025 (x)	Valuation Multiple 6/30/2026 (x)	Change in Multiple (%)	10-Year Average Multiple (x)	Discount to 10-Year Average Multiple (%)	Growth Rate[1] (%)
Software and Services	**22.9**	**35.7**	**(37.6)**	**(21.86)**				**(46)**		**47**	**27**
Gartner, Inc.	1.7	3.6	(68.0)	(5.13)	P/FCF	25	7	(71)	25	72	12
CoStar Group, Inc.	1.3	3.2	(64.8)	(3.25)	P/FCF	113	20	(82)	154	87	100
FactSet Research Systems Inc.	0.9	1.2	(47.7)	(1.04)	P/E	25	12	(51)	25	52	5
Guidewire Software, Inc.	2.7	4.5	(47.7)	(3.01)	P/FCF	65	25	(61)	189	87	35
Verisk Analytics, Inc.	3.0	3.8	(41.8)	(2.60)	P/E	42	22	(47)	32	30	9
Procore Technologies, Inc.	0.4	0.8	(41.1)	(0.42)	EV/FCF	46	18	(62)	433	96	58
Booz Allen Hamilton Holding Corporation	0.3	0.7	(40.4)	(0.36)	EV/EBITDA	12	9	(28)	14	38	(8)
Spotify Technology S.A.	1.0	1.5	(40.1)	(0.88)	EV/FCF	40	20	(51)	141	86	15
Roper Technologies, Inc.	1.4	2.1	(39.8)	(1.30)	EV/EBITDA	22	13	(39)	20	36	7
Veeva Systems Inc.	0.7	1.4	(39.1)	(0.84)	EV/FCF	33	13	(59)	41	67	30
Fair Isaac Corporation	0.8	2.1	(37.4)	(1.24)	P/E	53	23	(56)	39	40	49
ServiceTitan, Inc.	0.5	0.6	(34.5)	(0.33)	EV/Sales	10	5	(46)	8	37	24
LPL Financial Holdings Inc.	0.4	0.5	(24.6)	(0.15)	P/E	18	11	(40)	14	25	25
SS&C Technologies Holdings, Inc.	0.6	0.9	(24.0)	(0.25)	P/E	13	9	(36)	14	40	17
CDW Corporation	0.6	0.8	(20.1)	(0.26)	P/E	18	13	(30)	18	29	12
Samsara Inc.	0.6	0.7	(18.9)	(0.18)	EV/Sales	13	8	(35)	12	32	28
TransUnion	0.9	1.4	(17.9)	(0.36)	P/E	20	14	(30)	23	38	17
Willis Towers Watson Public Limited Company	0.5	0.7	(13.8)	(0.11)	P/E	17	13	(27)	16	21	17
CBRE Group, Inc.	1.7	2.0	(3.9)	(0.15)	P/E	21	16	(24)	16	1	27
MSCI Inc.	1.0	0.8	(1.7)	(0.02)	P/E	32	27	(18)	35	25	18
The Charles Schwab Corporation	2.0	2.5	2.2	0.02	P/E	19	14	(30)	19	28	44
Other Holdings	**77.7**	**59.2**	**112.4**	**37.62**				**(3)**		**(7)**	**37**
Cash and Cash Equivalents	**(0.5)**	**0.9**									
Total (Weighted Averages)	**100.0**	**95.9**	**13.3**					**(18)**		**5**	**33**

Holdings as of 6/30/2026. The Fund sold Bio-Techne Corporation, Dayforce, Inc., Duolingo, Inc., Floor & Decor Holdings, Inc., Morningstar, Inc., SailPoint, Inc., The Trade Desk, and VeriSign, Inc. over the last year.

[1] The growth rate for the one-year period ended 6/30/2026 is based on the fundamental item used to value each company in the table above.

Sources: Baron Capital, FactSet Estimates, and FactSet PA.

During the quarter, many of the top contributors in the Index were stocks that the market deemed "AI winners" with elevated exposure to the Momentum and Beta factors, as well as extended valuations. The Fund managed to overcome style-related headwinds because of strong stock selection associated with the Fund's sizable position in rocket, satellite, and spacecraft manufacturer **Space Exploration Technologies Corp.** (SpaceX), which completed its highly successful public offering during the quarter.

From a sector perspective, stock selection in Communication Services contributed the majority of relative gains, stemming from the Fund's significant position in SpaceX, which is discussed in detail below. Partially offsetting the above was adverse stock selection in IT, Financials, Real Estate, and Industrials, where concerns about AI-driven disruption remained an overhang for several of the Fund's holdings.

A portion of the weakness in IT was attributable to double-digit losses from property and casualty (P&C) insurance software vendor **Guidewire Software, Inc.** and syndicated research provider **Gartner, Inc.** Both companies underperformed as investors continued to rotate out of stocks perceived as at risk of being disrupted by AI. As discussed below, we believe this characterization is misplaced and that AI will ultimately benefit both businesses. Disappointing stock selection in IT was exacerbated by having minimal exposure to semiconductor stocks, which nearly doubled in the Index during the quarter.

Stock-specific losses in Financials were driven by specialty insurer **Arch Capital Group Ltd**. and brokerage firm **The Charles Schwab Corporation**. Arch's stock failed to participate in the market rally during the quarter, reflecting a rotation away from resilient insurance stocks as market volatility eased. Soft pricing trends in the insurance industry also pressured shares. Rates for property insurance are falling due to strong profitability and elevated capital levels following last year's benign hurricane season. This cyclicality is normal, and we continue to own the stock due to Arch's strong management team and our expectation of continued growth in earnings and book value over time. Schwab fell on concerns about the potential disruptive impact of AI on brokerage businesses, which we believe is misplaced.

Performance in Real Estate and Industrials was hindered by losses from real estate data and marketing platform **CoStar Group, Inc.** and data and analytics vendor **Verisk Analytics, Inc.**, whose share prices were pressured by the broader market rotation out of information services names amid industry-wide AI fears. A softening P&C insurance pricing backdrop also weighed on Verisk's stock price.

Top contributors to performance for the quarter

	Year Acquired	Contribution to Return (%)
Space Exploration Technologies Corp.	2020	13.97
Amphenol Corporation	2019	1.99
Quanta Services, Inc.	2023	1.47
Hyatt Hotels Corporation	2009	0.81
Forgent Power Solutions, Inc.	2026	0.79

Space Exploration Technologies Corp. develops and launches advanced rockets, satellites, and spacecraft, with the long-term goal of making humanity multi-planetary. Shares rose as the company successfully completed the largest initial public offering in history, raising more than $85 billion. The proceeds are expected to accelerate the company's growth across multiple massive addressable markets, including connectivity, launch, terrestrial and space infrastructure, and AI. The company's fundamental business momentum was further reinforced by its signing landmark compute hosting deals totaling tens of billions of dollars annually, including agreements with market leaders Anthropic and Google. SpaceX also announced its acquisition of Cursor, a premier enterprise AI-powered coding platform. Integrating Cursor's technology, talent, and customer base provides another strategic steppingstone into the vast opportunities within AI applications and agentic systems. Lastly, the company conducted a successful test flight of the latest version of its Starship rocket, demonstrating meaningful advancements in rapid and full reusability. We believe these developments support sustained long-term revenue and profit growth well beyond current levels.

Amphenol Corporation is a leading provider 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 after selling off in the prior period amid concerns that copper interconnect products, where Amphenol maintains a strong competitive position, could eventually be displaced by optical interconnects, where its market position is less established today. Nevertheless, management remains confident that the company can capture more than its fair share of the optical market, just as it did in copper, aided by the recent acquisition of CommScope's connectivity and cable solutions business. We believe Amphenol is well positioned to maintain a leading role even as interconnect technologies evolve from copper to optical, reinforcing our conviction in the company's long-term growth opportunity.

Quanta Services, Inc. is a leading specialty contracting company that provides comprehensive infrastructure solutions across the electric and gas utility, renewable energy, communications, pipeline, and energy industries. Shares rose during the quarter, driven by broad optimism around AI, data center and power infrastructure construction, as well as strong first quarter earnings that exceeded expectations across the board and prompted management to substantially raise full-year guidance. Management reiterated its view that the business can grow its earnings at a mid-to-high teens rate or better through at least the end of the decade, supported by secular trends including grid modernization, electrification, the energy transition, industrial reshoring, and communications infrastructure upgrades. We continue to believe this level of growth is achievable and take further comfort in Quanta's 25% earnings CAGR since 2015, a period during which the market backdrop was considerably less favorable than it is today. We remain long-term shareholders in Quanta and continue to see compelling growth prospects for the business.

Top detractors from performance for the quarter

	Year Acquired	Contribution to Return (%)
CoStar Group, Inc.	2016	(0.68)
Guidewire Software, Inc.	2013	(0.61)
Gartner, Inc.	2007	(0.38)
Rollins, Inc.	2016	(0.30)
Procore Technologies, Inc.	2024	(0.24)

CoStar Group, Inc. is the leading provider of information and marketing services to the commercial and residential real estate industries. Shares fell due to multiple compression driven by rising fears related to AI's impact on CoStar's business. The market has increasingly come to view AI as an existential risk for a growing number of industries, including software, business services, information services, and video games. While there is little evidence of any fundamental impact on these sectors, investors have largely adopted a "shoot first and ask questions later" approach, leading to significant stock price declines. We continue to own CoStar due to its enviable business model, differentiated data assets, and meaningful growth opportunities in providing enhanced real estate information, analytics, and marketplace offerings. The company also maintains a substantial cash balance, which we are hopeful will be used to aggressively repurchase shares at current depressed valuation levels.

Shares of P&C insurance software vendor **Guidewire Software, Inc.** declined after a handful of new sales slipped from the fiscal third quarter into the fiscal fourth quarter. We believe this is purely a timing issue, with these deals having since closed in the current period. Guidewire's InsuranceSuite platform serves as the core system of record for P&C insurance carriers, functioning as the single source of truth for the policies an insurer writes, the claims it processes, the premiums it collects, and the payments it makes. We think the core-system opportunity alone represents nearly $20 billion of annual recurring revenue, or roughly 20 times Guidewire's current size. In our view, AI will meaningfully expand this opportunity by enabling automation and intelligence on top of the core system of record. Guidewire is already bringing new AI-enabled capabilities to market and signing customers, and we expect adoption to accelerate over the coming year. Finally, we expect Guidewire to benefit from the same internal productivity enhancements AI is driving across enterprises, which should help it grow faster with lower costs and ultimately improve profitability.

Syndicated research provider **Gartner, Inc.** detracted from performance due to multiple compression driven by rising AI fears. We continue to own Gartner given its large addressable market, significant competitive advantage, and robust free cash flow generation, which we expect management to deploy toward ongoing, significant share repurchases at valuations that approach historically low levels.

Portfolio Structure

As of June 30, 2026, the Fund held 51 positions. The Fund's 10 largest holdings represented 65.2% of net assets, and the 20 largest represented 79.4%. The Fund's largest weighting was in the Communication Services sector at 35.8% of net assets. This sector includes our investment in SpaceX. The Fund held 16.8% of its net assets in the Industrials sector, which includes investments in construction and engineering firms, research & consulting companies, and electrical components & equipment businesses. The Fund held 15.3% of its net assets in the IT sector, which includes application software companies, electronic components businesses, and IT consulting firms. The Fund held 9.5% of its net assets in Financials, which includes investments in P&C insurance companies, financial exchanges & data providers, and investment banking & brokerage businesses. The Fund also had significant weightings in Health Care at 9.4% and Consumer Discretionary at 7.1%.

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	2,248.4	1,370.5	34.3
Amphenol Corporation	2019	26.2	216.9	236.0	5.9
Quanta Services, Inc.	2023	21.8	108.0	181.1	4.5
Arch Capital Group Ltd.	2003	0.9	33.9	145.4	3.6
IDEXX Laboratories, Inc.	2006	2.5	41.5	136.4	3.4
Mettler-Toledo International Inc.	2008	2.4	25.8	120.9	3.0
Verisk Analytics, Inc.	2009	4.0	23.5	120.7	3.0
Guidewire Software, Inc.	2013	2.8	10.2	106.1	2.7
Vertiv Holdings Co	2025	35.0	128.6	97.1	2.4
Hyatt Hotels Corporation	2009	4.2	18.3	92.1	2.3

Recent Activity

Top net purchases for the quarter

	Quarter End Market Cap ($B)	Net Amount Purchased ($M)
Cerebras Systems Inc.	49.2	29.9
Vulcan Materials Company	38.3	25.6
Edwards Lifesciences Corporation	52.1	15.2
Tradeweb Markets Inc.	21.7	13.6
Axon Enterprise, Inc.	45.2	12.1

We initiated a position in **Cerebras Systems Inc.**, a semiconductor design company building accelerators for AI that completed its IPO during the quarter. We believe that Cerebras has developed one of the most differentiated architectures in this rapidly growing market. We are amidst a "Big Bang" of new applications for and experiments with AI models, and this surge is leading an increasing proportion of AI infrastructure to be used for inference. The market for fast inference is growing more quickly than the overall inference market, and we believe this niche is on track to become a sizable portion of the broader market.

Fast inference refers to the response time of an AI model, and it is a function of token (the popular atomic unit of AI intelligence) usage per second. As developers build applications and agents requiring complex permutations and combinations of underlying models feeding into one another, the demand for tokens per second is growing by orders of magnitude. Cerebras has designed a specialized semiconductor chip with characteristics that are especially well suited to serve this purpose.

For most of its history, Cerebras sold AI systems built around its semiconductor accelerator, but it has since transitioned to offering cloud services to drive customer adoption of those systems. For now, Cerebras is pursuing both business models, though it will likely settle into becoming a semiconductor systems company. Unlike most semiconductor firms, we believe that Cerebras holds a genuine performance advantage for a specific set of workloads that require fast inference.

While the popular benchmarks serve as good proxies for how Cerebras' offering differs from other AI accelerators in the market, it is the customer engagements that speak loudest. A $20 billion contract with OpenAI for a 750 megawatt Cerebras data center, with the optionality to extend by another 1.25 gigawatts, reflects OpenAI's confidence in the fast inference market and in the differentiated value of Cerebras as a key partner. The company's ongoing discussions with hyperscalers and its announced engagement with Amazon Web Services further validate the opportunity ahead.

We continue to believe that the AI infrastructure buildout will sustain its strong momentum and that a large portion of workloads will require fast inference. As the leader in this market, Cerebras should benefit from this massive demand tailwind, and we believe it will keep innovating to maintain its lead over other players.

We initiated a position in **Edwards Lifesciences Corporation**, a leading manufacturer of heart valve replacement and repair products. Edwards has dominant market share in transcatheter aortic valve replacement (TAVR), a minimally invasive procedure used to treat aortic stenosis, a disease that obstructs the flow of blood throughout the body and strains the heart. If left untreated, the condition can lead to death. Edwards' position in this market is supported by a robust body of positive clinical evidence and widespread physician familiarity with Edwards' product and workflow.

We believe that today's $7 billion market for TAVR can grow to more than $10 billion as approved indications expand to allow TAVR to cover a broader patient population. In addition, Edwards' competitor Boston Scientific recently exited the TAVR market, and another competitor, Medtronic, released poor data about its product that we expect will drive additional market share to Edwards. Furthermore, recent policies implemented by Medicare should expand the number of medical centers that can perform TAVR procedures.

Edwards also manufactures products used to treat the heart's mitral and tricuspid valves (TMTT). When these valves are dysfunctional, the heart can be forced to work harder, becoming strained and possibly leading to death. Edwards is in the unique position of offering patients options for both valve repair and replacement. The company has devoted more than a decade of research to develop its TMTT portfolio. Addressing TMTT issues is structurally much more complex than TAVR, and the barrier to developing effective solutions is extremely high. We believe that today's $1.5 billion TMTT market can grow to as much as $8 billion over time.

With a combined addressable market of nearly $20 billion, we believe Edwards has meaningful opportunity to compound growth. The company also has an attractive and improving margin structure, with 78% gross margins and 27% operating margins. With a more stable competitive landscape in TAVR and large greenfield opportunity in TMTT, we believe Edwards can compound its revenues at low double digit rates and its earnings per share in the mid-teens for an extended period.

We added to about a dozen positions during the quarter, with the largest being construction aggregates producer **Vulcan Materials Company**, electronic trading platform **Tradeweb Markets Inc.**, and public safety technology company **Axon Enterprise, Inc.**

Top net sales for the quarter

	Quarter End Market Cap or Market Cap When Sold ($B)	Net Amount Sold ($M)
Fair Isaac Corporation	27.7	23.1
Floor & Decor Holdings, Inc.	5.2	14.3
Booz Allen Hamilton Holding Corporation	7.3	9.7
Amphenol Corporation	216.9	8.9
Gartner, Inc.	8.7	7.5

We reduced our position in **Fair Isaac Corporation**, which produces the FICO score that is widely used by lenders to evaluate consumers' creditworthiness, in response to ongoing uncertainty about potential regulatory changes in the mortgage market. We sold our position in **Floor & Decor Holdings, Inc.**, a retailer of home flooring, over concerns that market demand trends will remain depressed for longer than we had expected. We reduced our position in **Booz Allen Hamilton Holding Corporation**, which primarily provides technology consulting and implementation services to the U.S. defense establishment, over concerns about the looming impact of AI on their business. We managed down the Fund's weightings in several long-held positions, including **Amphenol Corporation**, **Gartner, Inc.**, **IDEXX Laboratories, Inc.**, and **Hyatt Hotels Corporation**.

Outlook

Index returns continue to be driven primarily by a small set of stocks that investors have deemed to be near-certain, long-term beneficiaries of an AI-driven transformation of the global economy. This investor euphoria has caused IT stocks, particularly semiconductor stocks (an area in which the Fund has limited direct exposure), to outperform all other sectors. We believe that much of the buying behind these stock movements has been from "investors" chasing momentum and exciting stories without doing the work needed to understand these businesses' valuations and any looming long-term competitive risks.

We believe the Fund's large SpaceX investment gives it exposure to many of the most compelling long-term market opportunities stemming from AI. The Fund was a meaningful investor in SpaceX before the company's recent IPO, and as of June 30 this position had appreciated by **more than 3,000%**. We remain extremely excited about SpaceX's future prospects, and the company remains an outsized holding in the Fund. 25% of the Fund's shares in SpaceX are subject to a staggered six-month lockup commencing after its June 12 IPO, as detailed in the company's IPO documents. The remaining 75% of its shares are subject to a staggered lockup during the subsequent six-month period. We expect to manage the Fund's SpaceX position size in a manner that reflects our enthusiasm for its business prospects, while also being sensitive to the Fund's objective to remain appropriately diversified among securities and industry sectors, as well as its mid-cap growth investment mandate.

As discussed above, we continue to believe that many of the Fund's other holdings have been unfairly penalized by AI-driven disruption concerns. As the market has ascribed ever-higher valuations to perceived AI beneficiaries, fearful investors have sold companies across an array of industries that they perceive to be at risk of "disruption." These include many businesses that the Fund owns in software, IT consulting, business services, real estate brokerage, insurance brokerage, and wealth management.

We believe this sell-off has been indiscriminate, severely penalizing the stocks of many high-quality, competitively advantaged businesses. As a result, the portfolio holdings that have been deemed "at risk" of disruption currently trade at or near historically low valuation levels, even though financial results continue to demonstrate the resilience of these businesses. We remain optimistic that these strong results will continue. We believe the market will soon appreciate that these companies are, in fact, utilizing AI in ways that should continually improve their products, lower their cost structures and enhance, rather than undermine, their competitive positions.

We are further encouraged that, throughout most of July we have witnessed evidence of a sustained reversal of the "AI winners" trade, leading previously neglected software and services stocks to outperform. The Fund's software and services holdings are up **12%** on a weighted average basis since the Index peaked on June 30, while the Index is down 6.1% and semiconductors have corrected by almost 30% over the same period.

Thank you for investing alongside me.

Sincerely,

Andrew Peck
Portfolio Manager

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

1 The **Russell 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 June 30, 2026.

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. 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.

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. 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 fundamental. **Beta** explains common variation in stock returns due to different stock sensitivities to market or systematic risk that cannot be explained by the US Country factor. Positive exposure indicates high beta stock. Negative exposure indicates low beta stock. **Earnings per share (EPS)** is a commonly used measure of a company's profitability. It indicates how much profit each outstanding share of common stock has earned. **Free Cash Flow (FCF)** represents the cash that a company generates after accounting for cash outflows to support operations and maintain its capital assets.

Investment Products: NOT FDIC INSURED | MAY LOSE VALUE | NOT BANK GUARANTEED

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MID CAP

QUARTERLY LETTER | JUNE 30, 2026

Baron Durable Advantage Fund®

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

Alex Umansky
Portfolio Manager

Dear Baron Durable Advantage Fund Shareholder,

Performance

We had an OK quarter.

Baron Durable Advantage Fund (the Fund) gained 13.6% (Institutional Shares) during the second quarter, compared to the 15.2% gain for the S&P 500 Index (the Index), the Fund's benchmark.

Year to date, the Fund is up 3.4%, compared to the 10.2% gain for the Index.

Annualized performance (%) for periods ended June 30, 2026

	Fund Retail Shares[1,2]	Fund Institutional Shares[1,2]	S&P 500 Index[1]
QTD[3]	13.57	13.64	15.20
YTD[3]	3.26	3.39	10.21
1 Year	11.81	12.09	22.32
3 Years	19.88	20.19	20.61
5 Years	13.43	13.71	13.41
Since Inception (12/29/2017)	15.56	15.84	14.74

We wrote in the last quarterly letter how the first quarter of 2026 had many similarities to the first quarter of 2025. We were coming off of multiple years of strong market returns buoyed by a strong economy and optimism about the AI buildout, with the Fund performing exceedingly well, and it "felt" like we were due for a "breather". Obviously, those things are impossible to predict so we don't even try, but we are fond of reminding ourselves that your prospective returns are negatively correlated to the recent ones, and when you have done this long enough, there are times when it's just... in the air. The market is looking for an excuse to consolidate or for an outright pullback. In the first quarter of last year, we got the "tariff tantrum" in mid-February and experienced an approximately 15% drawdown over the next seven weeks, with the Fund posting a 7.0% decline for its March 2025 quarter. This year, we were once again coming off of multiple years of strong returns (23.0% 3-year annualized return for the Index, and 29.2% for the Fund) buoyed by a strong economy and optimism about the AI buildout, and we got the Iran war and $140 oil. The Fund lost 9.0% for the March 2026 quarter. In the second quarter of last year the market staged a nice recovery with a gain of 10.9% for the Index, while the Fund was up 15.6%. It's not like tariffs went away or trade deals were finalized, but some tariffs were postponed, some compromises were agreed to, the worst outcomes were avoided, and investors figured it's unlikely to have a material long-term impact on the market. Entering this quarter, we speculated that something similar was likely to happen because past history (including recent examples of Russia-Ukraine and Israel-Middle East-Iran) suggested that geopolitical events have minimal lasting impact on equity markets. This is basically how it played out. It's not like there was a regime change in Iran, or a peace treaty was signed, but there was a Memorandum of Understanding, and ships resumed transiting the Strait of Hormuz (sort of...), oil pulled back to $70, and the worst outcomes seemed to have been avoided. This time, the markets rallied even harder, with the Index rising 15.2%, and even though we failed to keep up, a 13.6% gain is not a terrible outcome.

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, 2026 was 1.00% and 0.73%, respectively, but the net annual expense ratio was 0.95% and 0.70% (net of the Adviser's fee waivers), respectively. The performance data quoted represents past performance. Past performance is no guarantee of future results. The investment return and principal value of an investment will fluctuate; an investor's shares, when redeemed, may be worth more or less than their original cost. The Adviser waives and/or reimburses certain Fund expenses pursuant to a contract expiring on August 29, 2036, unless renewed for another 11-year term and the Fund's transfer agency expenses may be reduced by expense offsets from an unaffiliated transfer agent, without which performance would have been lower. Current performance may be lower or higher than the performance data quoted. For performance information current to the most recent month end, visit BaronCapitalGroup.com or call 1-800-99-BARON.

It was an unusual quarter from a performance attribution perspective. Information Technology (IT) was the only sector in the Index to outperform the Index, accounting for two-thirds of its total gain. The Fund's entire 156bps shortfall relative to the Index could be attributed either to weak stock selection in IT, which detracted 279bps, or to weak stock selection in Financials, which cost an additional 227bps. Somehow, all 11 of our holdings classified as Financials, including **Visa** and **Mastercard**, which we view as digital railroads, and **MSCI**, **Moody's**, and **S&P Global**, which we view as business services, detracted from our relative returns during the quarter. We cannot recall another instance like it. It's not like they were all down, although **CME Group** was down a bunch and **LPL** was down a little, but we did not own any large commercial or investment banks, many of which were up a lot! It was a similar story in IT where our holdings gained an impressive 24.0%, but that was still well short of the 31.8% return for IT stocks in the Index. Not owning Micron Technology, up 241.7% in the QUARTER, detracted 157bps (basically the exact shortfall) from relative returns, while not owning Advanced Micro Devices, Intel, Applied Materials, and Sandisk – detracted an additional 267bps. On the other hand, our lack of exposure to Energy, Utilities, and Materials contributed 184bps. That is just how it goes sometimes.

From an absolute return and stock-specific perspective, we had 25 gainers versus 6 detractors for what appears to be a solid batting average, but only 10 of the 25 gainers outperformed the Index's 15.2% gain, resulting in an unusually weak slugging percentage. The quarter still included several good outcomes as **Alphabet**, **Monolithic Power Systems**, **NVIDIA**, **Broadcom**, **Amazon**, and our largest addition during the first quarter, **Lam Research**, each added more than 100bps. **Taiwan Semiconductor** (TSMC), the Fund's largest holding, appreciated 41.6% and contributed 310bps to absolute returns. **Amphenol**, **HEICO**, Visa, **Welltower**, and our newest addition, **Arxis**, added more than 40bps each. On the other side of the ledger, only CME Group and **Intuit** detracted more than 40bps, costing the Fund 106bps combined.

We have to admit that recent price action in many of our stocks has been confusing to us. On the one hand, fundamentals of many of our businesses have been nothing short of extraordinary. On the other hand, their stock performance has been rather muted, leading to a compression in multiples that is puzzling to us. NVIDIA has been a stellar, truly unicorn-like performer as its revenues grew from $61 billion in 2023 to $130 billion in 2024, and to $216 billion in 2025, with revenues expected to almost double again this year to $424 billion. With stellar profit margins, consensus earnings per share and free cash flow are expected to grow 113% and 116% this year, respectively. Yet, the stock is trading at a 14.5 times P/E on next year's estimate and at a 6.3% free cash flow yield, a 25% to 30% discount to the S&P 500 Index. The current price of NVIDIA's stock implies a terminal growth rate of 3% (GDP or less?), assuming weighted average cost of capital of 10%, starting next year. In other words, from 100%-plus growth this year, to 3% growth next year. We think not! **Meta** (16.5x), TSMC(18.5x), Broadcom (19.2x), Alphabet (20.9x) and Amazon (22.8x) all trade at multiples that seem irrationally low to us. All of these companies are being lumped together as part of the "AI trade" but they are somewhat on opposite sides of it. While Amazon, Alphabet, and Meta are ramping up their CapEx in what has clearly become the most expensive technology-led arms race in history, NVIDIA, Broadcom, and TSMC are the beneficiaries of the spend. We get that AI is controversial and unpredictable with a fairly wide range of outcomes. Still, certain conclusions can be made with a high degree of confidence:

- **AI demand is proven!** In the first quarter letter, we have covered the dramatic acceleration in AI adoption and usage that led to staggering annualized recurring revenue (ARR) growth at the leading frontier companies Anthropic and OpenAI, as well as direct quotes from Amazon's Andy Jassy, Meta's Mark Zuckerberg, NVIDIA's Jensen Huang, and Cerebras' Andrew Feldman (among others) on how the industry remains supply constrained with demand far exceeding supply and continuing to accelerate. Alphabet's most recent quarterly results reported in July provided further indisputable evidence. Cloud revenue growth accelerated to 82% from 63% last quarter (at $100 billion scale), with 36% EBIT margins and an astonishing 47% incremental EBIT margin quarter over quarter. Backlog increased $52 billion to $514 billion with accelerating conversion - $257 billion will convert over the next eight quarters. Gemini Enterprise is now used by 90 Fortune 100 companies in some capacity. The breadth of growth has improved significantly with new customer acquisitions more than doubling year on year. Over 500 customers processed over 1 trillion tokens each over the last 12 months. We believe that demand questions can be put to rest.
- **Investor focus is shifting from AI demand to AI returns.** The key debate is now whether hyperscalers and others will be able to convert accelerating AI demand into attractive returns on larger capital bases, at scale. While we believe that the early signs are promising, AI economics remain unproven today. The cost of compute is falling even as the price of compute stays elevated. We think it is important to understand and differentiate between the two. AI is very expensive today, but this will almost certainly change as compute supply catches up over the next few years. By the end of the decade, the cost of 1 million tokens is expected to decline from approximately $2 today to about 10 cents, or by 95%.
- **There is no shortage of big debates in AI right now.** Frontier models versus open source. God model versus fleet of specialized models. NVIDIA versus custom silicon. Will chips have value after five years? Are we in an AI CapEx bubble? Will AI kill software? Model layer versus application layer. Will models get commoditized? And so on... These are fascinating questions to ponder, however no one has answers to them today. Our pattern recognition suggests that the answers to most of these questions will be "yes" or "both." This is not a zero-sum game. <u>*Investors are simply not thinking big enough!*</u>

The reason we are confused is that it does not look to us like investors are picking stocks anymore. It is much more about themes and factors. Even more so than usual. Is it all about the AI buildout or is this about the war with Iran and the price of oil? Is it all about the memory bottleneck and the power constraints or is it about inflation and interest rates? Is it all about the tail risk or is it about peak memory and peak CapEx spend?

We don't know. The short term is impossible to predict, but the fundamentals of many of our investments have been very strong suggesting that their stock prices have actually lagged behind.

We continue to encourage investors in the Fund to assess its performance over full market cycles. Since the inception of the Fund in December 2017, it has generated an annualized return of 15.8% (net of all fees and expenses) – 110bps ahead of the Index. We believe that rolling monthly returns can be insightful in analyzing whether the process we employ works and whether it is repeatable. This analysis shows that on an annual basis, the Fund has outperformed the Index and the Morningstar Large Growth Category Average (the Peer Group), 57% and 64%, respectively. But as the time horizon extends, so does the Fund's winning percentage. On a three-year rolling basis, the Fund outperformed the Index and Peer Group 82% and 87% of the time, respectively, while on a five-year rolling basis, the Fund outperformed 98% and 100% of the time, respectively. Of course, past performance does not guarantee future results. It is the opposite story for our average competitor, especially over the long term. On a five-year rolling return basis, the Peer Group average outperformed the Index an astounding... 2% of the time!

Percentage of time Fund outperformed benchmark and peers over different time periods from inception through 6/30/2026

Rolling Return Period	1 Month	3 Months	1 Year	3 Years	5 Years
Outperformance vs. S&P 500 Index	54%	57%	57%	82%	98%
Outperformance vs. Morningstar Large Growth Category Average	50%	54%	64%	87%	100%
Morningstar Large Growth Category Average vs. S&P 500 Index	58%	56%	59%	42%	2%

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 (%)
Taiwan Semiconductor Manufacturing Company Limited	2,476.9	3.10
Alphabet Inc.	4,327.0	1.57
Monolithic Power Systems, Inc.	67.9	1.40
NVIDIA Corporation	4,842.2	1.15
Broadcom Inc.	1,797.2	1.14

Taiwan Semiconductor Manufacturing Company Limited is the world's largest contract chipmaker and the leading manufacturer of advanced logic semiconductors used in modern AI accelerators. Shares rose 41.6% during the quarter as the company continued reporting stellar financial results underpinned by AI demand with revenue growth of 35% year-on-year and EPS growth of 58%, with 66% gross margins and 58% operating margins. High-performance computing now represents the majority of TSMC's business. AI demand is consuming so much leading-edge capacity that smartphone and PC production is increasingly shifting to older technology nodes, reversing a dynamic that defined the foundry industry for much of the past decade. Management also raised its full-year outlook and increased capital spending to support demand that remains well above available supply. We retain long-term conviction in TSMC and view its leading-edge manufacturing monopoly, pricing power, and technology roadmap as durable advantages that support a long duration of growth.

Alphabet Inc., the parent company of Google, contributed to performance with the stock up 23.2% as the market increasingly recognized its unique position vis-à-vis AI. Alphabet is the industry's most vertically integrated AI player, with ownership across every layer of the stack, including custom TPU silicon, global cloud infrastructure, the Gemini foundation models, and distribution across 13 products with more than 1 billion users each. This full-stack ownership is translating into strong demand. Google Cloud revenue grew 63% year-over-year and backlog surged nearly 300% to roughly $460 billion, prompting management to raise 2026 capital expenditure guidance and signal a significant further increase in 2027. Search revenue grew 19% year-over-year as AI features drove record query volumes, demonstrating that generative AI is expanding, rather than eroding, the core franchise. Capital access has itself become a competitive moat, allowing Alphabet to fund supply aggressively and outbid peers for scarce compute. We maintain strong conviction, viewing Alphabet's vertical integration and balance sheet strength as durable advantages in a multi-year build cycle.

Monolithic Power Systems, Inc. is a semiconductor company that designs power management chips that regulate and distribute power within electronic systems. Shares rose 26.6% during the quarter as the company continues to benefit from the AI buildout. As AI accelerators draw more power at higher densities, delivering that power efficiently has become increasingly valuable, driving higher dollar content for MPS' products within AI servers. The company's AI server power business nearly doubled, and because its solutions are deeply integrated into server platforms, they are difficult to displace mid-cycle, creating a durable competitive position that we believe remains underappreciated by investors. We retain long-term conviction in MPS and view its rising power content per AI server, sticky design wins, and expanding capacity as key drivers of multi-year earnings power.

Top detractors from performance for the quarter

	Quarter End Market Cap ($B)	Contribution to Return (%)
CME Group, Inc.	80.0	(0.59)
Intuit Inc.	76.9	(0.47)
LPL Financial Holdings Inc.	22.5	(0.14)
S&P Global Inc.	123.5	(0.09)
Thermo Fisher Scientific Inc.	162.9	(0.06)

CME Group, Inc. operates the world's largest and most diversified derivatives marketplace. Shares fell 24.8% due to a slowdown in trading activity, reflecting tough comparisons against the prior year and easing market volatility following the onset of the U.S.-Iran war in March. This cyclical softening was exacerbated by concerns over emerging competition from crypto-native "perpetual futures" and uncertainty triggered by the announcement that long-time CEO Terry Duffy will step down next year. We continue to own the stock because we believe that CME enjoys significant competitive advantages and should benefit from increasing adoption of exchange-traded derivatives and episodic volatility spikes.

Intuit Inc. is the leading provider of accounting software for small businesses and tax preparation software for individuals and tax professionals. Shares fell 36.5% due to modest underperformance in the TurboTax segment where revenue growth of 7% missed expectations for 8% growth. Management acknowledged volume loss from lower income filers who traded down to cheaper alternatives, fueling investor anxiety about competition and potential AI-driven disruption. The negative sentiment was further compounded by a 17% workforce reduction, which some investors interpreted as a defensive move to protect margins and an indicator of demand challenges. We decided to reallocate to other ideas.

Shares of **LPL Financial Holdings Inc.**, the largest independent broker-dealer in the U.S., declined 6.1% during the quarter due largely to market-driven concerns. With continued improvement in frontier AI models, investors worry that automated cash management could erode the client sweep balances that generate spread income, a meaningful contributor to LPL's revenue and margins. This narrative weighed on the stock even as the underlying business continued to perform well. LPL posted better-than-expected first quarter results with a 30% year-on-year AUM growth and a 20% year-on-year adjusted EBITDA growth, guided to improving recruiting momentum, and made progress integrating Commonwealth Financial Network, which it acquired in 2025. LPL's cash balances are actively managed by advisors, meaning there is little excess cash left for an AI tool to optimize. Cash held in client accounts is primarily used for trading, taxes, and fees. The company has also communicated that it is exploring options to reduce its reliance on sweep cash revenue, and we expect a change in the model over the next 12 to 18 months. Consequently, we view the recent weakness as a sentiment overhang rather than a deterioration in the company's long-term earnings power. We remain shareholders.

Portfolio Structure

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

As of June 30, 2026, our top 10 positions represented 62.1% of the Fund's net assets, the top 20 represented 87.2%, and we exited the quarter with 29 investments.

IT and Financials represented 64.9% of the Fund, while Communication Services, Consumer Discretionary, Industrials, Real Estate, and Health Care represented another 33.3%, with the remaining 1.8% held in Consumer Staples (**Costco**) and cash.

Top 10 holdings

	Quarter End Market Cap ($B)	Quarter End Investment Value ($M)	Percent of Net Assets (%)
Taiwan Semiconductor Manufacturing Company Limited	2,476.9	54.4	10.4
NVIDIA Corporation	4,842.2	45.7	8.7
Alphabet Inc.	4,327.0	41.0	7.8
Amazon.com, Inc.	2,563.8	38.6	7.4
Broadcom Inc.	1,797.2	29.1	5.6
Monolithic Power Systems, Inc.	67.9	28.2	5.4
Meta Platforms, Inc.	1,429.9	24.5	4.7
Microsoft Corporation	2,771.0	23.7	4.5
Visa Inc.	662.3	22.3	4.3
Welltower Inc.	160.2	18.3	3.5

Recent Activity

During the second quarter, we initiated a new position in the aerospace and defense focused proprietary component manufacturer, **Arxis**.

We took advantage of market volatility to add to our electrical systems and components designer and manufacturer, **Amphenol**, and also continued building our recently initiated position in the semiconductor equipment manufacturer, **Lam Research**.

To finance these purchases, we exited two investments: **Thermo Fisher Scientific**, and **Intuit**, and reduced nine existing positions.

Top net purchases for the quarter

	Quarter End Market Cap ($B)	Net Amount Purchased ($M)
Arxis, Inc.	18.9	3.6
Amphenol Corporation	216.9	0.6
Lam Research Corporation	541.9	0.5

During the quarter, we initiated a new position in **Arxis, Inc.**, a leading designer and manufacturer of proprietary, mission critical electronic and mechanical components (such as bearings, springs, connectors or capacitors) engineered for cutting edge performance across the defense and space (50% of sales), industrial technology (30%), and commercial aerospace (20%) end markets. About 90% of revenue is from proprietary products serving over 5,000 customers across 600 platforms. The product portfolio is built upon 67 foundational proprietary technologies from which the company has developed thousands of unique products. The company leverages significant IP and world-class engineering capabilities to design and deliver innovative solutions that address customers' most complex performance needs. While Arxis' products represent a low percentage of the end product's bill-of-materials, they are mission critical and are used in harsh environments. As a result, they are sticky, generating an annuity-like revenue stream once designed in, staying in production for decades.

The company has built a successful business system, Empower Data-Driven Growth and Execution (EDGE) that is unique across the broader industrials space and helps it continuously gain market share, creating an incremental and durable growth engine. EDGE leverages real-time analytics, insights, and communication across the organization to improve tracking of new business opportunities (tracking over 10,000 individual sockets) and increase win rates. The system supports team-based selling, aligning incentives across the different functions required to win a socket - engineering, technical sales people, and product managers; and between the different business units in order to drive better cross-selling.

Similar to the new business engine, the company follows a decentralized mergers and acquisition (M&A) strategy with ideas generated mostly bottom-up at the business-unit level compared to the typical top-down corporate development approach seen at other industrial companies. Each subsidiary's key engineers and operators know the most important players in their respective segments better than anyone, which allows them to generate a proprietary pipeline of potential targets, minimizing auctions. Since 2019, Arxis acquired and integrated 34 companies, each meticulously selected for its strategic alignment with its business model and IP-led, designed-in component portfolios. Over 84% of deals were sourced through proprietary efforts or limited competitive processes. This methodology enables scaling the deal volume while maintaining a focus on smaller targets, which are often available at lower, more attractive valuation multiples.

CEO Kevin Perhamus, who spent years at industrial compounders Teradyne and Amphenol (which helped him crystalize the benefits of accountability, agility, and decentralization) before scaling Winchester Interconnect which he sold to Aptiv, worked together with industrials-focused PE firm Arcline to implement lessons learned in architecting the structure and strategy of Arxis. We expect the company to grow revenue and EBITDA at least at high single digits and low teen rates organically, respectively, with potential upside driven by M&A. We also believe that Arxis has a long growth runway, representing today only around 1% to 2% of a $100 billion potential opportunity.

We added to our investment in **Amphenol Corporation**, a leading provider of mission critical interconnect, sensor, and antenna solutions to a diverse set of end markets – industrial, automotive, mobile devices, IT datacom, communications networks, defense, and commercial aerospace. As the world electrifies, Amphenol's content opportunity continues to grow.

The hallmark of the company is its unique, decentralized "Amphenolian" culture of agility and accountability, in which over 140 general managers each have autonomy over their individual business units. This leads to a highly agile organization that can quickly respond to changes in market dynamics with best-in-class products delivered on a global scale. This culture has enabled the company to compound growth in revenue and cash flow over many years through both above-market organic growth and successful M&A. Long-time CEO Adam Norwhitt commented on many occasions that his number one priority is to preserve and scale the unique Amphenolian culture. He has been a great capital allocator over his more than 15-year tenure in which Amphenol's market cap increased more than 50 times!

The stock continues to be volatile, driven by changing investor perceptions regarding the extent to which copper will continue to play a role in future generations of AI chips. We continue to believe that the market underestimates Amphenol's ability to innovate and adapt over many years and across many cycles and end markets, with the recent acquisition of CommScope's optical business, further increasing optionality for the company in case optical gathers steam faster than expected. Fundamentally, the company reported great first quarter results, reflecting continued momentum with strong 33% year-on-year organic growth and record $9.4 billion of orders, which suggest a clear growth trajectory ahead given a book to bill ratio that is well in excess of 1.0x.

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

Lam Research Corporation is a leading global supplier of semiconductor wafer fabrication equipment (WFE), specializing in etch, deposition, and clean technologies used in the manufacturing of semiconductors. We invested in Lam as we expect it to benefit from several robust secular tailwinds – from the AI buildout which is driving broad demand for semiconductors, to the increasing complexity and verticalization of chips over time, which raises the number of etch and deposition steps, increasing the demand for Lam's tools. Lam reported strong quarterly results for its March 2026 quarter with 24% year-on-year revenue growth and 35% operating margins (both above expectations), benefiting from the broad strength in WFE while also gaining market share thanks to its strong positioning in NAND, which has begun recovering from its cyclical downturn, as a result of significant growth in demand due to agentic AI. In a recent BofA conference, CFO Douglas Bettinger discussed the industry's strong outlook:

> *"The industry is undersupplied right now. You're seeing it in memory pricing, absolutely in profitability. Advanced foundry is constrained, advanced packaging is super tight... But what I will tell you is this bodes pretty well for what WFE is going to be next year... as projects become more available into '27. I think it's going to be a pretty darn good year in '27 and maybe beyond that."*

And on Lam's unique positioning, which enables it to gain market share:

> *"You look across the totality of advanced process nodes in foundry, in logic, in DRAM, in NAND, things are inflecting in the third dimension... When things inflect in the third dimension, etch and deposition intensity grows. That's all we do... In early '25... $0.32 of every dollar spent on WFE was spent on etch and deposition... As we sit here today, it's in the mid-30s... This is going to continue... . That's the unique story about Lam Research. Everybody in equipment is going to do well over the next several years. We're going to do even better. We outperformed WFE last year. We're going to outperform it this year. We're going to outperform it for the next several years based on what I see."*

Top net sales for the quarter

	Quarter End Market Cap or Market Cap When Sold ($B)	Net Amount Sold ($M)
Meta Platforms, Inc.	1,429.9	8.8
Thermo Fisher Scientific Inc.	162.9	6.0
Intuit Inc.	76.9	4.8
Monolithic Power Systems, Inc.	67.9	2.6
LPL Financial Holdings Inc.	22.5	2.5

Outlook

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

As we begin the second half of 2026, we find ourselves in an environment where headlines are dominated by geopolitics, shifting regulatory tides, fear and excitement about AI, and Truth Social posts. 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.

Rumors and noise are constant – copper will be disrupted by optics! **Amphenol**'s stock falls 20% in the first three weeks of May. Wait... actually, CPO (co-packaged optics) is delayed. The stock bounces back 48% in the last 10 days of May and June! **NVIDIA**'s next generation architecture is delayed, data centers are delayed, tokenmaxxing[5], **Meta** is building a cloud business. AI stocks sell off. Then IBM pre-releases earnings disclosing customer budgets have shifted to server purchases related to AI – and the AI trade is back on! And so it goes...

We focus on separating the signal from the noise. We intentionally avoid the lower quality "legacy" businesses that may benefit from a temporary regulatory, macro, or supply-constrained 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 the first half of 2026, we remain steadfast in our belief that the higher quality businesses – those with *durable growth*, *sustainable competitive advantages*, and *a low risk of disruption* is 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.

Each quarter, we break down the Fund's performance into two components – fundamentals and valuation multiples. Comparing them can offer an insight into prospective stock returns. When fundamentals are revised higher, intrinsic values are expanding. That was the case in the second quarter.

After contracting 13.7% in the first quarter, the Fund's weighted average multiple expanded 3.8% in the second quarter but remained down 9.7% year to date.[6] At the same time, business fundamentals have been revised higher, suggesting the portfolio now offers higher intrinsic values at more attractive valuation multiples than it did six months ago, despite the Fund's positive 3.4% return. Year to date, *over 100% of the Fund's return was driven by growth in fundamentals*.

We also compared current valuation multiples for our companies with their average multiples of the past five years. At the end of the second quarter, the portfolio's weighted average multiple was 5.4% below its 5-year average, another positive signal for prospective returns in our view.[7]

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

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

We thank you for your continued trust and for being our partners on 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] As of June 30, 2026, the annualized returns of the Morningstar Large Growth Category average were 18.29%, 21.52%, 10.51%, and 14.70% for the 1-, 3-, 5-year, and since inception (12/29/2017) periods, respectively.

[5] From Google AI Overviews: "Tokenmaxxing" is the Silicon Valley trend of maximizing AI token consumption as a proxy for productivity.

[6] We calculate the change in multiples, by using a P/E multiple for most stocks. We use a P/FRE multiple for the alternative asset managers, Blackstone and Apollo, and use a P/FFO multiple for Welltower. We exclude Brookfield which is valued on a sum-of-the-parts and Arxis, which only recently went public. We then calculate the weighted average change in multiples based on the position sizing at the end of the period (so the analysis is more forward looking). We also normalize for cash.

[7] We calculate a 5 year average multiple for each stock in the portfolio and then calculate the weighted average for the entire portfolio using end-quarter weights.

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.

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

Capital Expenditures (CapEx) are funds companies use to acquire, upgrade, or maintain physical assets like buildings, technology, or equipment, with the goal of increasing operational scope or future economic benefits. **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. **EBITDA Margin** is the Earnings Before Interest, Taxes, Depreciation and Amortization is calculated as EBITDA (Operating Income plus D&A) divided by Sales, multiplied by 100. **EPS Growth Rate (3-5-year forecast)** indicates the long term forecasted EPS growth of the companies in the portfolio, calculated using the weighted average of the available 3-to-5 year forecasted growth rates for each of the stocks in the portfolio provided by FactSet Estimates. The EPS Growth rate does not forecast the Fund's performance. **Free Cash Flow (FCF)** represents the cash that a company generates after accounting for cash outflows to support operations and maintain its capital assets. **Free Cash Flow Yield** is a financial solvency ratio that compares the free cash flow per share a company is expected to earn against its market value per share. **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. **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.

Investment Products: NOT FDIC INSURED | MAY LOSE VALUE | NOT BANK GUARANTEED

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BARON CAPITAL

QUARTERLY LETTER | JUNE 30, 2026

Baron Fifth Avenue Growth Fund®

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

Alex Umansky
Portfolio Manager

Dear Baron Fifth Avenue Growth Fund Shareholder,

Performance

We had a great quarter.

Baron Fifth Avenue Growth Fund (the Fund) gained 24.6% (Institutional Shares) during the second quarter, which compares to gains of 16.7% for the Russell 1000 Growth Index (R1KG) and 15.2% for the S&P 500 Index (SPX), the Fund's benchmarks.

Year to date, the Fund is up 11.7% compared to gains of 5.3% and 10.2% for the Fund's benchmarks, respectively.

In many ways, the first half of 2026 unfolded much the same way as the prior year. We highlighted the many similarities between the Fund's 10.4% drawdown in the first quarter of this year, and its 13.4% decline in the first quarter of last year, which we attributed to the "tariff tantrum" and general macroeconomic unpredictability and instability. This year, it was the war with Iran leading to rising oil prices, increased risk of inflation leading to higher interest rates, and general macroeconomic unpredictability and instability. Last year, when the fears subsided and market participants decided that tariffs would be figured out and that they are unlikely to have a long-term material negative impact, stocks staged a strong recovery, and the Fund gained 24.9% in the second quarter. This year, the fighting was followed by a cease-fire with falling oil prices and a more stable outlook on inflation and interest rates, and the Fund bounced back with a 24.6% return. History may not repeat itself, but it sure does rhyme from time to time. From our perspective, the market once again over-emphasized geopolitical uncertainty, creating an attractive opportunity for long-term investors to take advantage of short-term stock price volatility.

Annualized performance (%) for periods ended June 30, 2026†

	Fund Retail Shares[1,2]	Fund Institutional Shares[1,2,3]	Russell 1000 Growth Index[1]	S&P 500 Index[1]
QTD[4]	24.56	24.64	16.74	15.20
YTD[4]	11.59	11.72	5.33	10.21
1 Year	21.87	22.04	17.71	22.32
3 Years	27.05	27.32	22.58	20.61
5 Years	6.84	7.09	13.71	13.41
10 Years	16.49	16.77	18.58	15.51
15 Years	14.39	14.68	16.47	14.36
Since Inception (4/30/2004)	10.86	11.07	12.71	11.11

From a performance attribution perspective, stock selection accounted for all of the outperformance contributing 940bps to relative returns, while sector allocation detracted 152bps. It was a weird quarter in terms of performance distribution as Information Technology (IT) (+21.8%) and Industrials (+21.3%) were the only two sectors in the R1KG to outperform the R1KG, while all other sectors lagged far behind. We did well in Communication Services (**SpaceX** and **Alphabet**), IT (now approximately 53% of the Fund AND 54% of the R1KG), and Health Care (**Illumina** and **argenx**), while poor stock selection in Industrials, Consumer Discretionary, and Financials detracted. We held no investments in Consumer Staples, Energy, Real Estate, Utilities, or Materials, which contributed 60bps to relative gains.

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, 2026 was 1.03% and 0.76%, respectively, but the net annual expense ratio was 1.00% and 0.75% (net of the Adviser's fee waivers), respectively. The performance data quoted represents past performance. Past performance is no guarantee of future results. The investment return and principal value of an investment will fluctuate; an investor's shares, when redeemed, may be worth more or less than their original cost. The Adviser waives and/or reimburses certain Fund expenses pursuant to a contract expiring on August 29, 2036 unless renewed for another 11-year term and the Fund's transfer agency expenses may be reduced by expense offsets from an unaffiliated transfer agent, without which performance would have been lower. Current performance may be lower or higher than the performance data quoted. For performance information current to the most recent month end, visit BaronCapitalGroup.com or call 1-800-99-BARON.

From a stock specific and absolute return perspective, the Fund's strong performance was driven by 23 contributors against just 4 detractors. We had many big gainers in the quarter with 16 of our investments generating over 50bps each, as **CrowdStrike**, Alphabet, **Amazon**, and **ASML** added over 100bps each, **Taiwan Semiconductor** (TSMC), **Datadog**, and **NVIDIA** added over 200bps each, and SpaceX was our top contributor with 404bps. We had no material detractors this quarter.

After the indiscriminate "SaaS-pocalypse" of the first quarter, performance diverged in the second quarter based on each company's perceived AI positioning, which made more sense to us. While high uncertainty in software remained, companies that demonstrated tangible AI-driven tailwinds, including faster revenue growth, accelerating customer spending, and stronger new-logo acquisition, outperformed. By contrast, companies reporting decelerating growth continued to struggle. In cybersecurity, for example, investors recognized that Anthropic's Mythos-class models are likely to increase demand for security as AI makes bad actors more capable and dangerous. As earnings season began, leading cybersecurity platforms such as CrowdStrike described this as the "Mythos moment," reporting record sales pipelines and raising full-year revenue growth guidance, which drove their stocks higher. Similarly, usage-based revenue businesses such as Datadog and **Snowflake** reported increased AI adoption and accelerating growth, leading to significant multiple expansion.

CrowdStrike's Co-Founder and CEO, George Kurtz, described what he saw during the company's first quarter earnings call:

> *"The discussion evolved from 'is AI going to disrupt cybersecurity' to organizations and even the frontier AI labs relying on Falcon as their AI-powered defender for the post-Mythos era. Even more consequential is how adversaries can use these new and future models to democratize destruction. Now, any human or agent can be a vibe hacker, or worse, wage serious cyber-attacks that threaten enterprise survival, nation/state continuity, and critical infrastructure operations... What I see is AI driving structural demand for cybersecurity that compounds, not decelerates. The AI enterprise is unfolding in real-time, and CrowdStrike is a necessity to secure it... It's on the backs of our strong Q1 results and the unprecedented market dynamics I see that we are raising our growth expectations for the full year net new ARR (annualized recurring revenue) by more than 500 basis points."*

Datadog's Co-Founder and CEO, Olivier Pomel described the significant acceleration his business is seeing during its latest earnings call:

> *"There is no change to our overall view that digital transformation and cloud migration are long-term secular growth drivers for our business, but we now have an additional secular growth driver with AI as we help our customers deliver more value with this transformative new technology."*

And Snowflake's CEO, Sridhar Ramaswamy, is seeing similar dynamics in his business (Q1 earnings call):

> *"Based on a combination of strength in our core data platform business and meaningful uplift from AI capabilities, including CoCo and Snowflake Intelligence, we are increasing our FY 2027 outlook from 27% to 31% year-over-year growth... Across our business, AI is strengthening Snowflake on multiple levels simultaneously."*

CrowdStrike, Datadog, and Snowflake continue to be core long-term holdings in the Fund.

Zero-sum thinking and humanity's inability to think big enough!
Human brains tend to think linearly rather than exponentially. In addition, we often misinterpret a company's gain as necessarily another company's loss. As a result, investors often underappreciate the power of compounding in growing markets, mistakenly viewing them as fixed pies and overemphasizing market-share shifts within rapidly expanding categories. Amazon Web Services (AWS) is a useful case study. It began as the only major cloud provider and now competes with Azure and Google Cloud Platform, yet its revenue has grown to a $150 billion run rate as of the first quarter of 2026 as the overall cloud market expanded, making AWS a key driver of Amazon's success. The same dynamic applies to NVIDIA. Since Google introduced its first TPU in 2016, investors have repeatedly worried that ASICs would disrupt NVIDIA. Yet NVIDIA's data center revenue has grown 225-fold, from about $830 million in 2016 to $187 billion in 2025. Have TPUs gained share over the past decade? Sure. Has NVIDIA lost as a result? Not even close. The market expanded dramatically, and NVIDIA's ecosystem has proven difficult to displace. It has the largest installed base, the broadest developer adoption, models are consistently optimized for its architecture, customers benefit from strong total cost of ownership and reliability, and utilization remains high because its architecture supports the widest range of use cases. Recency bias further compounds this issue by causing investors to overweight the latest data points relative to their true importance to the investment case. Google is gaining traction with TPUs, Anthropic has adopted them, Amazon is seeing growing success with Trainium, **Meta** is once again announcing its own ASIC, and China's DeepSeek has announced one as well.

The current price of NVIDIA's stock implies a terminal growth rate of 3% (GDP or less?), assuming weighted average cost of capital of 10%, starting next year. In other words, from 100%-plus growth this year, to 3% growth next year. We believe there is a disconnect between the valuation of NVIDIA, and for that matter, **Broadcom** and those of the AI bottleneck companies. If the market is right about NVIDIA, it is necessarily wrong about the AI bottleneck names, unless future AI demand is met by chips other than NVIDIA's GPUs or Broadcom's ASICs, which together effectively account for the entire market today, or unless their margins are effectively competed away. The reverse is also true. NVIDIA and Broadcom cannot trade as if AI is not real or not sustainable, while the broader AI buildout beneficiaries trade as if AI is just beginning. That said, both companies' growth outlooks are so strong that we do not need multiple expansion, though we believe that risk is skewed to the upside.

Fundamentally, both companies continue to perform exceptionally well. NVIDIA's Blackwell, its latest generation GPU, is the fastest ramping chip in the company's history, gaining significant share in networking, where revenues tripled year-over-year, and demand remains unprecedented, with approximately $500 billion of orders booked in roughly 4.5 months, just as AI is beginning to demonstrate real ROI with roughly $175 billion of ARR. Broadcom also reported exceptional results, with semiconductor revenues up 79% year-over-year and AI semiconductor revenues up 143%. The company signed a new long-term agreement with Alphabet, reducing the risk of Google insourcing. On the earnings call, Hock Tan, Broadcom's CEO, described it as *"a very, very strong agreement and it basically reflects the strength of the partnership we have simply because of the products we do... and any intellectual property we deploy into this whole program... it's a commitment that is very substantial in dollars. Very, very substantial amount of dollars."*

SpaceX

We had been under an NDA with SpaceX, which has prevented us in the past from fully explaining our investment thesis on the company. Now that SpaceX is public, we will attempt to explain why we are so excited about its prospects and long-term opportunities. We have often described ourselves as disruptive change investors and how disruptive change has become so critical and pervasive that we evaluate every investment opportunity through this disruptive change lens. *We believe SpaceX stands at the intersection of two of the most consequential secular growth trends of our time: Artificial Intelligence and Space Economy*. The company is the most likely (obvious?) beneficiary of multiple early-stage, large S-curves disruptions. SpaceX has built a set of durable, multifaceted competitive advantages that to us appear to be insurmountable and is led by one of the most accomplished entrepreneurs and operators in history whose culture continues to attract extraordinary engineering and product-building talent. From the standpoint of uniqueness and opportunity set – it has no rivals. **This is THE company with N=1.**

More than a decade ago, SpaceX solved a problem experts said was impossible: instead of discarding rockets after each flight, it made them reusable. Today, SpaceX can reuse a booster (the bottom portion of the rocket) up to 35 times, while the rest of the industry still discards boosters after a single use. As a result, SpaceX needs only 3 boosters for 100 launches, compared with 100 for the industry. This created significant cost, scale, reliability, and innovation advantages, supported by higher launch frequency and the data generated from landed rockets. SpaceX has built a *platform business* with launch at its core. As its cost and scale advantages compound, the company can bring mass to space at lower cost and higher volume than anyone else, with the *gap likely to widen further* as it transitions to Starship. Lower unit costs expand markets, as we have seen across other industries: Moore's Law enabled massive growth in compute, mobile, and internet; the falling cost of genome sequencing, from millions of dollars to roughly $200 today, helped power growth in biotechnology and pharmaceuticals; and lower-cost, increasingly capable intelligence tokens have expanded the AI market. SpaceX has *reduced launch costs* from the industry standard of nearly *$20,000 per kilogram* to an order of magnitude lower with Falcon 9, while Starship targets another major reduction *to below $100*. Beyond the expanding ecosystem that relies on SpaceX for launch, the company's vertically integrated connectivity business, Starlink, has further supported Falcon 9's scale because most missions carry Starlink satellites.

Speaking of Starlink... despite already serving more than 12 million subscribers, we believe the connectivity opportunity remains quite significant. Starlink delivers faster, lower-latency connectivity that works virtually anywhere. In a market of largely undifferentiated connectivity services – where many regions still have either no service or poor, dial-up-quality service – Starlink is disrupting an approximately $1.5 trillion connectivity market. Any shareholder who has experienced a Starlink-enabled flight will appreciate the significance of this advantage. Could Starlink ultimately reach 20% market share? 50%? 80%? Each 10 percentage points of share represents roughly *$150 billion of revenue opportunity, with very high incremental margins*. This is a high fixed-cost business: once the satellite constellation is in orbit, the incremental costs are primarily user terminals, customer acquisition, and customer support, and SpaceX continues to improve efficiency across the value chain. Starlink also creates the potential to connect more than 3 billion people globally who remain unconnected today[5]. Competition faces a steep challenge: smaller constellations offer less bandwidth, resulting in inferior service, while competitors also lack SpaceX's scale and reusable launch economics, making their product more expensive to deliver. In addition, we believe SpaceX is well positioned to become an important player in global defense through Starshield, its dedicated government constellation.

Over the past five years, we have written extensively about AI and the disruption and the opportunities that we believe it represents. Now, with NVIDIA valued at over $4.7 trillion and hyperscaler CapEx approaching $750 billion annually, we believe AI is just getting started. The first agentic use case to make AI genuinely useful at scale has been coding, and even that market is still nascent. Annualized recurring revenue (ARR) is growing rapidly, with Anthropic surpassing $47 billion in May[6], OpenAI passing $33 billion[7], and overall GenAI revenues reaching $175 billion[8]. The coding opportunity alone is substantial: there are approximately 45 million to 50 million developers globally[9] and that population should expand meaningfully as AI lowers the barriers to software creation. The number of natural-language coders could ultimately be far larger than the number of developers proficient in Python, Java, or C++. According to Ramp, which observes actual enterprise spending across its customer base, a top 1% firm already spends roughly $90,000 per employee per year on AI, or about half the median developer salary. A top 10% firm spends approximately $7,300, while the median firm spends just $137 – and all of these figures are growing exponentially[10]. This suggests that coding alone could represent a multi-trillion dollar opportunity. If, over time, the median firm spends what today's early adopters spend, the total addressable market could reach $4 trillion to $5 trillion. Extending that framework across roughly one billion information workers points to a potential opportunity measured in the tens of trillions of dollars. The range of outcomes is wide and will depend on the value AI creates, but the direction is clear: the more capable and lower-cost intelligence tokens become, the steeper the adoption S-curve is likely to be.

We believe SpaceX is emerging as a meaningful participant across multiple layers of the AI stack. The most immediate opportunity sits in the compute layer, where the company has recently signed its first terrestrial data center hosting agreements with Anthropic and Google, together representing $26 billion of annualized revenue. Based on our estimates, these contracts imply revenue opportunities in the mid-$20 billion per gigawatt for Anthropic and the mid-$40 billion per gigawatt for Google. If SpaceX scales to 10GW over the next several years, this could represent a $200 billion to $400 billion opportunity with very high incremental margins, assuming demand for intelligence tokens continues to exceed supply. We believe that is likely given the structural constraints around advanced chip production and memory availability.

Can SpaceX become a leader in AI hosting? We believe it already has, even with only its initial agreements with Anthropic and Google. SpaceX's core competency is executing complex physical operations at an extraordinary scale: reasoning from first principles, eliminating bottlenecks, removing unnecessary complexity, optimizing, automating, and moving with unusual speed. The company has already demonstrated the ability to build data centers faster and at lower cost than others, including a 100,000-GPU coherent cluster in 122 days versus an industry norm closer to two years. In a market advancing this quickly, time is money! The sooner a data center comes online, the sooner it can begin producing valuable tokens and generating returns.

Still within the compute layer, SpaceX has a significant longer-term opportunity to place *data centers in orbit*. Picture satellites rather than buildings – powered by unlimited and free solar energy. While meaningful technical work remains, we believe SpaceX's experience with Starlink satellites and terrestrial data centers positions it well to pursue this opportunity. Over time, as building data centers on Earth becomes more challenging and expensive because of regulation, power and cooling constraints, land scarcity, and construction costs, orbital data centers could benefit from effectively unlimited power, unlimited space, economies of scale, and a simpler regulatory framework. Starship is the prerequisite and therefore must come first. As for the scale of the opportunity, *Elon has targeted 100GW per year by the end of the decade*.

Over time, we believe orbital data centers could become the lowest-cost and most scalable architecture for AI inference. Their cost per gigawatt will depend on Starship reusability and the ratio of AI satellite weight to AI compute capacity. Based on the latest available information, Gen 1 satellites are designed to generate 160KW of AI compute per satellite, with the goal of increasing that capacity over time. Even at 160KW per satellite, each Starship Version 3 carrying 28 satellites would deliver 4.5MW of compute, requiring roughly 223 launches for 1GW. At SpaceX's target of less than $100 per kilogram, a Starship launch would cost less than $10 million, implying total launch costs below $2.23 billion for 1GW of AI compute. By comparison, five-year total cost of ownership for terrestrial data centers is roughly $10 billion to $15 billion per gigawatt (excluding AI compute costs in both cases on the assumption they converge at scale). This implies that 1GW of AI satellites (roughly 6.25 thousand satellites) could cost approximately $8 billion to $13 billion and still reach breakeven versus terrestrial data centers. That comparison also excludes the fact that terrestrial data centers incur ongoing power and operating costs that orbital data centers would largely avoid because power and "land" are free in space. For a 1GW terrestrial data center, power alone can cost roughly $1 billion per year, depending on efficiency and location, and terrestrial construction costs are likely to rise over time. Over the past three years, SpaceX spent roughly $10 billion on connectivity CapEx while launching approximately 8,000 Starlink satellites, suggesting this cost envelope for AI satellites is plausible, particularly because AI satellites should be simpler to manufacture: they replace complex phased-array connectivity hardware with solar panels and radiators.

Moreover, as Starship reusability improves and AI satellite manufacturing scales, orbital data centers should become increasingly cost efficient. Reusability is critical not only to launch costs but also to annual deployment capacity, because it enables far higher launch cadence. At the same time, terrestrial data centers are likely to become more complex and expensive as they scale. For every 100GW added to a future constellation (SpaceX's annual target) charging just $10 billion per gigawatt, below current market rates, would generate $1 trillion of incremental revenue, again with very high incremental margins.

Despite these advantages, *we do not believe hosting is part of the endgame of SpaceX's AI ambitions*. Elon's objective is clearly to extend much deeper into the AI stack – the model layer through Grok as a frontier model and consumer service, and the application layer through Cursor, beginning with agentic coding, and MacroHard for enterprise AI. We view terrestrial hosting as a bridge: it can lower the effective cost of building higher layers of the AI stack while helping seed the orbital data center business. If successful, *orbital data centers could become the lowest-cost source of AI inference and the only viable way to build AI at truly massive scale*. That, in turn, could create a new AI platform for SpaceX, analogous to the launch platform it has already built, benefiting both its vertically integrated businesses in models and applications by providing the cheapest tokens at unmatched scale, and the broader ecosystem through lower cost, far more scalable AI hosting.

In case all of this was not exciting enough... additional longer-term opportunities include TeraFab for semiconductor manufacturing, point-to-point transportation and logistics, in-space manufacturing, space mining, the lunar economy, Mars, and more. *We are NOT assigning any value to these opportunities* and are simply pointing out that the positive optionality imbedded in SpaceX is unlike anything we have seen before in our investment careers. **This is what we mean when we say that SpaceX is N=1!**

Top contributors to performance for the quarter

	Quarter End Market Cap ($B)	Contribution to Return (%)
Space Exploration Technologies Corp.	2,248.4	4.04
Taiwan Semiconductor Manufacturing Company Limited	2,476.9	2.84
Datadog, Inc.	92.7	2.80
NVIDIA Corporation	4,842.2	2.32
CrowdStrike Holdings, Inc.	194.3	1.90

Space Exploration Technologies Corp. develops and launches advanced rockets, satellites, and spacecraft, with the long-term goal of making humanity multi-planetary. Shares rose as the company successfully completed the largest initial public offering in history, raising more than $85 billion. The proceeds are expected to accelerate growth across massive addressable markets, such as connectivity, launch, terrestrial and space infrastructure, and AI. Fundamental momentum was further reinforced by landmark compute hosting deals totaling tens of billions of dollars annually, including agreements with market leaders Anthropic and Google. SpaceX also announced its acquisition of Cursor, a premier enterprise AI-powered coding platform. Integrating Cursor's technology, talent, and customer base provides another strategic steppingstone into the vast opportunities within AI applications and agentic systems. Lastly, the company conducted a successful test flight of the latest version of Starship, demonstrating meaningful advancements in rapid and full reusability. We believe these developments support sustained long-term revenue and profit growth well beyond current levels.

Taiwan Semiconductor Manufacturing Company Limited is the world's largest contract chipmaker and the leading manufacturer of advanced logic semiconductors used in modern AI accelerators. Shares rose 41.6% during the quarter as the company continues to report stellar financial results underpinned by AI demand with revenue growth of 35% year-on-year and EPS growth of 58%, with 66% gross margins and 58% operating margins. High-performance computing now represents the majority of TSMC's business. AI demand is consuming so much leading-edge capacity that smartphone and PC production is increasingly shifting to older technology nodes, reversing a dynamic that defined the foundry industry for much of the past decade. Management also raised its full-year outlook and increased capital spending to support demand that remains well above available supply. We retain long-term conviction in TSMC and view its leading-edge manufacturing monopoly, pricing power, and technology roadmap as durable advantages that support a long duration of growth.

Observability and cloud monitoring platform **Datadog, Inc.** contributed to performance with the stock up 121.3% during the quarter after reporting its strongest results in years. Revenue accelerated to 32% year-over-year growth, marking the fourth consecutive quarter of acceleration and meaningfully exceeding consensus estimates. Operating margins and free cash flow also surpassed expectations. Management raised full-year revenue guidance by roughly $240 million against a $50 million beat, with next-quarter guidance implying continued strength. Critically, the strength was broad-based: non-AI core customer revenue growth accelerated into the mid-20% range at scale, while Datadog's AI-native customer cohort diversified and expanded to 22 customers spending more than $1 million annually. Net revenue retention reaccelerated into the low-120% range, and unit economics remained best-in-class with 80% gross margins and high-20% free cash flow margins. We view observability as a structural beneficiary of the AI buildout through cloud migration, faster application deployment, and an increasingly complex technology stack. These broadening growth drivers reinforce our conviction in the long-term thesis.

Top detractors from performance for the quarter

	Quarter End Market Cap ($B)	Contribution to Return (%)
Intuitive Surgical, Inc.	140.8	(0.37)
Shopify Inc.	147.6	(0.17)
Coupang, Inc.	31.2	(0.12)
Figma, Inc.	9.6	(0.02)

Intuitive Surgical, Inc. sells robotic-assisted surgical systems. Shares declined 13.7% after the company's first-quarter U.S. system placements came in below investor expectations. Medical device stocks also broadly underperformed the market amid concerns that health care utilization trends could decelerate following the expiration of Affordable Care Act subsidies. Concerns were further compounded by the potential impact of Medicaid work requirements expected to take effect in 2027. Despite these headwinds, which we view as short-term in nature, we believe Intuitive can continue to grow revenue at a mid-teens rate for many years and remain positive on the company's long-term growth outlook.

Shopify Inc., a leading global commerce platform serving merchants across online and offline channels, detracted from performance in the second quarter with the stock down 3.7%. The decline was driven by multiple compression (its P/E was down 8.5%[11]) rather than any deterioration in the underlying business or fundamental outlook. Shopify continued to post healthy growth in gross merchandise volume and revenue, which were up 30% and 32% year-on-year, respectively. Instead, the pressure reflected investor concerns about the company's long-term positioning in a future state of e-commerce that may rely more heavily on AI-driven applications than traditional websites. We view those concerns as misplaced and see Shopify as an AI winner. Two decades of proprietary data across millions of merchants provide Shopify with a strong foundation for AI tools that improve merchant outcomes. Recent product releases also embed the platform more deeply within the emerging agentic commerce ecosystem while creating new monetization opportunities. We continue to believe that Shopify is the category-defining platform for modern commerce, benefiting from durable secular growth in digital retail, an expanding suite of merchant solutions, improving free cash flow, and a widening competitive moat.

Coupang, Inc., Korea's largest e-commerce platform, detracted from performance with shares down 7.7%. The stock came under pressure following first-quarter results, where in-line revenue was overshadowed by softer second-quarter guidance as capacity and supply chain investments made ahead of Coupang's 2025 data breach weighed on margins while customer volumes recovered. Sentiment was further weighed down by a record KRW 624.7 billion (about US $430 million) privacy fine stemming from an investigation into the breach, while a rotation of fast money into AI and semiconductor names added to the weakness. Despite these headwinds, our conviction remains intact. We view the margin pressure as temporary, and the fine removes a key overhang and reinforces our belief that the breach does not reflect a structural loss of market share. By the end of April, Coupang recovered roughly 80% of the post-breach decline in WOW Membership (its paid subscription program), with returning members resuming prior spending levels. We continue to view Coupang as a competitively advantaged e-commerce business gaining share in its core market while scaling Taiwan operations.

Portfolio Structure

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

As of June 30, 2026, the top 10 holdings represented 67.5% of the Fund's net assets, and the top 20 represented 93.1%. We exited the quarter with 27 investments, one more than we had at the end of last quarter.

IT and Communication Services represented 75.0% of the Fund's net assets, while the remaining 25.0% was invested in Consumer Discretionary, Health Care, and Financials.

Top 10 holdings

	Quarter End Market Cap ($B)	Quarter End Investment Value ($M)	Percent of Net Assets (%)
NVIDIA Corporation	4,842.2	102.9	12.8
Space Exploration Technologies Corp.	2,248.4	81.8	10.2
Amazon.com, Inc.	2,563.8	67.7	8.4
Taiwan Semiconductor Manufacturing Company Limited	2,476.9	66.6	8.3
Alphabet Inc.	4,327.0	55.1	6.9
Meta Platforms, Inc.	1,429.9	40.1	5.0
Datadog, Inc.	92.7	34.0	4.2
Cloudflare, Inc.	87.1	31.7	3.9
Tesla, Inc.	1,579.7	31.2	3.9
Shopify Inc.	147.6	30.4	3.8

Recent Activity

During the second quarter, we initiated a new investment in the fast-inference semiconductor company, **Cerebras**. We also took advantage of stock price volatility to continue adding to our newer position in the electrical component supplier **Amphenol**, and also added to the pharmaceutical giant **Eli Lilly**.

To fund these purchases, we slightly reduced 12 existing positions.

Top net purchases for the quarter

	Quarter End Market Cap ($B)	Net Amount Purchased ($M)
Amphenol Corporation	216.9	5.1
Cerebras Systems Inc.	49.2	4.5
Eli Lilly and Company	1,129.6	3.8

After following **Cerebras Systems Inc.** for years, meeting management several times, and touring its facility during our most recent Baron research trip to Silicon Valley, we participated in the company's IPO during the quarter. Cerebras is a semiconductor company focused on fast AI inference – i.e., producing fast tokens. As inference evolves from one-shot responses to reasoning and agentic workflows, many internal tokens are generated for every external, customer-facing token. This shifts the primary bottleneck from raw compute, measured in FLOPs, to AI-factory throughput: the total number of tokens produced per second and the speed delivered to each user. Speed matters because latency compounds at every step of an agentic workflow; the faster tokens are generated, the more useful and attractive the AI agent becomes. As discussed earlier in the letter, we believe the AI inference S-curve remains very early. Founded in 2016 by Andrew Feldman, Cerebras is built specifically to address this fast-inference opportunity.

Cerebras' Wafer-Scale Engine (WSE) is an AI accelerator the size of an entire silicon wafer, with substantial area dedicated to SRAM – the fastest available memory. The architecture is designed to keep as many calculations on-wafer as possible, going off-wafer only when necessary, which enables much higher bandwidth and as a result – faster token generation. The WSE-3 is 58 times larger than a leading GPU chip and, by keeping the model on-chip, can deliver inference up to 15 times faster than leading GPU-based solutions across various open-source models. Commercial validation includes a multi-year, 750MW agreement with OpenAI valued at more than $20 billion, with optionality for an additional 1.25GW; a partnership with Amazon to bring Cerebras' fast inference to AWS; and a second-quarter IPO that raised $6.4 billion. We believe Cerebras' moat is durable because wafer-scale computing is difficult to replicate: the company has spent nearly a decade solving architecture, packaging, yield, and software-engineering challenges and remains the only company to commercialize this approach at scale. As agentic AI adoption grows and latency becomes increasingly important, Cerebras' solution should become more valuable to customers.

We continued building our **Amphenol Corporation** position in the second quarter after initiating it in the first quarter (see the Q1 letter for a full write-up). As a reminder, Amphenol is a leading provider of mission critical interconnect, sensor, and antenna solutions across a diverse set of end markets. The stock continues to be volatile as investor narratives shift around the relative value of copper versus optical architectures for AI. We continue to believe the market underestimates Amphenol's long-standing ability to innovate and adapt across cycles and end markets. Fundamentally, the company reported strong first quarter results, with 33% year-over-year organic growth and record orders of $9.4 billion. With book-to-bill well above 1.0 times, these results suggest a clear growth trajectory ahead.

We added to **Eli Lilly & Company** in the second quarter as we believe it remains a compelling big idea. Eli Lilly is best known for its GIP/GLP-1 medications for diabetes and obesity. Although awareness and adoption of these medications has grown rapidly in the past few years, the market remains vastly underpenetrated. In the U.S. alone, there are roughly 135 million obese or diabetic patients who would qualify for GLP-1 drugs, yet less than 15% are on a GLP-1 drug today. Globally, over one billion people could benefit from GLP-1 therapy, and international markets are even less penetrated. We think these drugs will continue to launch well as awareness and insurance coverage grows, and as Lilly generates more data to show the dramatic impact GLP-1 drugs can have on other medical comorbidities. We think that these drugs will become the standard of care and a $180 billion-plus category.

We view Lilly as a clear leader in GLP-1s. Zepbound/Mounjaro appears to be the most effective injectable treatment currently available, while Orforglipron is positioned as the most convenient oral option. Lilly's U.S. market share has risen from below 50% at the start of 2025 to more than 60% today. Beyond Zepbound and Orforglipron, we believe Lilly has the strongest next-generation obesity pipeline, led by Retatrutide, a high-efficacy triple-agonist injectable, and Eloralintide, an amylin agonist that demonstrated Zepbound-like efficacy with excellent tolerability and could likely be combined with Zepbound. Lilly's incretin franchise also has meaningful optionality beyond obesity and type 2 diabetes. Zepbound has already shown efficacy in obstructive sleep apnea and heart failure, and we believe it could also prove useful in fatty liver disease and cardiovascular disease. Lilly is also studying brenipatide, a brain-penetrant GIP/GLP-1 agonist, in alcohol use disorder, major depressive disorder, opioid use disorder, schizophrenia, tobacco use disorder, bipolar disorder, and asthma. We also see potential use cases across autoimmune conditions and even in preventing inflammation-related cancers.

Beyond obesity and GLP-1s, Lilly is building a highly diversified portfolio, reinforcing its position as one of the fastest-growing pharmaceutical companies even excluding its GLP-1 franchise. The company has made meaningful pipeline progress, with promising programs in early Alzheimer's, breast cancer, and cardiology that could each become $10 billion-plus opportunities over time. Management is also using Lilly's substantial cash flow to pursue aggressive, strategic business development that can further extend long-term growth. Year to date, Lilly has announced more than 10 strategic deals totaling over $25 billion in value. While most target early-stage platforms for long-term pipeline growth, the Centessa acquisition stands out as a nearer-term opportunity. The $6.3 billion upfront deal secures a de-risked potential blockbuster therapy for sleep and wake disorders slated for a 2028 launch, with additional upside in sleep apnea. We would also highlight Lilly's landmark $1 billion co-innovation lab with **NVIDIA**, which is designed to virtually simulate complex molecular dynamics in silico before beginning physical trials and should help accelerate early-stage drug discovery.

Top net sales for the quarter

	Quarter End Market Cap or Market Cap When Sold ($B)	Net Amount Sold ($M)
Snowflake Inc.	88.2	5.8
KKR & Co. Inc.	82.4	5.3
Datadog, Inc.	92.7	5.2
argenx SE	57.7	4.1
Samsara Inc.	18.9	4.1

Outlook

"It's tough to make predictions, especially about the future." Yogi Berra

As we begin the second half of 2026, we find ourselves in an environment where headlines are dominated by geopolitics, shifting regulatory tides, fear and excitement about AI, and Truth Social posts. 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 or how the market 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.

Rumors and noise are constant – copper will be disrupted by optics! **Amphenol**'s stock falls 20% in the first three weeks of May. Wait... actually, CPO (co-packaged optics) is delayed. The stock bounces back 48% in the last 10 days of May and June! **NVIDIA**'s next generation architecture is delayed, data centers are delayed, tokenmaxxing[12], **Lilly**'s scripts have declined last week, **Meta** is building a cloud business. AI stocks sell off. Then IBM pre-releases earnings disclosing customer budgets have shifted to server purchases related to AI – and the AI trade is back on! And so it goes...

We laser focus on understanding the drivers of businesses' economic value creation _and_ on separating the signal from the noise. Understanding companies' competitive positioning _and_ duration of growth is the key to our process and our ability to generate alpha over long periods of time.

Each quarter, we analyze changes in the Fund's weighted average multiple and consensus expectations for 2026 revenues and operating income[13]. In the second quarter, the Fund's weighted average multiple expanded by 12.2%, though it remains down 4.9% year to date. Fundamentals also improved as weighted average revenue expectations rose 3.5% during the quarter and 8.7% year to date, while operating income expectations increased 5.1% in the quarter and 9.8% year to date. As a result, *more than 100% of the Fund's year-to-date return has been driven by growth in fundamentals rather than multiple expansion*, which bodes well for prospective returns. We also compared current valuation multiples for our companies with their average multiples over the past five years. At quarter-end, the portfolio's weighted average multiple was *10.5% below its five-year average*.

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.

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

Sincerely,

Alex Umansky
Portfolio Manager

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

1 The **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 SpaceX's S1 - https://www.sec.gov/Archives/edgar/data/1181412/000162828026036936/spaceexplorationtechnologi.htm

6 https://www.anthropic.com/news/series-h

7 https://sherwood.news/tech/anthropics-revenue-continues-to-surge-shooting-past-openai/

8 https://intelligence.exponentialview.co/assets/ev-state-of-ai-economy-2026.pdf

9 https://www.slashdata.co/research/developer-population

10 https://econlab.substack.com/p/how-much-does-it-cost-to-be-ai-pilled

11 Based on Factset consensus estimates for EPS for the next 12 months

12 From Google AI Overviews: "Tokenmaxxing" is the Silicon Valley trend of maximizing AI token consumption as a proxy for productivity.

13 We calculate the change in multiples, by using a P/E multiple for every stock for which the starting P/E was below 100x. If it was not, we use an EV/Revenue multiple. We also use a P/FRE multiple for KKR, which is more appropriate for an asset manager. All multiples are based on next 12-months consensus estimates from FactSet. We then calculate the weighted average change in multiples based on the position sizing at the end of the period (so the analysis is more forward looking). We normalize for cash and for the recent IPOs – SpaceX and Cerebras. We also exclude outliers in calculating the change in operating income expectations (companies that have close to breakeven profitability, which results in high percentage changes on small dollar changes).

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

Risks: The Fund invests primarily in large cap equity securities which are subject to price fluctuations in the stock market. Even though the Fund is diversified, it may establish significant positions where the Adviser has the greatest conviction. This could increase volatility of the Fund's returns.

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

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

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Capital Expenditures (CapEx) are funds companies use to acquire, upgrade, or maintain physical assets like buildings, technology, or equipment, with the goal of increasing operational scope or future economic benefits. **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. **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. **Weighted Average Cost of Capital (WACC)** measures the average cost a company incurs to finance its operations using debt and equity.

Investment Products: NOT FDIC INSURED | MAY LOSE VALUE | NOT BANK GUARANTEED

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QUARTERLY LETTER | JUNE 30, 2026

Baron First Principles ETF™

Ticker: RONB

Michael Baron
Co-President
Portfolio Manager

Ron Baron
Founder
CEO
Portfolio Manager

David Baron
Co-President
Portfolio Manager

ALL CAP

Dear Baron First Principles ETF™ Shareholder,

Performance

Baron First Principles ETF™ (the Fund) rebounded in the second quarter from a disappointing start to the year with the Fund gaining 7.01% (NAV) compared with a gain of 17.05% for the Russell 3000 Growth Index (the Benchmark). The quarterly relative underperformance was due to continued concerns about the effects of AI on many businesses held in the portfolio as well as continued momentum in the AI infrastructure and data center buildout companies to which the Fund is underexposed. The continued software declines were partly offset by the IPO of **Space Exploration Technologies Corp.** (SpaceX) at a significantly higher valuation than we had been carrying it when it was a private entity.

While we are disappointed with the year-to-date relative underperformance, we continue to see opportunities throughout the portfolio. Our portfolio companies continue to do quite well and are generating strong revenue growth with more recurring earnings and cash flow as businesses increase the number of clients and subscribers to their platforms while increasing their spending as they introduce new products and services. This is giving these businesses enhanced pricing power and leading to stronger margins and cash flow for additional investments in their businesses. We believe these investments should lead to further growth with excess cash being returned to shareholders through share buybacks and dividends.

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

Cumulative performance (%) for periods ended June 30, 2026†

	ETF Market Price[1,2]	ETF NAV[1,2]	Russell 3000 Growth Index[1]	Russell 3000 Index[1]
QTD	6.69	7.01	17.05	15.44
YTD	(2.43)	(2.10)	5.88	10.88
Since Inception (12/12/2025)	(2.78)	(2.82)	6.29	10.95

Many stocks in the portfolio continue to trade at historically depressed levels, and we believe there is a disconnect between where these businesses trade today and what they can become over time. As a result, this past quarter we began to see companies allocating capital towards accelerated share repurchases such as at **Verisk Analytics, Inc.** and **Birkenstock Holding plc** with others accelerating their public market quarterly share repurchases such as **Gartner, Inc.**, **FactSet Research Systems Inc.**, **Morningstar, Inc.**, and **Arch Capital Group Ltd.** When we see these purchases, it gives us further confidence in our investment theses for these growth businesses and reinforces our belief that valuations remain attractive. As a result, during the quarter we increased our positions in many of these stocks. We are continuing to make sure the portfolio remains focused while being cognizant that positions are appropriately sized for risk in this concentrated Fund.

We believe this combination of strong and more recurring revenue growth with well-positioned balance sheets and

Performance listed in the above table is net of annual operating expenses. The total annual fund operating expense ratio as of April 30, 2026 was 1.00%. The performance data quoted represents past performance. Past performance is no guarantee of future results. The investment return and principal value of an investment will fluctuate; an investor's shares, when redeemed, may be worth more or less than their original cost. Total returns assume the reinvestment of all distributions and the deduction of all fund expenses. Current performance may be lower or higher than the performance data quoted. For performance information current to the most recent month end, visit BaronCapitalGroup.com or call 1-800-99-BARON.

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.

Further, there continues to be a ton of capital remaining on the sidelines waiting to be invested as private equity firms continue to raise new funds. We believe as rates continue to move lower over the next 12 to 18 months, public to private transactions and strategic acquisitions should accelerate, which should further support valuations and our investments. We continue to believe these businesses have strong competitive advantages with underpenetrated growth opportunities ahead of them and robust balance sheets to finance their growth.

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

While it is only the Fund's second full quarter of performance, we believe the Fund should generate significant excess returns over time with much less than market risk. This is due to the balanced nature of the portfolio with approximately 50% invested in high-growth disruptive investments that can generate revenue growth of as much as 20% to 30%; nearly 14% 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; nearly 19% in financials businesses, many of which are financial data providers that have recurring revenue and earnings given the embedded nature of their products in the workflow of their customers; and the balance in core double-digit revenue growing businesses that are more mature in their lifecycle and generate earnings growth while using excess cash for dividend increases, share buybacks, and additional investments in the business to accelerate growth further.

ALL CAP

Total returns by investment type for the quarter

	Percent of Net Assets (%)	Total Return (%)	Contribution to Return (%)
Disruptive Growth	**50.6**	**22.57**	**4.82**
Space Exploration Technologies Corp.	32.2	62.23	3.30
Tesla, Inc.	12.4	13.01	1.87
Shopify Inc.	3.3	(3.74)	(0.21)
Spotify Technology S.A.	2.7	(5.32)	(0.14)
Russell 3000 Growth Index		**17.05**	
Real/Irreplaceable Assets	**13.8**	**15.63**	**2.57**
Hyatt Hotels Corporation	4.4	34.89	1.48
Red Rock Resorts, Inc.	3.0	22.44	0.66
Airbnb, Inc.	1.8	13.36	0.22
Vail Resorts, Inc.	2.2	7.72	0.20
Choice Hotels International, Inc.	2.3	6.74	0.30
CoStar Group, Inc.	—	(20.14)	(0.30)
Financials	**18.8**	**3.95**	**1.25**
Interactive Brokers Group, Inc.	3.5	29.92	0.94
FactSet Research Systems Inc.	2.4	6.53	0.29
MSCI Inc.	4.5	4.28	0.38
Arch Capital Group Ltd.	1.8	1.13	0.02
The Charles Schwab Corporation	3.8	(1.53)	(0.05)
Kinsale Capital Group, Inc.	0.8	(3.35)	(0.16)
Morningstar, Inc.	2.0	(8.12)	(0.16)
Core Growth	**16.7**	**(6.90)**	**(1.43)**
HEICO Corporation	2.3	22.24	0.49
Live Nation Entertainment, Inc.	1.5	20.06	0.34
Birkenstock Holding plc	2.5	19.79	0.48
On Holding AG	2.1	4.14	0.19
Verisk Analytics, Inc.	2.9	(5.12)	(0.29)
IDEXX Laboratories, Inc.	1.7	(6.43)	(0.14)
Guidewire Software, Inc.	1.5	(17.68)	(0.74)
Gartner, Inc.	—	(19.12)	(0.55)
FIGS, Inc.	2.3	(30.20)	(1.20)
Cash and Cash Equivalents	**0.1**	**—**	**0.04**
Fees	**—**	**(0.25)**	**(0.26)**
Total	**100.0***	**6.99****	**6.99****

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

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

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

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

Aside from strong gains due to the IPO of SpaceX at a valuation significantly higher than previous marks, performance in the second quarter was hurt by continued concerns about the introduction of AI into the economy and those businesses that could be impacted most by the new competition. These included our subscription-based software and platform investments such as **Guidewire Software, Inc.**, Verisk, and Morningstar. 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.

Data and analytics provider Verisk fell 5.1% in the second quarter, detracting 29 bps from performance. While the company reported better-than-expected first-quarter 2026 earnings, the stock was pressured by a broader factor-driven selloff across information services companies amid industry-wide concerns about AI, as well as a softer property and casualty insurance pricing backdrop. We maintain conviction in the company's competitive position, long-term growth prospects, margin expansion opportunities, and disciplined capital deployment.

Shares of Morningstar, a leading provider of independent investment research, data, and analytics, detracted 16 bps from performance amid continued investor concerns that generative AI could disrupt the company's data and research businesses. In particular, investors fear that the moat around PitchBook, a leading private markets database, could erode as large language models make it easier to gather private company information from across the internet. Those concerns compressed valuation multiples across information services companies and weighed on the stock, even as Morningstar's core franchises continued to post healthy organic growth. We continue to view Morningstar as a collection of high-quality, hard-to-replicate data businesses trading at a meaningful discount to both its historical valuation and its peers.

Property and casualty (P&C) insurance software vendor Guidewire declined 17.7% in the second quarter and detracted 74 bps from performance. However, the company continues to do quite well - after a multi-year transition period, the company's cloud transition is substantially complete, and insurers are upgrading to the cloud at an accelerated rate. We believe that cloud will be the sole path forward, with annual recurring revenue (ARR) benefiting from new customer wins and migrations of the existing customer base to the company's Insurance Suite Cloud. We also expect the company to shift R&D resources to product development from infrastructure investment, which should help drive cross-sales into its sticky installed base and potentially accelerate ARR over time. We are encouraged by Guidewire's subscription gross margin expansion, which improved by 340 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%.

These losses were offset by gains seen in our exposure to consumer-focused investments as worries about the escalation of the war in Iran dissipated along with concerns about inflation, interest rates, and consumer spending. These included companies such as **Hyatt Hotels Corporation**, **Red Rock Resorts, Inc.**, and Birkenstock. These businesses continue to do quite well, generating strong revenue growth with significant pricing power as the high-end consumer remains robust and continues to spend despite macro uncertainty.

Shares of global hotelier Hyatt appreciated 34.9% and helped performance by 148 bps in the second quarter as revenue per available room (RevPAR) accelerated and management indicated they are seeing increased demand from franchisees for its brands. In addition, the company still expects to grow units between 6% and 7% this year with management indicating they expect it to be in the upper end of that range. We believe this growth combined with mid-single-digit RevPAR growth and slight margin improvement should lead to low double-digit EBITDA growth this year. This should generate strong free cash flow, which the company can use for further share buybacks and reinvestment back into the business. The company still has a strong investment grade balance sheet with 90% of the business coming through fees that should grow to 95% in 2028 as they sell further owned assets and continue to grow their managed and franchised business. Hyatt continues to trade at a discount to peers despite a similar growth and mix of business. We believe this discount should narrow over time as investors see the continued growth and resilience of its business model.

Shares of Las Vegas Locals casino operator Red Rock Resorts increased 22.4% in the second quarter and helped performance by 66 bps as construction disruption dissipated and investors looked ahead to the benefits of the company's recent investments in its resorts. This should result in increased earnings and cash flow and allow the company to continue to invest in its properties while returning capital to shareholders. The company's balance sheet remains strong with increased liquidity for further capital investment and shareholder returns. We believe the stock remains attractive compared to what we believe the business can become in time.

Shares of global footwear seller Birkenstock increased 19.8% in the second quarter and helped performance by 48 bps as sales continued to be quite strong and grew at a mid-teens rate despite concerns about the war in the Middle East, a depreciating dollar, and tariffs. Full-price sell-through remains above 90%, closed-toe shoes continue to increase penetration rates and same store sales are growing at double-digit rates. Despite the worsening macro since the first quarter, management confirmed all fiscal year 2026 targets and continue to execute on its key growth objectives of expanding retail stores, growing in Asia Pacific and increasing closed-toe penetration. The stock continues to trade at a significant discount to peers with the stock trading at just 15 times next year's earnings per share despite growing earnings 30% next year and 20% after that. We continue to believe the market is being too harsh on the company, even as they continue to deliver solid double-digit growth that is well balanced across regions and channels.

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.	2025	800.0	2,248.4	62.23	3.30
Tesla, Inc.	2025	1,526.4	1,579.7	13.01	1.87
Hyatt Hotels Corporation	2025	15.3	18.3	34.89	1.48
Interactive Brokers Group, Inc.	2025	109.1	148.0	29.92	0.94
Red Rock Resorts, Inc.	2025	6.5	6.8	22.44	0.66

Space Exploration Technologies Corp. develops and launches advanced rockets, satellites, and spacecraft, with the long-term goal of making humanity multi-planetary. Shares rose as the company successfully completed the largest initial public offering in history, raising more than $85 billion. The proceeds are expected to accelerate growth across massive addressable markets, such as connectivity, launch, terrestrial and space infrastructure, and AI. Fundamental momentum was further reinforced by landmark compute hosting deals totaling tens of billions of dollars annually, including agreements with market leaders Anthropic and Google. SpaceX also announced its acquisition of Cursor, a premier enterprise AI-powered coding platform. Integrating Cursor's technology, talent, and customer base provides another strategic stepping stone into the vast opportunities within AI applications and agentic systems. Lastly, the company conducted a successful test flight of the latest version of Starship, demonstrating meaningful advancements in rapid and full reusability. We believe these developments support sustained long-term revenue and profit growth well beyond current levels.

Shares of **Tesla, Inc.,** which designs, manufactures, and sells fully electric vehicles (EVs), solar products, and energy storage solutions, while developing advanced real world AI technologies, contributed to our performance. The company has continued to beat quarterly expectations, with first quarter results delivering substantial outperformance across most key metrics. Beneath the headline numbers, Tesla's autonomy flywheel continued to build: FSD penetration is deepening, the active subscriber base is growing, and regulatory approvals in an increasing number of countries are validating the technology and broadening the addressable market. Moreover, the production of the Cybercab, Tesla's first purpose-built robotaxi platform, is scaling and should drive meaningful cost reduction as the service expands. Tesla also finalized the design of AI5, its next-generation inference chip, a development with particular relevance to the Optimus humanoid program. A memory boosted version of AI4 should further support robotaxi use case. Rising capital expenditure signals conviction in growth initiatives and strengthening Tesla's position as a leading vertically integrated physical AI company.

Shares of global hotelier **Hyatt Hotels Corporation** increased in the second quarter as RevPAR accelerated and management highlighted rising franchisee interest in its brands. As a result, the company is seeing strong growth in earnings and cash flow. Hyatt continues to have a robust balance sheet and is repurchasing shares, taking advantage of the stock's significant valuation discount to peers despite having a similar mix of fee-based business. We believe Hyatt remains an attractive investment despite recent gains.

Top detractors from performance for the quarter

	Year Acquired	Market Cap When Acquired ($B)	Quarter End Market Cap ($B)	Total Return (%)	Contribution to Return (%)
FIGS, Inc.	2026	1.7	1.7	(30.20)	(1.20)
Guidewire Software, Inc.	2025	17.4	10.2	(17.68)	(0.74)
Gartner, Inc.	2025	16.9	8.5	(19.12)	(0.55)
CoStar Group, Inc.	2026	14.4	13.1	(20.14)	(0.30)
Verisk Analytics, Inc.	2025	30.3	23.5	(5.12)	(0.29)

FIGS, Inc. designs and sells scrubwear for health care professionals through a digitally native, direct-to-consumer strategy. The stock detracted from performance as shares slipped due largely to investor positioning. Even so, the company reported a very strong first quarter. Revenue came in at $159.9 million, up 28%, well ahead of the company's guidance for low-20% growth and above consensus expectations. The results were broad-based. U.S. revenue grew 24% to $131.6 million, with strength across core offerings, new product launches, and promotional periods, while international revenue accelerated 50% to $28.3 million, with double-digit growth in every region. Active customers surpassed 3 million for the first time, up 12% year over year, with both new and repeat customers contributing. We continue to have conviction in the strength of FIGS' business model and the company's ability to gain market share in the attractive global health care apparel industry.

Shares of P&C insurance software vendor **Guidewire Software, Inc.** declined after a handful of deals slipped from the fiscal third quarter into the fiscal fourth quarter. We believe this is purely a timing issue, with these deals having since closed in the current period. Guidewire's InsuranceSuite platform serves as the core system of record for insurance carriers, functioning as the single source of truth for the policies an insurer writes, the claims it processes, the premiums it collects, and the payments it makes. We think the core-system opportunity alone represents nearly $20 billion of annual recurring revenue, or roughly 20 times Guidewire's current size. In our view, AI will meaningfully expand this opportunity by enabling automation and intelligence on top of the core system of record. Guidewire is already bringing new AI-enabled capabilities to market and signing customers, and we expect adoption to accelerate over the coming year. Finally, we expect Guidewire to benefit from the same internal productivity enhancements AI is driving across enterprises, which should help it grow faster with lower costs and ultimately improve profitability.

Syndicated research provider **Gartner, Inc.** detracted from performance due to multiple compression driven by rising AI fears. The market has increasingly come to view AI as an existential risk for a growing number of industries, including software, business services, information services, and video games. While there is little evidence of any fundamental impact on these sectors, investors have largely adopted a "shoot first and ask questions later" approach, leading to significant stock price declines. However, we decided to sell the stock as the company was not growing as fast as it had historically and while we saw value in the stock, we did not believe it was right for this focused growth portfolio.

Portfolio Structure

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

As of June 30, 2026, the Fund owned 24 investments. From a quality standpoint, the Fund's investments have generally strong long-term sales growth and margins with the ability to possibly double earnings and cash flow over the next four to five years. Many of our portfolio companies generate recurring earnings and cash flow with low churn rates giving them enhanced visibility into growth and significant pricing power. Many of our portfolio companies continue to invest in their businesses to accelerate growth further. While this hurts current margins, we believe they should generate strong returns on invested capital, and the investments will accelerate further growth in the future.

While focused, the Fund is diversified by sector. The Fund's weightings are significantly different than those of the Benchmark. For example, the Fund is heavily weighted to Consumer Discretionary businesses with 33.0% of its net assets in this sector versus 8.2% for the Benchmark. The Fund has no exposure to Energy, Materials, Consumer Staples, or Utilities. We believe companies in these sectors can be cyclical, linked to commodity prices, and/or have little if any competitive advantage. The Fund also has lower exposure to Health Care stocks at 1.7% versus 6.5% 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.	32.2	2025	94.8
Tesla, Inc.	12.4	2025	(8.4)
Shopify Inc.	3.3	2025	(30.5)
Spotify Technology S.A.	2.7	2025	(23.2)

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

Core Growth Investments

	Percent of Net Assets (%)	Year Acquired	Cumulative Return Since Date Acquired (%)
Verisk Analytics, Inc.	2.9	2025	(16.7)
Birkenstock Holding plc	2.5	2026	4.1
FIGS, Inc.	2.3	2026	(2.4)
HEICO Corporation	2.3	2025	14.8
On Holding AG	2.1	2025	(27.4)
IDEXX Laboratories, Inc.	1.7	2025	(24.9)
Live Nation Entertainment, Inc.	1.5	2025	29.3
Guidewire Software, Inc.	1.5	2025	(40.0)

Core Growth investments, steady growers that continually invest in their businesses for growth and return excess cash flow to shareholders, represented 16.7% of net assets. An example would be **FIGS, Inc.**, one of the largest providers of scrubs and other attire to health care workers. The company continues to add new customers and increase the level of spending per customer as they add new articles of clothing and open new stores both domestically and abroad. This has allowed them to grow their addressable market and improve client retention and cash flow. FIGS continues to invest its cash flow in its business to accelerate growth further, which we believe should generate strong returns over time.

Financials Investments

	Percent of Net Assets (%)	Year Acquired	Cumulative Return Since Date Acquired (%)
MSCI Inc.	4.5	2025	2.4
The Charles Schwab Corporation	3.8	2025	(3.9)
Interactive Brokers Group, Inc.	3.5	2025	36.0
FactSet Research Systems Inc.	2.4	2025	(20.6)
Morningstar, Inc.	2.0	2026	(7.8)
Arch Capital Group Ltd.	1.8	2025	3.3
Kinsale Capital Group, Inc.	0.8	2025	(15.8)

Financials investments accounted for 18.8% of the Fund's net assets. These businesses generate strong recurring earnings through subscriptions and premiums that generate highly predictable earnings and cash flow. These businesses use cash flows to continue to invest in new products and services, while returning capital to shareholders through share buybacks and dividends. These companies include **Arch Capital Group Ltd.**, **FactSet Research Systems Inc.**, and **MSCI Inc.**

Investments with Real/Irreplaceable Assets

	Percent of Net Assets (%)	Year Acquired	Cumulative Return Since Date Acquired (%)
Hyatt Hotels Corporation	4.4	2025	20.2
Red Rock Resorts, Inc.	3.0	2025	9.8
Choice Hotels International, Inc.	2.3	2025	21.5
Vail Resorts, Inc.	2.2	2025	(10.5)
Airbnb, Inc.	1.8	2025	8.6

Companies that own what we believe are **Real/Irreplaceable Assets** represent 13.8% of net assets. **Vail Resorts, Inc.**, owner of the premier ski resort portfolio in the world, upscale lodging brand **Hyatt Hotels Corporation**, and **Red Rock Resorts, Inc.**, the largest player in the Las Vegas Locals casino gaming market, are examples of companies we believe possess meaningful brand equity and barriers to entry that equate to pricing power over time.

Portfolio Holdings

As of June 30, 2026, the Fund's top 10 holdings represented 72.7% of net assets. We have a long history of investing in many of these businesses across the Firm and believe they continue to offer significant appreciation potential, although we cannot guarantee that will be the case.

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

Top 10 holdings

	Year Acquired	Market Cap When Acquired ($B)	Quarter End Market Cap ($B)	Quarter End Investment Value ($M)	Percent of Net Assets (%)
Space Exploration Technologies Corp.	2025	800.0	2,248.4	157.7	32.2
Tesla, Inc.	2025	1,526.4	1,579.7	60.7	12.4
MSCI Inc.	2025	41.4	41.0	21.9	4.5
Hyatt Hotels Corporation	2025	15.3	18.3	21.7	4.4
The Charles Schwab Corporation	2025	176.7	165.2	18.4	3.8
Interactive Brokers Group, Inc.	2025	109.1	148.0	17.2	3.5
Shopify Inc.	2025	213.8	147.6	16.1	3.3
Red Rock Resorts, Inc.	2025	6.5	6.8	14.7	3.0
Verisk Analytics, Inc.	2025	30.3	23.5	14.3	2.9
Spotify Technology S.A.	2025	124.6	94.5	13.2	2.7

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

Sincerely,

Ronald Baron	David Baron	Michael Baron
Founder	Co-President	Co-President
CEO	Portfolio Manager	Portfolio Manager
Portfolio Manager		

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

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

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

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

Risks: The Fund is non-diversified which means, in addition to increased volatility of the Fund's returns, it will likely have a greater percentage of its assets in a single issuer or a small number of issuers, including in a particular industry than a diversified fund. Single issuer risk is the possibility that factors specific to an issuer to which the Fund is exposed will affect the market prices of the issuer's securities and therefore the net asset value of the Fund. Specific risks associated with leverage include increased volatility of the Fund's returns and exposure of the Fund to greater risk of loss in any given period.

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

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

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

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

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

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

EBITDA, short for earnings before interest, taxes, depreciation, and amortization, is an alternate measure of profitability to net income. It's used to assess a company's profitability and financial performance. **Free Cash Flow (FCF)** represents the cash that a company generates after accounting for cash outflows to support operations and maintain its capital assets. **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. **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.

Investment Products: NOT FDIC INSURED | MAY LOSE VALUE | NOT BANK GUARANTEED

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 | JUNE 30, 2026

Baron Opportunity Fund®

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

Michael Lippert
Head of Technology Research
Portfolio Manager

Dear Baron Opportunity Fund Shareholder,

Performance

During the second quarter, Baron Opportunity Fund (the Fund) surged 27.07% (Institutional Shares), outperforming the Russell 3000 Growth Index (the Benchmark), which gained 17.05%, and the S&P 500 Index, which rose 15.20%. For the first six months of 2026, the Fund ascended 15.79%, beating the Benchmark, which appreciated 5.88%, and the S&P 500 Index, which advanced 10.21%.

Annualized performance (%) for periods ended June 30, 2026†

	Fund Retail Shares[1,2]	Fund Institutional Shares[1,2,3]	Russell 3000 Growth Index[1]	S&P 500 Index[1]
QTD[4]	27.01	27.07	17.05	15.20
YTD[4]	15.65	15.79	5.88	10.21
1 Year	27.41	27.75	18.24	22.32
3 Years	28.24	28.57	22.26	20.61
5 Years	10.72	11.00	13.17	13.41
10 Years	22.18	22.50	18.13	15.51
15 Years	16.22	16.52	16.06	14.36
Since Inception (2/29/2000)	10.82	11.01	8.15	8.66

Review and Outlook

Market Backdrop

After selling off in March amid the U.S.-Iran conflict and disruptions in the Strait of Hormuz, U.S. equity markets rallied to record highs during the second quarter, with most gains concentrated in April and May. The AI secular growth narrative was the principal driver of returns, overshadowing uncertainty surrounding a potential resolution to the U.S.-Iran conflict, shifting Federal Reserve rate expectations, and depressed consumer sentiment stemming from persistent inflation, high living costs, and elevated borrowing rates.

Market leadership was quite narrow during the quarter, with a dozen securities accounting for most of the S&P 500 Index's gains. The 12 largest contributors were either Information Technology (IT) stocks or members of the Magnificent Seven complex—companies perceived as direct beneficiaries of AI capital spending and electrification, and what the market has come to call "AI winners." **Micron Technology, Inc.**, one of the three largest memory chip manufacturers globally and a stock we added to the Fund during the quarter, appreciated 242%, vaulting it into the trillion dollar market cap club alongside fellow semiconductor giants **NVIDIA Corporation** and **Broadcom Inc.** This market concentration is arguably defensible on fundamentals: the S&P 500 posted one of its strongest quarterly earnings results in five years, driven largely by the Magnificent Seven, which reported blended earnings growth of more than 60%, well above the low double-digit growth recorded by the rest of the Index.

Sector performance reflected the quarter's one-sided market dynamic. IT outpaced all other sectors by a wide margin, accounting for roughly two-thirds of the S&P 500's gains and advancing 31.8% for the quarter. The next closest sector, Industrials, rose 14.9%. IT strength was concentrated in AI infrastructure builders within the semiconductors and semiconductor materials & equipment sub-industries.

Performance listed in the above table is net of annual operating expenses. Annual expense ratio for the Retail Shares and Institutional Shares as of January 28, 2026 was 1.31% and 1.05%, respectively. The performance data quoted represents past performance. Past performance is no guarantee of future results. The investment return and principal value of an investment will fluctuate; an investor's shares, when redeemed, may be worth more or less than their original cost. The 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 style perspective, following three consecutive months of underperformance to begin 2026, growth stocks staged a meaningful comeback in the second quarter, fueled by the AI-driven rally in April and May. Growth outperformed value by a wide margin across all market cap segments. Despite this recent strength, growth has yet to achieve parity with value on a year-to-date basis.

Performance

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

As market sentiment shifted, the second quarter proved to be a favorable backdrop for the Fund with AI winners leading the way and a rotation back into growth stocks. The Fund climbed over 27%, outperforming both the Benchmark and the broader-market S&P 500 Index.

The Fund's outperformance for the quarter was driven entirely by stock picking—across a diversified set of innovation and secular growth leaders. Our stand-out contributor to absolute and relative performance during the period was launch and satellite broadband groundbreaker **Space Exploration Technologies Corp.** (SpaceX), which conducted a successful initial public offering during the quarter. SpaceX remains the largest holding in the Fund and the largest overweight position versus the Benchmark. In the IT sector, our systems software investments contributed to absolute and relative performance, with **Datadog, Inc.** (cloud-based observability and security platform leader), **Snowflake Inc.** (cloud data platform pioneer), and **Rubrik, Inc.** (cloud data security and cyber resilience leader) leading the way. Several of our AI-infrastructure and semiconductor investments also contributed to absolute and relative performance, including **Taiwan Semiconductor Manufacturing Company Limited** (the world's advanced-semiconductor manufacturing champion), **indie Semiconductor, Inc.** (automotive semiconductor innovator), **Coherent Corp.** (optical technology leader), **ASML Holding N.V.** (the world's dominant provider of advanced lithography semiconductor manufacturing equipment), Micron, and Broadcom. The Fund also benefited from not owning Microsoft Corporation, which was among the Magnificent Seven and software laggards during the period.

The Fund's Health Care investments performed well, with stand-out absolute and relative performance from **Hinge Health, Inc.** (digital musculoskeletal and physical therapy platform trailblazer), as well as a positive contribution from **argenx SE** (immunology and antibody-based medicine innovator).

Within Industrials, our AI data center power investments also performed well, with exceptional gains and relative performance from **Forgent Power Solutions, Inc.**, a leading manufacturer of custom electrical distribution equipment serving data centers, the power grid, and energy-intensive industrial applications.

While the Fund's semiconductor investments added value overall, our non-ownership of Advanced Micro Devices, Inc. was the largest drag on relative performance. Among Fund holdings, the top relative performance laggards included **Spotify Technology S.A.** (global streaming music and content leader), **GDS Holdings Limited** (leading China data center operator), and **Guidewire Software, Inc.** (leading cloud-based property and casualty insurance vendor).

AI Update

The AI Buildout Continues to Exceed Expectations

The largest companies in the world continued to expand their AI infrastructure investment plans during the second quarter. Over the past three months, **Alphabet Inc.** raised its 2026 capital expenditure guidance to \$180–\$190 billion, Microsoft lifted its outlook by \$25 billion to roughly \$190 billion, **Meta Platforms, Inc.** raised its range to \$125–\$145 billion, and **Amazon.com, Inc.** reaffirmed approximately \$200 billion. Together, these hyperscalers are on track to spend more than \$700 billion this year, up 74% compared to last year. On top of this, emerging "neoclouds" — specialized AI cloud providers — have continued to grow rapidly, now representing approximately 5% of the overall cloud market, and are investing aggressively as well.

To put this spending in perspective, consider the cost of a single gigawatt of AI compute capacity — the industry's new unit of account. Estimates from NVIDIA, OpenAI, and Wall Street models range from \$35–\$60 billion per gigawatt all-in across current chip generations, and NVIDIA's CEO recently suggested next-generation facilities could approach \$80–\$100 billion as memory and component shortages inflate costs. Roughly 60–70% of each gigawatt is compute and networking — semiconductors, switches, and optical interconnects — with the balance going to powered shell, electrical distribution, cooling, and backup generation. Each successive chip generation delivers a multiple more intelligence per dollar and per watt, which is why the industry keeps investing despite rising unit costs.

Is all this capacity justified? Two forms of evidence suggest demand is tangible and still running ahead of supply. First, the revenue ramps at the AI labs continue to defy precedent: Anthropic's annualized revenue run rate reached \$47 billion in May, up from \$30 billion in early April and \$9 billion at year-end 2025, while OpenAI's enterprise business continues to scale toward parity with its consumer franchise. Second, contracted backlogs at the cloud providers — legally committed future revenue, not forecasts — are growing at extraordinary rates. In the first quarter, Google Cloud's backlog nearly doubled sequentially to over \$460 billion, Amazon Web Services' backlog grew 93% year-over-year to \$364 billion, excluding a new \$100 billion OpenAI commitment announced after the period, and the combined backlog across Alphabet, Amazon, and Microsoft now exceeds $1.4 trillion. Every major cloud provider described itself as compute constrained — unable to build capacity fast enough to serve contracted demand.

The Agentic and Inference Inflection

The composition of AI compute demand is also shifting. Inference — the everyday use of trained models by businesses and consumers — now accounts for roughly two-thirds of all AI compute, up from approximately one-third in 2023, and for the first time the inference market is growing faster than training. The driver is agentic AI: systems that plan, use tools, verify their own work, and complete multi-step tasks with limited human supervision. Coding remains the flagship use case, and AI agents now write a meaningful share of the world's new software. But agents are also proliferating across customer service, research, financial analysis, and back-office workflows. Because an agent may make 10 or 20 model calls to complete a single task, agentic workloads consume 5 to 30 times more tokens — the basic unit of AI output — than a simple chatbot query. The result is explosive token demand. Alphabet, for example, disclosed that its AI models are now processing 3.2 quadrillion tokens per month, up more than 300 times from consumption rates two years ago, and Amazon's Bedrock service processed more tokens in the first quarter than in all prior periods combined.

This inflection is also diversifying the compute landscape. Varied inference workloads — short chats, long-context coding sessions, always-on monitoring agents — favor different silicon architectures, which is why custom application-specific integrated circuits, inference-optimized chips, and disaggregated designs are proliferating alongside NVIDIA's platforms. Meanwhile, competition between frontier labs and rapidly improving open-source models has driven the price per token down as much as 60% to 80% on flagship models over the past 18 months — and falling prices have accelerated usage rather than dampened spending. Whatever the quarter-to-quarter noise, token demand is heading up and to the right.

Measuring the Returns on AI

We have long argued that the most important question in AI is not the race to artificial general intelligence but the utility and value it delivers. The evidence of measurable economic return keeps building. In a recent report, Morgan Stanley analyzed more than 17,000 earnings call and conference transcripts and found that 40% of companies its analysts identify as "AI Adopters" cited at least one quantifiable benefit from AI in the second quarter — nearly double the 21% reported a year ago — while roughly 25% of the broader S&P 500 Index did, up from 14%. The benefits are concentrated in financial impact and productivity: HP is targeting $1 billion in annual run-rate savings from AI-enabled automation, Verizon has captured over $200 million in energy savings by deploying AI across its network, and Equifax has embedded $75 million of AI-driven cost reductions directly into its guidance. Morgan Stanley's companion survey of 935 corporate executives found companies realized approximately an 11% net productivity improvement over the past 12 months. Against the firm's estimate that full AI adoption could ultimately generate approximately $920 billion of annual economic value for S&P 500 companies — roughly 28% of expected 2026 pretax earnings, largely through operating expense efficiency and productivity gains — we believe the returns on AI are early but increasingly demonstrable, and that companies with pricing power and proprietary data should capture a disproportionate share.

The AI IPO Era Begins

The public markets opened their doors to the AI era in dramatic fashion during the quarter. On June 12, SpaceX — the Fund's largest holding — completed the largest IPO in history, raising $75 billion at a $1.77 trillion valuation before rallying to a market capitalization above $2 trillion. The company's prospectus cited a combined addressable market of $28.5 trillion spanning launch, broadband, and AI, and disclosed that the majority of its first quarter capital expenditures were directed at AI. Anthropic, days after closing a $65 billion funding round at a $965 billion valuation, confidentially filed for an IPO on June 1; OpenAI followed shortly thereafter, with both expected to list within the next several quarters. The common thread across these landmark offerings: extraordinary revenue growth, enormous addressable markets, and a need for public capital to fund the AI buildout. We expect these listings to broaden the investable AI universe and replace speculation with evidence — which suits our research-driven approach just fine.

Below is a partial list of the secular megatrends we focus on:

- AI
- Semiconductors
- Cloud computing
- Software-as-a-service
- Digital media/entertainment
- Targeted digital advertising
- E-commerce
- Targeted medicine/therapies
- Minimally invasive surgical procedures
- Cybersecurity
- Electric vehicles/autonomous driving
- Electronic payments
- Robotics
- Space technology

We continue to run a high-conviction portfolio with an emphasis on the secular trends cited and listed. Among others, during the second quarter we initiated or added to the following positions:

- Semiconductors and cloud compute services: **Micron Technology, Inc.** and **Cerebras Systems Inc.**
- Power generation and energy infrastructure/aerospace: **Fervo Energy Company** and **DPC Holdings Limited**
- Digital content, commerce, and AI services: **Alphabet Inc.**, **Spotify Technology S.A.**, and **Shopify Inc.**
- Health care real estate and digital services: **Welltower Inc.**
- Cybersecurity and systems software: **Rubrik, Inc.**, **CrowdStrike Holdings, Inc.**, and **Cloudflare, Inc.**

Top Contributors and Detractors

Top contributors to performance for the quarter

	Contribution to Return (%)
Space Exploration Technologies Corp.	7.84
NVIDIA Corporation	2.43
Broadcom Inc.	1.91
Datadog, Inc.	1.64
Amazon.com, Inc.	1.30

Space Exploration Technologies Corp. was the Fund's top contributor in the quarter, following its record-breaking initial public offering—the largest in history. We first invested in SpaceX in 2020, when it was still viewed primarily as a daring launch pioneer. That year, the company completed just 26 Falcon 9 launches, with a maximum of 7 re-flights on any single booster. Starlink was in its earliest days, with fewer than 1,000 satellites in orbit and only a few thousand beta testers. The Dragon crew capsule had flown two astronauts on its historic demonstration mission, and there was no Starlink Mobile, no Starship flights, and no AI business to speak of. Fast forward to 2026, and SpaceX has become an unparalleled technology and infrastructure powerhouse. In 2025 alone, it executed over 170 launches, including 165 Falcon 9 missions, with individual boosters now achieving up to 35 re-flights. The Starlink constellation has grown to more than 10,000 satellites — representing over 75% of all active maneuverable satellites in orbit — and now serves more than 12 million broadband subscribers globally. The company launched Starlink Mobile with over 650 dedicated satellites and has partnered with telecommunications operators to connect billions of people and devices worldwide. Dragon has now safely transported nearly 80 people to space.

Beyond space infrastructure, SpaceX has made a bold and strategic move into AI. Through its integration of xAI, SpaceX deployed the world's largest coherent compute cluster faster than any competitor and has monetized a significant portion of that capacity through agreements with partners including Anthropic and Alphabet, generating over $26 billion in annualized revenue. The acquisition of AI coding pioneer Cursor further strengthens its AI competitive position by expanding talent, proprietary training data, and presence in the large and rapidly growing agentic coding market. Looking ahead, Starship's increasing operational maturity will unlock dramatic growth in launch cadence and payload capacity, enabling the rapid deployment of next-generation V3 Starlink satellites to expand coverage and throughput. More importantly, Starship will power the deployment of orbital AI compute infrastructure at gigawatt scale—taking advantage of continuous solar power, efficient radiative cooling, and freedom from terrestrial constraints. Combined with vertical integration into chip design and manufacturing through the Terafab initiative, SpaceX is positioned for unmatched cost leadership in AI, one of the largest addressable markets in history. Additional long-term opportunities include building a lunar economy through cargo transport and in-space manufacturing, point-to-point Earth travel, space tourism, and laying the foundation for eventual Mars colonization. SpaceX remains the Fund's largest holding and largest overweight position versus the Benchmark, and we believe it is one of the most extraordinary companies ever built.

Shares of **NVIDIA Corporation** contributed to performance during the quarter. NVIDIA is a semiconductor and systems company specializing in compute and networking platforms for accelerated computing. The company's dominant position in AI infrastructure—spanning AI accelerator chips (graphics processing units, or GPUs), systems, software, and high-performance networking solutions—continues to underpin strong fundamentals and robust financial results. The company delivered another strong earnings report and raised its forward outlook meaningfully above prior expectations. Demand for NVIDIA's products remains exceptional—as CEO Jensen Huang remarked on the first quarter earnings call, demand has gone parabolic. In the company's April quarter, data center revenue grew 92% year-over-year to $75.2 billion, with total revenue of $81.6 billion, up 85%; for its July quarter, the company guided for total revenue to grow at least another $9.5 billion sequentially. The company's offerings retain strong differentiation as the AI compute paradigm evolves from model training to inference to the emerging agentic era, in which AI agents autonomously plan and execute complex tasks. This was particularly evident in the company's disclosure that it is poised to become one of the world's largest CPU (central processing units) providers — a product category that has historically been outside its core focus. The company's next-generation platform, Vera Rubin, remains on track for second-half delivery despite earlier rumors of delays. We retain conviction in NVIDIA as a core long-term holding, viewing its full-stack platform, software moat, and visibility into sustained hyperscaler capital spending as durable advantages supporting a multiyear growth trajectory.

Broadcom Inc. is a global designer and supplier of semiconductor and infrastructure software solutions at the core of modern computing and networking. The company is a leader in high-performance digital and mixed-signal technologies spanning networking, connectivity, storage, and custom silicon accelerators. Through its acquisition of VMware, Broadcom also owns critical software layers used to virtualize and manage large-scale compute environments. Shares contributed to performance during the quarter as the company's key customer, Alphabet (Google), signaled higher and more durable capital expenditures over the coming years than previously anticipated. Broadcom's multi-year agreement with Google, extending through 2031, validates its entrenched position within the Google silicon ecosystem and establishes it as a primary beneficiary of Google's AI-related infrastructure spending. Beyond Google, several other customers showed incrementally positive signs in their custom silicon adoption journeys. Anthropic, following its recent commercial success, is planning for significantly larger compute requirements, which should translate into a growing custom silicon base over the next several years. OpenAI, working with Broadcom, taped out its first inference chip—codenamed Jalapeno—in a record nine months, and appears set to build 10 gigawatts of AI infrastructure using custom silicon this decade. Meta continues to hold a constructive view on AI investment and the associated infrastructure buildout. Additionally, Apple signed a multi-year agreement with Broadcom spanning multiple product lines—encompassing not only conventional radio frequency components and next-generation wireless connectivity technologies, but also custom silicon across multiple generations of Apple products. As CEO Hock Tan has noted, custom silicon accelerators are on pace to match GPU units in volume by next year, and Broadcom, as the category leader, is well positioned to be the primary beneficiary of this transition. We maintain our conviction in Broadcom. The company is uniquely positioned to capture a dominant share of the custom silicon market and faces no credible terminal risk to its custom silicon franchise over the foreseeable future. We continue to hold the stock and believe Broadcom is on a path to becoming one of the largest technology companies in the world.

Top detractors from performance for the quarter

	Contribution to Return (%)
GDS Holdings Limited	(0.32)
Guidewire Software, Inc.	(0.26)
CoStar Group, Inc.	(0.17)
Spotify Technology S.A.	(0.17)
ServiceNow, Inc.	(0.16)

Despite solid operating results, shares of **GDS Holdings Limited** declined during the second quarter. Weighing on sentiment were management's communications regarding full-year guidance, a material step-up in capital expenditures over the next several years, and a slight delay in the expected timing of the company's growth inflection. GDS develops and leases data center space to leading global technology companies—including Alibaba, Tencent, ByteDance, Microsoft, Google, and Oracle—under long-term arrangements. We recently hosted CEO and founder William Huang and CFO Daniel Newman at our offices and continue to believe the best days for the company lie ahead, supported by powerful secular tailwinds: the early stages of cloud adoption in Asia, continued data growth, rising AI demand, and global power constraints that are sustaining pricing power. Rather than focusing on the precise quarterly timing of the growth inflection, we remain focused on the long term and see increasing evidence of a building AI wave in China through significant bookings growth. We also see material and underappreciated value in GDS's stake in its spun-out international subsidiary, DayOne, which we expect to list publicly at a significantly higher valuation than its most recent private capital raise, supported by continued bookings and cash flow momentum and highly visible take-or-pay revenue ramp timelines.

Shares of property and casualty insurance software vendor **Guidewire Software, Inc.** declined during the quarter as a small number of deals slipped from its fiscal third quarter into its fiscal fourth quarter, coinciding with broader fears of AI-driven disruption that pressured valuation multiples across the application software sub-industry. We believe the deal slippage was purely a timing issue and that all affected deals have since closed. Guidewire's InsuranceSuite platform serves as the core system of record for insurance carriers—the single source of truth for policies written, claims processed, premiums collected, and payments made. The complexity of insurance policies, their highly regulated nature, and the fact that they exist exclusively within Guidewire rather than in physical form makes this system of record particularly critical and therefore highly valuable. We believe the core system opportunity alone represents nearly $20 billion of annual recurring revenue, or approximately 20 times Guidewire's current scale. We also believe AI will be a significant tailwind for the company, meaningfully expanding this opportunity by enabling automation and intelligence layered on top of the core system of record. We are already seeing Guidewire bring new AI-enabled capabilities to market and sign customers, and we expect adoption to accelerate over the coming year. Finally, we expect Guidewire to benefit from the same internal productivity enhancements that AI is delivering across industries, helping the company support faster growth at lower cost and, ultimately, better profitability.

We elected to exit our position in real estate information and marketing services provider **CoStar Group, Inc.** after a successful multi-decade investment. Performance has been challenged over the past several years as the company has invested aggressively to build out its Homes.com residential real estate marketing platform. Revenue traction for Homes.com has been slow to materialize, and we are concerned that recent shifts in market structure will make it incrementally more difficult for CoStar to grow a residential business commensurate with its level of investment. Shares have also been pressured by the sector-wide AI disruption concerns weighing on the broader software and information services ecosystem.

ALL CAP

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 second quarter, the largest market cap holding in the Fund was $4.8 trillion and the smallest was $500 million. The median market cap of the Fund was $90.4 billion, and the weighted-average market cap was $1.7 trillion.

To end the quarter, the Fund had $2.1 billion of assets under management. We had investments in 46 unique companies. The Fund's top 10 positions accounted for 63.1% of net assets.

Top 10 holdings

	Quarter End Market Cap ($B)	Quarter End Investment Value ($M)	Percent of Net Assets (%)
Space Exploration Technologies Corp.	2,248.4	403.0	19.0
NVIDIA Corporation	4,842.2	243.6	11.5
Broadcom Inc.	1,797.2	122.0	5.8
Amazon.com, Inc.	2,563.8	113.3	5.3
Tesla, Inc.	1,579.7	98.9	4.7
Alphabet Inc.	4,327.0	94.4	4.5
Eli Lilly and Company	1,129.6	73.0	3.4
Spotify Technology S.A.	94.5	71.0	3.4
Meta Platforms, Inc.	1,429.9	59.5	2.8
Taiwan Semiconductor Manufacturing Company Limited	2,476.9	58.4	2.8

Recent Activity

Top net purchases for the quarter

	Quarter End Market Cap ($B)	Net Amount Purchased ($M)
Micron Technology, Inc.	1,303.6	35.8
Fervo Energy Company	8.6	18.5
Alphabet Inc.	4,327.0	16.7
Cerebras Systems Inc.	49.2	11.2
Welltower Inc.	160.2	10.7

Micron Technology, Inc. is an industry leader in memory and storage solutions that are increasingly central to the advancement of AI. The core investment thesis begins with a structural bottleneck: AI inference applications are architecturally constrained by memory bandwidth, and the scaling laws that have historically governed compute performance have expanded to encompass memory capacity as well—meaning material gains in AI performance can be captured by deploying larger, faster memory. This has created what we believe is a durable, multi-year demand tailwind that will continue to outstrip supply, supported by the incremental returns on memory investment remaining exceptionally high. Near-term supply constraints and the resulting price increases are constructive for Micron's financials, but what interests us more is the structural evolution of the business itself. Memory players, and Micron specifically, are entering into long-term strategic supply agreements with customers that lock in visible demand and meaningfully dampen the cyclicality that has historically characterized the industry. Meanwhile, each successive generation of memory technology moves Micron further from commodity territory: while high-bandwidth memory co-packaged with AI accelerators has already added stickiness and differentiation, the next generation of solutions will embed controller logic within the memory itself—an architectural shift that makes memory a far more proprietary and defensible product than in prior cycles. We believe Micron is a fundamentally different business than it was even a few years ago: one positioned not only to grow earnings significantly, but to command a higher valuation multiple as the market comes to appreciate the durability and strategic importance of its competitive position.

During the quarter, we initiated a position in **Fervo Energy Company**, a pioneer in enhanced geothermal systems (EGS). While geothermal energy has many desirable characteristics—including baseload power with minimal operating costs and no emissions—the industry has historically been constrained by limited geographic applicability, requiring proximity to areas of volcanic activity, and by the challenges and costs of resource exploration, including the risk of unproductive "dry wells." EGS addresses these limitations by leveraging techniques from innovations in oil and gas drilling — horizontal drilling and hydraulic fracturing — to unlock additional resources and drive down development costs. Fervo is by far the market leader in this segment of the geothermal industry, having developed proprietary drilling techniques and plant designs over the eight years since its founding, and the company is on the cusp of bringing its first commercial plant online later this year. Fervo already has 658 megawatts under power purchase agreements with both utilities and hyperscalers and believes it has access to at least 42 gigawatts of available resource across hundreds of thousands of land leases it acquired well before competitors were paying attention to the EGS opportunity. The company also has a clear path to drive costs per well down to $3,000 per kilowatt over time—having already reduced costs by thousands of dollars per kilowatt from its initial wells—which would put its levelized cost of electricity production at or below competing alternatives. Given the highly desirable attributes of geothermal power, we believe that as Fervo proves out its first commercial plant, it will see accelerating contracting and deployment activity over the next decade, creating meaningful upside potential for shareholders.

During the quarter, we added to our position in **Alphabet Inc.**, the parent company of Google—the world's largest search and digital advertising franchise—as well as YouTube and Google Cloud Platform, one of the three leading hyperscale cloud infrastructure businesses globally. Alphabet also owns DeepMind, one of the premier AI research organizations in the world. Alphabet generates approximately $174 billion in trailing operating cash flow, a funding advantage that becomes increasingly important as the AI race enters a phase of high capital intensity. Our conviction deepened this quarter as several developments reinforced our view that Alphabet is one of the most strategically advantaged businesses in the AI era. At Google I/O 2026, management disclosed that Alphabet now processes 3.2 quadrillion tokens monthly—seven times increase year over year—with the Gemini app surpassing 900 million monthly active users, more than doubling in a year. AI is proving additive rather than cannibalistic to core search. Search revenue grew 19% year-over-year in the first quarter, and CEO Sundar Pichai noted that AI features are driving more search usage, not less. Google Cloud accelerated to 63% year-over-year revenue growth—a five-year high—with operating margins expanding to 33% and the cloud backlog nearly doubling sequentially to approximately $462 billion, anchored in part by a landmark multi-year tensor processing unit (TPU)[5] commitment from Anthropic, affirming that Alphabet's custom silicon is winning the confidence of the most demanding AI infrastructure customers. What distinguishes Alphabet from every other competitor in the AI landscape is the breadth of its vertical integration: custom eighth-generation TPUs optimized for both training and inference, frontier Gemini models, the Antigravity enterprise agentic coding platform, and consumer distribution across 13 products with more than 1 billion monthly active users each—including five with more than 3 billion. No pure-play AI lab or cloud competitor replicates this stack, and we believe the cost and distribution advantages it confers widen over time. We see a long runway for growth as Google Cloud accelerates, Gemini monetization deepens across search and subscriptions, and this full-stack advantage compounds—a combination we believe bodes well for long-term shareholders.

During the quarter, we participated in the IPO of **Cerebras Systems Inc.**, a semiconductor design and compute services company building AI accelerators around one of the most differentiated architectures in the market. We developed a strong familiarity with the Cerebras management team during its final two years as a private company, including multiple meetings and a visit to its headquarters just months before the offering. As AI inference has become the dominant and fastest-growing component of AI compute demand, a critical sub-segment has emerged: fast inference, or the speed at which an AI model generates responses, measured in tokens per second. As developers build applications and agents that chain multiple models together, demand for tokens per second is growing by orders of magnitude—and Cerebras has designed a specialized chip exceptionally well suited to serve this need. Unlike most semiconductor startups, Cerebras holds a genuine performance advantage for fast inference workloads, and customer engagements speak louder than benchmarks: a multi-year agreement with OpenAI for 750 megawatts of inference capacity valued at more than $20 billion—with an option to add another 1.25 gigawatts—reflects real confidence in both the fast inference market and Cerebras' differentiated value proposition, and a new partnership to bring fast inference to Amazon Web Services further validates the opportunity. The company is currently pursuing both direct AI systems sales and cloud services to drive adoption. We expect the AI infrastructure buildout to sustain its momentum, with a large and growing share of workloads requiring fast inference, and as the category leader, Cerebras is well positioned to benefit while continuing to innovate to hold its lead.

We are clear-eyed about the risks—the company must execute on the OpenAI deployments, develop architectural solutions as workloads evolve and potentially demand significantly more memory, and depend on customers continuing to pay a premium for faster inference—but on balance, we find the setup compelling and initiated a position during the quarter.

During the quarter, we added to our position in **Welltower Inc.**, which owns and operates senior housing communities in the U.S. and internationally. While Welltower screens as a real estate business, we view it as the intersection of hardware, real estate, and software—its proprietary operating platform and data analytics capabilities. Rolling out this software layer creates meaningful structural upside to both operating margins and occupancy through enhanced asset management, proprietary analytics, and new initiatives such as amenity-based pricing. We recently hosted the entire Welltower executive team in our offices and came away more encouraged by the multi-dimensional growth opportunity ahead—particularly the early monetization of its proprietary data analytics platform and the continued rollout of the Welltower Business System. The company has deliberately recruited senior talent from both technology and real estate to drive this transformation, and we believe CEO Shankh Mitra and his management team are disciplined capital allocators focused on driving accretive value per share. The broader industry backdrop is among the most favorable in years: demand is supported by powerful demographic tailwinds, with the 80-plus population growing at a 4% to 5% compound annual rate over the next five years, well above the 2% rate that followed the global financial crisis, while supply remains structurally constrained by declining construction starts, unattractive developer economics, and a five-plus year entitlement and build timeline. The constrained financing environment for senior housing should continue to generate an active external growth pipeline at an attractive basis. Putting it all together, we see a path for earnings to more than double over the next five years, creating attractive long-term return prospects for the Fund.

Top net sales for the quarter

	Quarter End Market Cap or Market Cap When Sold ($B)	Net Amount Sold ($M)
CoStar Group, Inc.	13.1	15.3
ServiceNow, Inc.	91.0	10.5
Datadog, Inc.	92.7	7.9
Zscaler, Inc.	19.0	6.8
Via Transportation, Inc.	1.4	5.5

We exited our position in **ServiceNow, Inc.**, which was a successful long-term investment for the Fund, and redeployed the capital into the software and digital services names discussed in the Review and Outlook section above.

We trimmed our **Datadog, Inc.** position to a lower portfolio weight after the stock rose 121% in the second quarter. We retain conviction in Datadog's long-term growth opportunity, durable competitive advantages, and innovative and disciplined management team.

We sold out of our long-term investment in **CoStar Group, Inc.**, as described 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 noncyclical, durable, and resilient growth should be part of investors' portfolios and that our strategy will deliver solid long-term returns for our shareholders.

Sincerely,

Michael A. Lippert
Head of Technology Research
Portfolio Manager

† 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] As noted above, Broadcom partners with Alphabet in developing and manufacturing TPU AI processors.

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. 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.

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

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

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Operating Margin is calculated as operating income divided by Sales, multiplied by 100. Operating Income is calculated as sales minus cost of goods sold minus SG&A (selling, general & administrative) expenses minus other operating expenses.

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QUARTERLY LETTER | JUNE 30, 2026

Baron Partners Fund®

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

Ron Baron
Founder
CEO
Portfolio Manager

Michael Baron
Co-President
Portfolio Manager

Dear Baron Partners Fund Shareholder,

Performance

Baron Partners Fund (the Fund) performed very well in the second quarter, gaining 16.61% (Institutional Shares). This result exceeded its benchmark, the Russell Midcap Growth Index (the Index), which gained 14.55%, and the large-cap dominated Russell 3000 Index (the Market Index), which gained 15.44% in the quarter. Year to date, the Fund has gained 10.40%, outpacing the Index's return of 7.27%.

The Fund's performance continues to be exceptional over longer time periods. The Fund has returned 48.75% over the trailing one-year period, compared to the Index's return of 6.17% and the Market Index's return of 22.82%. It is ranked in the 3rd percentile of the Morningstar Large Growth Category over the prior 1-year period and in the 1st percentile over the 10-year, 15-year, and since conversion periods.

The Fund's returns exceeded those of the Index in 4 out of the last 5 calendar years and 8 of the last 10. Since its conversion to a mutual fund over 23 years ago, the Fund's annualized return of 18.02% has exceeded the Index's return of 11.78% by more than 6% per year. We are very proud of these achievements, and long-term investors have been well rewarded.

Annualized performance (%) for periods ended June 30, 2026[†]

	Fund Retail Shares[1,2,3]	Fund Institutional Shares[1,2,3,4]	Russell Midcap Growth Index[2]	Russell 3000 Index[2]
QTD[5]	16.54	16.61	14.55	15.44
YTD[5]	10.25	10.40	7.27	10.88
1 Year	48.38	48.75	6.17	22.82
3 Years	22.35	22.66	15.61	20.36
5 Years	13.55	13.84	6.03	12.31
10 Years	25.22	25.54	13.04	15.06
15 Years	20.12	20.44	12.01	13.89
Since Conversion (4/30/2003)	17.79	18.02	11.78	11.60
Since Inception (1/31/1992)	15.87	16.02	10.29	10.85

Portfolio Construction and Category Performance

The Fund is a relatively concentrated portfolio, with much of the portfolio in the top 10 positions. We aim to achieve diversification, despite this concentration, by investing in companies with unique characteristics that perform differently across market environments. We categorize investments as **Disruptive Growth**, **Core Growth**, **Financials**, and **Real/Irreplaceable Assets**. As of June 30, 2026, we held 28 investments. The median market capitalization of these growth companies was $20.9 billion. The top 10 positions represented 74.1% of total investments. Leverage was 6.6%.

As of June 30, 2026, the Morningstar Large Growth Category consisted of 1,060, 928, and 751 share classes for the 1-, 5-, and 10-year periods. Morningstar ranked Baron Partners Fund® Institutional Shares in the 3rd, 21st, 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 661 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, 2026 was 1.91% (comprised of operating expenses of 1.30% and interest expense of 0.61%) and Institutional Shares was 1.65% (comprised of operating expenses of 1.04% and interest expense of 0.61%). 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.

ALL CAP

Total returns by category for the quarter

	Percent of Total Investments (%)	Total Return (%)	Contribution to Return (%)
Disruptive Growth	**56.2**	**34.50**	**15.87**
Space Exploration Technologies Corp.	32.9	62.23	12.99
Moderna, Inc.	0.7	33.12	0.17
Alphabet Inc.	0.5	15.23	(0.02)
Tesla, Inc.	14.1	13.14	2.99
Amazon.com, Inc.	0.8	11.31	(0.01)
Shopify Inc.	3.7	(3.96)	(0.01)
NVIDIA Corporation	0.0	(4.98)	0.00
Spotify Technology S.A.	3.1	(6.01)	(0.15)
Figma, Inc.	0.4	(16.68)	(0.09)
Russell Midcap Growth Index		**14.55**	
Real/Irreplaceable Assets	**13.2**	**8.70**	**1.44**
Hyatt Hotels Corporation	4.0	34.80	1.58
Red Rock Resorts, Inc.	1.9	22.39	0.41
Vail Resorts, Inc.	2.3	7.77	0.19
Choice Hotels International, Inc.	2.3	6.72	0.23
Gaming and Leisure Properties, Inc.	0.4	2.10	0.04
CoStar Group, Inc.	2.3	(29.98)	(1.01)
Financials	**17.0**	**0.51**	**0.21**
FactSet Research Systems Inc.	2.6	6.34	0.31
MSCI Inc.	3.9	4.06	0.27
Arch Capital Group Ltd.	3.3	1.11	(0.01)
The Charles Schwab Corporation	4.0	(1.59)	(0.11)
Kinsale Capital Group, Inc.	1.7	(3.93)	(0.08)
Morningstar, Inc.	1.5	(9.79)	(0.17)
Core Growth	**13.6**	**(5.10)**	**(0.56)**
HEICO Corporation	0.5	26.82	0.13
Eli Lilly and Company	0.3	23.25	0.04
Birkenstock Holding plc	1.8	19.00	0.37
On Holding AG	1.6	3.76	0.07
Verisk Analytics, Inc.	2.3	(5.59)	(0.06)
IDEXX Laboratories, Inc.	2.3	(6.34)	(0.16)
Guidewire Software, Inc.	2.2	(17.78)	(0.41)
Gartner, Inc.	2.5	(18.31)	(0.54)
Cash and Cash Equivalents	**(6.6)**	**—**	**0.01**
Fees	**—**	**(0.36)**	**(0.40)**
Total	**100.0***	**16.58****	**16.58****

* *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.

Much of the quarter's returns, and relative outperformance, are attributable to our Disruptive Growth holdings, which returned 34.50% in the quarter compared to the Index's 14.55%. Our largest holding, **Space Exploration Technologies Corp.** (SpaceX), appreciated 62.23% and was the primary driver. Real/Irreplaceable Assets returned 8.70% and Financials returned 0.51%. Core Growth declined 5.10%, weighed down by a handful of holdings that investors perceive to be challenged by AI disruption or near-term earnings pressure from significant growth reinvestment. We believe the perception is divorced from the fundamental reality.

Disruptive Growth: Space Exploration Technologies Corp.

SpaceX is a high-profile company founded by Elon Musk. The company's focus is on developing and launching advanced, reliable, and reusable rockets that drive down costs to access space. We believe this inexpensive launch capacity should enable other lucrative business lines like connectivity and AI deployment. The company has an 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. 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. SpaceX appreciated 62.23% in the quarter, contributing 12.99% to the Fund's return. Shares rose after the company successfully completed the largest initial public offering in history, raising more than $85 billion. There were also landmark compute hosting deals totaling tens of billions of dollars annually, with customers that include Anthropic and Google. SpaceX also announced its acquisition of Cursor, a premier enterprise AI-powered coding platform. We believe these developments support sustained long-term revenue and profit growth.

We started accumulating SpaceX shares in 2017 when the company was valued at approximately $21.6 billion, and continued to add shares in subsequent financing rounds. The Fund's position in SpaceX is currently worth approximately $6.3 billion. We believe the company is only just getting started. We have provided a separate standalone piece on the investment within this quarterly report.

Challenged Holdings: Retaining Conviction Despite Near-Term Pressure

While our Disruptive Growth holdings drove substantial outperformance, several holdings across our Core Growth, Financials, and Real/Irreplaceable Assets categories weighed on returns. These companies are perceived by investors to be either heavily reinvesting in their businesses at the expense of near-term earnings or vulnerable to disruption from AI. Investors have attributed lower valuation multiples given this perceived uncertainty, a double impact to equity values. We believe this perception meaningfully undervalues the long-term opportunity.

Guidewire Software, Inc. is a leading software vendor for the global property and casualty (P&C) insurance industry. The shares declined 17.78% in the quarter. After spending several years and billions of dollars migrating its on-premise product to the cloud, that transition is now substantially complete. New deal momentum is accelerating, as evidenced 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 on-premise to the cloud. We believe this agreement could help catalyze adoption among other Tier 1 carriers. The $2.5 trillion global P&C insurance industry depends on mission-critical software, and Guidewire is uniquely positioned to be its standard bearer. We believe the company can capture 30% to 50% of its $15 billion to $30 billion total addressable market and generate margins above 40%.

Gartner, Inc. is a provider of syndicated research and technology insights that serves tens of thousands of enterprise clients worldwide. The shares fell 18.31% after the company reported contract value (CV) growth that came in just 0.5% below expectations, underscoring the dramatic valuation compression at play. We attribute most of the CV slowdown to two temporary headwinds: cost-cutting within the U.S. public sector, which represents roughly 5% of revenue, and more cautious spending by companies exposed to tariffs and uncertain macro conditions. The market has also grown concerned that AI will displace Gartner's insights business. We disagree. Gartner possesses a vast and growing proprietary dataset generated through hundreds of thousands of interactions with buyers, sellers, and consumers of technology that, we believe, AI cannot replicate. Rather, AI should be an accelerant for Gartner, enabling the company to surface insights faster and deliver them in more impactful formats. We expect CV growth to reaccelerate as public sector headwinds abate, and sales force productivity normalizes. Gartner is actively repurchasing shares at what we view as depressed valuations.

Morningstar, Inc. is a leading provider of independent investment research, data, and analytics serving financial advisors, asset managers, and individual investors globally. The shares declined 9.79% in the quarter amid continued investor concerns that generative AI could disrupt the company's data and research businesses. Those concerns compressed valuation multiples across information services companies and weighed on the stock, even as Morningstar's core franchises continued to post healthy results. Organic revenue grew 8% and adjusted EBIT grew 18% over the last 12 months. We continue to view Morningstar as a collection of high-quality, hard-to-replicate data businesses. AI requires trusted, structured, and auditable data to be useful and Morningstar is a category leader in investment data. Management has meaningfully accelerated share repurchases, buying back $300 million in the most recent quarter and $1.1 billion in total since 2024. The stock now trades at a 63% discount to its trailing three-year average multiple.

FactSet Research Systems Inc. is a leading provider of financial data, analytics, and technology solutions to investment professionals globally. The shares came under pressure as investors continued to discount the business for perceived AI disruption risk. We believe the market significantly understates FactSet's positioning as AI becomes more deeply embedded in financial workflows, and in our view, FactSet is becoming critical AI infrastructure for the industry. FactSet has grown its organic annual subscription value 7% over the past year. CEO Sanoke Viswanathan noted on the most recent earnings call that momentum has continued. AI drove meaningful client expansions, with a top 10 bank doubling its data subscriptions. The company also announced a strategic partnership with Google Cloud to embed Gemini AI models into its workstation. FactSet now trades at a 52% discount to its 10-year average multiple and a 68% discount to its 5-year peak multiple. Management has repurchased $163 million in the most recent quarter.

This is not the first time the Fund has held investments that were temporarily out of favor while reinvesting in their businesses or navigating a period of investor skepticism. When the underlying issues are resolved, these stocks tend to perform exceptionally well. Diversification has served the Fund well during these stretches. The concentrated but categorically diversified structure of the portfolio allows the Fund to weather company-specific and sector-specific headwinds with limited permanent capital impairment. The significant outperformance of our Disruptive Growth holdings in the quarter illustrates the benefits of this balance.

We are beginning to see a rotation in early Q3. In July, Guidewire appreciated **23.5%**, Morningstar appreciated **23.8%**, and Gartner appreciated **16.4%** and were among the Fund's strongest performers during the month.

Top Contributors to Performance

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	2,248.4	62.23	12.99
Tesla, Inc.	2014	21.9	1,579.7	13.14	2.99
Hyatt Hotels Corporation	2009	4.2	18.3	34.80	1.58
Red Rock Resorts, Inc.	2017	2.9	6.8	22.39	0.41
Birkenstock Holding plc	2023	7.6	7.9	19.00	0.37

Space Exploration Technologies Corp. develops and launches advanced rockets, satellites, and spacecraft, with the long-term goal of making humanity multi-planetary. Shares rose as the company successfully completed the largest initial public offering in history, raising more than $85 billion. The proceeds are expected to accelerate growth across massive addressable markets, such as connectivity, launch, terrestrial and space infrastructure, and AI. Fundamental momentum was further reinforced by landmark compute hosting deals totaling tens of billions of dollars annually, including agreements with market leaders Anthropic and Google. SpaceX also announced its acquisition of Cursor, a premier enterprise AI-powered coding platform. Integrating Cursor's

ALL CAP

technology, talent, and customer base provides another strategic stepping stone into the vast opportunities within AI applications and agentic systems. Lastly, the company conducted a successful test flight of the latest version of Starship, demonstrating meaningful advancements in rapid and full reusability. We believe these developments support sustained long-term revenue and profit growth well beyond current levels.

Tesla, Inc. designs, manufactures, and sells fully electric vehicles, solar products, and energy storage solutions, while developing advanced real-world AI technologies. Shares rose after the company continued to beat quarterly expectations, with first-quarter results delivering substantial outperformance across most key metrics. Beneath the headline numbers, Tesla's autonomy flywheel continued to build: Full Self-Driving (FSD) penetration is deepening, the active subscriber base is growing, and regulatory approvals in an increasing number of countries are validating the technology and broadening the addressable market. Production of the Cybercab, Tesla's first purpose-built robotaxi platform, is scaling and should drive meaningful cost reductions as the service expands. Tesla also finalized the design of AI5, its next-generation inference chip, a development with particular relevance to the Optimus humanoid program. Rising capital expenditure reflects Tesla's continued investment in its growth initiatives and reinforces our conviction in the company's long-term positioning as a leading vertically integrated physical AI company.

Shares of global hotelier **Hyatt Hotels Corporation** increased in the second quarter as revenue per available room accelerated and management highlighted rising franchisee interest in its brands. As a result, the company is seeing strong growth in earnings and cash flow. Hyatt continues to have a robust balance sheet and is repurchasing shares, taking advantage of the stock's significant valuation discount to peers despite having a similar mix of fee-based business. We believe Hyatt remains an attractive investment despite recent gains.

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	11.6	(29.98)	(1.01)
Gartner, Inc.	2013	5.7	8.7	(18.31)	(0.54)
Guidewire Software, Inc.	2017	6.0	10.2	(17.78)	(0.41)
Morningstar, Inc.	2026	6.7	5.9	(9.79)	(0.17)
IDEXX Laboratories, Inc.	2013	4.7	41.5	(6.34)	(0.16)

CoStar Group, Inc. is the leading provider of information and marketing services to the commercial and residential real estate industries. Shares fell due to multiple compression driven by rising AI fears. The market has increasingly come to view AI as an existential risk for a growing number of industries, including software, business services, information services, and video games. While there is little evidence of any fundamental impact on these sectors, investors have largely adopted a "shoot first and ask questions later" approach, leading to significant stock price declines. We continue to own CoStar due to its enviable business model, differentiated data assets, and meaningful growth opportunities in providing enhanced real estate information, analytics, and marketplace offerings. The company also maintains a substantial cash balance, which we are hopeful will be used to aggressively repurchase shares at current depressed valuation levels.

Like CoStar, shares of **Gartner, Inc.**, a leading provider of syndicated research, detracted from performance due to multiple compression driven by rising AI fears. We continue to own Gartner given its large addressable market, significant competitive advantage, and robust free cash flow generation, which we expect management to deploy toward share repurchases at depressed valuation levels.

Shares of P&C insurance software vendor **Guidewire Software, Inc.** declined after a handful of deals slipped from the fiscal third quarter into the fiscal fourth quarter. We believe this is purely a timing issue, with these deals having since closed in the current period. Guidewire's InsuranceSuite platform serves as the core system of record for insurance carriers, functioning as the single source of truth for the policies an insurer writes, the claims it processes, the premiums it collects, and the payments it makes. We think the core-system opportunity alone represents nearly $20 billion of annual recurring revenue, or roughly 20 times Guidewire's current size. In our view, AI will meaningfully expand this opportunity by enabling automation and intelligence on top of the core system of record. Guidewire is already bringing new AI-enabled capabilities to market and signing customers, and we expect adoption to accelerate over the coming year. Finally, we expect Guidewire to benefit from the same internal productivity enhancements AI is driving across enterprises, which should help it grow faster with lower costs and ultimately improve profitability.

A Post-Quarter Update

The prices of **Tesla, Inc.** and **Space Exploration Technologies Corp.**, the Fund's two largest holdings, have declined since June 30. We believe there has been a shift in sentiment as fundamentals in both businesses remain strong and are, in many respects, continuing to improve in our opinion.

The negative market reaction to Tesla's most recent quarterly report appears driven primarily by short-term expectations, an increase in capital expenditure guidance, and a broader weakening in the AI companies, rather than fundamental deterioration in the business. After capital expenditures of $8.5 billion in 2025, the company announced it could spend more than $20 billion in 2026 on new products, vehicles, batteries, and compute. This higher spend could pressure near-term profits and weigh on free cash flow. Short-term investors are cautious.

We, however, believe this capital cycle will solidify Tesla's vertical integration cost and functionality advantages. The core automotive franchise remains healthy as order backlogs are at their highest levels since 2023, average selling prices remain stable with some markets seeing pricing move higher, and gross margins remain stable at mid-teens levels. The Model Y continues to rank among the best-selling vehicles of any kind in multiple markets, year after year.

Tesla's energy storage business continues to experience robust demand, underpinned by the rapid growth in electricity consumption tied to AI data centers and the volatile power requirements they create. The company is planning to ramp an additional 50 GWh per year of energy storage capacity, materially above its current approximately 66 GWh per year capacity. This segment continues to produce high 20s percent gross margins on a normalized basis.

The robotaxi rollout has been slower than some anticipated. However, progress is being made on FSD capability, expanding the Austin robotaxi network, and Optimus humanoid robot development. Each incremental mile of real-world data strengthens Tesla's technology lead. We believe this capex cycle will prove to be a critical investment in the company's long-term competitive position, ultimately transforming Tesla into a highly profitable software and AI business in addition to its already exceptional manufacturing franchise.

The fundamentals of SpaceX have not changed considerably since the IPO and in our mind, remain exceptional. Each successive Starship test flight provides invaluable engineering data that advances the world's most powerful and capable rocket toward full operational status. A fully reusable Starship would represent a step-change reduction in the cost of access to space, enabling not just increased Starlink density and improved global connectivity, but the orbital compute and data infrastructure that AI systems may require. We believe SpaceX is testing and learning from each launch in a way that is building a durable and widening competitive moat. We were very pleased with the Starship test flight in mid-July. We remain confident in SpaceX's ability to build extraordinary long-term value for shareholders.

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 June 30, 2026, we held 28 investments. The median market capitalization of these growth companies was $20.9 billion. The top 10 positions represented 74.1% of total investments. Leverage was 6.6%.

The long-term absolute and relative performance of the Fund has been very good. The Fund has returned 18.02% annualized since conversion to a mutual fund on April 30, 2003, exceeding the Index by 6.24% per year. Those relative results have come largely from alpha. Since inception, annualized alpha has been 5.77 while beta is only 1.11. The Fund's performance has also meaningfully exceeded the Index over the prior 1-, 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 through 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 sustain value over 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 the Fund produce annualized returns of 1.54%. However, the Index declined substantially. A $10,000 hypothetical investment in the

Fund at the start of this period would have been worth $11,479 after those nine years. A $10,000 hypothetical investment in a fund designed to track the Index would be worth only $6,488, more than a 35% cumulative decline. The Fund preserved (and slightly grew) capital during this difficult economic time because its investments in a diverse set of growth businesses could weather the environment and enhance their competitive positioning.

The COVID-19 pandemic and its lingering macroeconomic issues 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 performed admirably in both protecting and growing clients' capital. During the COVID pandemic and its aftermath (12/31/2019 to 12/31/2022), the Fund had an annualized return of 23.65%. The Index's annualized return was significantly lower at only 3.85%.

The Fund is off to a good start in the current period… Since the COVID Pandemic and subsequent market downturn ended, the Fund has performed even better on an absolute and relative basis. Since December 31, 2022, the Fund has an annualized return of 31.85% compared to the Index's annualized return of 18.12%. The Russell 3000 Index had an annual return of 22.34% during that time. While this is only a partial cycle, we believe we are off to a very good start.

Current Period and Since Inception: Significant Outperformance

	Macro-Downturn to Present 12/31/2022 to 6/30/2026		Since Inception 1/31/1992 to 6/30/2026	
	Annualized Return (%)	Value of $10,000	Annualized Return (%)	Value of $10,000
Baron Partners Fund (Institutional Shares)	31.85	26,317	16.02	1,662,212
Russell Midcap Growth Index	18.12	17,914	10.29	290,629
Russell 3000 Index	22.34	20,255	10.85	346,543

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

Over the longer term, this combination of exceeding the Index across 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 $1,662,212 on June 30, 2026. That same $10,000 hypothetical investment in a fund designed to track the Index would now be worth $290,629, only approximately 17% 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	2,248.4	6,311.3	32.9
Tesla, Inc.	2014	21.9	1,579.7	2,715.0	14.1
Hyatt Hotels Corporation	2009	4.2	18.3	775.7	4.0
The Charles Schwab Corporation	1992	1.0	165.2	768.8	4.0
MSCI Inc.	2018	12.5	41.0	755.1	3.9
Shopify Inc.	2026	177.6	147.6	714.3	3.7
Arch Capital Group Ltd.	2002	0.6	33.9	630.1	3.3
Spotify Technology S.A.	2020	22.6	94.5	588.1	3.1
FactSet Research Systems Inc.	2007	2.7	8.4	494.5	2.6
Gartner, Inc.	2013	5.7	8.7	476.9	2.5

Thank You

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

Sincerely,

Ronald Baron
Founder
CEO
Portfolio Manager

Michael Baron
Co-President
Portfolio Manager

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

1 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.

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 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.

Alpha measures the difference between a fund's actual returns and its expected performance, given its level of risk as measured by beta. **Beta** explains common variation in stock returns due to different stock sensitivities to market or systematic risk that cannot be explained by the US Country factor. Positive exposure indicates high beta stock. Negative exposure indicates low beta stock. **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. **Capital Expenditures (CapEx)** are funds companies use to acquire, upgrade, or maintain physical assets like buildings, technology, or equipment, with the goal of increasing operational scope or future economic benefits. **Free Cash Flow (FCF)** represents the cash that a company generates after accounting for cash outflows to support operations and maintain its capital assets. **Return on Investment (ROI)** is a performance measure used to evaluate the efficiency or profitability of an investment or compare the efficiency of a number of different investments.

Investment Products: NOT FDIC INSURED | MAY LOSE VALUE | NOT BANK GUARANTEED

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BARON CAPITAL

QUARTERLY LETTER | JUNE 30, 2026

Baron Emerging Markets Fund®

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

Michael Kass
Portfolio Manager

Dear Baron Emerging Markets Fund Shareholder,

Performance

Baron Emerging Markets Fund (the Fund) gained 19.61% (Institutional Shares) during the second quarter of 2026, while its primary benchmark, the MSCI Emerging Markets Index (the Benchmark), returned 24.05%. The MSCI Emerging Markets IMI Growth Index (the Proxy Benchmark) appreciated 24.80% for the quarter. The Fund underperformed both the Benchmark and the Proxy Benchmark during a strong quarter dominated by semiconductor and AI-related shares. While never comfortable underperforming our Benchmark, we are not discouraged as the delta can largely be attributed to our emphasis on innovative/leading-edge technology companies and a lack of legacy/commodity semiconductor and IT hardware exposure which does not generally fit with our quality growth investment style.

The second quarter of 2026 proved another solid quarter of both absolute and relative performance by emerging markets (EM) equities, while, in our view, the prevailing catalysts giving direction to markets were the cease-fire and memorandum of understanding (MOU) among the U.S. and Iran to end the war and reopen the Strait of Hormuz, and the rapid adoption of Anthropic's Claude Cowork and OpenAI's introduction of GPT 5.5/Codex, thereby making possible the leap from the chatbot/reasoning phase to fully agentic AI. We remain quite encouraged by the strong absolute performance of the Fund over the past 18 months, where cumulative appreciation now exceeds 55%, as well as the solid outperformance of EM equities in general. As always, we remain optimistic that our fundamental, theme-driven and bottom-up approach can continue to deliver solid results against a backdrop of dynamic change and opportunity.

Annualized performance (%) for periods ended June 30, 2026

	Fund Retail Shares[1,2]	Fund Institutional Shares[1,2]	MSCI Emerging Markets Index[1]	MSCI Emerging Markets IMI Growth Index[1]
QTD[3]	19.54	19.61	24.05	24.80
YTD[3]	20.04	20.18	23.85	22.99
1 Year	31.31	31.59	43.51	41.22
3 Years	19.37	19.68	23.03	22.50
5 Years	3.73	4.00	7.20	5.34
10 Years	7.97	8.24	10.07	10.32
15 Years	6.18	6.45	5.25	6.01
Since Inception (12/31/2010)	5.92	6.19	5.13	5.83

For the second quarter of 2026, we underperformed the Benchmark, while also trailing our all-cap EM growth Proxy Benchmark. From a sector or theme perspective, poor stock selection effect in the Information Technology (IT) sector, primarily attributable to a few investments in our semiconductors/AI (**ISC Co., Ltd.**) and China value-added (**GDS Holdings Limited**, **Kingdee International Software Group Company Limited**, and **Pony AI Inc.**) themes, was the largest detractor to relative performance this quarter. Weak stock selection in IT was exacerbated by not owning various lower-quality legacy/commodity semiconductor and IT hardware names, which were up sharply in the Benchmark. In addition, adverse stock selection in the Industrials sector, owing to select holdings across various themes (**GPS Participacoes e**

NON-U.S./GLOBAL

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, 2026 was 1.38% and 1.12%, 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.

Empreendimentos S.A., **Localiza Rent a Car S.A.**, **HYUNDAI Glovis Co., Ltd.**, **Hanwha Systems Co., Ltd.**, and **Doosan Enerbility Co., Ltd.**), also weighed on relative results. Partially offsetting the above was favorable allocation effect combined with solid stock selection in the Financials, Materials, Consumer Staples, and Consumer Discretionary sectors.

From a country perspective, weak stock selection in Korea, driven by some of the above-mentioned holdings, was the largest detractor to relative performance this quarter. In addition, negative allocation effect together with adverse stock selection in Taiwan and Brazil was also a notable drag on relative results. Partly offsetting the above was our underweight positioning combined with good stock selection in China, which added the most to relative performance during the period. Lastly, favorable allocation effect in Saudi Arabia and South Africa and solid stock selection in India also bolstered relative results. We are encouraged by the recent performance of our India holdings, which in our view, are entering early innings of an earnings upgrade cycle as the worst of the West Asia conflict is likely behind and as recently implemented government fiscal reforms and monetary stimulus measures begin to return the world's fastest growing major economy to trend.

Top contributors to performance for the quarter

	Contribution to Return (%)
SK hynix Inc.	5.05
Taiwan Semiconductor Manufacturing Company Limited	4.75
Samsung Electronics Co., Ltd.	4.36
Montage Technology Co., Ltd.	1.80
Delta Electronics, Inc.	0.91

South Korean semiconductor company **SK hynix Inc.** is the current leader in high-bandwidth memory (HBM), the specialized memory used alongside AI processors, and a leading producer of dynamic random-access memory (DRAM) and NAND flash memory. Shares rose during the quarter as the company provided perhaps the clearest evidence yet of the supply-constrained nature of the AI memory market. Customers have pre-booked more than three years of HBM supply, exceeding what SK hynix can currently produce, and are increasingly focused on securing supply rather than negotiating price. That pricing power drove record profitability in what is typically a seasonally weaker quarter, and management characterized the current cycle as structurally different from the boom-bust patterns of the memory industry's past. We retain conviction in SK hynix as a core long-term holding, viewing its leadership in the HBM market, its position as a key supplier to the leading AI chip maker, and favorable industry supply-demand dynamics as durable advantages that support multi-year earnings power.

Taiwan Semiconductor Manufacturing Company Limited (TSMC) is the world's largest contract chipmaker and the leading manufacturer of advanced logic semiconductors used in modern AI accelerators. Shares rose during the quarter as investors increasingly recognized that TSMC, rather than any individual chip designer, sits at the center of the AI supply chain. High-performance computing now represents the majority of TSMC's business. AI demand is consuming so much leading-edge capacity that smartphone and PC production is increasingly shifting to older technology nodes, reversing a dynamic that defined the foundry industry for much of the past decade. Management also raised its full-year outlook and increased capital spending to support demand that remains well above available supply. We retain long-term conviction in TSMC and view its leading-edge manufacturing monopoly, pricing power, and 2-nanometer technology roadmap as durable advantages that support multi-year earnings power.

South Korean technology conglomerate **Samsung Electronics Co., Ltd.** is the world's largest memory chip maker and also operates major smartphone, display, and contract manufacturing businesses. Shares rose during the quarter as the company delivered a genuine turnaround in its most strategically important product. After years of trailing its closest rival in the HBM that AI systems depend on, Samsung became the first to ship next-generation HBM4 at volume for the leading AI accelerator's upcoming platform. The result was record memory profitability, driven by sharply higher pricing, even as those same rising memory costs pressured its own smartphone business, a striking illustration of how the company both benefits from and pays for the memory boom. We retain conviction in Samsung as a core long-term holding, viewing its HBM4 leadership, the breadth of its memory franchise, and its advanced foundry optionality as durable advantages that support multi-year earnings power.

Top detractors from performance for the quarter

	Contribution to Return (%)
Alibaba Group Holding Limited	(0.52)
ISC Co., Ltd.	(0.43)
BYD Company Limited	(0.42)
Tencent Holdings Limited	(0.37)
GDS Holdings Limited	(0.37)

Alibaba Group Holding Limited is China's largest e-commerce and cloud computing company. Shares fell after Alibaba reported quarterly results that showed lower group profitability and negative free cash flow as the company ramped investment in AI infrastructure and the buildout of its Qwen model ecosystem. Total spending is now expected to exceed Alibaba's prior three-year capital budget. Persistent weakness in Chinese consumption and intensifying e-commerce competition weighed on the core retail franchise, while losses in its instant-commerce initiative and other new ventures widened. Despite this near-term earnings reset, our conviction in Alibaba remains intact. Cloud revenue growth accelerated, and management for the first time disclosed the scale of its AI business, with model-as-a-service run-rate revenue expected to exceed RMB 30 billion by fiscal year end. We believe this validates the company's differentiated full-stack positioning across proprietary chips, cloud infrastructure, and leading models. We view Alibaba as one of the best-positioned proxies for China's AI supply chain and remain invested.

ISC Co., Ltd. is a South Korean manufacturer of semiconductor testing equipment and the dominant global supplier of elastomer test sockets. These sockets continue to gain share from traditional pogo-pin solutions, which are approaching their electromechanical limits as semiconductor complexity increases. The stock detracted from performance during the second quarter even as earnings comfortably exceeded expectations. We believe the shares are consolidating gains following ISC's strong first-quarter performance. More recently, trading activity may reflect a broader market rotation away from leading-edge semiconductor technologies and key AI enablers toward more legacy and commodity-oriented segments of the semiconductor supply chain in the wake of the rapid adoption of agentic AI. We see no deterioration in the company's fundamentals and retain long-term conviction.

BYD Company Limited, a leading Chinese manufacturer of electric vehicles and batteries, detracted from performance in the second quarter. China's domestic new energy vehicle market remained highly competitive as ongoing price competition and weak consumer demand pressured automotive manufacturers across the sector. A reduction in national purchase incentives, which had pulled demand forward into 2025, added to these near-term headwinds. Partially offsetting the softer domestic environment, BYD's international business remained a bright spot, with overseas deliveries increasing more than 80% year over year during the quarter and accounting for more than 40% of total vehicle volume. Looking ahead, BYD's premium model expansion and next-generation battery technology should drive a richer product mix over time. We continue to own the stock, as BYD's cost leadership, vertical integration, and growing export business support our long-term investment thesis, though we continue to monitor domestic pricing competition and the pace of consumer demand recovery.

Portfolio Structure

Top 10 holdings

	Percent of Net Assets (%)
Taiwan Semiconductor Manufacturing Company Limited	15.7
Samsung Electronics Co., Ltd.	7.7
SK hynix Inc.	7.1
Tencent Holdings Limited	2.7
Montage Technology Co., Ltd.	2.3
Delta Electronics, Inc.	2.2
Grupo Mexico, S.A.B. de C.V.	1.9
Bajaj Finance Limited	1.7
Alibaba Group Holding Limited	1.6
Contemporary Amperex Technology Co., Limited	1.5

Fund investments in countries

	Percent of Net Assets (%)
Korea	22.3
Taiwan	21.7
India	20.5
China	18.0
Brazil	5.4
Mexico	1.9
South Africa	1.7
Greece	1.2
Peru	1.0
Argentina	0.8
Saudi Arabia	0.7
Hungary	0.7
United States	0.6
Philippines	0.5
Spain	0.5
United Kingdom	0.4
Chile	0.4
Japan	0.2
Russia	0.0*
Total	**100.0****

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

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

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Recent Activity

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

We increased exposure to our global security/supply chain diversification theme by initiating positions in **Divi's Laboratories Limited** and **Acutaas Chemicals Limited**. Divi's is a leading global active pharmaceutical ingredients (APIs) and intermediates manufacturer. The company specializes in generic API production, custom synthesis, and nutraceuticals. By leveraging its deep capabilities in process chemistry, scale manufacturing, and strong execution in complex molecules, Divi's has built strong relationships with global innovators and leading pharmaceutical companies and plays a key role in the global pharmaceutical value chain. In our view, the company is a key beneficiary of global supply chain realignment, as innovator and generic customers diversify their API sourcing away from China. We are encouraged that Divi's has been onboarded by large global innovators and pharmaceutical companies into the oral GLP-1 and GLP-1 injectables value chain as a supplier of complex intermediates and custom manufactured peptides. This opportunity underscores Divi's strengths in large-scale, late-stage commercial manufacturing and provides multi-year revenue visibility as GLP-1 demand continues to expand globally. We are also excited by the company's commitment to capacity expansion and its sustained focus on R&D. We expect the company to deliver mid-teens compound revenue growth and 20% earnings growth over the next three to five years.

Acutaas is a leading manufacturer of advanced pharmaceutical intermediates (intermediates) and specialty chemicals in India. The company plays a vital role in the global pharmaceutical value chain, with a 50% to 90% market share in several critical intermediates up to the N 1 stage of the API synthesis chain. To drive sustainable long-term growth, Acutaas proactively invests in R&D to build a durable pipeline of intermediates with API patents that expire through 2040 and beyond. In addition to its core intermediates business, the company is actively ramping up its higher margin contract development and manufacturing organization (CDMO) segment in collaboration with global innovators. For example, Acutaas became the primary intermediates vendor for darolutamide, a fast-growing, patented prostate cancer drug marketed by Bayer with estimated peak sales of more than $4 billion. This long-term contract under the CDMO model provides strong revenue visibility over the next few years. We are also excited about Acutaas' new ventures into electrolyte additives and semiconductor chemicals, which should support strong growth momentum. In our view, the company is well positioned to deliver compound revenue and earnings growth in excess of 20% over the next three to five years.

During the quarter, adding to our digitization theme, we accumulated a position in **Rasan Information Technology Company**, the leading digital insurance and financial services marketplace in Saudi Arabia. Through its integrated technology platform, Rasan connects consumers, insurers, leasing companies, and financial institutions, enabling customers to compare, purchase, and manage insurance and other financial products online. We believe the company has built a durable competitive advantage through deep integration with insurers, regulators, and financing partners, creating a data-rich ecosystem that lowers customer acquisition costs, improves pricing and underwriting efficiency, and raises switching costs for both consumers and enterprise clients. Rasan is also a direct beneficiary of Saudi Arabia's ongoing digital transformation and Vision 2030 initiatives, which are modernizing the insurance industry and accelerating the migration from offline to digital distribution. The company has established a dominant position in retail motor insurance and motor leasing insurance, where scale advantages reinforce its leadership and should support continued market share gains. Looking further ahead, we believe the addressable market remains significantly underpenetrated, as insurance premiums represent a much smaller share of GDP than in more developed markets, providing a long runway for structural growth as insurance adoption increases. Importantly, management is leveraging its platform beyond its core motor franchise into adjacent verticals, including health insurance, finance aggregation, home insurance, protection and savings products, and domestic help insurance. These newer businesses remain small today but benefit from the same technology infrastructure, distribution network and customer data, creating attractive opportunities to compound growth while maintaining high incremental returns on capital.

We also initiated a position in **OTP Bank Nyrt**, the leading banking franchise in Hungary and one of the premier financial institutions across Central and Eastern Europe, with operations spanning 11 countries. Over several decades, OTP has built a highly profitable, low-cost banking platform supported by strong retail and commercial market positions, a conservative balance sheet, and a disciplined capital allocation framework. While we have long admired the quality of the franchise, we believe the investment case has strengthened following Hungary's recent political transition, which is likely to create a significantly more supportive operating environment. The new government's pro-European stance is expected to improve business confidence, reduce sovereign borrowing costs, facilitate the release of previously suspended EU funds, and create a more predictable policy framework for the private sector. At the same time, there is growing optimism that the extraordinary tax and regulatory burdens imposed on the banking sector in recent years will be gradually reduced as policymakers seek to encourage investment and economic growth. Together, these developments have the potential to accelerate credit demand, improve underwriting quality and increase profitability across the financial system while lowering the cost of equity applied to Hungarian assets. As the country's market leader, and with a diversified regional footprint that provides additional avenues for organic growth and acquisitions, we believe OTP is uniquely positioned to benefit from this improving backdrop. In our view, the combination of a high-quality franchise, favorable structural and cyclical tailwinds, and an attractive valuation creates a compelling opportunity for both earnings growth and long-term shareholder returns.

We added to several of our existing positions during the quarter, including **JSW Energy Limited**, **Grupo Mexico, S.A.B. de C.V.**, **SK hynix Inc.**, **Alibaba Group Holding Limited**, **Nu Holdings Ltd.**, **Power Grid Corporation of India Limited**, **Contemporary Amperex Technology Co., Limited**, **d'Alba Global Co., Ltd.**, and **Pony AI Inc**.

During the quarter, we also exited several positions including **InPost S.A.**, **HD Korea Shipbuilding & Offshore Engineering Co., Ltd.**, **Kuaishou Technology**, **Park Systems Corporation**, **Kaynes Technology India Limited**, **WuXi Biologics (Cayman) Inc.**, and **HDFC Bank Limited**, as we continue our endeavor to allocate capital to our highest convictions ideas.

Outlook

The second quarter of 2026 proved another solid quarter of both absolute and relative performance by EM equities, with semiconductor and AI-related shares dominating global returns. In our view, the prevailing catalysts giving direction to markets were the cease-fire and MOU among the U.S. and Iran to end the war and reopen the Strait of Hormuz, and the rapid adoption of Anthropic's Claude Cowork and OpenAI's introduction of GPT 5.5, thereby making possible the leap from the chatbot/reasoning phase to fully agentic AI. While these catalysts drove global, and in particular, EM equities to strong returns during the quarter, we struggle to recall another quarter where the EM index returned over 20% with more than half of all GICS sectors registering

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losses. Such poor breadth, concentrated returns, and the wide disparity of results by sector and individual stock was especially challenging for active investors during both the quarter and year-to-date periods; the IT sector alone, largely concentrated in a few mega-cap semiconductor stocks, contributed roughly 90% of the impressive second quarter return.

Regarding the Iran war, we suggested in our first quarter letter that a de-escalation was probable in the relatively near term given the considerable economic, financial, and political pressure that applied to all parties. While we are certainly encouraged with the progress on this front, we now believe that the readouts of the MOU by both parties suggest a wide gap in expectations, and we caution that risk premium and oil prices may not fall as far or as fast as we previously anticipated as Iran's negotiating leverage appears formidable in the context of U.S. political expediency (in fact, as of this writing, President Trump has declared the cease-fire as no longer in effect – though negotiations are ongoing). It appears for now that markets may need to learn to live with an Iran that maintains both some measure of control over the Strait and also the financial resources to support regional proxies and rebuild military assets – factors which would likely leave a variety of tail risk scenarios in place.

As mentioned, EM returns were dominated during the quarter by positive fundamental developments in agentic AI, though we note that some near-term risks to the outlook began to emerge late in the quarter, leading to enhanced volatility in AI-related shares. The success of Anthropic, and to a lesser extent, OpenAI has revealed the first truly "killer app" in the agentic AI era – software coding and task management at a scale and level of productivity unimaginable as 2026 began. Enterprises are rapidly shifting and in many cases achieving material headcount reduction, with the majority of monetization flowing to Anthropic; we estimate that Anthropic now manages 10% of AI queries, 25% of inferencing workloads and captures over 60% of total AI revenue. This remarkable growth initially was a major catalyst for technology shares of all stripes during the recent quarter, but particularly for the more mature and presumed slower-growing legacy supply chain. As it turns out, the complexity of agentic AI tasks and workflow requires much more CPU/compute and memory than previously anticipated. More recently however, Anthropic's success is causing the market to question whether other LLMs such as OpenAI's consumer facing models or those operated by Meta or Grok are being commoditized or relegated to a second tier. These hyperscaler/LLMs are making massive capex commitments without clear near-term killer apps or monetization opportunity and appear to be at least losing mindshare if not longer-term total addressable market share. While we are confident that AI innovation will ultimately lead to many large-scale applications, ensuring that all capacity additions will be absorbed into ever-expanding demand, in the very near term, there is at least some risk that the capital markets pause in allocating to the more speculative or less competitive players in the AI ecosystem. Enterprise spending curbs are also an evolving near-term concern, at least until compute cost and token pricing begin to deflate as is typical for the IT sector. For this reason, we engaged in modest profit taking late in the quarter, while maintaining a roughly market weight exposure to the IT sector and the semiconductors subsector, though as always, we remain attuned to opportunities in this dynamic space as they arise.

As we manage a diversified portfolio of quality EM growth stocks, we would welcome and find healthy a pause in the unbridled enthusiasm over AI-related investments. As measured by the market's deteriorating breadth, AI fever has "crowded out" many other attractive industries and stocks, and entire countries have been abandoned in favor of perceived AI champions. In particular, as we have mentioned in previous communications, beneficiaries of digitization such as e-commerce, fintech, and software-based businesses have been sold down to valuations that belie years if not decades of entrenched distribution, integration, productivity, security, and customer trust; similarly, our overweight position in India, invested across a range of attractive and competitively advantaged growth businesses, has suffered in recent quarters due to the country's lack of a developed semiconductor ecosystem and, in our view, general misperception regarding the recent pause in earnings momentum. While we remain cautious of companies that could be more easily disintermediated by AI, we have opportunistically added to investments that, in our view, have become mispriced as the market turned increasingly one-dimensional.

We look forward to our next communication and thank you for investing in the *Baron Emerging Markets Fund*.

Sincerely,

Michael Kass
Portfolio Manager

[1] The **MSCI Emerging Markets Index Net (USD)** is designed to measure equity market performance of large and mid-cap securities across 24 Emerging Markets countries. The **MSCI Emerging Markets IMI Growth Index Net (USD)** is a free float-adjusted market capitalization index designed to measure equity market performance of large, mid and small-cap securities exhibiting overall growth characteristics across 24 Emerging Markets countries. MSCI is the source and owner of the trademarks, service marks and copyrights related to the MSCI Indexes. The indexes and the Fund include reinvestment of dividends, net of foreign withholding taxes, which positively impact the performance results. The indexes are unmanaged. Index performance is not Fund performance. Investors cannot invest directly in an index.

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

3 Not annualized.

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

Risks: In addition to the general stock market risk that securities may fluctuate in value, investments in developing countries may have increased risks due to a greater possibility of: settlement delays; currency and capital controls; interest rate sensitivity; corruption and crime; exchange rate volatility; and inflation or deflation. The Fund invests in companies of all sizes, including small and medium sized companies whose securities may be thinly traded and more difficult to sell during market downturns.

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

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

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Baron Global Durable Advantage ETF™

Ticker: BCGD

Alex Umansky
Portfolio Manager

Guy Tartakovsky
Portfolio Manager

Dear Baron Global Durable Advantage ETF™ Shareholder,

Performance

Baron Global Durable Advantage ETF™ (BCGD or the Fund) gained 12.7% (NAV) during the second quarter, compared to the 14.9% gain for the MSCI ACWI Index (the Index), the Fund's benchmark.

Year to date, the Fund gained 4.4%, compared to the 11.3% gain for the Index.

There is a two-letter word that can best describe what happened in the second quarter – AI!

While the war in Iran weighed on stocks earlier in the year, with the Index declining 3.2% during the first quarter, the impact wasn't significant. We have long argued that politicians, wars, and geopolitics in general have little lasting effects on businesses (barring long-tail scenarios of course, in which case writing or worrying about BCGD's performance would likely be far from our first concern).

What really drove stocks in the second quarter was the AI buildout, which produced a highly concentrated result with Information Technology (IT) as the only sector that outperformed the broader Index, and by a wide margin, up 39.1%, accounting for two-thirds of the Index's return (and 70% in the first half). Even within IT, it was all about AI buildout beneficiaries. The semiconductor, semiconductor materials & equipment, and electronic components sub-industries, which accounted for only 16.1% of the Index's average weight in the quarter and 14.5% in the first half, generated 50% of the Index's quarterly return and 68% of its return in the first half. While Industrials and Financials were also up double digits in the quarter, up 12.6% and 11.2%, respectively, all other sectors lagged far behind. The stocks that performed best within Industrials were similarly driven by the AI buildout.

Cumulative performance (%) for periods ended June 30, 2026

	ETF Market Price[1,2]	ETF NAV[1,2]	MSCI ACWI Index[1]
QTD	13.00	12.65	14.93
YTD	4.02	4.43	11.25
Since Inception (12/12/2025)	5.77	5.66	11.94

Against that backdrop, the Fund's 12.7% return in Q2, which trailed the Index by 228bps, was not that surprising given our focus on the highest quality, durable compounders. As a result, we did not own many of the biggest winners – the AI bottleneck names that doubled or tripled in the quarter. Many of these businesses have historically been lower quality businesses with limited pricing power, low differentiation, low returns on invested capital, low margins and high cyclicality – and have now risen to prominence, thanks to the under-supply situation in the market. While in the short term their earnings can grow faster than their higher quality counterparts, the durability of their growth will be determined by the longer-term supply-demand dynamics, the barriers to entry in the industry and the ease with which incremental supply can be brought online (by incumbents as well as new entrants), as well as the durability of demand in the particular segment, and the availability of substitute products. Because we did not own the AI bottleneck stocks, IT was the Fund's second worst sector in the quarter, despite the Fund's IT investments being up 28.1%, and was responsible for 301bps of relative underperformance.

The total annual fund operating expense ratio as of April 30, 2026 was 0.75%. The performance data quoted represents past performance. Past performance is no guarantee of future results. The investment return and principal value of an investment will fluctuate; an investor's shares, when redeemed, may be worth more or less than their original cost. Total returns assume the reinvestment of all distributions and the deduction of all fund expenses. Current performance may be lower or higher than the performance data quoted. For performance information current to the most recent month end, visit BaronCapitalGroup.com or call 1-800-99-BARON.

In addition to IT, underperformance was also driven by Financials, which was a 312bps headwind on relative results. Within Financials, our entire underperformance can be attributed to being in the wrong sub-industries. Financial exchanges & data – the worst sub-industry within Financials, down 8.5% in the Index – was our biggest overweight, responsible by itself for 204bps of underperformance. We also held no domestic commercial or investment banks, which did well in the quarter on the back of strong U.S. capital markets and rate expectations that have shifted upwards. On the positive side of the ledger, we held the right Health Care, Consumer Staples, Real Estate, Communication Services, and Industrials stocks – which contributed 246bps to our relative results. Not holding any Energy, Materials or Utilities also helped, contributing 230bps.

From an absolute return and stock-specific perspective, **Taiwan Semiconductor** (TSMC) was our largest contributor, adding 272bps. **ASML**, **Alphabet**, **Amazon**, **NVIDIA**, and **Eli Lilly** contributed at least 75bps each, while **Visa**, **Ajinomoto**, **Monolithic Power Systems**, **Keyence**, and **Welltower** contributed at least 40bps each. Overall, 22 of our holdings were up double digits in the quarter. On the negative side, 11 names detracted from performance, though only **CME Group** detracted more than 50bps. Not only are we confident we suffered no permanent loss of capital, but we also believe the sell-off created an attractive opportunity to add to this quasi-monopoly business at an all-time low relative valuation multiple, even cheaper than during the great financial crisis. Historically trading at an average 47% premium to the S&P 500 Index, the stock dropped to a roughly 14% discount during the second quarter on emerging competition from crypto-native "perpetual futures." We view those products as more of a retail-focused solution and hence unlikely to weaken CME Group's competitive moat, which is rooted in the depth of liquidity on its platform. Moreover, as the stock sold off, fundamentals continued to improve, with 2026 revenue expectations increasing by 0.5% in the quarter and 3.2% in the first half and EBIT expectations increasing by 0.5% in the quarter and 4.5% in the first half. CME Group was our largest addition during the quarter.

Another example of divergence between narrative and fundamentals was in rating agencies such as **S&P Global**, where investors were concerned that it would be disrupted by AI, even though fundamentals have been robust with no negative impact from AI. We believe that AI could actually prove to be a tailwind driving increased demand for debt issuance and ratings, opening incremental distribution channels for data offerings, and increasing operational efficiency. S&P Global's Market Intelligence segment, the business investors view as most exposed to AI disruption, reported an acceleration in organic growth to 6.3% in the first quarter. Overall fundamentals also continue to move in the right direction with 2026 FactSet consensus expectations for revenue and EBIT up by 0.1% and 0.3% in the quarter and by 0.6% and 0.6% in the first half, respectively. Yet, S&P Global's P/E multiple traded at its steepest discount to the S&P 500 Index (around 5%) since the Great Financial Crisis levels seen in 2008 to 2010, with the stock trading at an average relative valuation premium of 27% in the last 20 years.

We see a similar widening gap between narrative and fundamentals in Amazon, which was trading in the second quarter at an all-time low P/E multiple of about 25 times. The multiple declined 1% in the quarter and 13.6% in the first half as investors worried that the large investments in AI will not generate attractive returns. Fundamentals however, show a robust business that is becoming more valuable and with early positive impact from AI - in Q1, retail units sold were up 15% year-on-year, the fastest growth rate since COVID, margins improved as Amazon reduced costs to serve and grew its advertising revenues (up 22% year-on-year in Q1), and Amazon Web Services revenues increased by 28%, the fastest growth rate in 15 quarters, as AI is beginning to materially impact numbers – with AI annualized recurring revenues (ARR) of $15 billion (more than doubled year-on-year), Bedrock revenues (Amazon's AI platform) up 170% sequentially, and its internal chip business up 40% sequentially and 3 times year-on-year to $20 billion ARR.

Even among the direct beneficiaries of the AI buildout, stocks are not immune to narratives – no need to look further than the company standing at the epicenter of AI – NVIDIA. While NVIDIA's stock was up 14.7% in the second quarter, ending the first half up 7.2%, it lagged other AI buildout stocks by a wide margin, with the semiconductor sub-industry in the Index up 54.6% in the quarter and 51.9% in the first half, as a result of investor concerns over potential market share losses to ASICs (such as Google's TPU and Amazon's Trainium). NVIDIA's size and liquidity make it an easy short for hedge funds. Also, technical limitations on long-only investors to buy stocks that represent large weights in benchmarks, and renewed investor concerns of an AI bubble ('TokenMaxxing[3]' and open weight models) weighed on the performance of the stock.

Would NVIDIA be better off as the sole provider of compute for AI? Probably, though competition drives innovation! Should NVIDA trade at a 15 to 16 times P/E on calendar year 2027 estimates, implying a terminal growth rate below nominal GDP starting this year? Assuming a 10% weighted average cost of capital, that multiple implies terminal growth of 3%, which seems highly unlikely to us!

Fundamentals tell a different story. NVIDIA's revenue growth accelerated for the third straight quarter to 85% year-over-year, adding a record $13.5 billion of revenues in the last quarter alone (equivalent to ServiceNow's total revenues in 2025!), reporting that the latest generation, Blackwell is having the fastest ramp in NVIDIA's history, gaining significant market share in networking (with revenues up 3 times year-on-year) and seeing unprecedented levels of orders (having booked approximately $0.5 trillion in 4.5 months), just as AI is starting to show real return on investment (ROI) with ARR of $175 billion[4] thanks to the explosion in agentic AI.

Now, a narrative or a rumor is just that, until the outcome proves it right or wrong. The problem is that it is unclear whether the narrative is right or wrong until the future is revealed and even then, it is often difficult to know whether a bad outcome was due to a bad decision or just bad luck. It is on the investor to decide whether the probability of the narrative being correct is higher or lower than what is priced in. In other words, are you getting paid to play that hand or not?

However, with the proliferation of AI and information becoming much more readily available to investors today than in the past, why do narratives still cause wild swings in stocks, rather than investors correctly incorporating changes in the intrinsic value and stocks trading accordingly even in the short term? Why does the market remain inefficient?

In our view, the reasons are both structural and psychological. On the structural side – passive investing in market cap weighted indexes, quant strategies, and low-vol strategies exacerbate the momentum of stock prices on both sides. Passive strategies push stocks that have worked higher (and as they outperform, their weights in the benchmark rise, driving even more purchasing) and those that haven't, lower. Financial leverage, quants, low-vol strategies and increased retail investor participation in the stock market add fuel to the fire, which creates further pull on both extremes. Window dressing causes investors to buy stocks that have worked and sell those that haven't.

Psychology further exacerbates the situation – one can think of every investor as holding a bucket for every stock they own. As long as the bucket is not full, they will hold on to the stock, but once water overflows, they will no longer be able to bear the pain and will sell. Different investors have different sizes of buckets depending on their mindset, patience, incentives and experience. Data points that reduce conviction fill the bucket with water and data points that increase conviction remove water. The highest conviction ideas have the least water in their buckets and the lowest have the most.

As long as the prevailing narrative doesn't conflict with the thesis, everything is OK. Once however, the narrative starts conflicting with the thesis, there are various psychological biases that spring into action as the bucket is filling up with water. The heavier it is, the more **Cognitive Dissonance** the investor feels such that at some point, the weight becomes too much to bear prompting the investor to sell to cure the dissonance – this even if they consciously believe the probabilistic or expected value is in their favor. **Groupthink** makes the water flow stronger if the stock is going against the investor, as they increasingly feel that the market must know something. Of course, a stock that works makes the investor think they must be right because everyone else 'agrees.' **Confirmation Bias** causes investors to actively search for evidence that supports their thesis, even though objectively, conclusions should follow the data. **Sunk Cost** and **Loss Aversion** play in the same direction as selling would crystalize a loss. This is like a lid that puts pressure and why the bucket overflows too late and when it does, it does so violently (no valuation multiple becomes too low to sell and cure the cognitive dissonance).

Periods of accelerated disruptive change, such as today with AI, increase the flow of water into investor buckets, creating big moves in stocks whose fundamentals have been (and in our view, continue to be) quite durable such as in the examples we discussed above. This tests investor conviction, creating an opportunity for patient investors that hold large enough buckets to counter cognitive dissonance.

Top contributors to performance for the quarter

	Quarter End Market Cap ($B)	Contribution to Return (%)
Taiwan Semiconductor Manufacturing Company Limited	2,476.9	2.72
ASML Holding N.V.	763.4	1.87
Alphabet Inc.	4,327.0	1.18
Amazon.com, Inc.	2,563.8	0.96
NVIDIA Corporation	4,842.2	0.91

Taiwan Semiconductor Manufacturing Company Limited is the world's largest contract chipmaker and the leading manufacturer of advanced logic semiconductors used in modern AI accelerators. Shares rose 41.6% during the quarter as the company continued reporting stellar financial results underpinned by AI demand with revenue growth of 35% year-on-year and EPS growth of 58%, with 66% gross margins and 58% operating margins. High-performance computing now represents the majority of TSMC's business. AI demand is consuming so much leading-edge capacity that smartphone and PC production is increasingly shifting to older technology nodes, reversing a dynamic that defined the foundry industry for much of the past decade. Management also raised its full-year outlook and increased capital spending to support demand that remains well above available supply. We retain long-term conviction in TSMC and view its leading-edge manufacturing monopoly, pricing power, and technology roadmap as durable advantages that support a long duration of growth.

ASML Holding N.V. is a Dutch company that builds lithography machines used to print circuit patterns onto semiconductor chips. Shares rose 50.9% during the quarter as accelerating AI infrastructure spending reinforced ASML's critical role in the semiconductor supply chain. Sitting at the center of advanced chip production, lithography is in high demand: leading-edge logic capacity remains sold out at ASML's largest customers, while the high-bandwidth memory buildout is driving a parallel wave of lithography equipment investment at memory manufacturers. Management raised its full-year outlook guiding revenue to €36 billion to €40 billion in response to these favorable demand trends with EUV capacity of at least 60 units in 2026 and 80 units in 2027, reinforcing our conviction in ASML as a core long-term holding. We maintain conviction and continue to view ASML as an indispensable enabler of the leading-edge semiconductor roadmap and one of the primary beneficiaries of the ongoing investment in AI.

Alphabet Inc., the parent company of Google, contributed to performance with the stock up 23.2% as the market increasingly recognized its unique position vis-à-vis AI. Alphabet is the industry's most vertically integrated AI player, with ownership across every layer of the stack, including custom TPU silicon, global cloud infrastructure, the Gemini foundation models, and distribution across 13 products with more than 1 billion users each. This full-stack ownership is translating into strong demand. Google Cloud revenue grew 63% year-over-year and backlog surged nearly 300% to roughly $460 billion, prompting management to raise 2026 capital expenditure guidance and signal a significant further increase in 2027. Search revenue grew 19% year-over-year as AI features drove record query volumes, demonstrating that generative AI is expanding, rather than eroding, the core franchise. Capital access has itself become a competitive moat, allowing Alphabet to fund supply aggressively and outbid peers for scarce compute. We maintain strong conviction and believe that Alphabet's vertical integration, talent density, multimodal proprietary data, and highly scaled consumer offerings are durable competitive advantages that will underpin a long duration of growth for the company ahead.

Top detractors from performance for the quarter

	Quarter End Market Cap ($B)	Contribution to Return (%)
CME Group, Inc.	80.0	(0.63)
Wix.com Ltd.	2.3	(0.49)
Tencent Holdings Limited	503.0	(0.21)
Indutrade AB	7.3	(0.17)
S&P Global Inc.	123.5	(0.15)

CME Group, Inc. operates the world's largest and most diversified derivatives marketplace. Shares fell 25.0% due to a slowdown in trading activity, reflecting tough comparisons against the prior year and easing market volatility following the onset of the U.S.-Iran war in March. This cyclical softening was exacerbated by concerns over emerging competition from crypto-native "perpetual futures" and uncertainty triggered by the announcement that long-time CEO Terry Duffy will step down next year. We continue to own the stock because we believe that CME enjoys significant competitive advantages and should benefit from increasing adoption of exchange-traded derivatives and episodic volatility spikes.

Shares of **Wix.com Ltd.**, a cloud-based platform for building and managing websites and online businesses, declined 41.6% during the second quarter. The stock came under pressure as growth in the company's core business decelerated, with bookings and new user cohorts softening relative to prior quarters. While the newer AI-driven offering (Base 44) continued to grow, it was not enough to offset slowing momentum in the established core business, raising questions about the durability of the overall growth algorithm. Our thesis on Wix was driven by the combination of its durable subscription revenue, expanding free cash flow, and disciplined capital returns, but the deceleration in the core business undermined a key pillar of our thesis. We have therefore exited the position during the quarter, redeploying capital toward opportunities with clearer growth trajectories.

Tencent Holdings Limited is China's largest internet company and operator of the WeChat ecosystem. Shares declined 11.7% despite a largely in-line first-quarter report, which included 17% year-on-year growth in adjusted operating profit excluding new AI initiatives. Investors instead focused on headline revenue growth, which was skewed by the timing of Lunar New Year, as well as a limited near-term catalyst path and a rising AI cost base, with chip depreciation expected to weigh on second-half profitability and cause full-year operating profit growth to trail revenue growth. Our conviction remains intact. The quarter provided initial evidence that Tencent's AI investments are gaining traction, with its new Hunyuan 3 AI model, becoming one of the leading open weight models on OpenRouter[5] and its agentic solution, WorkBuddy becoming one of China's most-used agentic AI[6] suites. The WeChat AI agent opportunity is difficult to replicate given its billion-plus daily users and embedded merchant ecosystem. Meanwhile, the core business comfortably funds the AI build, and management is accelerating share buybacks. At a low teens P/E multiple, we believe the durability of Tencent's core business and its AI opportunity are not properly valued by the market. We remain invested.

Portfolio Structure

The Fund is constructed on a bottom-up basis with the quality of ideas and level of conviction playing the most significant role in determining the size of each investment. Sector and country 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 June 30, 2026, the top 10 holdings represented 50.2% of the Fund's net assets, and the top 20 represented 74.4%. We exited the quarter with 40 investments, unchanged from the end of the first quarter.

IT and Financials represented 51.5% of the Fund, while Consumer Discretionary, Industrials, Communication Services, Health Care, and Consumer Staples represented another 45.7%, with the remaining 2.9% held in Real Estate (**Welltower**) and cash.

Top 10 holdings

	Quarter End Market Cap ($B)	Quarter End Investment Value ($K)	Percent of Net Assets (%)
Taiwan Semiconductor Manufacturing Company Limited	2,476.9	852.9	8.7
NVIDIA Corporation	4,842.2	624.3	6.4
Amazon.com, Inc.	2,563.8	600.4	6.1
Alphabet Inc.	4,327.0	532.5	5.4
Visa Inc.	662.3	523.9	5.4
ASML Holding N.V.	763.4	505.3	5.2
S&P Global Inc.	123.5	362.5	3.7
Brookfield Corporation	104.4	311.8	3.2
Eli Lilly and Company	1,129.6	309.5	3.2
Meta Platforms, Inc.	1,429.9	284.5	2.9

Fund investments in countries

	Percent of Net Assets (%)
United States	59.3
Taiwan	8.7
Netherlands	5.2
Canada	4.8
Sweden	4.6
Japan	4.3
France	3.2
Italy	2.6
Korea	2.3
Brazil	1.9
China	1.6
Argentina	1.3
Germany	0.2
Cash and Cash Equivalents	0.1
Total	**100.0***

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

Recent Activity

During the second quarter, we initiated three new positions: a leading software and semiconductor company, **Broadcom**, the Korean giant and one of the leading memory, semiconductor manufacturing, smartphone and display providers, **Samsung Electronics**, and an engine provider for power generation, **INNIO**.

We took advantage of inflows and market volatility to add to 36 existing positions. Our largest additions included the following names: **CME Group**, **TSMC**, **Amazon**, **NVIDIA**, **Alphabet**, **Visa**, **ASML**, **S&P Global**, **Stevanato Group**, and **Brookfield**.

We also exited three investments – **Indutrade**, **HDFC Bank**, and **Wix** – reallocating to names in which we saw a more attractive risk-reward profile.

Top net purchases for the quarter

	Quarter End Market Cap ($B)	Net Amount Purchased ($K)
CME Group, Inc.	80.0	120.5
Taiwan Semiconductor Manufacturing Company Limited	2,476.9	115.1
Broadcom Inc.	1,797.2	111.7
Amazon.com, Inc.	2,563.8	107.7
NVIDIA Corporation	4,842.2	105.3

We took advantage of the stock's sell-off post earnings to initiate 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 (ASICs). Through VMware, Broadcom also owns critical software layers used to virtualize and manage large-scale compute environments.

Broadcom has one of the most durable and formidable competitive moats in the AI infrastructure buildout. As AI labs and hyperscalers look to not only optimize their hardware for AI workloads to achieve peak performance but also optimize costs to extract the highest intelligence per dollar of capex spent, they partner with Broadcom – the best silicon design player, one that excels at both digital and analog circuit design. Customers also choose Broadcom due to its ability to innovate at an annual cadence, similar to NVIDIA. Speed of innovation matters because lagging would mean that a competitor using NVIDIA's product cadence will have access to more powerful and cheaper compute. Moreover, ASIC designs are growing increasingly complex and require a multitude of technologies to bring to life through full system optimization. A hyperscaler or an AI lab cannot afford to go with an inferior solution when its revenue and long-term success are tied to the quality and the quantity of the compute power it has available.

While there has been a lot of noise about customers considering vertically integrating for future silicon designs, this remains only a bear narrative at this stage. The increasing complexity of AI systems demands very tight integrations between the different components, which is done via extreme co-design of compute, memory, input/output on dies, and networking fabrics. Broadcom, being at the frontier in all of these technologies, has therefore a far more durable moat than the market appreciates, in our view. Hock Tan on recent earnings call (Q2'2026) addressed this issue with respect to key customer, Google: *"Our relationship continues to be strategic and very substantial as we continue to deliver vastly superior technology and execution compared to other alternatives. This ability to provide differentiated value to Google ensures that our business will sustain and grow for the foreseeable future."*

We expect Google to continue accelerating its investments in TPUs, driven by growing internal and external customer demand. Broadcom has also recently extended its multi-year agreement with Google to 2031, validating its strong position within the Google silicon ecosystem and establishing it as a key player benefiting from Google's investments in AI infrastructure. Hock Tan commented on the agreement in the last earnings call:

> *"... a very, very strong agreement and it basically reflects the strength of the partnership we have simply because of the products we do... and any intellectual property we deploy into this whole program... it's a commitment that is very substantial in dollars. Very, very substantial amount of dollars."*

Beyond Google, other customers such as Anthropic, OpenAI, and **Meta** each showed incrementally positive signs in their respective ASIC adoption journeys. Anthropic, following its recent extraordinary success, is planning for larger compute requirements, which should translate into a larger TPU compute base over the next few years. OpenAI, working with Broadcom, taped out its first inference silicon, Jalapeno, in a record nine months, targeting 10GW of ASIC-based AI infrastructure this decade. Meta continues to hold a bullish view on AI and the associated investments in AI infrastructure. Additionally, Apple signed a multi-year agreement with Broadcom spanning multiple products, not only conventional radio frequency components and next-generation wireless connectivity technologies, but also ASICs across multiple generations of Apple products. Hock Tan expects ASICs to match GPU units in volume by next year, and Broadcom, as the leader in this space, should continue to be the biggest beneficiary of this growth. We believe that Broadcom is uniquely positioned to capture the lion's share of the custom silicon market for years to come, with strong competitive moats, underpinning a long duration of growth.

We also initiated a new position in the Korean giant and one of the leading memory, semiconductor manufacturing, smartphone and display providers, **Samsung Electronics Co., Ltd.** Our thesis has 4 key aspects:

1) The demand s-curve is large, and we are very early on it due to AI and specifically agentic AI.
2) Supply growth is limited.
3) The memory industry is becoming less cyclical.
4) We're getting the non-memory parts of Samsung for free including its foundry business which offers optionality and a partial hedge on the tail risk of a Taiwan invasion.

First on demand, the throughput of AI inference (the amount of tokens generated per second by the AI factory), is dependent on how fast the system can pull data and model weights from memory and run the calculations on it to infer the next token. The greater the bandwidth, the more tokens can be generated. The more tokens, the more revenue the AI factory can produce and the greater the ROI. Agentic AI, which generates a lot of internal tokens (due to reasoning) to generate 1 external (consumer-facing) token, requires even greater bandwidth. It also creates a long context window (according to Micron, context window has grown by 30 times year-on-year![7]) which requires more memory and storage, and it calls tools (search, file use, application use) which require even more memory and storage – as users want their AI agents to remember previous interactions rather than start from scratch every time. This has created the strongest demand in history for memory. And this is before autonomous driving has really started scaling (with autonomous vehicles expected to have 20 times the memory of non-autonomous[8]) and before robotics.

Second, regarding supply of memory, we believe that memory will remain structurally supply constrained through the end of the decade at least. High bandwidth memory (HBM), the stacked DRAM that sits beside every AI accelerator, is gaining market share of total DRAM, and it's more wafer intensive than regular DRAM. Additionally, agentic AI drives demand for NAND, and so NAND capacity can no longer be converted into DRAM. Then, it takes two to three years to build a new greenfield production facility, and tool supply is limited.

Third, the memory industry may be becoming less cyclical. Memory suppliers are increasingly signing long-term agreements that provide better demand visibility and share volume and pricing risk with customers. In addition, memory – especially HBM – is becoming less commoditized as rising AI complexity makes co-design with accelerators more important. Co-optimizing the full system should increase differentiation and customer stickiness. Finally, as memory complexity rises, technology transitions to the next node are producing fewer incremental bits, making a larger portion of supply growth discretionary and giving the industry more flexibility to align bit supply with demand.

Lastly, having fallen behind SK hynix through the HBM3E generation, Samsung regained ground recently when in February 2026 it became the first in the industry to begin commercial shipments of the sixth generation HBM4[9] for **NVIDIA**'s next platform.

Beyond memory, we view Samsung's display, mobile, automotive, and foundry businesses as meaningful optionality. While the foundry business is currently loss-making, success with external customers could create meaningful profits and drive a re-rating. Samsung's 4x P/E multiple offers an attractive risk-reward to own a secularly growing memory business, with potential hedging value against global dependence on **TSMC**, HBM4 recovery as a near-term catalyst, and foundry as a long-duration call option.

This quarter we purchased shares of **INNIO N.V.**, a leading reciprocating engine OEM and service provider that owns the Jenbacher and Waukesha brands. These engines, long used for gas compression and power generation, are now seeing record demand for behind-the-meter (BTM) power at data centers, which increasingly bring their own power solutions rather than rely on the grid.

After two decades of flat U.S. electricity load, the AI buildout has accelerated growth while the aging grid infrastructure has created interconnection shortages, fueling BTM demand. We believe that INNIO is well positioned to benefit from this dynamic given its engines' reliability, efficiency, optimal sizing, and fast-response load-following capability, which is critical for AI's volatile power demands, and provides a lower total cost of ownership than alternatives. With two to three year lead times versus four to five years for large combined-cycle turbines, INNIO logged a record 2 GW of orders in Q1 2026 and 8 GW of backlog exiting the quarter. Its advantages are difficult to replicate, requiring years to develop a competing engine platform and overcome INNIO's decades-long reliability moat.

We also like INNIO's razor-razorblade model: solid margins on original equipment, followed by more than 2 times that EBITDA from service revenue over equipment lifespans exceeding 20 years. Industry-wide price increases of 10% to 20% annually should further support margin expansion. INNIO plans to expand capacity from 3 GW today to 10 GW by 2030, primarily through capital-light brownfield expansions at existing facilities – supporting strong growth with minimal execution risk. We believe rising equipment demand combined with a growing installed base's long service tail will support meaningfully higher stock prices over time.

Top net sales for the quarter

	Market Cap When Sold ($B)	Net Amount Sold ($K)
Indutrade AB	7.3	113.2
HDFC Bank Limited	132.9	99.0
Wix.com Ltd.	2.3	54.8
Thermo Fisher Scientific Inc.	186.3	2.1

Outlook

"It's tough to make predictions, especially about the future."
Yogi Berra

Short term market performance is driven by a whole host of external variables that are impossible to consistently predict - Geopolitics, macroeconomics, wars, Federal Reserve decisions and Truth Social posts. Even on a micro stock-specific level, short term results are driven by rumors, the narrative du-jour, investor positioning and expectations compared to the narrative and, as we discussed in the first section of the letter, good luck also trying to predict the bucket sizes of various investors!

Rumors and noise are constant – copper will be disrupted by optics! **Amphenol**'s stock falls 20% in the first 3 weeks of May. Actually, CPO (co-packaged optics) is delayed. The stock bounces by 48% in the last 10 days of May and June! **NVIDIA**'s next generation architecture is delayed, data centers are delayed, tokenmaxxing[10], **Meta** is building a cloud business. AI stocks sell off. Then IBM pre-releases earnings disclosing customer budgets have shifted to server purchases related to AI – and AI stocks rise! Then new open-source models show further progress on the cost-intelligence curve and AI stocks sell off again (even though lower cost of intelligence has proven to be a net positive to the AI buildout) and so on and so forth... Our job is to separate the signal from the noise. Make sure we don't waste time on the latter nor react to it. Stay the course. Focus on understanding the drivers of intrinsic values. Understanding whether the company's competitive positioning is strong, whether it solves real problems for customers, and whether growth is durable. This is our bread and butter and what has worked for us in the past – this is what we continue doing day in and day out.

While we have no idea how stocks will trade over the short term, the direction of longer-term returns can be glimpsed from deconstructing the Fund's performance into its two components – valuation multiples and fundamentals. If fundamentals are revised higher, intrinsic values are expanding. If valuation multiples rise by less than the rise in intrinsic values, our margin of safety has increased, and with it our prospective returns.

This was the case in the second quarter and the first half of 2026. Starting with fundamentals, weighted average revenue expectations for 2026[11] increased by 3.3% during the second quarter and by 8.1% in the first half. Operating income expectations were even stronger, having been revised up by 3.9% in Q2 and 10.4% in the first half[12]. This means that the intrinsic values of our businesses continue to rise. As to valuation multiples, after contracting by 10.5% in the first quarter, the weighted-average multiple[13] for the Fund expanded by 6.3% in the second quarter, though year to date, the multiple is still down 6.4%.

Note that while the multiple is down year to date, business fundamentals have been revised higher – which means that the Fund has become more valuable, and yet it can be bought at an even more attractive valuation. This implies that we are getting a collection of higher intrinsic values at a more attractive valuation than we did six months ago – this despite the Fund's positive 4.4% return, year to date.

From a historical perspective, as of the end of the second quarter, the weighted average stock in the portfolio traded at a 9.3% discount to its 5-year average[14] - which is another positive indicator for prospective returns.

Our goal is to invest in companies with strong and durable competitive advantages, proven track records of successful capital allocation, high returns on invested capital, and high free-cash-flow generation. It is our belief that investing in great businesses at attractive valuations will enable us to earn excess risk-adjusted returns for our shareholders over the long term. We are optimistic about the prospects of the companies in which we are invested and continue to search for new ideas and investment opportunities.

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

Sincerely,

Guy Tartakovsky
Portfolio Manager

Alex Umansky
Portfolio Manager

[1] The **MSCI ACWI Index Net (USD)** measures the equity market performance of large and mid cap securities across developed and emerging markets. MSCI is the source and owner of the trademarks, service marks and copyrights related to the MSCI Indexes. The MSCI ACWI Index and the Fund include reinvestment of dividends, net of withholding taxes, which positively impact the performance results. The index is unmanaged. Index performance is not Fund performance. Investors cannot invest directly in an index.
[2] The performance data in the table does not reflect the deduction of taxes that a shareholder would pay on Fund distributions or redemptions of Fund shares.
[3] From Google's AI Overviews: Tokenmaxxing is the controversial practice of treating AI token consumption as a proxy for employee productivity. Popularized by internal leaderboards at companies like Meta, it incentivizes developers and staff to continuously burn AI resources – such as long prompts and parallel coding agents – to hit usage benchmarks or signal adoption.
[4] https://intelligence.exponentialview.co/assets/ev-state-of-ai-economy-2026.pdf
[5] https://openrouter.ai/rankings?view=month#leaderboard-table
[6] Tencent Q1 2026 earnings - https://static.www.tencent.com/uploads/2026/05/13/e048dfed72bc718f7986a83f23c8e294.pdf
[7] https://www.youtube.com/watch?v=IRhuHt51AXg&pp=ygUwUG9kY2FzdCBieSBKZXJlbXkgV2VybmVyIC0gVGhlIGNpcmN1aXQgcG9kY2FzdC4g
[8] https://www.trendforce.com/news/2026/03/23/news-micron-reportedly-expects-future-autonomous-cars-to-require-300gb-dram-cautious-on-hbf-outlook/
[9] https://news.samsung.com/global/samsung-ships-industry-first-commercial-hbm4-with-ultimate-performance-for-ai-computing
[10] From Google AI Overviews: "Tokenmaxxing" is the Silicon Valley trend of maximizing AI token consumption as a proxy for productivity.
[11] Based on the change in FactSet consensus expectations for calendar-year 2026, for each holding, between 3/31/2026 and 6/30/2026, on which we calculated a weighted average using the quarter-end weights. We excluded Brookfield which we value on a sum of the parts, and Innio, which just recently went public. We also normalized for cash.
[12] We excluded Coupang from the weighted average calculation for the change in operating income expectations, because its operating income is around breakeven, causing an outlier in percentage terms.
[13] We calculate the change in multiples, by using a P/E multiple for most stocks. We use a P/FRE multiple for the alternative asset manager, KKR, and use a P/FFO multiple for Welltower. We exclude Brookfield which is valued on a sum-of-the-parts and INNIO, which only recently went public. We then calculate the weighted average change in multiples based on the position sizing at the end of the period (so the analysis is more forward looking). We also normalize for cash.
[14] We calculate a 5-year average multiple for each stock in the portfolio and then calculate the weighted average for the entire portfolio using end-quarter weights.

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. **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. **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. **Weighted Average Cost of Capital (WACC)** measures the average cost a company incurs to finance its operations using debt and equity.

QUARTERLY LETTER | JUNE 30, 2026

Baron Global Opportunity Fund®

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

Alex Umansky
Portfolio Manager

Dear Baron Global Opportunity Fund Shareholder,

Performance

We had an excellent quarter!

Baron Global Opportunity Fund (the Fund) gained 26.7% (Institutional Shares) during the second quarter, compared to the 14.9% gain for the MSCI ACWI Index (the Index), and the 19.8% gain for the MSCI ACWI Growth Index, the Fund's benchmarks.

Year to date, the Fund is up 20.6% compared to gains of 11.3% and 10.6% for the benchmarks, respectively.

Annualized performance (%) for periods ended June 30, 2026†

	Fund Retail Shares[1,2]	Fund Institutional Shares[1,2]	MSCI ACWI Index[1]	MSCI ACWI Growth Index[1]
QTD[3]	26.61	26.68	14.93	19.78
YTD[3]	20.45	20.60	11.25	10.59
1 Year	38.27	38.37	23.67	23.94
3 Years	27.76	27.99	19.70	21.73
5 Years	1.45	1.66	10.98	11.18
10 Years	16.32	16.57	12.78	15.10
Since Inception (4/30/2012)	13.58	13.83	11.06	12.92

Halfway through 2026, we observed some interesting similarities to last year in market patterns and the resultant outcomes. Entering 2025, we were coming off of two consecutive years of 25%-plus gains with a healthy/growing economy and tailwinds from investments and promises of AI. The geopolitical risks were elevated (something we thought was likely to continue for the foreseeable future) and the probability of a "breather" or a pullback seemed high. We got the "tariff tantrum" in mid-February and the Fund experienced an approximate 25% drawdown over the next seven weeks. Then… it's not like the tariffs were revoked and all of the trade issues were solved, but the market suddenly stopped caring about it. It's as if it was suddenly "decided" that the tariff uncertainty and geopolitical risks would be figured out and that it would not be material in the long run. The markets rallied hard posting double-digit gains for the second quarter, while the Fund had its best absolute return period since early 2020. Entering 2026… we were coming off of three consecutive years of 25%-plus gains with a healthy/growing economy and stronger tailwinds from even more investments and more promises from the benefits of AI. The geopolitical risks continued to be elevated, something we believe the markets are learning to live with for the foreseeable future, and the probability of a "breather" or a pullback seemed exceedingly high. In late February U.S. "and partner forces" had begun airstrikes against Iran. The Strait of Hormuz was "closed," the price of oil soared, treasury yields spiked, and the markets sold off. Then… there was a Memorandum of Understanding (MOU) and a relative lull in hostilities. It's not like there was a peace treaty or a new regime in Iran or free flowing traffic in the Strait of Hormuz, but the price of oil pulled back and it was "decided" that it will be figured out and that it's unlikely to be material in the long run. The markets rallied hard posting double-digit gains for the second quarter, while the Fund had its best absolute return period since early 2020. Similar indeed. We are oversimplifying of course, and there were lots of moving parts both this year and last, most notably the benefit of **SpaceX**. So, while history most certainly did not repeat itself, it did feel to us like it rhymed.

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, 2026 was 1.21% and 0.94%, respectively, but the net annual expense ratio was 1.15% and 0.90% (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 performance attribution perspective, strong stock selection contributed 864bps to relative returns in the quarter, while sector allocation added an additional 308bps, which added up to 1,173bps of overall outperformance relative to the Index. Communication Services was our best performing sector (SpaceX) followed by Health Care (**argenx**, **Illumina**, and **BillionToOne**). In a complete reversal from last quarter, not having investments in Energy (-13.0%), Consumer Staples, Materials, Utilities, and Real Estate added 320bps to relative returns. Poor stock selection in Information Technology (IT) (**GDS**, **Shopify**, and **Wix**), Consumer Discretionary (**Coupang** and **MercadoLibre**), and Financials (**Nu** plus not owning U.S. banks, which had a banner quarter) detracted 342bps but was largely offset by the overweight to IT, which added 248bps.

The Fund outperformed in developed markets, where standout returns from U.S. holdings generated 1,343bps of outperformance, with the Netherlands, the U.K., and Germany contributing another 298bps. We underperformed in emerging markets by 290bps because Korea was up a staggering 87.6% in the quarter (how is Korea an emerging market?), while our investment in Coupang and a poorly timed entrance into **Samsung Electronics** both managed to detract value.

From a stock specific perspective, the Fund's 26.7% gain was driven by 32 contributors against 10 detractors.

It is tempting to describe it as SpaceX and everything else, but it would not be correct and would not do the quarter justice. **Taiwan Semiconductor** (TSMC), **ASML**, **Nebius**, **NVIDIA**, **Forgent**, and **Amazon** contributed over 100bps each to absolute returns, while **Datadog** and **CrowdStrike** contributed over 200bps each. 24 of our holdings outperformed the double-digit returns of the Index, with 14 investments contributing between 20bps and 100bps each. 15 of our holdings appreciated over 30% during the quarter. CrowdStrike, Forgent, **Snowflake**, BillionToOne, and ASML each gained over 50%, while Datadog, which we have owned since its IPO in 2019 more than doubled (up 121.7%) and Nebius, which we bought just last quarter, was up a cool 166.2%. Chinese data center provider, GDS, which cost us 72bps (down 25.1%) from absolute returns, was the only detractor over 50bps. So, we would have still done well even without SpaceX, and rather very well if the 17.3% quarterly average weighting in SpaceX was allocated/distributed across the rest of the portfolio. But we did own SpaceX which was up 62.2%. So, make no mistake – SpaceX at 17.3% of the Fund, was THE star performer!

SpaceX

We had been under an NDA with SpaceX, which has prevented us in the past from fully explaining our investment thesis on the company. Now that SpaceX is public, we will attempt to explain why we are so excited about its prospects and long-term opportunities. We have often described ourselves as disruptive change investors and how disruptive change has become so critical and pervasive that we evaluate every investment opportunity through this disruptive change lens. *We believe SpaceX stands at the intersection of two of the most consequential secular growth trends of our time: AI and Space Economy*. The company is the most likely (obvious?) beneficiary of multiple early-stage, large S-curves disruptions. SpaceX has built a set of durable, multifaceted competitive advantages that to us appear to be insurmountable and is led by one of the most accomplished entrepreneurs and operators in history whose culture continues to attract extraordinary engineering and product-building talent. From the standpoint of uniqueness and opportunity set – it has no rivals. **This is THE company with N=1.**

More than a decade ago, SpaceX solved a problem experts said was impossible: instead of discarding rockets after each flight, it made them reusable. Today, SpaceX can reuse a booster (the bottom portion of the rocket) up to 35 times, while the rest of the industry still discards boosters after a single use. As a result, SpaceX needs only 3 boosters for 100 launches, compared with 100 for the industry. This created significant cost, scale, reliability, and innovation advantages, supported by higher launch frequency and the data generated from landed rockets. SpaceX has built a *platform business* with launch at its core. As its cost and scale advantages compound, the company can bring mass to space at lower cost and higher volume than anyone else, with the *gap likely to widen further* as it transitions to Starship. Lower unit costs expand markets, as we have seen across other industries: Moore's Law enabled massive growth in compute, mobile, and internet; the falling cost of genome sequencing, from millions of dollars to roughly $200 today, helped power growth in biotechnology and pharmaceuticals; and lower-cost, increasingly capable intelligence tokens have expanded the AI market. SpaceX has *reduced launch costs* from the industry standard of nearly *$20,000 per kilogram* to an order of magnitude lower with Falcon 9, while Starship targets another major reduction *to below $100*. Beyond the expanding ecosystem that relies on SpaceX for launch, the company's vertically integrated connectivity business, Starlink, has further supported Falcon 9's scale because most missions carry Starlink satellites.

Speaking of Starlink... despite already serving more than 12 million subscribers, we believe the connectivity opportunity remains quite significant. Starlink delivers faster, lower-latency connectivity that works virtually anywhere. In a market of largely undifferentiated connectivity services – where many regions still have either no service or poor, dial-up-quality service – Starlink is disrupting an approximately $1.5 trillion connectivity market. Any shareholder who has experienced a Starlink-enabled flight will appreciate the significance of this advantage. Could Starlink ultimately reach 20% market share? 50%? 80%? Each 10 percentage points of share represents roughly *$150 billion of revenue opportunity, with very high incremental margins*. This is a high fixed-cost business: once the satellite constellation is in orbit, the incremental costs are primarily user terminals, customer acquisition, and customer support, and SpaceX continues to improve efficiency across the value chain. Starlink also creates the potential to connect more than 3 billion people globally who remain unconnected today[4]. Competition faces a steep challenge: smaller constellations offer less bandwidth, resulting in inferior service, while competitors also lack SpaceX's scale and reusable launch economics, making their product more expensive to deliver. In addition, we believe SpaceX is well positioned to become an important player in global defense through Starshield, its dedicated government constellation.

Over the past five years, we have written extensively about AI and the disruption and the opportunities that we believe it represents. Now, with NVIDIA valued at over $4.8 trillion and hyperscaler CapEx approaching $750 billion annually, we believe AI is just getting started. The first agentic use case to make AI genuinely useful at scale has been coding, and even that market is still nascent. Annualized recurring revenue (ARR) is growing rapidly, with Anthropic surpassing $47 billion in May[5], OpenAI passing $33 billion[6], and overall generative AI revenues reaching $175 billion[7]. The coding opportunity alone is substantial: there are approximately 45 million to 50 million developers globally[8] and that population should expand meaningfully as AI lowers the barriers to software creation. The number of natural-language coders could ultimately be far larger than the number of developers proficient in Python, Java, or C++. According to Ramp, which observes actual enterprise spending across its customer base, a top 1% firm already spends roughly $90,000 per employee per year on AI, or about half the median developer salary. A top 10% firm spends approximately $7,300, while the median firm spends just $137 – and all of these figures are growing exponentially.[9] This suggests that coding alone could represent a multi-trillion dollar opportunity. If, over time, the median firm spends what today's early adopters spend, the total addressable market could reach $4 trillion to $5 trillion. Extending that framework across roughly one billion information workers points to a potential opportunity measured in the tens of trillions of dollars. The range of outcomes is wide and will depend on the value AI creates, but the direction is clear: the more capable and lower-cost intelligence tokens become, the steeper the adoption S-curve is likely to be.

We believe SpaceX is emerging as a meaningful participant across multiple layers of the AI stack. The most immediate opportunity sits in the compute layer, where the company has recently signed its first terrestrial data center hosting agreements with Anthropic and Google, together representing $26 billion of annualized revenue. Based on our estimates, these contracts imply revenue opportunities in the mid-$20 billion per gigawatt for Anthropic and the mid-$40 billion per gigawatt for Google. If SpaceX scales to 10GW over the next several years, this could represent a $200 billion to $400 billion opportunity with very high incremental margins, assuming demand for intelligence tokens continues to exceed supply. We believe that is likely given the structural constraints around advanced chip production and memory availability.

Can SpaceX become a leader in AI hosting? We believe it already has, even with only its initial agreements with Anthropic and Google. SpaceX's core competency is executing complex physical operations at extraordinary scale: reasoning from first principles, eliminating bottlenecks, removing unnecessary complexity, optimizing, automating, and moving with unusual speed. The company has already demonstrated the ability to build data centers faster and at lower cost than others, including a 100,000-GPU coherent cluster in 122 days versus an industry norm closer to two years. In a market advancing this quickly, time – is money! The sooner a data center comes online, the sooner it can begin producing valuable tokens and generating returns.

Still within the compute layer, SpaceX has a significant longer-term opportunity to place data centers in orbit. Picture satellites rather than buildings – powered by unlimited and free solar energy. While meaningful technical work remains, we believe SpaceX's experience with Starlink satellites and terrestrial data centers positions it well to pursue this opportunity. Over time, as building data centers on Earth becomes more challenging and expensive because of regulation, power and cooling constraints, land scarcity, and construction costs, orbital data centers could benefit from effectively unlimited power, unlimited space, economies of scale, and a simpler regulatory framework. Starship is the prerequisite and therefore must come first. As for the scale of the opportunity, *Elon has targeted 100GW per year by the end of the decade*.

Over time, we believe orbital data centers could become the lowest-cost and most scalable architecture for AI inference. Their cost per gigawatt will depend on Starship reusability and the ratio of AI satellite weight to AI compute capacity. Based on the latest available information, Gen 1 satellites are designed to generate 160KW of AI compute per satellite, with the goal of increasing that capacity over time. Even at 160KW per satellite, each Starship Version 3 carrying 28 satellites would deliver 4.5MW of compute, requiring roughly 223 launches for 1GW. At SpaceX's target of less than $100 per kilogram, a Starship launch would cost less than $10 million, implying total launch costs below $2.23 billion for 1GW of AI compute. By comparison, five-year total cost of ownership for terrestrial data centers is roughly $10 billion to $15 billion per gigawatt (excluding AI compute costs in both cases on the assumption they converge at scale). This implies that 1GW of AI satellites (roughly 6.25 thousand satellites) could cost approximately $8 billion to $13 billion and still reach breakeven versus terrestrial data centers. That comparison also excludes the fact that terrestrial data centers incur ongoing power and operating costs that orbital data centers would largely avoid because power and "land" are free in space. For a 1GW terrestrial data center, power alone can cost roughly $1 billion per year, depending on efficiency and location, and terrestrial construction costs are likely to rise over time. Over the past three years, SpaceX spent roughly $10 billion on connectivity CapEx while launching approximately 8,000 Starlink satellites, suggesting this cost envelope for AI satellites is plausible, particularly because AI satellites should be simpler to manufacture: they replace complex phased-array connectivity hardware with solar panels and radiators.

Moreover, as Starship reusability improves and AI satellite manufacturing scales, orbital data centers should become increasingly cost efficient. Reusability is critical not only to launch costs but also to annual deployment capacity, because it enables far higher launch cadence. At the same time, terrestrial data centers are likely to become more complex and expensive as they scale. For every 100GW added to a future constellation (SpaceX's annual target) charging just $10 billion per gigawatt, below current market rates, would generate $1 trillion of incremental revenue, again with very high incremental margins.

Despite these advantages, *we do not believe hosting is part of the endgame of SpaceX's AI ambitions*. Elon's objective is clearly to extend much deeper into the AI stack – the model layer through Grok as a frontier model and consumer service, and the application layer through Cursor, beginning with agentic coding, and MacroHard for enterprise AI. We view terrestrial hosting as a bridge: it can lower the effective cost of building higher layers of the AI stack while helping seed the orbital data center business. If successful, *orbital data centers could become the lowest-cost source of AI inference and the only viable way to build AI at truly massive scale*. That, in turn, could create a new AI platform for SpaceX, analogous to the launch platform it has already built, benefiting both its vertically integrated businesses in models and applications by providing the cheapest tokens at unmatched scale, and the broader ecosystem through lower cost, far more scalable AI hosting.

In case all of this was not exciting enough... additional longer-term opportunities include TeraFab for semiconductor manufacturing, point-to-point transportation and logistics, in-space manufacturing, space mining, the lunar economy, Mars, and more. *We are NOT assigning any value to these opportunities* and are simply pointing out that the positive optionality imbedded in SpaceX is unlike anything we have seen before in our investment careers. **This is what we mean when we say that SpaceX is N=1!**

We continue to encourage investors to evaluate the Fund's performance over a long-term horizon. Following the challenging 2021 and 2022 period, which still weighs on the Fund's five-year results, the Fund has generated a 28.0% annualized return over the past three years, which compares favorably to 19.7% return for the Index and 16.1% return for the Morningstar Global Large-Stock Growth Category Average (the Peer Group) ranking it in the 5th percentile. The longer-term, 10-year performance (which includes the 2021–2022 period), also remains strong with a 16.6% annualized return (vs. 12.8% for the Index and 12.6% for the Peer Group), ranking it in the 4th percentile.*

As of June 30, 2026, the Morningstar Global Large-Stock Growth Category consisted of 300, 288, 274, 201, and 195 share classes for the 1-, 3-, 5-, 10-year, and since inception (April 30, 2012) periods. Morningstar ranked Baron Global Opportunity Fund Institutional Share Class in the 4th, 5th, 88th, 4th, and 14th percentiles, respectively.

Top contributors to performance for the quarter

	Quarter End Market Cap ($B)	Contribution to Return (%)
Space Exploration Technologies Corp.	2,248.4	8.47
Datadog, Inc.	92.7	2.24
CrowdStrike Holdings, Inc.	194.3	2.23
Taiwan Semiconductor Manufacturing Company Limited	2,476.9	1.97
ASML Holding N.V.	763.4	1.67

Space Exploration Technologies Corp. develops and launches advanced rockets, satellites, and spacecraft, with the long-term goal of making humanity multi-planetary. Shares rose as the company successfully completed the largest initial public offering in history, raising more than $85 billion. The proceeds are expected to accelerate growth across massive addressable markets, such as connectivity, launch, terrestrial and space infrastructure, and AI. Fundamental momentum was further reinforced by landmark compute hosting deals totaling tens of billions of dollars annually, including agreements with market leaders Anthropic and Google. SpaceX also announced its acquisition of Cursor, a premier enterprise AI-powered coding platform. Integrating Cursor's technology, talent, and customer base provides another strategic stepping stone into the vast opportunities within AI applications and agentic systems. Lastly, the company conducted a successful test flight of the latest version of Starship, demonstrating meaningful advancements in rapid and full reusability. We believe these developments support sustained long-term revenue and profit growth well beyond current levels.

Observability and cloud monitoring platform **Datadog, Inc.** contributed to performance with the stock up 120.7% during the quarter after reporting its strongest results in years. Revenue accelerated to 32% year-over-year growth, marking the fourth consecutive quarter of acceleration and meaningfully exceeding consensus estimates. Operating margins and free cash flow also surpassed expectations. Management raised full-year revenue guidance by roughly $240 million against a $50 million beat, with next-quarter guidance implying continued strength. Critically, the strength was broad-based: non-AI core customer revenue growth accelerated into the mid-20% range at scale, while Datadog's AI-native customer cohort diversified and expanded to 22 customers spending more than $1 million annually. Net revenue retention reaccelerated into the low-120% range, and unit economics remained best-in-class with 80% gross margins and high-20% free cash flow margins. We view observability as a structural beneficiary of the AI buildout through cloud migration, faster application deployment, and an increasingly complex technology stack. These broadening growth drivers reinforce our conviction in the long-term thesis.

Leading cloud-native cybersecurity platform **CrowdStrike Holdings, Inc.** contributed to performance during the quarter with the stock up 95.6% as the market increasingly recognized the company as one of the primary beneficiaries of enterprise AI adoption. As organizations increasingly adopt AI, cybersecurity has moved to the forefront of C-suite concerns, and CrowdStrike is well positioned to potentially benefit as a leading platform with unmatched data and a large installed base that helps it defend better against breaches. That standing was reinforced when CrowdStrike was named a launch partner in major AI-industry security collaborations, including Anthropic's Project Glasswing and OpenAI's Trusted Access for Cyber program, underscoring its role in addressing new security challenges created by AI. This is already translating into demand. CrowdStrike's AI detection and response product is experiencing one of the fastest growth trajectories in the company's history. Management also raised full-year guidance meaningfully, reflecting the strength of its AI-driven pipeline. Because CrowdStrike's sensors already sit where AI agents operate, extending protection is a natural motion for existing customers and a relatively efficient cross-sell for CrowdStrike. These advantages reinforce our conviction in the company's long-term opportunity.

Top detractors from performance for the quarter

	Quarter End Market Cap ($B)	Contribution to Return (%)
GDS Holdings Limited	6.0	(0.72)
Wix.com Ltd.	1.8	(0.46)
Nu Holdings Ltd.	64.9	(0.30)
Coupang, Inc.	31.2	(0.28)
Alphabet Inc.	4,327.0	(0.27)

GDS Holdings Limited is a leading developer and operator of high-performance data centers, operating in key cities across China and expanding rapidly across Asia. Despite solid operating results with 340MW of new bookings year-to-date (on track to exceed their annual 500MW target) and strong performance earlier in the year, the stock declined 25.1% in the second quarter. Several factors weighed on performance, including management's commentary around the components of full-year guidance (which included a pull forward of a payment from its international subsidiary DayOne), a material step-up in expected capital expenditures over the next few years to support the robust growth opportunity, and a slight delay in the expected timing of an inflection in reported growth (which is driven by the natural variability of move-in dates). We added to our position during the quarter, seeing evidence of the growing AI wave in China through significant bookings growth and believe the market underappreciates the value of GDS's minority stake in its international subsidiary, DayOne.

Shares of **Wix.com Ltd.**, a cloud-based platform for building and managing websites and online businesses, declined 51.0% during the second quarter. The stock came under pressure as growth in the company's core business decelerated, with bookings and new user cohorts softening relative to prior quarters. While the newer AI-driven offering (Base 44) continued to grow, it was not enough to offset slowing momentum in the established core business, raising questions about the durability of the overall growth algorithm. We had valued Wix for its combination of durable subscription revenue, expanding free cash flow, and disciplined capital returns, but the deceleration in the core business undermined a central pillar of our thesis. We have therefore exited the position during the quarter, redeploying capital toward opportunities with clearer growth trajectories.

Shares of **Nu Holdings Ltd.** underperformed during the quarter, declining 7.1% following a weaker-than-expected 1Q26 earnings release. Provisions exceeded expectations by 37%, resulting in a 7% earnings miss and raising investor concerns about the near-term outlook for credit costs and profitability. The unexpected departure of the CFO also weighed on sentiment. Concerns were further compounded by management's ambitions in the U.S., where the competitive landscape is materially more mature and the long-term returns on incremental investment remain less certain. That said, the CEO subsequently outlined a more measured approach to U.S. expansion (limiting investment to 1% of revenues over 2026-2027) and capital deployment, which provided us with greater comfort regarding execution and resource allocation. We viewed the market's reaction as an attractive opportunity to increase our position, taking advantage of the pullback in the share price. While these developments have tempered near-term expectations, we remain confident in Nu's ability to capture a significant portion of the financial services industry across Latin America and beyond, supported by its enduring advantages in technology, data, cost efficiency, and customer experience.

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 June 30, 2026, the top 10 positions represented 57.9% of the Fund's net assets, and the top 20 represented 80.8%. We ended the second quarter with 44 investments. _The top 35 investments represented 96.1% of the Fund_.

Our investments in the IT, Communication Services and Consumer Discretionary sectors represented 80.0% of the Fund's net assets, while Financials, Industrials, and Health Care sectors, as classified by GICS, represented another 17.8%. Cash accounted for the remaining 2.2%. Our investments in non-U.S. companies represented 38.2% of net assets, and our investments in emerging markets and other non-developed countries (Argentina) totaled 22.8% of net assets.

Top 10 holdings

	Quarter End Market Cap ($B)	Quarter End Investment Value ($M)	Percent of Net Assets (%)
Space Exploration Technologies Corp.	2,248.4	279.7	20.2
NVIDIA Corporation	4,842.2	87.5	6.3
Taiwan Semiconductor Manufacturing Company Limited	2,476.9	73.7	5.3
Shopify Inc.	147.6	67.9	4.9
Amazon.com, Inc.	2,563.8	61.1	4.4
ASML Holding N.V.	763.4	52.5	3.8
MercadoLibre, Inc.	86.1	50.4	3.6
CrowdStrike Holdings, Inc.	194.3	45.6	3.3
Cloudflare, Inc.	87.1	43.7	3.1
Datadog, Inc.	92.7	41.1	3.0

Fund investments in countries

	Percent of Net Assets (%)
United States	59.6
Netherlands	8.9
Taiwan	5.3
Canada	4.9
India	4.6
Argentina	3.6
Korea	3.4
Brazil	3.1
China	2.1
Spain	0.9
Poland	0.8
United Kingdom	0.6
Germany	0.2
Israel	0.0
Cash and Cash Equivalents	2.2
Total	**100.0***

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

Recent Activity

During the second quarter, we initiated five new positions: the leading search and AI company, **Alphabet**, one of the leading memory providers, **Samsung Electronics**, a fast-inferencing AI chip provider, **Cerebras**, a supplier of critical parts used in aerospace engines and industrial gas turbines, **DPC Holdings**, and an engine provider for power generation, **Innio**.

We also took advantage of stock price volatility and significant inflows into the Fund to add to many existing positions including **Shopify**, **Nu**, **NVIDIA**, **Amazon**, **GDS**, **ASML**, **TSMC**, **MercadoLibre**, **Tesla**, **ServiceTitan**, and others.

We have sold four stub positions during the quarter: **PDD**, **Wix**, **Viking Therapeutics**, and **Fiverr**. We also reduced two other small positions: **Afya** and **InPost**.

Top net purchases for the quarter

	Quarter End Market Cap ($B)	Net Amount Purchased ($M)
Alphabet Inc.	4,327.0	36.8
Shopify Inc.	147.6	25.9
Nu Holdings Ltd.	64.9	16.5
NVIDIA Corporation	4,842.2	16.2
Samsung Electronics Co., Ltd.	1,245.3	14.3

Alphabet Inc. is the parent of Google, whose products are used by billions of people every day and include Search, YouTube, Android, Chrome, Gmail, Maps, and the Gemini assistant. In total, 13 Google products each serve over 1 billion monthly users, and 5 surpass 3 billion. The company reports in two primary segments: Google Services, which earns most of its revenue from advertising, and Google Cloud, which sells infrastructure, platform, and application services to enterprises. Within Google Services, Google's core Search and Advertising platform is one of the most attractive technology business models ever built – distribution is effectively free, advertisers compete against one another to bid up prices, and users themselves determine which advertisers earn placement.

After emphasizing the importance of adaptability in recent quarterly letters, we ate our own cooking – so to speak – and initiated a position that likely would not have met our criteria in the past: **Samsung Electronics Co., Ltd.**, one of the world's three leading memory suppliers.

Before investing, we had to answer several key questions: Why is this a big idea? Has memory become less commoditized or less cyclical? Why Samsung, and why now?

Our Samsung thesis rests on four key points:

1) AI, and particularly agentic AI, is creating a large demand S-curve that remains in its early stages.
2) Supply growth is structurally constrained.
3) The memory industry appears to be becoming less cyclical.
4) Samsung's non-memory businesses, including foundry, appear to be undervalued and provide both optionality and a partial hedge against Taiwan-related supply-chain risk.

First, on demand: unlike training, AI inference throughput (the number of tokens generated per second) depends heavily on how quickly a system can retrieve data and model weights from memory and perform the calculations needed to infer the next token. Greater bandwidth enables more tokens, which in turn drives higher revenue and better returns for AI factories. This dynamic is even more pronounced in agentic AI, where many internal "reasoning" tokens are generated for each external token delivered to a user. Agentic workloads also require much longer context windows (Micron has noted that context windows have expanded 30-fold year over year!),[10] as well as frequent tool use, including search, files, and applications. These use cases require more memory and more storage, particularly NAND, as users increasingly expect AI agents to remember prior interactions rather than restart from scratch. The result is the strongest memory demand environment in history, even before autonomous driving (autonomous vehicles expected to have 20 times the memory of non- autonomous)[11], robotics, and other memory-intensive applications begin scaling in earnest.

Second, we believe memory supply will remain structurally constrained at least through the end of the decade. High-bandwidth memory (HBM), the stacked DRAM used alongside AI accelerators, is rapidly increasing as a share of total DRAM revenue, rising from roughly 8% in 2023 to about 33% in 2025, and should continue gaining share as models grow and agentic inference increases memory content per system. HBM is also significantly more wafer-intensive than standard DRAM, meaning more wafers are required per bit, which reduces total bit output from a given wafer capacity. At the same time, agentic AI is driving NAND demand, limiting the industry's ability to convert NAND capacity into DRAM. New greenfield fabs take two to three years to build, complexity is rising, and capacity growth depends on constrained equipment availability, including a limited annual supply of extreme ultraviolet lithography (EUV) tools from ASML, which must also serve logic and foundry customers such as TSMC. Finally, incremental Chinese capacity is limited by restricted access to leading-edge equipment, including EUV, resulting in lower yields and lower quality.

Third, the memory industry may be becoming less cyclical. Memory suppliers are increasingly signing long-term agreements that provide better demand visibility and share volume and pricing risk with customers. In addition, memory – especially HBM – is becoming less commoditized as rising AI complexity makes co-design with accelerators more important. Co-optimizing the full system should increase differentiation and customer stickiness. Finally, as memory complexity rises, technology transitions to the next node are producing fewer incremental bits, making a larger portion of supply growth discretionary and giving the industry more flexibility to align bit supply with demand.

That brings us to the final question: why Samsung, and why now?

Samsung is the world's largest memory manufacturer. In the first quarter of 2026, it led the DRAM market with a 38% share, ahead of SK hynix at 29%.[12] After falling behind SK hynix during the HBM3E generation, Samsung recently regained momentum: in February 2026, it became the first company to begin commercial shipments of sixth-generation HBM4[13] for NVIDIA's next platform, and in March 2026, it signed an MOU with Advanced Micro Devices to supply HBM4 for Instinct MI455X GPUs alongside next-generation DDR5.

Samsung is also the only company with the full stack – DRAM, NAND, HBM, and a leading-edge logic foundry – under one vertically integrated roof, which should help it co-optimize memory and logic. Its internal smartphone and appliance businesses may also benefit on a relative basis because they can source Samsung memory at cost, reducing the impact of memory price increases compared with competitors.

We believe Samsung's competitive advantages are durable. Memory is a three-player oligopoly with high barriers to entry, and Samsung and SK hynix together account for more than 80% of global HBM supply. Replicating the required 2.5D/3D advanced packaging, TSV stacking, and process leadership would take years and tens of billions of dollars, while the incumbents continue to advance. Beyond memory, we view Samsung's display, mobile, automotive, and foundry businesses as meaningful optionality. Samsung Foundry is ramping its 2-nanometer node, with a 1.4-nanometer roadmap to follow. While the foundry business is currently loss-making, success with external customers could create meaningful profits and drive a re-rating. Samsung has historically traded at a conglomerate discount to memory pure plays, which we view as an inexpensive and underappreciated way to own a secularly growing memory business, with potential hedging value against global dependence on TSMC, HBM4 recovery as a near-term catalyst, and foundry as a long-duration call option.

The risks include mobile margin pressure, foundry execution, memory's inherent cyclicality, and the possibility that AI demand does not meet expectations. Still, we believe the opportunity for durable AI-driven memory growth, combined with foundry optionality, offers an attractive risk-reward equation, particularly at around a 4x P/E multiple.

After following **Cerebras Systems Inc.** for years, meeting management several times, and touring its facility during our most recent Baron research trip to Silicon Valley, we participated in the company's IPO during the quarter. Cerebras is a semiconductor company focused on fast AI inference – i.e. producing fast tokens. As inference evolves from one-shot responses to reasoning and agentic workflows, many internal tokens are generated for every external, customer-facing token. This shifts the primary bottleneck from raw compute, measured in FLOPs, to AI-factory throughput: the total number of tokens produced per second and the speed delivered to each user. Speed matters because latency compounds at every step of an agentic workflow; the faster tokens are generated, the more useful and attractive the AI agent becomes. As discussed earlier in the letter, we believe the AI inference S-curve remains very early. Founded in 2016 by Andrew Feldman, Cerebras is built specifically to address this fast-inference opportunity.

Cerebras' Wafer-Scale Engine (WSE) is an AI accelerator the size of an entire silicon wafer, with substantial area dedicated to SRAM – the fastest available memory. The architecture is designed to keep as many calculations on-wafer as possible, going off-wafer only when necessary, which enables much higher bandwidth and as a result – faster token generation. The WSE-3 is 58 times larger than a leading GPU chip and, by keeping the model on-chip, can deliver inference up to 15 times faster than leading GPU-based solutions across various open-source models. Commercial validation includes a multi-year, 750MW agreement with OpenAI valued at more than $20 billion, with optionality for an additional 1.25GW; a partnership with Amazon to bring Cerebras' fast inference to Amazon Web Services; and a second-quarter IPO that raised $6.4 billion. We believe Cerebras' moat is durable because wafer-scale computing is difficult to replicate: the company has spent nearly a decade solving architecture, packaging, yield, and software-engineering challenges and remains the only company to commercialize this approach at scale. As agentic AI adoption grows and latency becomes increasingly important, Cerebras' solution should become more valuable to customers.

We also initiated a new position in **DPC Holdings Limited**, a leading manufacturer of precision-cast superalloy components – the turbine blades, vanes, and structural castings that must perform under very harsh operating conditions including very high temperatures (1000c) and high pressure. These parts go into both commercial aircraft engines and industrial gas turbines (IGT) that generate electricity. The company occupies a hard-to-replicate market positioning as a critical supplier of the inner parts of an engine that only a handful of qualified manufacturers in the world are capable of producing.

Since the company began its turnaround in 2020 after over a decade under poor ownership, with the leadership of CEO Mike Quinn, who spent over a decade at Precision Castparts, and Co-Chairperson of the Board Dirkson Charles, who built and currently is CEO of aerospace and defense proprietary parts provider **Loar** (another holding of the Fund), it has grown revenue at a high teens CAGR with expectations to continue that level of growth and even potentially exceed it. Mike brought the Precision Castparts toolkit, spent nearly $200 million retooling factories, replacing vacuum pumps, new wax presses, and established better contracts among other items to bring the company back to prominence

With over 90% of EBITDA tied to the commercial aircraft and industrial gas turbine markets, DPC sits at the intersection of two large and durable demand s-curves. The first is the multi-year ramp in commercial aircraft production, as engine makers work through record backlogs that extend well past the end of the decade. The second is the rapid growth in the industrial gas turbine market as a result of extraordinary surge in electricity demand from AI data centers. Order backlogs at the major turbine original equipment manufacturers (OEMs) have reached record levels and now stretch several years out. These OEMs are now locking in capacity years in advance, driving long-term visibility with 70% of revenues driven by long-term agreements (LTAs). Most recently the company entered into 4 strategic customer partnerships – 2 with major IGT customers, 2 with A&D customers – worth an incremental $200 million of annual revenue. Additionally, customers are contributing up to 80% of capital investment dollars, leading to an attractive return on investment for DPC – will spend up to $150 million of CapEx to drive over $200 million of revenue with less than $75 million contributed by DPC.

Because its components are flight and safety critical, each part must pass through a multi-year qualification process tied to a specific engine program. The cost, time, and risk of qualifying an alternative supplier increases the switching costs and makes incumbent displacement exceedingly rare. Additionally, DPC's vertical integration, across alloy, casting, coating, and machining and its ability to make 100% of its superalloys internally, reduces supply chain risks especially during the current tight supply environment. We expect revenue growth of high teens with EBITDA margins moving from the high teens to over 25% over the next five years as material latent operating leverage is unlocked and as the company expands its content in aerospace to blades and vanes, and continues to expand its capacity, serving the growing demand for power generation from AI datacenters.

Top net sales for the quarter

	Quarter End Market Cap or Market Cap When Sold ($B)	Net Amount Sold ($M)
PDD Holdings Inc.	104.3	3.9
Wix.com Ltd.	2.4	3.6
Viking Therapeutics, Inc.	4.4	2.6
Afya Limited	1.4	2.6
Fiverr International Ltd.	0.4	2.4

Outlook

As we are writing this letter, the hostilities in the Middle East have been renewed, the price of oil is rising again, and the AI "trade" has run out of steam and sprung a leak. It appears that more volatility is on tap, which has become par for the course. After a 4.8% decline in the first quarter, the Fund gained 26.7% in the most recent one and checked in at the half-year mark up 20.6%. Despite the strong performance, we have not owned and do not own most of the really big winners of the last 12 months – the AI bottleneck names. We perceive many of them as lower quality businesses that historically lacked pricing power and were unable to earn their cost of capital throughfull market cycles. Perhaps it will be different this time and perhaps it will not, but we have chosen to remain judicious and uncompromising in refusing to reduce the quality hurdle in our idea generation even when significant short-term gains appear to be highly likely. As a result, perhaps it will improve our downside capture in times of inevitable market pullbacks, and perhaps it will not. We have no idea, and to be honest, we have never optimized for that.

As we do every quarter, we analyzed the change in the weighted average multiple of the Fund[14] and the weighted average change in consensus expectations for 2026 (for revenues and operating income). The weighted average multiple for the Fund expanded by 16.1% in the second quarter, though is still down 2.1% year to date. As to fundamentals, weighted average revenue expectations increased by 2.8% during the second quarter (and are up 7.3% year-to-date) and operating income expectations increased by 2.6% in the second quarter (and are up 7.0% year to date). Year to date, the entirety of the Fund's return was driven by growth in fundamentals rather than multiple expansion – which bodes well for the Fund's prospective returns. We also analyzed the current valuation multiples for our companies and compared them to the average valuation multiples over the last five years.[15] The weighted average multiple for the portfolio at the end of the quarter was *16.9% below its average* over the last five years.

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

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

1 The **MSCI ACWI Index Net (USD)** is designed to measure the equity market performance of large and midcap securities across 23 Developed Markets (DM) and 24 Emerging Markets (EM) countries. The **MSCI ACWI Growth Index Net (USD)** is designed to measure the equity market performance of large and mid cap securities exhibiting overall growth style characteristics across 23 DM countries and 24 EM countries. MSCI is the source and owner of the trademarks, service marks and copyrights related to the MSCI Indexes. The indexes and the Fund include reinvestment of dividends, net of foreign withholding taxes, which positively impact the performance results. The indexes are unmanaged. Index performance is not Fund performance. Investors cannot invest directly in an index.

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

3 Not annualized.

4 SpaceX's S1 - https://www.sec.gov/Archives/edgar/data/1181412/000162828026036936/spaceexplorationtechnologi.htm

5 https://www.anthropic.com/news/series-h cc

6 https://sherwood.news/tech/anthropics-revenue-continues-to-surge-shooting-past-openai/

7 https://intelligence.exponentialview.co/assets/ev-state-of-ai-economy-2026.pdf

8 https://www.slashdata.co/research/developer-population

9 https://econlab.substack.com/p/how-much-does-it-cost-to-be-ai-pilled

10 https://www.youtube.com/watch?v=lRhuHt51AXg&pp=ygUwUG9kY2FzdCBieSBKZXJlbXkgV2VybmVyIC0gVGhlIGNpcmN1aXQgcG9kY2FzdC4g

11 https://www.trendforce.com/news/2026/03/23/news-micron-reportedly-expects-future-autonomous-cars-to-require-300gb-dram-cautious-on-hbf-outlook/

12 https://counterpointresearch.com/en/insights/global-dram-and-hbm-market-share

13 https://news.samsung.com/global/samsung-ships-industry-first-commercial-hbm4-with-ultimate-performance-for-ai-computing

14 We calculate the change in multiples, by using a P/E multiple for every stock for which the starting P/E was below 100x. If it was not, we use an EV/Revenue multiple. We also use an EV/EBITDA multiple for GDS, which is more appropriate for a data center company. All multiples are based on next 12-months consensus estimates from FactSet. We then calculate the weighted average change in multiples based on the position sizing at the end of the period (so the analysis is more forward looking). We normalize for cash and for the recent IPOs – SpaceX, INNIO, DPC, Cerebras. We also exclude outliers in calculating the change in revenue, operating income and margin expectations (companies that have close to breakeven profitability, which results in high percentage changes on small dollar changes).

15 We normalized for the aforementioned recent IPOs and used a P/E multiple (from FactSet on consensus EPS for the next 12-months) for all companies for which the average P/E during the last 5 years was greater than 100x (and Ev/Revenue otherwise), except for GDS, for which we used an EV/EBITDA multiple. We calculated a weighted average based on the quarter-end weights.

* As of June 30, 2026, the annualized returns of the Morningstar Global Large-Stock Growth Category average were 13.47%, 16.08%, 6.17%, 12.58%, and 10.57% for the 1-, 3-, 5-, 10- year, and since inception (4/30/2012) periods, respectively.

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.

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: 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.

Capital expenditures (CapEx) are funds companies use to acquire, upgrade, or maintain physical assets like buildings, technology, or equipment, with the goal of increasing operational scope or future economic benefits. **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. **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.

Investment Products: NOT FDIC INSURED | MAY LOSE VALUE | NOT BANK GUARANTEED

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QUARTERLY LETTER | JUNE 30, 2026

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 17.59% (Institutional Shares) during the second quarter of 2026, while its relevant benchmark, the MSCI AC Asia ex Japan/India Linked Index (the Linked Benchmark), rose 10.07%. 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.

Since Fund conversion (effective September 1, 2024), Baron India Fund has outperformed the MSCI India Index by 6.91% on an annualized basis and ranked as the best performing India dedicated strategy by Morningstar during the period (1st percentile). Year to date (as of June 30, 2026), the Fund is also highly ranked (2nd percentile) in its category.

Annualized performance (%) for periods ended June 30, 2026

	Fund Retail Shares[1,2]	Fund Institutional Shares[1,2]	MSCI AC Asia ex Japan/ India Linked Index[1]	MSCI India Index[1]	MSCI Emerging Markets Index[1]
QTD[3]	17.49	17.59	10.07	10.07	24.05
YTD[3]	(0.11)	0.11	(9.89)	(9.89)	23.85
1 Year	(6.16)	(5.84)	(12.76)	(12.76)	43.51
Since Conversion (9/1/2024)	(2.63)	(2.32)	(9.23)	(9.23)	30.25
3 Years	5.46	5.79	(1.27)	5.73	23.03
Since Inception (7/30/2021)	(1.87)	(1.61)	(5.15)	5.04	8.86

For the second quarter, we significantly outperformed our Linked Benchmark, generating 752 basis points of relative outperformance while also delivering solid double-digit absolute returns. This marks the best quarterly performance in the Fund's history since its conversion to a dedicated India strategy. We are equally pleased with our year-to-date results, having outperformed the MSCI India Index by 10% during a period characterized by heightened market volatility and geopolitical uncertainty, which resulted in

As of June 30, 2026, the Morningstar India Equity Category consisted of 35, 34, and 30 share classes for the Year-to-Date, 1-year, and since conversion (August 31, 2024) periods. Morningstar ranked Baron India Fund Institutional Share Class in the 2nd, 12th, and 1st percentiles, respectively. On an absolute basis, Morningstar ranked Baron India Fund Institutional Share Class as the 2nd, 4th, and 1st best performing share class in its Category, for the Year-to-Date, 1-year, and since conversion (September 1, 2024) periods, respectively. Since inception rankings include all share classes of funds in the Morningstar India Equity 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 India Equity Category Average performance and rankings using its Fractional Weighting methodology. Morningstar rankings are based on total returns and do not include sales charges. Total returns do account for management, administrative, and 12b-1 fees and other costs automatically deducted from fund assets.

Performance listed in the above table is net of annual operating expenses. The gross annual expense ratio for the Retail Shares and Institutional Shares as of April 30, 2026 was 3.02% and 2.30%, 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.

negative returns for the primary benchmark as well as most of our peers. We attribute our superior performance to the continued effectiveness and validation of our proprietary risk management frameworks - especially our thematic investment approach and “S-curve analysis” (refer Portfolio Structure section) – which have played a critical role in providing downside protection during volatile periods while delivering attractive upside capture metrics in a rising market environment.

Indian equities staged a smart recovery during the second quarter as concerns surrounding the West Asia conflict began to ease, with the U.S. and Iran initiating diplomatic efforts to de-escalate tensions. Brent crude prices that rose to almost $120 per barrel have since normalized to below $90 (as we write this letter), providing meaningful relief for the Indian economy, which imports over 85% of its oil demand. While we expect setbacks along the way, we remain cautiously optimistic about an eventual resolution of the Iran war that should contain energy prices from escalating back to peak crisis levels. We are also monitoring developments in the global AI capex cycle as markets increasingly scrutinize the returns generated by such investments undertaken by U.S. hyperscalers. In our view, any moderation in AI spending or broader cooling of investor enthusiasm for the “AI theme” should become a relative tailwind for Indian equities as Foreign Institutional Investors (FIIs) rebalance portfolios toward a market that has not materially participated in the global AI infrastructure buildout to the same extent as the U.S., Taiwan, and Korea. We therefore continue to believe that Indian equities are at, or near, a cyclical bottom, presenting an attractive entry point for long-term investors while also offering meaningful diversification for portfolios with significant exposure to AI-related investments.

From a sector or theme perspective, strong stock selection effect in the Information Technology (IT) sector, primarily attributable to a few holdings in our national security (**Centum Electronics Limited**, **Astra Microwave Products Limited**, and **Aditya Infotech Limited**) theme, contributed most of the gains during the quarter. In addition, our persistent call to remain materially underweight IT consulting & other services companies within the sector, owing to structural growth and deflationary headwinds related to the advancement of AI, also bolstered relative performance. We are excited about our investment in Astra Microwave, a leading designer and manufacturer of radio frequency and microwave components catering to India’s defense ecosystem. The company recently announced the spin-off of its space-related business vertical which, in our view, is primed for multi-decadal growth as India’s space economy begins its “lift off.” Our overweight positioning combined with solid stock selection in the Industrials sector, largely driven by a handful of positions in our power reforms (**Kirloskar Oil Engines Limited**, **Cummins India Limited**, and **Siemens Energy India Limited**) and Make in India/supply chain diversification (**Precision Wires India Limited**, **INOX India Limited**, and **Shaily Engineering Plastics Limited**) themes, was also a notable contributor to relative results. Favorable allocation effect and good stock selection in the Health Care sector (**Acutaas Chemicals Limited**, **Aster DM Healthcare Limited**, and **HealthCare Global Enterprises Limited**) also boosted relative performance during the quarter. Lastly, limited exposure to the lagging Energy sector was another material tailwind in the period. Partly offsetting the above was negative allocation effect combined with adverse stock selection in the Communications Services (**Bharti Airtel Limited**) sector. Adverse allocation effects in Real Estate, Utilities, and Consumer Discretionary also hampered relative results.

Top contributors to performance for the quarter

	Contribution to Return (%)
Kirloskar Oil Engines Limited	2.27
Precision Wires India Limited	2.03
Centum Electronics Limited	1.34
Bajaj Finance Limited	1.14
Acutaas Chemicals Limited	0.98

Kirloskar Oil Engines Limited is a leading power generation engine manufacturer in India, holding approximately 20% market share in the low- to medium-horsepower segment and serving industries such as telecom, retail, residential real estate, and agriculture. The stock contributed to performance during the quarter, driven by better-than-expected revenue and profit, as well as continued share gains in the high-horsepower segment, where Kirloskar is winning competitively in mission-critical applications such as data centers — a trend we believe will be a meaningful driver of margin expansion. We retain long-term conviction in Kirloskar, as we believe the company is well positioned to benefit from rising demand for backup power in India, underpinned by higher capital expenditure from both the government and private sector in areas such as infrastructure and manufacturing. We expect Kirloskar to deliver 15% to 20% compounded revenue growth and over 20% earnings growth over the next three to five years.

Precision Wires India Limited is the largest manufacturer of enameled copper winding wire in India, with approximately 30% market share. The company’s products — critical inputs for power transformers, generators, and electric motors — are supplied across automotive, aerospace and defense, power, electronics, home appliances, and infrastructure end markets. Shares rose during the quarter, driven by 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 scale of operations, strong innovation capabilities, and relationships with original equipment manufacturers.

Centum Electronics Limited is a leading electronics manufacturing services provider in India, providing design and manufacturing solutions for mission-critical applications across defense, aerospace, industrial, and automotive industries. Shares rose during the quarter, driven by robust quarterly results and the divestiture of the company's loss-making Canadian and French subsidiaries. We remain investors. We believe Centum is well positioned to benefit from the Indian government's "Make in India" initiative, which encourages domestic manufacturing of electronic products and components through attractive tax subsidies and infrastructure support. Amid escalating global geopolitical tensions, we see additional upside from India's push to indigenize defense equipment design and production, a trend that should benefit electronic system providers like Centum. We expect Centum to deliver approximately 25% compounded revenue and EBITDA growth over the next three to five years.

Top detractors from performance for the quarter

	Contribution to Return (%)
Power Grid Corporation of India Limited	(0.14)
Reliance Industries Limited	(0.08)
Kaynes Technology India Limited	(0.02)
Indus Towers Limited	(0.02)

Power Grid Corporation of India Limited is a leading energy distribution company in India, controlling approximately 85% of the country's interstate power transmission capacity. Shares declined due to lower-than-expected revenue and profit, driven by tariff reductions on projects that reached 12 years of operation, even as the company exceeded its capitalization guidance and reported a healthy order pipeline. Given India's robust economic growth and accelerating industrial capacity expansion, we believe significant investment in power generation and transmission infrastructure will be required, creating a multi-year growth opportunity for Power Grid. As India aims to double electricity generation capacity from non-fossil fuel sources by 2030, we believe Power Grid will be a key enabler of the country's transition to renewal energy. In addition, being majority owned by the Government of India, the company is deemed a sovereign entity, which serves as a competitive moat from a cost and access to capital perspective. We retain conviction in Power Grid and expect the company to deliver total shareholder returns in the low- to mid-teens over the next three to five years alongside an attractive dividend yield.

Reliance Industries Limited is India's leading conglomerate, with businesses spanning petrochemicals, refining, and oil- and gas-related operations as well as retail, telecommunications, and media. Shares declined during the quarter as petrochemical and oil and gas reported weaker-than-expected profitability, reflecting crude price volatility associated with the West Asia crisis. We exited our position in Reliance and reallocated capital to higher conviction ideas.

Kaynes Technology India Limited is a leading electronics manufacturing service (EMS) player in India, offering solutions across the automotive, industrial, railway, medical, and aerospace and defense industries. Shares declined due to lower-than-expected quarterly sales and profit, as well as concerns around working-capital management. While Kaynes Technology stands to benefit from the Government of India's "Make in India" initiative, which encourages domestic manufacturing of electronic components through attractive tax subsidies and infrastructure support, the company's prolonged timeline for improving cash flow generation prompted us to exit our position. We reallocated capital to other Indian EMS players in which we have higher conviction.

Portfolio Structure

Top 10 holdings

	Percent of Net Assets (%)
Bajaj Finance Limited	6.8
Precision Wires India Limited	5.7
ICICI Bank Limited	4.6
HDFC Bank Limited	4.5
Kirloskar Oil Engines Limited	4.1
Acutaas Chemicals Limited	4.1
Bharat Electronics Limited	4.0
InterGlobe Aviation Limited	3.8
Aster DM Healthcare Limited	3.8
Centum Electronics Limited	3.6

Fund investments in GICS sectors

	Percent of Net Assets (%)
Industrials	30.7
Financials	29.2
Health Care	14.7
Consumer Discretionary	8.3
Information Technology	7.0
Utilities	5.8
Communication Services	2.7
Consumer Staples	2.3
Cash and Cash Equivalents	(0.8)
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 June 30, 2026, we held 38 positions with our 10 largest investments comprising 45.0% of net assets.

Our principal investment themes with respective weightings (as of June 30, 2026) are as follows:

- **Consumer Finance (22.7% of net assets):** *Low penetration levels; industry poised to grow mid-teens over the next several years; well-managed private sector players to gain market share.*
- **Formalization of the Economy (19.8%):** *Economic reforms are accelerating formalization leading to market share gains for organized, branded players across various industries.*
- **Make in India/Supply Chain Diversification (17.3%):** *Tectonic shifts in geopolitics are accelerating supply chain diversification (ex-China); significant opportunity for Indian players to gain market share in global supply chains.*
- **Power Reforms (15.3%):** *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.*
- **National Security (13.8%):** *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 (6.5%):** *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.*
- **Digitization (5.3%):** *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.*

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 June 30, 2026) as follows:

- **Phase 1 (27.3% 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 (18.3%):** ***"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 (46.0%):** ***"Compounders"*** *– post scale up, our companies have gained durable competitive moats and are well positioned to compound capital and earnings over the next several years*
- **Phase 4 (9.2%):** ***"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 second quarter, we added three new investments to existing themes while also rebalancing weights of a few holdings based on company-specific fundamentals. As always, we strive to concentrate capital toward our highest conviction ideas.

We were active in adding to our Make in India/supply chain diversification theme by initiating positions in **INOX India Limited** (INOXCVA) and **KSH International Limited**. INOXCVA is India's largest manufacturer and exporter of cryogenic equipment, offering storage and transport tanks as well as distribution systems for industrial gases and liquefied natural gas (LNG)[4]. With approximately 60% domestic market share, the company is a key beneficiary of growth across various end-use industries, including steel, medical, and electronics manufacturing. In our view, INOXCVA is well positioned to benefit from India's increasing focus on energy security by providing LNG storage and transport solutions, as the nation aims to reduce dependence on Middle East energy imports. Beyond the domestic market, the company is also gaining traction in exports driven by global supply chain diversification. Built on its proven quality and reliability, INOXCVA has forged strong relationships with marquee clients such as Air Liquide, Linde, and Air Products. We are also encouraged that the company is increasingly participating in large international projects, including the construction of a mini-LNG terminal in the Bahamas and a more recent big win, a cryogenic storage supply contract with a leading space exploration company, which we believe is SpaceX. We expect INOXCVA to deliver 15% to 20% compounded revenue and EBITDA growth over the next three to five years.

KSH is India's third largest magnet winding wire manufacturer by volume and value, and the largest maker and exporter of specialized magnet winding wires in the country. Winding wire is a key component in power transformers, generators, automotive motors, and industrial motors. In our view, KSH is well positioned to benefit from the multi-year upcycle in power transmission and distribution (T&D) in India, driven by urbanization, grid modernization, AI data centers, and the country's shift to renewable energy. The company is also a supplier to global power transformer companies, including Hitachi and GE Vernova, and we believe it will directly benefit as these companies expand production capacity to meet growing global demand for transformers. In addition, KSH is uniquely positioned as the leading player in specialized winding wires, with over 70% revenue salience, and as the only Indian supplier approved for HVDC transformers. We believe it should disproportionately benefit from rising demand for high-voltage power T&D equipment, for use cases including renewable energy evacuation in India. Beyond the power sector, we believe rising EV penetration in India should also drive demand for KSH over the next 5 to 10 years. We expect the company to deliver high-teens earnings growth over the next 3 to 5 years.

During the quarter, we also increased exposure to our national security theme by accumulating a position in **Data Patterns (India) Limited**, a leading designer and manufacturer of mission-critical electronics for the defense and aerospace sectors in India. With over four decades of technological expertise, Data Patterns has developed a core competency in radar systems and electronic warfare, while it also actively engages in other applications, including avionics, communication systems, and automatic test equipment. The company is a trusted supplier to key Indian government entities, including the Defense Research and Development Organization and the Indian Space Research Organization, as well as Defense Public Sector Undertakings, including Hindustan Aeronautics and BrahMos Aerospace. In our view, Data Patterns is well positioned to benefit from the Indian government's "Make in India" initiative, which encourages domestic manufacturing of electronic products and components by providing attractive tax subsidies and logistics infrastructure. In addition, amid escalating global geopolitical tensions, we see further upside from India's accelerated efforts to localize the design, development, and production of defense equipment. Data Patterns has already emerged as a winning bidder across flagship programs, including the indigenously developed Tejas Light Combat Aircraft, for which it provides avionics systems and cockpit display systems, and the BrahMos supersonic missile program, for which it provides seekers and testing systems. We are also encouraged by the company's strategic vision to move up the value chain from a subsystem supplier to a full system integrator, which should support higher business growth and margin expansion. We expect Data Patterns to deliver above 20% compounded earnings growth over the next three to five years.

Finally, we added to several of our existing positions during the quarter, most notably **InterGlobe Aviation Limited**, **Bajaj Finance Limited**, **JSW Energy Limited**, **Acutaas Chemicals Limited**, **Nuvama Wealth Management Limited**, **Divi's Laboratories Limited**, and **Trent Limited**. During the quarter, we also exited positions in **Reliance Industries Limited**, **Indus Towers Limited**, **Tata Consultancy Services Limited**, **Godrej Properties Limited**, **Kaynes Technology India Limited**, and **Dixon Technologies (India) Limited**, due to uncertainties over durability of earnings growth and/or competitive positioning going forward.

Outlook

As we enter the second half of 2026, our conviction continues to build that Indian equities - currently a consensus underweight among FIIs - are entering a new cycle of market leadership. After delivering stellar returns between 2020 and 2024, the MSCI India Index experienced one of its weakest periods of relative performance this century, underperforming the MSCI Emerging Markets Index by approximately 70% (38.2% annualized) since peaking in late September 2024. In our view, this historically unusual divergence from India's long-term track record of outperformance was primarily driven by the surge in global AI capex spend, which disproportionately benefited markets such as Taiwan and Korea that are home to leading AI/semiconductor companies, including Taiwan Semiconductor Manufacturing Company, SK hynix, and Samsung Electronics. As investors increasingly question the returns on these investments by U.S. hyperscalers, we believe that any sustained moderation in AI-related spending - or a broader cooling of investor enthusiasm for the AI theme - could become a meaningful relative tailwind for Indian equities, which have not materially benefited from the global AI infrastructure buildout.

Our conviction is further supported by the view that the worst of the West Asia conflict is likely behind us, with the U.S. and Iran having initiated diplomatic efforts to de-escalate tensions. Brent crude prices, which briefly approached $120 per barrel, have since normalized to below $90 per barrel (as we write this letter), providing meaningful relief for the Indian economy, which imports more than 85% of its oil requirements. While we expect periods of renewed volatility, we remain cautiously optimistic that the conflict will ultimately move toward resolution, limiting the risk of energy prices returning to peak crisis levels. We recognize that the situation remains fluid, particularly following the collapse of the interim ceasefire. Nevertheless, we continue to view a resumption of good-faith negotiations as the most likely outcome, particularly as the U.S. approaches the November midterm elections, when elevated gasoline prices are likely to become an increasingly important political issue.

According to Bloomberg, the MSCI India Index was trading below 20 times one-year forward price/earnings as of quarter end, approximately one standard deviation below its five-year average. This represents a sharp reversal from September 2024, when valuations were more than two standard deviations above historical norms. **Assuming a credible path toward de-escalation in the Middle East and as investor concerns on AI spending continue to grow, we believe Indian equities are approaching an inflection point. In our view, current valuations offer an attractive entry point for long-term investors while also providing meaningful diversification for portfolios that have become increasingly concentrated in AI-related investments.**

Finally, as it relates to the Fund, we continue to identify and invest in attractively valued, high-growth businesses that remain underappreciated by the broader market, particularly within the small- and mid-cap segments. These investments have been a key driver of the Fund's strong year-to-date performance and returns since its conversion to an India dedicated strategy.

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 1, 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] Source: INOXAP flags off India's first LNG-fuelled cryogenic tanker. https://inoxairproducts.com/airproductsnews/inoxap-flags-off-indias-first-lng-fuelled-cryogenic-tanker/

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.

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

Alpha measures the difference between a fund's actual returns and its expected performance, given its level of risk as measured by beta. **Beta** measures a fund's sensitivity to market movements. The beta of the market is 1.00 by definition. **EBITDA**, short for earnings before interest, taxes, depreciation, and amortization, is an alternate measure of profitability to net income. It's used to assess a company's profitability and financial performance. **Upside Capture** explains how well a fund performs in time periods where the benchmark's returns are greater than zero.

Investment Products: NOT FDIC INSURED | MAY LOSE VALUE | NOT BANK GUARANTEED

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QUARTERLY LETTER | JUNE 30, 2026

Baron International Growth Fund®

Retail Shares: BIGFX | Institutional Shares: BINIX | R6 Shares: BIGUX

Michael Kass
Portfolio Manager

Dear Baron International Growth Fund Shareholder,

Performance

Baron International Growth Fund (the Fund) gained 14.05% (Institutional Shares) during the second quarter of 2026, while its primary benchmark, the MSCI ACWI ex USA Index (the Benchmark), returned 14.49%. The MSCI ACWI ex USA IMI Growth Index (the Proxy Benchmark) appreciated 16.27% for the quarter. The Fund modestly trailed the Benchmark and underperformed the Proxy Benchmark during a strong quarter dominated by returns in semiconductor and AI-related shares. While never comfortable underperforming our Benchmark, we are not discouraged as the entire delta can be attributed to our emphasis on innovative/leading-edge technology companies and a lack of legacy/commodity semiconductor and IT hardware exposure which does not generally fit with our quality growth investment style.

The second quarter of 2026 proved another solid quarter of both absolute and relative performance by international equities, while, in our view, the prevailing catalysts giving direction to markets were the cease-fire and memorandum of understanding (MOU) among the U.S. and Iran to end the war and reopen the Strait of Hormuz, and the rapid adoption of Anthropic's Claude Cowork and OpenAI's introduction of GPT 5.5/Codex, thereby making possible the leap from the chatbot/reasoning phase to fully agentic AI. We remain quite encouraged by the solid absolute performance of the Fund over the past 18 months, which now exceeds 35% cumulatively, as well as the sustained outperformance of international and emerging markets (EM) equities in general. As always, we remain optimistic that our fundamental, theme-driven and bottom-up approach can continue to deliver solid results against a backdrop of dynamic change and opportunity.

Annualized performance (%) for periods ended June 30, 2026

	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]	14.03	14.05	14.49	16.27
YTD[4]	12.77	12.88	13.68	12.50
1 Year	15.87	16.17	27.66	21.86
3 Years	12.41	12.68	18.82	15.31
5 Years	1.76	2.02	8.79	5.07
10 Years	8.75	9.02	9.93	9.14
15 Years	6.87	7.14	6.55	6.59
Since Inception (12/31/2008)	9.56	9.83	8.58	8.81

In the second quarter of 2026, we slightly underperformed the Benchmark, while also trailing our all-cap international growth Proxy Benchmark. From a sector or theme perspective, poor stock selection effect in the Information Technology (IT) sector, owing to select investments in our advanced semiconductors/AI (**ISC Co., Ltd.**) and China value-added (**GDS Holdings Limited**, **Kingdee International Software Group Company Limited**, and **Pony AI Inc.**) themes, was the largest detractor to relative performance during the quarter. In addition, our overweight positioning together with adverse stock selection in the Materials sector, primarily attributable to a few holdings in our sustainability/ESG (**Lundin Mining Corporation** and **AMG Critical Materials N.V.**)

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, 2026 was 1.26% and 0.99%, 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.

and global security (**Agnico Eagle Mines Limited** and **Lynas Rare Earths Limited**) themes, was also a drag on relative results. Lastly, stock selection effect in the Industrials sector, largely driven by a couple of positions in our global security (**BAE Systems plc** and **The Japan Steel Works, Ltd.**) theme, also weighed on relative performance. Mostly offsetting the above, positive stock selection in Consumer Staples (**Ajinomoto Co., Inc.**) and Health Care (**argenx SE**) was a positive contributor to relative performance during the quarter. Finally, our underweight positioning in the Energy sector, which declined by double digits during the quarter, also bolstered relative results.

From a country perspective, adverse stock selection effect in Korea, the Netherlands, and Taiwan detracted the most from relative performance during the quarter. In addition, our overweight positioning together with weak stock selection in France also weighed on performance. Mostly offsetting the above was solid stock selection in Japan and India, while strong stock selection in Japan has also been the dominant driver of positive relative performance for the year-to-date period. We are encouraged by the recent performance of our India holdings, which in our view, is entering an earnings upgrade cycle as the worst of the West Asia conflict is likely behind and as recently implemented government fiscal reforms and monetary stimulus measures begin to return the world's fastest growing major economy to trend.

Top contributors to performance for the quarter

	Contribution to Return (%)
Taiwan Semiconductor Manufacturing Company Limited	1.91
Tokyo Electron Limited	1.65
SK hynix Inc.	1.49
Samsung Electronics Co., Ltd.	1.36
Montage Technology Co., Ltd.	0.92

Taiwan Semiconductor Manufacturing Company Limited (TSMC) is the world's largest contract chipmaker and the leading manufacturer of advanced logic semiconductors used in modern AI accelerators. Shares rose during the quarter as investors increasingly recognized that TSMC, rather than any individual chip designer, sits at the center of the AI supply chain. High-performance computing now represents the majority of TSMC's business. AI demand is consuming so much leading-edge capacity that smartphone and PC production is increasingly shifting to older technology nodes, reversing a dynamic that defined the foundry industry for much of the past decade. Management also raised its full-year outlook and increased capital spending to support demand that remains well above available supply. We retain long-term conviction in TSMC and view its leading-edge manufacturing monopoly, pricing power, and 2-nanometer technology roadmap as durable advantages that support multi-year earnings power.

Tokyo Electron Limited is a Japanese semiconductor equipment manufacturer with leading positions in deposition, etch, and cleaning tools. Shares rose during the quarter as the company emerged as one of the most direct picks-and-shovels beneficiaries of the memory supercycle. High-bandwidth memory (HBM) manufacturing involves many more process steps per wafer than standard memory, so the AI-driven boom in HBM is directly increasing demand for the tools Tokyo Electron makes. Management expects the wafer-fab equipment market to reach a record this year and noted that memory demand may mark the beginning of a multi-year supercycle, with the company's own shipments outpacing the broader market. We retain conviction in Tokyo Electron as a core long-term holding, viewing its exposure to HBM and advanced logic process intensity, together with its elevated research investment, as durable advantages that support a long-term growth trajectory.

South Korean semiconductor company **SK hynix Inc.** is the current leader in high-bandwidth memory (HBM), the specialized memory used alongside AI processors, and a leading producer of dynamic random-access memory (DRAM) and NAND flash memory. Shares rose during the quarter as the company provided perhaps the clearest evidence yet of the supply-constrained nature of the AI memory market. Customers have pre-booked more than three years of HBM supply, exceeding what SK hynix can currently produce, and are increasingly focused on securing supply rather than negotiating price. That pricing power drove record profitability in what is typically a seasonally weaker quarter, and management characterized the current cycle as structurally different from the boom-bust patterns of the memory industry's past. We retain conviction in SK hynix as a core long-term holding, viewing its leadership in the HBM market, its position as a key supplier to the leading AI chip maker, and favorable industry supply-demand dynamics as durable advantages that support multi-year earnings power.

Top detractors from performance for the quarter

	Contribution to Return (%)
TotalEnergies SE	(0.37)
ISC Co., Ltd.	(0.31)
Alibaba Group Holding Limited	(0.30)
BAE Systems plc	(0.25)
GDS Holdings Limited	(0.24)

TotalEnergies SE is an integrated oil company with operations spanning exploration and production, liquefied natural gas (LNG), refining and chemicals, power, and marketing. Shares fell during the quarter as prices for the company's primary commodities rolled over. After spiking earlier in the year amid conflict in the Middle East and disruption to the Strait of Hormuz, crude reversed in the second quarter as a ceasefire took hold and shipping flows resumed, bringing additional supply back to the market. We remain constructive on TotalEnergies' outlook, underpinned by strong production growth and peer-leading reserve lives. We find this combination particularly attractive against a backdrop of plateauing U.S. shale production and a supply-risk premium re-emerging in energy commodities.

ISC Co., Ltd. is a South Korean manufacturer of semiconductor testing equipment and the dominant global supplier of elastomer test sockets. These sockets continue to gain share from traditional pogo-pin solutions, which are approaching their electromechanical limits as semiconductor complexity increases. The stock detracted from performance during the second quarter even as earnings comfortably exceeded expectations. We believe the shares are consolidating gains following ISC's strong first-quarter performance. More recently, trading activity may reflect a broader market rotation away from leading-edge semiconductor technologies and key AI enablers toward more legacy and commodity-oriented segments of the semiconductor supply chain in the wake of the rapid adoption of agentic AI. We see no deterioration in the company's fundamentals and retain long-term conviction.

Alibaba Group Holding Limited is China's largest e-commerce and cloud computing company. Shares fell after Alibaba reported quarterly results that showed lower group profitability and negative free cash flow as the company ramped investment in AI infrastructure and the buildout of its Qwen model ecosystem. Total spending is now expected to exceed Alibaba's prior three-year capital budget. Persistent weakness in Chinese consumption and intensifying e-commerce competition weighed on the core retail franchise, while losses in its instant-commerce initiative and other new ventures widened. Despite this near-term earnings reset, our conviction in Alibaba remains intact. Cloud revenue growth accelerated, and management for the first time disclosed the scale of its AI business, with model-as-a-service run-rate revenue expected to exceed RMB 30 billion by fiscal year end. We believe this validates the company's differentiated full-stack positioning across proprietary chips, cloud infrastructure, and leading models. We view Alibaba as one of the best-positioned proxies for China's AI supply chain and remain invested.

Portfolio Structure

Top 10 holdings in developed countries

	Percent of Net Assets (%)
argenx SE	3.5
BNP Paribas S.A.	3.2
Tokyo Electron Limited	2.7
Ajinomoto Co., Inc.	2.5
Keyence Corporation	2.4
Lundin Mining Corporation	2.2
TotalEnergies SE	2.1
Sumitomo Mitsui Financial Group, Inc.	2.1
Mitsubishi UFJ Financial Group, Inc.	2.1
Arch Capital Group Ltd.	2.0

Top five holdings in emerging countries

	Percent of Net Assets (%)
Taiwan Semiconductor Manufacturing Company Limited	6.3
Samsung Electronics Co., Ltd.	2.8
SK hynix Inc.	2.4
Montage Technology Co., Ltd.	1.3
Piraeus Bank S.A.	1.3

Fund investments in developed markets

	Percent of Net Assets (%)
Japan	17.6
France	11.0
United States	7.2
Netherlands	6.9
United Kingdom	4.7
Canada	3.3
Sweden	2.4
Germany	2.4
Switzerland	2.2
Spain	2.1
Ireland	1.8
Australia	1.5
Italy	0.8
Israel	0.4
Total	**64.2***

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

Fund investments in emerging markets

	Percent of Net Assets (%)
India	8.8
Korea	7.4
Taiwan	6.9
China	6.0
Greece	1.3
Brazil	1.3
Peru	0.9
Chile	0.2
Total	**32.8***

The table above does not include the Fund's exposure to Russia (less than 0.1%) because the country falls outside of MSCI's developed/emerging/frontier framework.

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

NON-U.S./GLOBAL

Recent Activity

During the second quarter, we added a few new investments to existing themes and increased our weighting in certain positions established in prior periods. We endeavor to increase concentration in our highest conviction ideas.

We increased exposure to our biotechnology/diagnostics theme by initiating a position in **Sartorius Stedim Biotech S.A.**, a life sciences company that is a leader in bioprocessing, an industry that supplies equipment and reagents to biopharmaceutical companies to produce large biomolecule drugs. In particular, Sartorius is a leader in bioreactors, the upstream vats for cell-based biomolecule production. The company's bioreactor lineup enables easy scaling from drug development to commercial production and is anchored around one-time usage, reducing capital investment and contamination risk for customers. Bioprocessing is an attractive end market growing 8% to 10% annually, with Sartorius aiming to exceed industry growth by 1% to 2% while generating attractive EBITDA margins of approximately 30%. In our view, the current market dislocation, wherein life science industry multiples have significantly derated over the past few years, created an attractive entry point as improving earnings trajectory is likely to support a re-rating going forward. In addition, we believe there is shareholder upside optionality when the Sartorius heirs' trust, which has majority control, is unlocked in July 2028. This event would increase the probability of drawing strategic interest for an attractive asset trading at, in our view, a deep discount to intrinsic value.

Adding to our sustainability/ESG theme, we accumulated a position in **Ceres Power Holdings plc**, a U.K.-based developer of solid oxide fuel cell and electrolysis technology for power generation and green hydrogen production. Ceres operates an asset-light licensing model, earning fees and royalties from global manufacturing partners including Delta Electronics, Doosan, and Weichai Power, who fund production capacity, manufacturing, and distribution. In our view, the company's proprietary fuel cell technology offers compelling advantages in efficiency and water use against competing power generation solutions, creating a large addressable market that the company estimates will exceed 20 GW annually by 2030. Ceres is now transitioning from development to commercialization as its partners undertake significant capacity expansions, with Doosan's initial manufacturing operations recently coming online along with Delta Electronics and Weichai expected to ramp up manufacturing within 12 to 18 months. As partner capacity ramps, we expect Ceres' high-margin royalty revenue to compound rapidly against a largely fixed cost base. We expect the company to become significantly profitable over the next few years and view the stock as materially undervalued.

During the quarter, as part of our digitization theme, we initiated a position in **Spotify Technology S.A.**, the world's leading audio streaming platform with over 750 million monthly active users and nearly 300 million paying Premium subscribers. The company's global market share of paid subscribers is over two times the second closest competitor. In our view, Spotify's competitive advantages include unmatched global scale, the deepest personalization engine in audio - now powered by a proprietary Large Taste Model fueled by 3.4 trillion daily taste signals, product specialization, and a two-sided network connecting listeners with the world's artists and creators. Scale and profitable growth yield better personalization, which drives engagement and retention, further strengthening the platform's leverage with record labels and advertisers. We believe Spotify is still early in its monetization curve and margin-expansion story. The company has raised prices to U.S. based subscribers three times in four years with minimal churn, while broadening beyond music into higher-margin podcasting and audiobooks. The company remains firmly positioned as the scaled-innovation leader in audio media, with plans to layer in new offerings such as "Reserved" concert-ticket access, fitness content, and AI creation tools. At its May 2026 Investor Day, management laid out 2030 targets of mid-teens compounded revenue growth, a gross margin of 35% to 40%, and an operating margin above 20%, alongside longer-term ambitions of 1 billion subscribers and $100 billion in revenue. With mid-teens revenue growth compounding on top of expanding margins, we expect earnings and free cash flow to grow north of 20% annually over the foreseeable future.

We also added to our global security theme by building a position in **Divi's Laboratories Limited**, a leading global active pharmaceutical ingredients (APIs) and intermediates manufacturer. The company specializes in generic API production, custom synthesis, and nutraceuticals. By leveraging its deep capabilities in process chemistry, scale manufacturing, and strong execution in complex molecules, Divi's has built strong relationships with global innovators and leading pharmaceutical companies and plays a key role in the global pharmaceutical value chain. In our view, the company is a key beneficiary of global supply chain realignment, as innovator and generic customers diversify their API sourcing away from China. We are encouraged that Divi's has been onboarded by large global innovators and pharmaceutical companies into the oral GLP-1 and GLP-1 injectables value chain as a supplier of complex intermediates and custom manufactured peptides. This opportunity underscores Divi's strengths in large scale, late stage commercial manufacturing and provides multi-year revenue visibility as GLP-1 demand continues to expand worldwide. We are also excited by the company's commitment to capacity expansion and its sustained focus on R&D. We expect the company to deliver mid-teens compounded revenue growth and 20% earnings growth over the next three to five years.

Lastly, we increased our exposure to several existing positions during the quarter, including **Industria de Diseno Textil, S.A.**, **Alibaba Group Holding Limited**, **Symrise AG**, **SK hynix Inc.**, **JSW Energy Limited**, **On Holding AG**, and **SMS Co., Ltd.** We exited a few positions during the quarter consistent with our efforts to seek greater concentration in our higher conviction investments. Disposals included **InPost S.A.**, **Bharti Airtel Limited**, **HD Korea Shipbuilding & Offshore Engineering Co., Ltd.**, **Park Systems Corporation**, **Reliance Industries Limited**, **Kaynes Technology India Limited**, and **Kuaishou Technology**.

Outlook

The second quarter of 2026 proved another solid quarter of both absolute and relative performance by international equities, with semiconductor and AI-related shares dominating global returns and, within the international arena, financial-related shares also a material factor. In our view, the prevailing catalysts giving direction to markets were the cease-fire and MOU among the U.S. and Iran to end the war and reopen the Strait of Hormuz, and the rapid adoption of Anthropic's Claude Cowork and OpenAI's introduction of GPT 5.5, thereby making possible the leap from the chatbot/reasoning phase to fully agentic AI. While these catalysts drove international, and in particular, EM equities to strong returns during the quarter, we also note that the global market exhibited deteriorating breadth, concentrated returns, and a wide disparity of results by sector and individual stock, presenting a particular challenge for many active growth investors; the IT sector alone contributed roughly two-thirds of the impressive second quarter return.

Regarding the Iran war, we suggested in our first quarter letter that a de-escalation was probable in the relatively near term given the considerable economic, financial, and political pressure that applied to all parties. While we are certainly encouraged with the progress on this front, we now believe that the readouts of the MOU by both parties suggest a wide gap in expectations, and we caution that risk premium and oil prices may not fall as far or as fast as we previously anticipated as Iran's negotiating leverage appears formidable in the context of U.S. political expediency (in fact, as of this writing, President Trump has declared the cease-fire as no longer in effect – though negotiations are ongoing). It appears for now that markets may need to learn to live with an Iran that maintains both some measure of control over the Strait and also the financial resources to support regional proxies and rebuild military assets – factors which would likely leave a variety of tail risk scenarios in place.

As mentioned, returns were largely driven during the quarter by positive fundamental developments in agentic AI, though we note that some near-term risks to the outlook began to emerge late in the quarter, leading to enhanced volatility in AI-related shares. The success of Anthropic, and to a lesser extent, OpenAI has revealed the first truly "killer app" in the agentic AI era – software coding and task management at a scale and level of productivity unimaginable as 2026 began. Enterprises are rapidly shifting and in many cases achieving material headcount reduction, with the majority of monetization flowing to Anthropic; we estimate that Anthropic now manages 10% of AI queries, 25% of inferencing workloads and captures over 60% of total AI revenue. This remarkable growth initially was a major catalyst for technology shares of all stripes, but particularly for the more mature and presumed slower-growing legacy supply chain. As it turns out, the complexity of agentic AI tasks and workflow requires much more CPU/compute and memory than previously anticipated. More recently however, Anthropic's success is causing the market to question whether other LLMs such as OpenAI's consumer facing models or those operated by Meta or Grok are being commoditized or relegated to a second tier. These hyperscaler/LLMs are making massive capex commitments without clear near-term killer apps or monetization opportunity and appear to be at least losing mindshare if not longer-term total addressable market share. While we are confident that AI innovation will ultimately lead to many large-scale applications, ensuring that all capacity additions will be absorbed into ever-expanding demand, in the very near term, there is at least some risk that the capital markets pause in allocating to the more speculative or less competitive players in the AI ecosystem. Enterprise spending curbs are also an evolving near-term concern, at least until compute cost and token pricing begin to deflate as is typical for the IT sector. For this reason, we engaged in modest profit taking late in the quarter, while maintaining roughly market weight exposure to the IT sector and the semiconductors subsector, though as always, we remain attuned to opportunities in this dynamic space as they arise.

As we manage a diversified portfolio of quality growth stocks, we would welcome and find healthy a pause in the unbridled enthusiasm over AI-related investments. As measured by the market's deteriorating breadth, AI fever has "crowded out" many other attractive industries and stocks, and entire countries have been abandoned in favor of perceived AI champions. As we have mentioned in previous communications, beneficiaries of digitization such as e-commerce, fintech, and software-based businesses have been sold down to valuations that belie years if not decades of entrenched distribution, integration, productivity, security, and customer trust. While we remain cautious of companies that could be more easily disintermediated by AI, we have opportunistically added new investments and increased others that, in our view, have become mispriced as the market turned increasingly one-dimensional.

We look forward to our next communication 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 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: 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. **Free Cash Flow (FCF)** represents the cash that a company generates after accounting for cash outflows to support operations and maintain its capital assets.

Investment Products: NOT FDIC INSURED | MAY LOSE VALUE | NOT BANK GUARANTEED

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 | JUNE 30, 2026

Baron Financials ETF™

Ticker: BCFN

Josh Saltman
Portfolio Manager

Dear Baron Financials ETF™ Shareholder,

Performance

In the quarter ended June 30, 2026, Baron Financials ETF™ (the Fund) rose 1.82% (NAV) compared with an 8.93% gain for the MSCI USA Financials Index (the Financials Index) and a 6.14% gain for the FactSet Global FinTech Index (the FinTech Index).

U.S equities rallied to new highs during the second quarter. The AI infrastructure buildout was the principal driver of market returns, overshadowing uncertainty from the U.S.-Iran war, shifting Federal Reserve rate expectations, and depressed consumer sentiment from high living expenses, persistent inflation, and elevated borrowing rates. Most of the gains came in April and May following a sharp sell-off in March from the Middle East conflict and disruptions in the Strait of Hormuz. Market leadership was extremely narrow during the quarter, with only a dozen securities accounting for most of the S&P 500 Index's rise. The largest gains came from companies perceived to benefit from AI capital spending and electrification, what the market has come to call "AI winners."

Sector performance reflected this one-sided market dynamic, with most of the quarter's gains coming from AI winners in Information Technology (IT) and Industrials. IT was the only sector to outperform the broader market, rising 31.8% in the quarter and contributing over two-thirds of the S&P 500 Index's gains. IT performance was bolstered by AI infrastructure beneficiaries in the semiconductor and hardware storage areas. Industrials was the only other sector to finish up double digits (up 14.9%), powered higher by construction, electrical equipment, and machinery stocks that are benefiting from the data center buildout.

Annualized performance (%) for periods ended June 30, 2026†

	ETF Market Price[1,2]	ETF NAV[1,2]	MSCI USA Financials Index[1]	S&P 500 Index[1]	MSCI ACWI Index[1]	FactSet Global FinTech Index[1]
QTD[3]	1.77	1.82	8.93	15.20	14.93	6.14
YTD[3]	(14.75)	(14.44)	(1.84)	10.21	11.25	(15.25)
1 Year	(20.10)	(19.93)	3.40	22.32	23.67	(22.84)
3 Years	6.95	7.03	19.03	20.61	19.70	—
5 Years	(2.33)	(2.01)	9.66	13.41	10.98	(7.55)
Since Inception (12/31/2019)	6.53	6.79	10.68	15.56	12.88	(0.22)

From a style perspective, growth outperformed value by a wide margin across all market cap segments during the quarter, but value remains ahead for the year. Small caps meaningfully outperformed in the quarter to extend their lead over large caps this year. Emerging market (EM) equities continued their exceptional run of performance (up 24.1%), beating U.S. and other developed market equities for a sixth straight quarter. Like the U.S., a handful of AI infrastructure companies in Korea and Taiwan accounted for about three-quarters of the MSCI Emerging Markets Index's gains. Excluding Korea and Taiwan, the EM index would have declined modestly for the quarter. Developed market (excluding U.S.) equities failed to keep pace with their EM and U.S. counterparts, principally due to relative weakness in Europe given its limited exposure to the AI growth theme.

Performance listed in the above table is net of annual operating expenses. The total annual fund operating expense ratio as of April 30, 2026 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.

In the second quarter, the Fund trailed the Financials Index and the FinTech Index. The shortfall versus the Financials Index was primarily driven by lower exposure to Banks and higher exposure to software and data companies that were pressured by AI-driven disruption fears. Banks represent over 40% of the index and performed well during the quarter (up 15.1%), so the Fund's smaller weighting in Banks detracted from relative performance. The Fund's large-cap holdings performed well (up 13.4%), but this was outweighed by weaker returns from our smaller-cap holdings. Our holdings in the Leaders and Challengers categories performed similarly, gaining 2.2% and 2.7%, respectively.

Financial Software and Information Services holdings were responsible for much of the underperformance versus the Financials Index. These two industries represented nearly a quarter of the Fund's average assets, well above their 4% combined weighting in the Financial Index, so their blended decline of 4.5% contributed to nearly half of the relative shortfall in the quarter. Performance in Financial Software was hindered by declines from accounting and tax preparation software provider **Intuit Inc.** and insurance software vendor **Guidewire Software, Inc.** Intuit reported above-consensus quarterly earnings, but the stock sold off due to investor concerns over market share losses in TurboTax and potential AI-driven software disruption. We trimmed the stock and offer additional thoughts on the company later in the letter. Guidewire's stock declined after a handful of deals slipped from the fiscal third quarter into the fiscal fourth quarter. We believe this is purely a timing issue, with these deals having since closed in the current period. Guidewire serves as the core system of record for insurance carriers, and we expect AI will meaningfully expand the company's growth potential by enabling automation and intelligence on top of its data platform.

Our Capital Markets holdings also weighed on relative performance. The principal detractors were exchange operators **Tradeweb Markets Inc.** and **CME Group, Inc.**, which faced headwinds from slower trading activity in a period of lower market volatility and concerns about competition from new crypto-related trading products. We remain investors and offer more detail on both companies below. Independent broker-dealer **LPL Financial Holdings Inc.** was another detractor in Capital Markets, largely due to concerns that AI-driven cash management could erode the client sweep balances that earn significant interest income for LPL. This narrative weighed on the stock even as the underlying business continued to perform well. We see little risk to LPL's cash balances, and management is exploring options to reduce the company's reliance on sweep cash revenue. Consequently, we believe the share price weakness reflects a temporary sentiment overhang rather than a deterioration in the company's growth outlook.

Somewhat offsetting the above was underexposure to the lagging Insurance industry, which was held back by poor performance from index heavyweight Berkshire Hathaway Inc. and others amid a cyclical slowdown in insurance pricing. The Fund's unique exposure to small caps **TWFG, Inc.** and **Neptune Insurance Holdings Inc.** also aided performance.

SECTOR

Top contributors to performance for the quarter

	Contribution to Return (%)
Interactive Brokers Group, Inc.	1.04
Morgan Stanley	0.90
Visa Inc.	0.74
Bank of America Corporation	0.65
Robinhood Markets, Inc.	0.51

Global electronic brokerage firm **Interactive Brokers Group, Inc.** contributed to performance due to continued strong growth and profitability. Client accounts increased 34% to 5.2 million, customer equity grew 40%, and margin loan balances rose 67%. Trading activity remained robust, with June daily average revenue trades increasing 53%. Given its highly automated, low-cost platform, Interactive Brokers benefits from substantial operating leverage as volume grows, supporting industry-leading margins. New opportunities, including an expanded prediction markets offering and the favorable modernization of day-trading margin rules, further extend the company's growth runway. We view Interactive Brokers as a structural share gainer in a large global market with sustainable competitive advantages from tech-enabled automation and economies of scale.

Morgan Stanley, a leading global investment bank and wealth manager, contributed to performance on strong execution across the franchise. First quarter results exceeded expectations by a wide margin, with record fee-based flows in Wealth Management and record revenues in Institutional Securities, which includes trading and investment banking. Together, these results drove a 27% return on tangible equity. Management underscored its confidence by raising the dividend by 15% and authorizing a new share repurchase program of up to $20 billion. Morgan Stanley is also benefiting from a favorable macroeconomic environment as capital markets activity improves across corporate deal-making and trading. Among financial companies, the firm is viewed as relatively well insulated from AI-related threats and stands to benefit from the capital-raising required to fund the multi-year AI infrastructure buildout. Rather than reflecting a single strong quarter, these results demonstrate the earnings power of Morgan Stanley's integrated, fee-based business model. We retain long-term conviction in the stock.

Global payment network **Visa Inc.** contributed to performance in the second quarter as strong financial results helped the shares recover from weakness in the prior quarter. Revenue grew 17% and earnings per share (EPS) grew 20%, both exceeding Street expectations. Payment volume growth improved modestly and remained resilient into April despite military conflict in the Middle East. Management also raised its fiscal year guidance, which now calls for low teens revenue growth and mid-teens EPS growth. Regulatory concerns that weighed on the stock earlier in the year faded as a proposed 10% interest rate cap on credit cards and an adverse payment routing bill stalled in the legislative process. We continue to own Visa given its long runway for growth and significant competitive advantages.

Top detractors from performance for the quarter

	Contribution to Return (%)
Intuit Inc.	(0.85)
CME Group, Inc.	(0.82)
Tradeweb Markets Inc.	(0.49)
Guidewire Software, Inc.	(0.47)
Jack Henry & Associates, Inc.	(0.21)

Intuit Inc. is the leading provider of accounting software for small businesses and tax preparation software for individuals and tax professionals. Shares fell due to modest underperformance in the TurboTax segment, where revenue grew 7%, falling short of expectations for 8% growth. Management acknowledged volume losses among lower income filers who traded down to cheaper alternatives, fueling investor anxiety about competition and potential AI-driven disruption. Negative sentiment was further compounded by a 17% workforce reduction, which some investors interpreted as a defensive move to protect margins and a signal of demand challenges. Despite headwinds in some parts of the business, overall growth remains robust, with management expecting earnings growth of 18% this year and mid-teens growth over the coming years.

CME Group, Inc. operates the world's largest and most diversified derivatives marketplace. Shares fell due to a slowdown in trading activity, reflecting tough comparisons against last year's tariff-driven uncertainty as well as easing market volatility following the deescalation of the U.S.-Iran conflict. This cyclical softening was exacerbated by concerns about emerging competition from crypto-native perpetual futures markets, as well as uncertainty following the announcement that long-time CEO Terry Duffy will step down next year. We believe the sell-off is overdone and see minimal risk to CME's dominant institutional franchise. We continue to own the stock because we believe CME enjoys significant competitive advantages and should benefit from the growing adoption of exchange-traded derivatives and periodic spikes in market volatility.

Tradeweb Markets Inc. operates electronic marketplaces for trading fixed income securities. Shares gave back some of their prior quarter gains as trading activity slowed amid moderating market volatility and a pause in Middle East hostilities. Performance was further pressured by a slowdown in April, reflecting difficult comparisons against last year's elevated market activity around the "Liberation Day" tariffs. The share price decline also reflected a broad pullback across the financial exchange sector due to concerns over competition from new blockchain-based derivatives known as perpetual futures. We continue to own the stock given Tradeweb's strong network effects, long track record of innovation, and significant growth opportunities tied to the ongoing electronification of capital markets.

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 June 30, 2026, the Fund held 42 positions (34 excluding those smaller than 1%). The Fund's 10 largest holdings represented 44.4% of net assets, and the 20 largest holdings represented 73.1% of net assets. International stocks represented 11.1% of net assets. The market capitalization range of our holdings was $1 billion to $877 billion with a median of $55.1 billion and a weighted average of $189.3 billion.

We segment the Fund's holdings into seven Baron-defined industries. As of June 30, 2026, Capital Markets represented 31.1% of net assets, Banks represented 20.3%, Payments represented 17.1%, Information Services represented 16.7%, Insurance represented 7.5%, Other Financials represented 3.7%, and Financial Software represented 3.2%, with the remainder in cash. Relative to the Financials Index, the Fund has significant overweight positions in Capital Markets and Information Services and meaningful underweight positions in Banks and Insurance.

We also segment the Fund's holdings between Leaders and Challengers. Leaders are generally larger, more established companies with stable growth rates, higher margins, and moderate valuation multiples. Challengers are generally smaller, earlier-stage companies with higher growth rates, lower margins, and higher valuation multiples. As of June 30, 2026, Leaders represented 83.8% of net assets and Challengers represented 15.9%, 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 (%)
Visa Inc.	2020	376.2	662.3	2.7	6.0
Mastercard Incorporated	2020	306.1	453.9	2.6	5.6
Bank of America Corporation	2026	397.6	404.4	2.2	4.9
Interactive Brokers Group, Inc.	2023	33.8	148.0	2.1	4.5
Morgan Stanley	2025	284.2	329.7	2.0	4.3
The Charles Schwab Corporation	2022	130.9	165.2	1.9	4.1
S&P Global Inc.	2020	67.9	123.5	1.9	4.0
JPMorgan Chase & Co.	2026	843.8	877.1	1.7	3.8
Moody's Corporation	2020	45.6	79.1	1.7	3.7
MSCI Inc.	2025	41.4	41.0	1.7	3.6

Fund investments in Baron industries

	Percent of Net Assets (%)
Capital Markets	31.1
Banks	20.3
Payments	17.1
Information Services	16.7
Insurance	7.5
Other Financials	3.7
Financial Software	3.2
Cash and Cash Equivalents	0.3
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)
JPMorgan Chase & Co.	877.1	1.7
American Express Company	230.8	0.9
AerCap Holdings N.V.	23.6	0.9
Bank of America Corporation	404.4	0.6
Lincoln International, Inc.	2.4	0.3

We initiated a position in **AerCap Holdings N.V.**, the largest aircraft leasing company in the world. The company owns and manages over 3,100 aircraft, jet engines, and helicopters, which it leases to 300 customers worldwide. The lessor model enables airlines to avoid heavy upfront capital investment while providing the lessor predictable cash flows through long-term leases. We believe AerCap is an AI-proof business with steady growth, a skilled management team, and a cheap valuation.

AerCap benefits from the secular growth of global air travel. Passenger traffic has grown 5% annually since 1990 and is expected to grow 4% annually over the next 20 years, according to Boeing. Aircraft pricing is supported by favorable supply-demand dynamics: original equipment manufacturer (OEM) production constraints and global engine shortages have tightened supply, driving strong demand for leased aircraft and spare engines. Utilization rates exceed 99% and lease extension rates are 87%. Given decade-long backlogs at Boeing and Airbus, aircraft shortages should persist into the 2030s.

AerCap is the leader in a consolidating industry. It holds 9% market share of the global lessor fleet and is roughly 30% larger than its nearest competitor. The top ten firms control 60% of leased fleets globally. Lessors' share of the global aircraft market has risen sharply over the past 40 years, from 33% in 1990 to 55% in 2025. AerCap's scale as the industry leader enables it to purchase large aircraft portfolios from distressed airlines. For example, the company recently assumed Spirit Airlines' order book from Airbus at a discount during Spirit's bankruptcy process. AerCap is one of the few lessors that has the capacity to absorb a large portfolio from a distressed airline given its excess capital of over $3 billion, smaller committed order book with OEMs relative to peers, and modest leverage.

Valuation looks cheap at 9 times earnings and 1.3 times book value. AerCap's business model resembles a bank's — a large asset base earning a spread between lease rents and financing costs — and therefore should be valued like one. Adjusted return on equity (ROE) in the first quarter was 19%, which is elevated compared to the 14% to 15% range in recent years. Without giving a specific target, management noted that ROE has averaged 950 basis points above the 5-year Treasury yield over the last two decades, implying roughly 14% at today's rates. Book value per share was $117 as of March 31, up 20% year over year, and likely understated given that AerCap has been selling assets above carrying value (1.9 times book value in Q1). The company has been aggressively repurchasing stock, with the share count down 11% over the prior year. Selling assets at 1.9 times book value while buying back stock at 1.3 times is highly accretive to per-share value. More broadly, in an environment where many businesses face disruption from AI, AerCap seems AI-proof due to its hard assets with low obsolescence risk. We expect AerCap to keep compounding earnings and book value per share at double-digit rates for the foreseeable future, driving a similar rate of share price appreciation over time.

We also initiated positions in **JPMorgan Chase & Co.** and **American Express Company**. Both are industry leaders gaining share in large global markets with trusted brands and leading returns on equity. Both companies serve affluent consumers and businesses and are benefiting from solid economic growth and benign credit conditions. Share price pullbacks during the quarter enabled us to purchase these dominant franchises at attractive valuations.

Top net sales for the quarter

	Quarter End Market Cap ($B)	Net Amount Sold ($M)
Intuit Inc.	71.4	1.0
S&P Global Inc.	123.5	0.6
Fair Isaac Corporation	27.7	0.5
Guidewire Software, Inc.	10.2	0.4
Alkami Technology Inc.	1.8	0.2

We trimmed **Intuit Inc.** due to concerns about market share loss in the consumer tax market. We trimmed **S&P Global Inc.** to manage the position size and fund purchases elsewhere. We trimmed **Fair Isaac Corporation** due to regulatory and competitive risks. We also exited smaller positions in financial software companies due to slower growth outlooks and to fund investments in other higher conviction ideas.

Outlook

We continue to believe that our holdings are oversold and the Fund's performance outlook is bright. The market's singular focus on AI infrastructure stocks has caused many high-quality growth companies to be ignored and left behind. On a blended basis, the Fund's holdings are valued at less than 18 times forward earnings, the lowest valuation multiple since the Fund's inception in 2019. Yet the Fund continues to own a portfolio of high-quality growth companies averaging a 36% operating margin, a 32% free cash flow margin, a 20% ROE, and 13% estimated EPS growth over the next several years (our EPS projections are higher). Since the start of the year, consensus 2027 EPS estimates for the Fund's holdings have risen 2% on average, so the Fund's 14% decline was driven entirely by valuation multiple compression rather than a deteriorating earnings outlook. The Fund's forward earnings multiple is now 22% lower than it began the year despite stable growth prospects, providing a better baseline for expected price appreciation.

Economic conditions remain broadly favorable. Consumers and businesses are healthy and continue to spend, supported by positive job growth, low unemployment, and rising wages. In the U.S., real GDP is growing around 2% and the unemployment rate is steady at just over 4%. Consumer spending accelerated in the second quarter, reflecting higher tax refunds, higher fuel prices, and World Cup-related spending. Credit quality remains stable at the large banks. According to the Federal Reserve, commercial and industrial lending by U.S. banks has accelerated to 8% growth on a year-over-year basis, likely powered by data center investment. This steady economic backdrop should support continued earnings growth for our holdings and favorable returns for the Fund.

Thank you for investing in Baron Financials ETF™. We remain significant shareholders alongside you.

Sincerely,

Josh Saltman
Portfolio Manager

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

1 The **MSCI USA Financials Index** is designed to measure the performance of the large and mid cap segments of the U.S. equity universe. All securities in the index are classified in the Financials sector as per the Global Industry Classification Standard (GICS). The **S&P 500 Index** measures the performance of 500 widely held large-cap U.S. companies. The **MSCI ACWI Index Net (USD)** is designed to measure the equity market performance of large and midcap securities across 23 Developed Markets and 24 Emerging Markets countries. The **FactSet Global FinTech Index™** is an unmanaged and equal-weighted index that measures the equity market performance of companies engaged in Financial Technologies, primarily in the areas of software and consulting, data and analytics, digital payment processing, money transfer, and payment transaction-related hardware, across 30 developed and emerging markets. The Russell 1000® Growth Index measures the performance of large-sized U.S. companies that are classified as growth. The Russell 1000® Value Index measures the performance of large-sized U.S. companies that are classified as value. MSCI is the source and owner of the trademarks, service marks and copyrights related to the MSCI Indexes. The MSCI Indexes and the Fund include reinvestment of dividends, net of withholding taxes, while the FactSet Global Fintech Index™, Russell and S&P 500 Indexes include reinvestment of dividends before taxes. Reinvestment of dividends positively impacts the performance results. The indexes are unmanaged. Index performance is not Fund performance. Investors cannot invest directly in an index.

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

3 Not annualized.

On December 12, 2025, Baron FinTech Fund® was converted from a mutual fund into an exchange-traded fund, Baron Financials ETF™. The ETF has an identical investment goal and substantially similar investment strategy as its predecessor mutual fund. For additional information please refer to the prospectus.

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

Risks: In addition to general market conditions, FinTech Companies may be adversely impacted by government regulations, economic conditions and deterioration in credit markets. Companies in the information technology sector are subject to rapid changes in technology product cycles; rapid product obsolescence; government regulation; and increased competition, both domestically and internationally, including competition from foreign competitors with lower production costs. The IT services industry can be significantly affected by competitive pressures, such as technological developments, fixed-rate pricing, and the ability to attract and retain skilled employees, and the success of companies in the industry is subject to continued demand for IT services. The Fund invests in companies of all sizes, including small and medium sized companies whose securities may be thinly traded and more difficult to sell during market downturns.

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

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

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

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

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

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

EPS Growth Rate (3-5-year forecast) indicates the long term forecasted EPS growth of the companies in the portfolio, calculated using the weighted average of the available 3-to-5 year forecasted growth rates for each of the stocks in the portfolio provided by FactSet Estimates. The EPS Growth rate does not forecast the Fund's performance. **FCF Margin** is calculated as Free Cash Flow divided by Sales, multiplied by 100. FCF is calculated as Net Cash Flow From Operations minus the sum of the following if available: Capital Expenditures from the cash flow statement and Common & Preferred Cash Paid Dividends. If Capital Expenditures is not available, Property Plant & Equipment - Capital Expenditures will be substituted. If Common & Preferred Cash Paid Dividends is not available, the sum of Total Common Dividends by Ex-Date and Preferred Dividends is substituted. If Preferred Dividends is not available, zero will be substituted.

Investment Products: NOT FDIC INSURED | MAY LOSE VALUE | NOT BANK GUARANTEED

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).

SECTOR

QUARTERLY LETTER | JUNE 30, 2026

Baron Health Care Fund®

Retail Shares: BHCFX | Institutional Shares: BHCHX | R6 Shares: BHCUX

Neal Kaufman
Portfolio Manager

Dear Baron Health Care Fund Shareholder,

Performance

During the quarter ended June 30, 2026, Baron Health Care Fund (the Fund) advanced 11.99% (Institutional Shares), compared with the 10.48% gain for the Russell 3000 Health Care Index (the Benchmark) and the 15.44% gain for the Russell 3000 Index (the Index). Since inception (April 30, 2018), the Fund increased 10.61% on an annualized basis compared with the 10.02% gain for the Benchmark and the 14.83% gain for the Index.

The Fund outperformed the Benchmark by 151 basis points as solid stock selection across a handful of sub-industries offset a material headwind from being underexposed to **UnitedHealth Group Incorporated** and other strong-performing managed health care stocks.

Solid stock selection in pharmaceuticals, biotechnology, health care equipment, and life sciences tools & services drove outperformance in the period. Performance in pharmaceuticals was bolstered by **Veradermics, Incorporated**, a dermatologist-founded, late clinical-stage biopharmaceutical company developing VDPHL01, an extended-release oral minoxidil tablet for pattern hair loss. In April, the company reported solid Phase 3 data in male pattern hair loss. The drug demonstrated robust hair growth with up to 63% of male patients reporting improved hair coverage compared to just 13% on placebo. We await data from a second Phase 3 study of VDPHL01 in male pattern hair loss and the first clinical data from a Phase 2 study of VDPHL01 in female pattern hair loss patients, both expected in the second half of 2026. If VDPHL01 is U.S. Food and Drug Administration (FDA) approved, we think it will be uniquely positioned as the first FDA-approved oral treatment in several decades for a condition affecting 80 million Americans. Stock selection in pharmaceuticals was enhanced by not having exposure to larger-cap companies Pfizer, Inc., Zoetis, Inc., and Bristol-Myers Squibb Company, whose share prices declined due to company-specific issues.

Annualized performance (%) for periods ended June 30, 2026

	Fund Retail Shares[1,2]	Fund Institutional Shares[1,2]	Russell 3000 Health Care Index[1]	Russell 3000 Index[1]
QTD[3]	11.95	11.99	10.48	15.44
YTD[3]	4.12	4.19	5.09	10.88
1 Year	23.95	24.19	23.56	22.82
3 Years	5.42	5.69	8.60	20.36
5 Years	1.03	1.28	5.26	12.31
Since Inception (4/30/2018)	10.34	10.61	10.02	14.83

Favorable stock selection in biotechnology, mostly attributable to acquisition target **Apogee Therapeutics, Inc.**, was partly offset by higher exposure to this underperforming sub-industry. In June, Apogee announced an agreement to be acquired by AbbVie Inc. for $135.11 per share, representing a 49.5% premium over the prior day's closing stock price.

Within health care equipment, lower exposure to this lagging sub-industry and solid performance from **Edwards Lifesciences Corporation** was a material tailwind in the period. Shares of Edwards, a medical technology company specializing in structural heart disease therapies, rose due to solid first quarter results and an updated Medicare coverage decision for transcatheter aortic valve replacement (TAVR), which has the potential to increase procedure volumes. We retain conviction as Edwards' lead in replacement

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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, 2026 was 1.27% and 0.95%, 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.

therapies for mitral and tricuspid valves, which combined with a total addressable market that could approach the scale of core TAVR provides a durable and differentiated growth runway that competitors are years away from replicating.

Strength in life sciences tools & services was widespread, led by **BillionToOne, Inc.** and **Guardant Health, Inc.** We provide commentary about what drove BillionToOne's performance below. Guardant is a specialty diagnostics company best known for its blood-based liquid biopsy tests used in cancer therapy selection, monitoring, and screening. Shares increased following strong first-quarter results, with revenue growing 48% year-over-year due to continued adoption of the Guardant360 cancer treatment selection test and accelerating uptake of the Shield colorectal cancer blood test. Guardant360 continues to gain share within the rapidly growing liquid biopsy market, with momentum accelerating following FDA approval of the new Guardant360 Liquid CDx assay, which should qualify for Advanced Diagnostic Laboratory Test status and meaningfully expand average selling prices. Meanwhile, Shield has the potential to drive meaningful upside as adoption continues to beat expectations. Notably, the American Cancer Society recently recommended Shield in its updated colorectal cancer screening guidelines, significantly increasing the potential for expanded commercial insurance coverage. Looking ahead, we see Guardant360, Shield, and Reveal (Guardant's cancer recurrence monitoring test) positioning the company to achieve positive free cash flow over time.

Somewhat offsetting the above was underexposure to managed health care, which was a 250-plus basis point drag on relative performance. Managed health care stocks rebounded during the quarter, rising 56% in the Index as stabilizing medical costs and favorable government reimbursement rates led to raised full-year guidance from major industry players such as **UnitedHealth Group Incorporated**, **Elevance Health, Inc.**, and Centene Corporation. We reestablished positions in UnitedHealth and Elevance during the quarter as discussed below in the Recent Activity section.

Our strategy is to identify competitively advantaged growth companies that we can own for years. Similar to other Baron Funds, we remain focused on finding businesses that we believe have secular growth opportunities, durable competitive advantages, and strong management teams. We conduct independent research and take a long-term perspective. We are particularly focused on businesses that solve problems in health care, whether by reducing costs, enhancing efficiency, and/or improving patient outcomes.

We continue to think the Health Care sector will offer attractive investment opportunities over the next decade and beyond. Health Care is one of the largest and most complex sectors in the U.S. economy, accounting for an estimated 18.4% of GDP in 2025 (National Health Expenditure Projections, 2025-2034, Health Affairs July 2026) 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	3.70
BillionToOne, Inc.	1.06
argenx SE	0.98
Roivant Sciences Ltd.	0.95
Guardant Health, Inc.	0.90

Pharmaceutical company **Eli Lilly and Company**, currently best known for its diabetes and obesity GLP-1 therapies, contributed to performance as commercial execution and pipeline data reinforced investor confidence in the company's long-term leadership. All three major pharmacy benefit managers now cover Lilly's obesity portfolio, including its new daily oral GLP-1, Foundayo. This marks a reversal from last summer, when CVS Caremark provided preferred coverage for Novo Nordisk's Wegovy and raised concerns about a potential price war. The shift suggests that patients and physicians prefer Zepbound and are driving demand. Clinical trial data further reinforces our view that Lilly has one of the strongest next-generation metabolic pipelines in the industry. Phase 3 data showed retatrutide delivered weight loss in the high-20% range at higher doses and nearly 20% at lower doses, while maintaining excellent tolerability. We are also excited about eloralintide, where Phase 2 data showed Zepbound-like efficacy and tolerability, with combination data expected soon. Long term, we continue to view Lilly's portfolio as the gold standard in a category that we believe can exceed $150 billion.

BillionToOne, Inc. is a diagnostics company that is disrupting the market with more accurate prenatal and oncology genetic tests. Today, the vast majority of the company's revenue is generated by UNITY, a unique prenatal test that can screen for recessive single-gene disorders from a maternal blood draw and identify fetal antigen status across both red blood cell and platelet antigens. Shares rose in the second quarter after the company reported robust first-quarter results (revenue up 84% year over year with 22% operating margins) and announced a meaningful expansion of commercial insurance coverage for its UNITY test and new UNITY Confirm product, which can replace amniocentesis or chorionic villus sampling to confirm a genetic diagnosis following a high-risk UNITY screening result. We continue to believe that BillionToOne's differentiated "quantitative counting template" technology enables more sensitive genetic testing. The company is making early headway in oncology with its SELECT therapy selection and RESPONSE therapy monitoring tests, which we think will be important future growth drivers.

Biotechnology company **argenx SE** is best known for developing Vyvgart, the leading FcRn inhibitor for the treatment of autoimmune conditions. Shares rose after a period of prior weakness, which may have been partly driven by the retirement of longtime CEO Tim Van Hauwermeiren in early 2026. We view the transition to Karen Massey, who previously led the company's operations, as largely non-disruptive and believe she is well positioned to continue executing the company's strategy. Shares

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also benefited from optimism ahead of several clinical readouts, including data from studies of Vyvgart in immune-mediated necrotizing myopathy and dermatomyositis, expected in the third quarter of 2026, as well as empasibrupart in multifocal motor neuropathy, expected in the fourth quarter of 2026. Vyvgart continues to launch well in generalized myasthenia gravis and chronic inflammatory demyelinating polyneuropathy, where we believe it has established itself as an important treatment option. We expect Vyvgart to demonstrate efficacy across an expanding range of autoantibody-driven autoimmune conditions over time and remain encouraged by argenx's pipeline progress.

Top detractors from performance for the quarter

	Contribution to Return (%)
Insmed Incorporated	(0.97)
Intuitive Surgical, Inc.	(0.50)
Gilead Sciences, Inc.	(0.34)
AstraZeneca PLC	(0.25)
IDEXX Laboratories, Inc.	(0.13)

Insmed Incorporated is a biotechnology company with three lead pulmonology assets that we believe can collectively generate more than $8 billion in peak sales. We are particularly excited about Brinsupri for non-cystic fibrosis bronchiectasis, which we view as a $5 billion-plus opportunity. Despite what we believe has been a strong start to the launch, shares fell after first-quarter Brinsupri sales missed expectations as investors focused on early signs of higher treatment discontinuations. Insmed's exit from the Nasdaq-100 Index created additional technical selling pressure. Long term, we continue to view Brinsupri as an important treatment option for the 500,000-plus bronchiectasis patients in the U.S. We remain bullish on the portfolio's long-term fundamentals, including the opportunity for treprostinil palmitil inhalation powder (TPIP), which is being studied for pulmonary arterial hypertension and pulmonary hypertension associated with interstitial lung disease. Compared to existing inhaled prostanoids that require four daily treatments, once-daily TPIP is more convenient and can be dosed at significantly higher levels, potentially resulting in meaningfully better efficacy.

Intuitive Surgical, Inc. sells robotic-assisted surgical systems. Shares declined after the company's first-quarter U.S. system placements came in below investor expectations. Medical device stocks also broadly underperformed the market amid concerns that health care utilization trends could decelerate following the expiration of Affordable Care Act (ACA) subsidies. Concerns were further compounded by the potential impact of Medicaid work requirements expected to take effect in 2027. Despite these headwinds, we believe Intuitive can continue to grow revenue at a mid-teens rate for many years and remain positive on the company's long-term growth outlook.

Biotechnology company **Gilead Sciences, Inc.** is best known for developing and commercializing therapies that treat and prevent HIV. Following a strong first-quarter advance driven by continued enthusiasm surrounding the launch of Yeztugo for HIV prevention, the stock detracted from performance in the second quarter. Shares pulled back after management issued conservative 2026 guidance in February, including expectations for approximately $800 million of Yeztugo sales, below investor expectations. Despite the more cautious outlook, we remain confident in Yeztugo's long-term opportunity. Unlike Descovy, a daily oral preventive treatment, Yeztugo is a twice-yearly injectable therapy that has the potential to significantly improve patient compliance. Looking ahead, we continue to view Gilead as a leader in HIV treatment and prevention, with Yeztugo representing an important new preventive option and a promising next-generation pipeline that includes a weekly oral lenacapavir and islatravir combination being developed with Merck & Co., Inc., as well as a wholly-owned weekly regimen incorporating a novel integrase inhibitor designed to offer a higher barrier to resistance.

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 June 30, 2026, we held 43 stocks. This compares with 531 stocks in the Benchmark. International stocks represented 12.0% of the Fund’s net assets. The Fund’s 10 largest holdings represented 51.0% of net assets. Compared with the Benchmark, the Fund was overweight in life sciences tools & services, other health-care-related companies, and biotechnology, roughly equal weight in health care distributors, services, and technology, and underweight in health care equipment, managed health care, pharmaceuticals, health care facilities, and health care supplies. The market cap range of the investments in the Fund was $2.5 billion to $1.1 trillion with a weighted average market cap of $258.1 billion, which is below the Benchmark’s weighted average market cap of $332.9 billion.

We continue to invest in multiple secular growth themes in health care, such as genomics/genetic testing/genetic medicine, innovative medical devices that endeavor to improve outcomes and/or lower costs, minimally invasive surgery, anti-obesity medications, picks and shovels life sciences tools providers, the shift to lower cost sites of care, beneficiaries of AI, and animal health care, among others. To be clear, this list is not exhaustive: we own stocks in the portfolio that do not fit neatly into these themes and there are other themes not mentioned here that are in the portfolio. We evaluate each stock on its own merits.

Top 10 holdings

	Year Acquired	Market Cap When Acquired ($B)	Quarter End Market Cap ($B)	Quarter End Investment Value ($M)	Percent of Net Assets (%)
Eli Lilly and Company	2021	187.4	1,129.6	15.6	13.7
Mettler-Toledo International Inc.	2018	14.3	25.8	6.4	5.6
Johnson & Johnson	2025	494.9	611.4	6.3	5.6
argenx SE	2018	2.8	57.7	4.8	4.2
Thermo Fisher Scientific Inc.	2019	117.4	186.3	4.5	3.9
Roivant Sciences Ltd.	2025	8.8	25.5	4.4	3.9
Teva Pharmaceutical Industries Limited	2025	20.3	39.5	4.4	3.9
UnitedHealth Group Incorporated	2026	321.1	377.5	4.2	3.6
Welltower Inc.	2025	131.1	160.2	3.9	3.4
RadNet, Inc.	2024	3.4	4.8	3.7	3.2

Fund investments in GICS sub-industries

	Percent of Net Assets (%)
Pharmaceuticals	32.7
Biotechnology	26.7
Life Sciences Tools & Services	18.7
Health Care Equipment	6.8
Managed Health Care	5.3
Other Health Care-Related Companies[1]	3.4
Health Care Services	3.2
Health Care Technology	1.3
Cash and Cash Equivalents	1.9
Total	**100.0***

[1] *Consists of position in health care REIT Welltower Inc.*

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

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Recent Activity

During the quarter, we added 8 new positions and exited 6 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)
UnitedHealth Group Incorporated	377.5	3.8
Elevance Health, Inc.	84.0	1.9
Revolution Medicines, Inc.	39.8	1.4
Mettler-Toledo International Inc.	25.8	1.4
Sartorius Stedim Biotech S.A.	20.2	0.9

We re-established positions in two previously owned managed care companies, **UnitedHealth Group Incorporated** and **Elevance Health, Inc.** Both companies manage diversified portfolios, providing insurance and health care services to Commercial, Exchange, Medicaid and Medicare Advantage members. We believe that the insurance cycle is turning more favorable for these companies, particularly in their Medicare Advantage businesses. After several years of elevated utilization trends, inadequate reimbursement, and regulatory challenges coupled with aggressive pricing to drive share gains, which drove operating margins to depressed levels, UnitedHealth and Elevance have exited unprofitable Medicare Advantage markets and products, right-sized benefits, and are now in the process of rebuilding profitability. We further think that the application of AI will enable them to take a significant bite out of administrative costs as well. Finally, we believe that the earnings power of both companies is well above current levels assuming they can approach their long-term target margins over the next few years. If we further assume a reasonable multiple on future earnings power, we believe there is substantial upside in both stocks.

We added to our position in **Revolution Medicines, Inc.**, a biotechnology company developing medicines to treat cancers driven by rat sarcoma (RAS) mutations. The company estimates there are 190,000 new cancer diagnoses each year in the U.S. that are driven by RAS mutations, including approximately 60,000 patients with non-small cell lung cancer, 75,000 patients with colorectal cancer, and 56,000 patients with pancreatic cancer. In April, the company released topline results from its RASolute 302 trial in which patients with advanced pancreatic cancer who received the company's medicine Daraxonrasib in the second line had a median overall survival of 13.2 months compared to 6.7 months for the patients who received chemotherapy. Subsequently at the annual meeting of the American Society of Clinical Oncology (ASCO), the clinical trial investigators presented the full data which confirmed the groundbreaking results. In this patient population, Daraxonrasib reduced the risk of death by 60% compared with chemotherapy. The presentation at ASCO received a standing ovation, which is rare in oncology and even rarer in pancreatic cancer. Daraxonrasib represents the first major advance in pancreatic cancer in over 30 years. Also, during the quarter, the company announced encouraging data from two earlier stage trials of Daraxonrasib in first-line (previously untreated) pancreatic cancer patients. The company is also studying Daraxonrasib in non-small cell lung cancer and other solid tumors and has other drugs in development, including combination therapies, for each of these cancers. When Daraxonrasib is FDA approved later this year, we think the demand will be strong, leading to rapid adoption. We think the company's leadership position in this category will be difficult to displace, and ultimately, we think the company could generate peak sales over $20 billion.

We added to our position in **Mettler-Toledo International Inc.**, a company we have owned in the Fund since inception. Mettler is a leading global provider of precision instruments and services. The company's products are used in key R&D, quality control, and manufacturing processes for customers in the life sciences, food, and chemicals industries, among others. We believe Mettler has multiple competitive advantages, including its strong brand, product offering and large installed base; large direct sales and service network; global supply chain; sophisticated sales and marketing programs; longstanding local presence in fast growing emerging markets; and culture of operational excellence and execution. The company has a long track record of generating consistent earnings growth. In the quarter, Mettler's organic revenue growth rate and guidance were slightly below expectations. We thought the negative stock reaction was way overblown, leading to a valuation the stock had not seen in many years. We are confident that over the long-term Mettler can generate mid-teens or better annual earnings growth.

We established a new position in **Sartorius Stedim Biotech S.A.**, which supplies equipment and reagents to biopharmaceutical companies for the production of biologic drugs. Sartorius is a leading supplier of single-use bioreactors, the upstream vats for cell-based biomolecule production. Single-use bioreactors offer advantages over re-usable stainless steel, including lower upfront capital costs, quicker facility build time, lower facility water and energy requirements, greater flexibility, and lower contamination risk for customers. Bioprocessing is an attractive end market growing 8% to 10% driven by growing demand for biologic drugs, including monoclonal antibodies, vaccines, and cell and gene therapies. Sartorius aims to grow faster than the market by 100 to 200 basis points driven by increasing adoption of the company's single use systems. We think the stock's valuation will expand as the company's equipment business stabilizes and the company's overall growth rate accelerates.

Top net sales for the quarter

	Net Amount Sold ($M)
AstraZeneca PLC	3.0
Ionis Pharmaceuticals, Inc.	2.3
Apogee Therapeutics, Inc.	2.0
Terns Pharmaceuticals, Inc.	1.8
Stryker Corporation	1.7

We reduced our positions in **AstraZeneca PLC** and **Ionis Pharmaceuticals, Inc.** due to valuation. We sold **Apogee Therapeutics, Inc.** and **Terns Pharmaceuticals, Inc.** following announcements that they were being acquired, Apogee by AbbVie Inc. and Terns by **Merck & Co., Inc.**, another Fund holding. We sold **Stryker Corporation** because of concerns about slowing hospital inpatient trends and hospital capex spending due to expiration of the ACA subsidies and stricter Medicaid eligibility requirements.

Outlook

Trends within Health Care continue to improve. The State Street® SPDR® S&P® Biotech ETF (XBI) was up 24% in the second quarter, bringing the year-to-date return of the XBI to almost 30%. Biotechnology funding was up approximately 130% year-over-year, and 2026 is on track to be the strongest year of funding since 2021, according to a Wells Fargo report dated July 1, 2026, titled Biopharma Funding Tracker: June 2026. This robust IPO and follow-on activity supports spending on new drug pipelines and is a positive leading indicator for life sciences tools companies that sell products and services to biotechnology companies. M&A activity was also strong during the quarter and included AbbVie's $10.9 billion acquisition of Apogee Therapeutics, GSK's $10.6 billion acquisition of Nuvalent, and Merck KGaA's $11.3 billion acquisition of Bio-Techne, among others. We think M&A activity will continue because large pharmaceutical companies need to replace billions of lost sales from products expected to lose patent protection over the coming years. In addition, the FDA is taking a more industry-friendly stance after personnel changes at the agency. For example, the FDA recently reversed course and allowed uniQure to use existing 3-year data from its Phase I/II study to support an accelerated approval filing for its investigational gene therapy for Huntington's disease. Further, the Department of Health and Human Services announced a roadmap to maintain U.S. leadership in early clinical research and development, which includes initiatives and reforms to accelerate all stages of drug development.

Outside of life sciences, the managed care industry is recovering from a multi-year period of challenges. The industry has seen a normalization in rates and utilization, which should lead to margin improvement from depressed levels. Medical device companies and health care facilities, on the other hand, face moderating utilization driven in part by the expiration of the ACA subsidies, which resulted in nearly 4 million people dropping their insurance coverage. New Medicaid work requirements scheduled to take effect in 2027 could result in the loss of insurance coverage for approximately 4.8 million people, according to the Congressional Budget Office. Because of these headwinds, many medical device stocks are now trading at big discounts to their historical multiples, creating potential opportunities.

Overall, we continue to believe the long-term outlook for Health Care is positive given favorable secular growth drivers, including the aging population, rising incidence of chronic diseases, advances in biotechnology, medical technology and diagnostics, and increased health care spending. 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

[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.

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

Risks: In addition to general market conditions, the value of the Fund will be affected by investments in health care companies which are subject to a number of risks, including the adverse impact of legislative actions and government regulations. The Fund is non-diversified, which means it may have a greater percentage of its assets in a single issuer than a diversified fund. The Fund invests in small and medium sized companies whose securities may be thinly traded and more difficult to sell during market downturns.

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

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

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

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BARON CAPITAL

QUARTERLY LETTER | JUNE 30, 2026

Baron Real Estate Fund®

Retail Shares: BREFX | Institutional Shares: BREIX | R6 Shares: BREUX

Jeff Kolitch
Portfolio Manager

Dear Baron Real Estate Fund Shareholder,

Performance

Baron Real Estate Fund (the Fund) delivered strong results in the second quarter. The Fund increased 11.89% (Institutional Shares), outperforming the MSCI USA IMI Extended Real Estate Index (the MSCI Real Estate Index), which rose 9.88%, and in line with the MSCI US REIT Index (the REIT Index), which increased 11.84%.

The Fund's long-term performance remains strong. According to Morningstar, the Fund has held the #1 real estate ranking since inception (December 31, 2009) through June 30, 2026. It also ranks in the top 1% of all real estate funds over both the trailing 10- and 15-year periods ended June 30, 2026.

We will address the following topics in this letter:

- Our current top-of-mind thoughts
- Portfolio composition and key investment themes
- Top contributors and detractors to performance
- Recent activity
- Concluding thoughts on the prospects for real estate and the Fund

Annualized performance (%) for periods ended June 30, 2026

	Fund Retail Shares[1,2]	Fund Institutional Shares[1,2]	MSCI USA IMI Extended Real Estate Index[1]	MSCI US REIT Index[1]	S&P 500 Index[1]
QTD[3]	11.84	11.89	9.88	11.84	15.20
YTD[3]	5.74	5.86	8.82	16.89	10.21
1 Year	14.89	15.18	11.00	19.70	22.32
3 Years	10.56	10.84	12.20	11.03	20.61
5 Years	3.43	3.69	6.53	4.58	13.41
10 Years	11.49	11.77	8.97	4.80	15.51
15 Years	11.86	12.14	10.22	6.89	14.36
Since Inception (12/31/2009)	12.81	13.09	11.00	8.40	14.34
Since Inception (12/31/2009) (Cumulative)[3]	630.57	661.74	459.42	278.44	812.87

As of June 30, 2026, the Morningstar Real Estate Category consisted of 207, 199, 191, 149, 111, and 153 share classes for the 1-, 3-, 5-, 10-, 15-year, and since inception (December 31, 2009) periods. Morningstar ranked Baron Real Estate Fund Institutional Share Class in the 37th, 22nd, 41st, 1st, 1st, and 1st percentiles, respectively. On an absolute basis, Morningstar ranked Baron Real Estate Fund Institutional Share Class as the 74th, 46th, 84th, 2nd, 1st , and 2nd best performing share class in its Category, for the 1-, 3-, 5-, 10-, 15-year, and since inception periods, respectively.
As of June 30, 2026, Morningstar ranked Baron Real Estate Fund R6 Share Class in the 37th, 22nd, 41st, 1st, 1st, and 1st percentiles, respectively. On an absolute basis, Morningstar ranked Baron Real Estate Fund R6 Share Class as the 75th, 47th, 85th, 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, 3 stars for the trailing 3 years, 3 stars for the trailing 5 years, and 5 stars for the trailing 10 years ended June 30, 2026. There were 199 share classes, 191 share classes, and 149 share classes for the 3-, 5-, and 10-year periods. The Morningstar Ratings™ are for the Institutional share class only; other classes may have different performance characteristics. The Morningstar Ratings are based on the Morningstar Risk-Adjusted Return measures.
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, 2026 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.

Our Current Top-of-Mind Thoughts

The first half of 2026 offered early evidence that a multi-year recovery in real estate — a long out-of-favor asset class — is beginning to take shape. Several REITs and travel- and residential-related companies performed well over the period, though we believe the broader recovery remains in its early innings.

We are clear-eyed about the headwinds: elevated interest rates, housing affordability pressures, and AI-driven disruption are real considerations. Yet our optimism about public real estate's prospects remains firm, grounded in several themes we have explored in recent shareholder letters:

1. **Real Estate Has Lagged**
   - Despite a solid start to 2026, many real estate stocks — both REITs and non-REIT companies — have underperformed the broader market for several years. For example, over the five years ending June 30, 2026, the S&P 500 Index has returned 13.41% annually versus just 4.58% for the REIT Index.

2. **Real Estate Continues to Offer Relative Value**
   - A large portion of public real estate remains attractively valued. We highlight various examples later in the letter.

3. **Privatizations of Discounted Public Real Estate Are Accelerating**
   - As we have noted in prior letters, many publicly traded real estate companies trade at meaningful discounts to private market values. During the second quarter of 2026, three Fund holdings received acquisition announcements at significant premiums:
     - **Caesars Entertainment, Inc.** – Caesars, the largest gaming company in the U.S., according to management, announced an agreement to be acquired by Fertitta Entertainment at a 49% premium to its unaffected share price as of February 25, 2026.
     - **Taylor Morrison Home Corporation** — Berkshire Hathaway announced an agreement to acquire Taylor Morrison, a leading national homebuilder, at a 24% premium to its May 29, 2026, closing price.
     - **MGM Resorts International** — Barry Diller's media conglomerate, People Inc. (formerly IAC), offered to acquire MGM Resorts' outstanding shares at a 32% premium to its December 31, 2025, closing price.
   - M&A activity has also accelerated across multi-family, self-storage, shopping centers, industrial, retail, health care, homebuilders, and other real estate sectors — further underscoring the disconnect between public market valuations and underlying private asset values. We believe this valuation gap creates the potential for additional public company acquisitions.

4. **Supply-Demand Dynamics Favor Real Estate**
   - Across much of the sector, demand continues to outpace supply — a dynamic that supports occupancy gains, rent growth, increased home sales, cash flow expansion, and improving valuations.
   - Importantly, construction activity across many real estate segments has fallen to decade lows (Source: Green Street Advisors, LLC), which should set the stage for a faster growth rebound than in prior cycles as demand continues to strengthen.

5. **Balance Sheets Are Healthy and the Debt Environment Is Improving**
   - Real estate balance sheets are in strong shape, characterized by prudent leverage, well-laddered debt maturities, and a balanced mix of fixed- and floating-rate obligations.
   - Should long-term interest rates decline — driven by the deflationary effects of AI, moderating shelter inflation, or a more accommodative Federal Reserve over time — borrowing costs could fall. Lower rates would likely support higher real estate valuations, stimulate housing market activity, and accelerate M&A, further underscoring the relative attractiveness of public real estate.

6. **Real Estate Is Increasingly an AI Beneficiary**
   - The market has increasingly rewarded owners with tangible, hard-to-replicate assets - what we describe as HALO (Heavy Assets, Low Obsolescence) businesses - including REITs, homebuilders, and other real estate-related companies. These businesses tend to offer greater near-term earnings visibility and lower risk of AI-driven disruption compared to many segments of the digital economy.

7. **Many Investors Remain Underweight Real Estate**
   - If investors rebalance toward the sector, increased capital flows could provide a meaningful lift to valuations and share prices.

8. **We See a Path to Double-Digit Annual Returns**
   - We believe the Baron Real Estate Fund® is well-positioned to deliver double-digit annual returns over the next several years, supported by improving growth prospects, rising dividends, and what we view as compelling valuations across the portfolio.

The Baron Real Estate Fund offers a compelling way to access the long-term return potential of the Real Estate sector

We believe the advantages of the Fund's comprehensive, flexible, and actively managed approach – enabling investment across a broad spectrum of real estate companies, including both REITs and non-REIT real estate-related businesses – will become increasingly evident in the years ahead. In our view, a rapidly evolving real estate landscape requires more selective and discerning analysis.

We believe our highly differentiated real estate fund enjoys several attractive attributes compared to:

- <u>Actively managed REIT funds</u>: The Fund benefits from a broader investment universe and reduced reliance on the debt markets. *Since inception on December 31, 2009, the Fund has increased 13.09% on an annualized basis versus the REIT Index, which increased 8.40%.*
- <u>Passive/ETF real estate funds:</u> The Fund has the flexibility to be selective, emphasizing companies with attractive long-term prospects rather than broadly replicating an index and

owning both higher- and lower-quality real estate businesses. *Since inception on December 31, 2009, the Fund has increased 13.09% annually versus the Vanguard Real Estate ETF, which increased 8.95%.**

- Non-traded REITs and private real estate: The Fund provides enhanced liquidity, diversification, valuation transparency, lower fees, and strong performance over the long term.

Portfolio Composition and Key Investment Themes

We currently invest in REITs as well as seven additional non-REIT real estate-related categories. Allocations across these areas are dynamic and reflect our bottom-up research and assessment of relative opportunities, as outlined below.

Fund investments in real estate-related categories

	Percent of Net Assets (%)	
Non-REITs		**66.9**
Building Products/Services	20.8	
Homebuilders & Land Developers	12.9	
Casinos & Gaming Operators	10.2	
Hotels & Leisure	9.0	
Real Estate Service Companies	7.1	
Real Estate Operating Companies	5.9	
Data Centers	1.0	
REITs		**29.0**
Cash and Cash Equivalents		**4.0**
Total		**100.0***

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

Investment Themes

REITs

We believe the outlook for REITs remains favorable for several key reasons:

- **REITS have lagged**
  - In the last five years through June 30, 2026, the REIT Index trailed the S&P 500 Index by 62% cumulatively.
- **Several REITs offer compelling value**
  - We have identified several REITs trading at meaningful discounts to both historical norms and private market valuations.
  - Across a broad range of property types - including multi-family, single-family rentals, hotels, strip centers, office, life sciences, cold storage, self-storage, and timber – public market prices sit 10% to 50% below replacement cost or recent private market transaction values. We believe this dislocation may attract private equity or other buyers in taking public REITs private.
- **Favorable demand versus supply set up**
  - Demand remains generally strong or is improving: Robust in segments such as health care, industrial, and retail, and showing signs of improvement in residential, office, and storage categories.
  - Supply constraints are underappreciated: According to our research, new construction activity across many REIT categories has fallen 50% to 70% from peak levels in 2022 and remains well below historical levels, as higher land, labor, and materials costs make development prohibitively expensive.
  - The combination of strengthening demand, a favorable supply environment, and occupancy levels above 90% for many properties creates a compelling setup for rent growth acceleration.
- **REITs benefit from both cyclical and secular tailwinds**
  - Cyclical tailwinds: Strong early-cycle demand prospects, supportive supply conditions for real estate, and the historical pattern of real estate cycles typically lasting 7 to 10 years.
  - Secular tailwinds across property types: Growth in AI and cloud computing driving demand for data centers, an aging population boosting healthcare real estate, housing affordability pressures increasing rental demand, suburbanization benefiting retail, 5G network upgrades supporting towers, and the rise of remote work fueling storage needs.
- **AI haven**
  - Several REITs are relatively insulated from potential AI-related disruption, benefiting from tangible assets, well-covered dividends, contracted cash flows, annual rent escalators, and other structural advantages.
- **Solid balance sheets + rising dividends + built-in inflation protection**
- **Return prospects for REITs are attractive**
  - We believe several REITs have the potential to deliver double-digit returns through a mix of earnings growth, dividend income, and multiple expansion.

As of June 30, 2026, we had investments in eight REIT categories representing 29.0% of the Fund's net assets.

REITs

	Percent of Net Assets (%)
Health Care REITs	7.0
Data Center REITs	6.5†
Mall REITs	5.4
Industrial REITs	3.1
Triple Net REITs	2.9
Self-Storage REITs	2.7
Other REITs	1.4
Mortgage REITs	0.1
Total	**29.0***

† *Exposure to Data Center REITs would be 7.5% if non-REIT data center company GDS Holdings Limited was included in the category.*
* *Individual weights may not sum to the displayed total due to rounding.*

SECTOR

Residential-related real estate

We recognize that the housing market is currently facing a logjam.

On one hand, a buyers' strike has emerged, as many potential homeowners find properties unaffordable following a roughly 50% rise in home prices over the past five years and a jump in mortgage rates from 3% to between 6% and 7%, based on data from the National Association of Realtors.

On the other hand, a sellers' strike is also in place, as many current homeowners are hesitant to sell while their existing mortgages carry rates well below today's levels.

Navigating near-term headwinds while staying bullish long-term: Affordability pressures and persistent buyer-seller standoffs have kept us cautious about housing. That said, we added exposure in the second quarter where valuations became sufficiently compelling. Looking ahead, we remain firmly bullish on residential real estate for the following reasons:

- **Housing is an early cycle beneficiary, and we believe we are early in the cycle**
  - Economic growth could accelerate potential stimulus such as tax refunds and other pre-midterm measures, deregulation, and the possibility of easing inflation and interest rate cuts.
  - Housing tends to benefit early in the economic cycle due to its sensitivity to interest rates, pent-up consumer demand, and its powerful multiplier effect – creating more jobs, boosting consumer spending, supporting higher prices, and accelerating overall economic growth.
- **Housing is also supported by long-term secular tailwinds**
  - Millennial household formation remains significantly below its long-term stabilized level.
  - Buyers are increasingly favoring new homes over existing ones, as they offer better layouts, lower maintenance, and greater energy efficiency at comparable price points.
  - Existing homes are aging – averaging over 40 years – while homeowners sit on record levels of equity and are staying in their homes longer. Together, these factors should support strong home repair and remodeling activity in the years ahead.
- **Bipartisan support to address the housing crisis**
  - Housing affordability appears to be a key issue heading into the mid-term elections, and we expect certain initiatives may emerge.
- **Housing is an AI beneficiary**
  - Housing and select residential building product companies may benefit from AI trends, as their asset-heavy structures provide relative insulation from disruption – what we describe as HALO.
- **Several housing companies are attractively valued**
  - Select homebuilders are trading near 1 times book value, well below their historical norm of 1.3 to 1.5 times book value, implying roughly 30% to 50% upside to more typical valuations. The market's mispricing appears increasingly hard to ignore: three public homebuilders have already received acquisition offers at significant premiums in 2026.
  - Other residential-related real estate companies are currently valued at or near trough valuation levels.
- **New Federal Reserve Chief may become more dovish should inflation move towards its targeted rate of 2%**
  - The housing market would be a major beneficiary from lower mortgage rates.
- **Big picture: There is a compelling long-term investment case for housing**
  - The U.S. faces a structural housing shortage of more than 4 million homes relative to demographic needs. Today, the country builds roughly 1.4 million homes annually – the same number as in the 1960s – despite the population nearly doubling from 180 million to 340 million, according to data from the Census Bureau.

As of June 30, 2026, residential-related real estate companies represented 33.7% of the Fund's net assets.

Residential-related real estate companies

	Percent of Net Assets (%)
Building Products/Services	16.8
Homebuilders	12.9
Home Centers	4.1
Total	**33.7***

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

Travel-related real estate

We continue to believe several travel-related real estate companies are well positioned to benefit from a favorable "*trifecta*" of cyclical, secular, and 2026-specific tailwinds, which should support strong fundamentals and share price performance in the years ahead.

- **Cyclical tailwinds – economic growth may accelerate**
  - Key inflation components may moderate over time, while the regulatory environment remains business - and investment-friendly. Favorable tax policies enacted in 2025 – such as bonus depreciation to encourage investment – combined with a massive investment cycle in AI and other technologies, major initiatives like the CHIPS Act, and a busy 2026 event calendar, together create a supportive backdrop for economic and corporate growth.
  - Broad-based economic growth and middle-class wage growth.
  - Limited supply growth: Projected to increase by less than 1% over the next few years, well below the long-term average of 2% to 2.5%, according to Green Street Advisors, LLC.

SECTOR

- **Secular tailwinds**
  - Many investors view travel spending as cyclical – our view is that travel spending is also secular.
  - Consumers are allocating more discretionary spending to travel rather than durable goods. Factors supporting this trend include delayed household formation, which leaves more disposable income for travel, flexible work arrangements that combine business and leisure or enable extended stays, and cyclically muted business activity.
- **2026 tailwinds**
  - World Cup (in 11 major metro markets) + America's 250th anniversary + Super Bowl + Major League Baseball all-star game.
  - Increasing spending on onshoring initiatives.
- **Examples of several travel-related companies that are attractively valued**
  - **Hyatt Hotels Corporation**
    - A luxury-focused hotel company that has transitioned to a 90% asset-light model, currently trades at a 3 to 4 times multiple discount to its hotel C-Corp peers and below private market valuations.
  - **Wynn Resorts, Limited**
    - A leading hotel and gaming company, currently valued at just 8.4 times 2027 estimated cash flow compared with its historical range of 13 to 15 times.
    - The company could become one of the most compelling travel-related growth stories with the opening of its UAE resort in 2027, which could be worth $40/share versus its recent market value of only $97 per share.
  - **Red Rock Resorts, Inc.**
    - A leading gaming growth company positioned in the highly attractive Las Vegas Locals market. Red Rock Resorts has the real estate capacity to potentially double its portfolio in the coming years, and we find its current valuation – approximately 11 times 2027 estimated cash flow – compelling.
  - **Airbnb, Inc.**
    - A global asset-light travel company, with over 9 million active listings, generating more than $4 billion in annual free cash flow. The company faces limited AI disruption risk due to 90% direct traffic and the uniqueness of most of its inventory. Shares are currently trading at just 14 times 2027 estimated cash flow.
  - **Dry powder / private equity**
    - With private equity sitting on substantial dry powder, we believe public travel companies — still deeply discounted relative to private market values — present an increasingly attractive acquisition target. This thesis is already playing out: in the first half of 2026, two of the Fund's travel holdings, **Caesars Entertainment, Inc.** and **MGM Resorts International**, received takeover bids. Should valuations remain depressed, we expect further take-private activity to follow.

As of June 30, 2026, travel-related real estate companies represented 19.1% of the Fund's net assets.

Travel-related real estate companies

	Percent of Net Assets (%)
Casinos & Gaming Operators	10.2
Hotels & Leisure	9.0
Total	**19.1***

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

Commercial real estate services companies

In the first six months of 2026, shares of leading commercial real estate services firms **CBRE Group, Inc.**, **Jones Lang LaSalle Incorporated** (JLL), and **Cushman & Wakefield Ltd.** declined despite strong earnings and positive business outlooks. The sell-off largely reflected investor concerns that AI could disrupt parts of their operations.

While certain business lines – such as office leasing, valuation services, and property management – may face AI-related challenges over time, we believe current multi-year concerns are overstated and already reflected in share prices. We continue to research and monitor potential AI-related headwinds.

Despite near-term uncertainties, we remain long-term optimistic about these leading commercial real estate services companies. They are positioned to potentially benefit from structural and secular tailwinds, including the outsourcing and institutionalization of commercial real estate, as well as opportunities to gain market share in a highly fragmented industry. We also see the early stages of a rebound in commercial real estate sales and leasing activity. Based on these factors, we believe CBRE, JLL, and Cushman & Wakefield could achieve earnings-per-share growth of 12% to 15% over the next several years.

Further, we believe valuations are attractive. CBRE is valued at a discount to the S&P 500 multiple despite superior earnings growth, a pristine balance sheet, and a resilient business model. JLL is valued at only 12 times 2027 estimated earnings, compared with the high-teens multiple justified by its historical trading and its improvement in its business mix. Cushman & Wakefield is valued at only 8 times 2027 estimated earnings, a highly discounted valuation multiple, in our opinion.

Real estate-focused alternative asset managers

Shares of alternative asset managers declined in the first six months of 2026, as several companies faced a mix of headwinds, including: exposure to software investments that could be affected by AI-related risks; credit concerns tied to private loans; limitations on investor redemptions for semi-liquid products (2% per month or 5% per quarter); delayed monetizations; and the potential for slower earnings growth due to these factors, along with the risk that growth in the retail channel may underperform expectations.

While these challenges may persist in the near term, we do not view them as existential, and we believe current valuations largely reflect these concerns.

Over the long term, we remain optimistic about leading real estate-focused asset managers, including **Brookfield Corporation**, **Brookfield Asset Management Ltd.**, and **Blackstone Inc.** Each has the potential to gain market share in a growing industry, supported by strong investment track records and global scale. These companies are well positioned to potentially benefit from secular growth in alternative assets, leveraging their ability to deliver attractive relative and absolute returns – often with lower perceived volatility compared with other investment options.

Valuations, in our opinion, are compelling. Brookfield Corporation, a global owner and operator of real assets, trades at $43 per share, well below management's estimated liquidation value of $67 per share – approximately 55% higher than the current share price. Blackstone's shares are currently valued at the low-end of its valuation multiple over the last 5 years.

Property technology companies

The convergence of real estate and technology has given rise to a new category – real estate technology, or proptech. The growth of proptech and the digitization of real estate represent an exciting and promising development. We believe we are in the early stages of a technology-driven investment cycle focused on data and digitization, enabling real estate-related businesses to generate incremental revenue streams and reduce costs.

We recently began acquiring shares in **Procore Technologies, Inc.**, a provider of software solutions to the construction industry, and will elaborate on this company in future shareholder letters.

As of June 30, 2026, other real estate-related companies, which include the three investment themes mentioned directly above, plus an investment in Chinese data center operator **GDS Holdings Limited**, represented 14.1% of the Fund's net assets.

Other real estate-related real estate companies

	Percent of Net Assets (%)
Commercial Real Estate Services Companies	7.0
Real Estate-Focused Alternative Asset Managers	5.9
Data Center Operators	1.0
Property Technology Companies	0.1
Total	**14.1***

** 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 (%)
The Macerich Company	7.5	1.13
Hyatt Hotels Corporation	18.3	1.03
AAON, Inc.	10.4	0.93
Meritage Homes Corporation	5.6	0.92
Toll Brothers, Inc.	15.4	0.91

The Macerich Company, a high-quality retail mall REIT, contributed positively to performance in the second quarter, driven by management's continued strong execution. Key highlights included nearing full achievement of the leasing targets outlined in its Path Forward Plan, a growing pipeline of accretive acquisitions, and an opportunistic equity raise that further strengthened balance sheet flexibility.

As previously outlined, we remain optimistic about Macerich's prospects over the next several years. The fundamental backdrop for high-quality mall real estate remains favorable: tenant demand is robust, desirable retail space is scarce (occupancy is high with little new mall development), and the resulting demand/supply imbalance is giving landlords meaningful pricing power. We continue to engage with CEO Jackson Hsieh, a well-regarded outsider who is bringing a fresh, analytical lens to the company's real estate portfolio. We believe he will continue to unlock significant value by divesting non-core properties and reducing debt. Our conviction has grown that the company can generate over $2.00 in FFO over the next couple of years, which we believe would be a meaningful catalyst for share price appreciation from current levels.

Shares of **Hyatt Hotels Corporation** appreciated materially following strong first quarter results and an Investor Day in May that outlined strong long-term growth targets. Hyatt franchises and manages a portfolio of luxury hotel brands across over 1,500 properties in 83 countries. The company is in the final stages of transforming its earnings mix primarily to an asset-light fee stream while growing its development pipeline to record levels, enabling sector-leading unit growth, double-digit fee revenues, and mid-teens EBITDA and free cash flow growth. This translates to over 50% cumulative cash flow growth over the next three years with an increasing portion returned to shareholders via buybacks.

Shares of **AAON, Inc.** rose during the quarter following an exceptionally strong earnings report which saw the company see drastically faster growth in its data center business, BasX, than expected. Up 26% sequentially and 72% over the past year, BasX has positioned itself as a true best-in-class cooling solutions provider with a focus on customized offerings vs. peers' off-the-shelf products. With the new Memphis facility ramping production, the company can now satisfy elevated levels of demand with over $2 billion of BasX revenue capacity. The HVAC business performed well, as the company accelerated market share gains following strong heat pump and national accounts driven growth. We believe AAON is well positioned to continue to compound well above peers for the foreseeable future.

Top detractors from performance for the quarter

	Quarter End Market Cap or Market Cap When Sold ($B)	Contribution to Return (%)
GDS Holdings Limited	6.0	(0.67)
SiteOne Landscape Supply, Inc.	5.1	(0.46)
Blackstone Inc.	145.1	(0.18)
Builders FirstSource, Inc.	7.6	(0.13)
Lowe's Companies, Inc.	123.6	(0.11)

Despite solid operating results and after strong share price performance to start the year, shares of **GDS Holdings Limited** declined in the second quarter. Several items weighed on performance including management communication about full-year guidance components, a material step-up in capital expenditure over the next few years and a slight delay in timing when the company is expected to see a growth inflection in its underlying results. While we continue to see evidence of the building of the AI wave in China through significant bookings growth and see material under-appreciated value in GDS' stake in its spun-out international subsidiary (DayOne), we trimmed our position and reallocated capital to companies where we have a higher degree of visibility and lower exogenous risks such as the current geopolitical environment.

SiteOne Landscape Supply, Inc. is the largest distributor of wholesale landscape supplies in North America. SiteOne sells irrigation, hardscapes, agronomics, and nursery products to professional contractors through its branch network for maintenance, upgrade/repair, and new construction applications. Shares fell during the quarter as investors worried about the impacts of the Iran War and a potential reduction in demand given rising commodity prices. Despite this, we believe the company remains well positioned to continue outgrowing its markets and expand margins as it harvests benefits from its ongoing initiatives and investments in improving underperforming branches, operational efficiency, technology, and product category management to continue differentiating itself from the fragmented wholesale landscape supplies distribution industry. Our belief was reinforced by a positive Analyst Day held by SiteOne at the end of the quarter highlighting the progress the company has made on each of these fronts. The event highlighted the depth of SiteOne's talent and a clear pathway toward above-market organic growth, EBITDA margin expansion (toward 13%-plus target by 2030), and continued consolidation of the market driving an expected high-teens EBITDA growth rate out to 2030. As the underlying market begins to recover and SiteOne continues to execute on what is can control, we believe the multiple should re-rate which combined with rapidly growing earnings can deliver strong stock upside over time.

Shares of **Blackstone Inc.** continued to be volatile and were a drag on performance in the second quarter as mounting redemption pressures at Blackstone's Private Credit vehicle (BCRED) and sector-wide liquidity fears overwhelmed an otherwise constructive fundamental backdrop. The first quarter saw elevated redemption requests at approximately 8% of NAV followed by 10% in the second quarter, requiring Blackstone to cap withdrawals at the standard 5% limit for the first time. Broader sector sentiment was further pressured when other alternative asset managers announced withdrawal restrictions, reigniting broad private market liquidity fears and dragging the entire sector lower. Please see our "Top purchases" section for additional detail.

Recent Activity

Top net purchases for the quarter

	Quarter End Market Cap ($B)	Net Amount Purchased ($M)
Meritage Homes Corporation	5.6	76.8
Blackstone Inc.	145.1	63.5
Blackstone Digital Infrastructure Trust Inc.	2.2	60.2
The Home Depot, Inc.	351.7	45.9
PulteGroup, Inc.	26.1	40.8

During the quarter, we initiated a position in **Meritage Homes Corporation**, the fifth-largest homebuilder in the U.S., with operations across the West, Central, and East regions. In 2025, the company delivered approximately 15,000 single-family homes to entry-level and first move-up buyers at an average selling price of $390,000.

<u>We are optimistic about our investment in Meritage Homes for several reasons</u>:

1. <u>We are optimistic about the medium-term outlook for U.S. single-family housing</u>. New home construction remains depressed relative to population growth, the housing shortage is acute — estimated at over 2 million units according to Freddie Mac — and secular demand is accelerating, driven by rising millennial household formation and a growing preference for new homes over existing ones.
2. <u>Fundamentals appear to be bottoming, with a return to growth on the horizon</u>. Depressed construction activity and a potential peak in builder concessions may set the stage for improving sales and margins beginning in 2027.
3. <u>Meritage Homes has a credible path to substantial long-term growth</u>. Management targets 20,000 annual deliveries over time — a roughly 40% increase from current levels — driven by double-digit growth in community count. As volumes scale and elevated incentives normalize, operating margins could expand by 600 basis points or more. Together, these drivers could support earnings per share growth of 250% or more over time.

4. The homebuilding industry has seen a rising wave of consolidation, with several U.S. builders taken private in recent years. Further M&A activity would not be surprising, and Meritage Homes' scale and operational track record could make it an attractive candidate.
5. Valuation is attractive. The stock currently trades at a discount to book value; despite the premium it has historically commanded at times. Recent take-private transactions in the sector have been completed at 1.2 to 1.3 times book value, underscoring the potential upside from current levels.

While near-term uncertainty may continue to weigh on the shares, we are excited about Meritage Homes' long-term growth prospects and compelling valuation. We see meaningful potential for share price appreciation over the coming years, driven by earnings growth and multiple expansion.

Blackstone Inc. is the world's largest alternative asset manager with over $1.3 trillion in assets under management and the largest real estate manager in the world according to management. As we noted in our first quarter letter, while we consolidated our positions in the alternative asset manager space, Blackstone remained high on our list to revisit. Given severe multiple compression across the sector with all alternative managers being painted with a broad brush and extreme investor negativity, we took advantage of the volatility to reinitiate a position in the company at what we deemed to be highly compelling valuation levels. While the liquidity narrative dominates headlines, underlying fundamentals continue to be strong. We retain long-term conviction in Blackstone due to its premier brand, global franchise, loyal customers, exceptional balance sheet, and an excellent management team. At current share price levels, we believe the company is well positioned to benefit as the liquidity narrative fades and realization activity accelerates.

We participated in the IPO of **Blackstone Digital Infrastructure Trust Inc.**, a newly listed Blackstone-sponsored vehicle focused on acquiring stabilized, fully leased data centers underpinned by long-term non-cancellable leases to the world's largest hyperscalers in primary data center markets. The opportunity is compelling given the absence of large-scale capital dedicated to acquiring stabilized data center assets – leaving a significant volume of institutional-quality assets available at attractive prices with limited competition. Blackstone's sponsorship brings an unparalleled sourcing advantage, having invested $200 billion into digital infrastructure since 2018 and sourcing over 85% of deals off market, alongside a near-term actionable pipeline of $25 billion. We believe the long-term leases with annual escalators and limited exposure to operating risks support a highly visible, attractive return profile and risk/reward opportunity. We also spent considerable time with management prior to the IPO and came away highly impressed with the depth of the team, the quality of the identified pipeline, and the clarity of the long-term vision.

SECTOR

Top net sales for the quarter

	Quarter End Market Cap or Market Cap When Sold ($B)	Net Amount Sold ($M)
Wynn Resorts, Limited	10.1	51.6
Equinix, Inc.	102.8	42.7
Taylor Morrison Home Corporation	6.7	38.7
Ventas, Inc.	43.2	35.4
Prologis, Inc.	129.5	34.9

We recently trimmed the Fund's investment in **Wynn Resorts, Limited**, a global luxury owner and operator of integrated resorts (hotels and casino resorts), in part due to the delay in the opening of its new UAE resort. We may increase the Fund's ownership of Wynn at a later date.

Following a 40% increase in the shares of **Equinix, Inc.**, a leading global operator of data centers, we trimmed the Fund's large position in the company but remain bullish about the company's long-term business prospects.

Following the announcement of Berkshire Hathaway's agreement to acquire **Taylor Morrison Home Corporation**, a leading national homebuilder, we exited the Fund's investment in the company.

Concluding Thoughts on the Prospects for Real Estate and the Fund

As outlined in our first quarter letter, we remain mindful of the headwinds that could weigh on equity markets in the coming months. Periods of volatility and sharp dislocations have historically been our best opportunity to reposition the Fund — and the first half of 2026 was no exception. We remain actively engaged and confident in our ability to continue doing so.

We maintain our constructive outlook for the broader equity market, public real estate, and the Fund.

Stock Market Outlook

Our research points to broadly stable economic conditions ahead, supported by several potential tailwinds. On the policy front, reduced trade uncertainty, lower taxes, and enhanced depreciation incentives should encourage capital investment; deregulation and a more permissive M&A environment add further support. A Federal Reserve that eases gradually, combined with administration efforts to address housing supply constraints, provides an additional constructive backdrop. Beyond policy, we see AI-driven productivity gains as a meaningful catalyst — one with the potential to moderate inflation, compress long-term interest rates, and expand profit margins.

For these reasons, **we remain positive about the outlook for the stock market.**

Real Estate Market Outlook

We believe the conditions are in place for real estate to perform well in the next few years. Demand across most property sectors remains steady, with growth expected to improve over the next several years. At the same time, new supply has declined – often by more than 50% from peak 2002 levels – a dynamic we believe is underappreciated.

As a result, growth may rebound more quickly than in prior cycles, as the sector is not burdened by excess supply or elevated vacancies. Many public real estate shares have lagged, and valuations have reset to reflect a higher cost of capital, leaving many trading at attractive discounts relative to private market values. This disparity could catalyze ongoing real estate M&A activity.

Balance sheets remain strong, and credit markets are supportive. Additionally, moderating shelter inflation and productivity gains from AI could contribute to lower long-term interest rates – an important potential catalyst for the sector.

Taken together, we believe a favorable combination of cash flow growth, dividends, and the potential for multiple expansion in public real estate valuations could generate double-digit annual returns in the years ahead.

So, in our opinion, ***this is an attractive time to invest in real estate***.

Baron Real Estate Fund® Outlook

We continue to believe the benefits of the Fund's broader and more flexible investment approach – encompassing a wide range of real estate companies, including both REITs and non-REIT real estate-related businesses – will become increasingly advantageous in the years ahead. In our view, a rapidly evolving real estate landscape demands more selective and discerning analysis.

While some companies are positioned to potentially benefit from accelerating tailwinds, others are likely to face persistent headwinds. We believe the portfolio is composed of competitively advantaged real estate companies that are generally well positioned to grow faster than their peers. The Fund is structured to capitalize on compelling investment themes, and we believe current valuations and return prospects are attractive.

For these reasons, **we remain positive about the outlook for the Baron Real Estate Fund.**

Top 10 holdings

	Quarter End Market Cap ($B)	Quarter End Investment Value ($M)	Percentage of Net Assets (%)
Welltower Inc.	160.2	136.3	5.9
Toll Brothers, Inc.	15.4	117.2	5.1
Equinix, Inc.	102.8	113.4	4.9
The Macerich Company	7.5	97.2	4.2
Meritage Homes Corporation	5.6	96.3	4.2
Hyatt Hotels Corporation	18.3	76.5	3.3
Brookfield Corporation	104.4	72.5	3.2
Prologis, Inc.	129.5	71.3	3.1
Hilton Worldwide Holdings Inc.	75.2	69.5	3.0
Blackstone Digital Infrastructure Trust Inc.	2.2	65.7	2.9

I would be remiss without acknowledging our core real estate team – David Kirshenbaum (assistant portfolio manager), George Taras (senior analyst), and David Berk (analyst). Their dedication, intellectual curiosity, and passion for the work remain impressive.

Our team and I remain fully committed and energized to delivering strong long-term results.

I proudly remain a major shareholder of the Baron Real Estate Fund.

Sincerely,

Jeffrey Kolitch
Portfolio Manager

[1] The **MSCI USA IMI Extended Real Estate Index Net (USD)** is a custom index calculated by MSCI for, and as requested by, BAMCO, Inc. The index includes real estate and real estate-related GICS classification securities. MSCI makes no express or implied warranties or representations and shall have no liability whatsoever with respect to any MSCI data contained herein. The MSCI data may not be further redistributed or used as a basis for other indices or any securities or financial products. This report is not approved, reviewed or produced by MSCI. The **MSCI US REIT Index Net (USD)** is designed to measure the performance of all equity REITs in the U.S. equity market, except for specialty equity REITs that do not generate a majority of their revenue and income from real estate rental and leasing operations. The **S&P 500 Index** measures the performance of 500 widely held large-cap U.S. companies. MSCI is the source and owner of the trademarks, service marks and copyrights related to the MSCI Indexes. The MSCI Indexes and the Fund include reinvestment of dividends, net of foreign withholding taxes, while the S&P 500 Index includes reinvestment of dividends before taxes. Reinvestment of dividends positively impacts performance results. The indexes are unmanaged. Index performance is not Fund performance. Investors cannot invest directly in an index.

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

[3] Not annualized.

* **Vanguard Real ETF**'s annualized returns (NAV) as of June 30, 2026: 1-year, 12.48%; 5-year, 2.79%; 10-year, 4.91%; and Since Fund Inception (12/31/2009), 8.94%.

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.

For information pertaining to competitor funds, please refer to that firm's website.

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

The Morningstar Rating™ for funds, or "star rating", is calculated for managed products (including mutual funds, variable annuity and variable life subaccounts, exchange-traded funds, closed-end funds, and separate accounts) with at least a three-year history. Exchange-traded funds and open-ended mutual funds are considered a single population for comparative purposes. It is calculated based on a Morningstar Risk-Adjusted Return measure that accounts for variation in a managed product's monthly excess performance, placing more emphasis on downward variations and rewarding consistent performance. The top 10% of products in each product category receive 5 stars, the next 22.5% receive 4 stars, the next 35% receive 3 stars, the next 22.5% receive 2 stars, and the bottom 10% receive 1 star. The Overall Morningstar Rating for a managed product is derived from a weighted average of the performance figures associated with its three-, five-, and 10-year (if applicable) Morningstar Rating metrics. The weights are: 100% three-year rating for 36-59 months of total returns, 60% five-year rating/40% three-year rating for 60-119 months of total returns, and 50% 10-year rating/30% five-year rating/20% three-year rating for 120 or more months of total returns. While the 10-year overall star rating formula seems to give the most weight to the 10-year period, the most recent three-year period actually has the greatest impact because it is included in all three rating periods.

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. **Funds From Operations (FFO)** measures the cash flow generated by a real estate investment trust (REIT), excluding depreciation and amortization, and is often used to assess its 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.

Investment Products: NOT FDIC INSURED | MAY LOSE VALUE | NOT BANK GUARANTEED

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 | JUNE 30, 2026

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

Baron Real Estate Income Fund (the Fund) delivered strong results in the second quarter. The Fund increased 12.18% (Institutional Shares), modestly outperforming the MSCI US REIT Index (the REIT Index), which increased 11.84%.

The Fund's long-term performance remains strong. As of June 30, 2026, Morningstar ranks the Fund as the #2 real estate fund since its inception on December 29, 2017. The only fund ahead of us is the Baron Real Estate Fund, which we also manage and offers three share classes.

We will address the following topics in this letter:

- Our current top-of-mind thoughts
- Portfolio composition
- Top contributors and detractors to performance
- Recent activity
- Concluding thoughts on the prospects for real estate and the Fund

Annualized performance (%) for periods ended June 30, 2026

	Fund Retail Shares[1,2]	Fund Institutional Shares[1,2]	MSCI US REIT Index[1]	S&P 500 Index[1]
QTD[3]	12.10	12.18	11.84	15.20
YTD[3]	13.30	13.44	16.89	10.21
1 Year	18.75	19.11	19.70	22.32
3 Years	13.54	13.82	11.03	20.61
5 Years	4.88	5.15	4.58	13.41
Since Inception (12/29/2017)	9.63	9.88	5.85	14.74
Since Inception (12/29/2017) (Cumulative)[3]	118.48	122.77	62.15	221.79

As of June 30, 2026, the Morningstar Real Estate Category consisted of 207, 199, 191, and 185 share classes for the 1-, 3-, 5-year, and since inception (December 29, 2017) periods. Morningstar ranked Baron Real Estate Income Fund Institutional Share Class in the 19th, 1st, 16th, 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 39th, 3rd, 28th, and 3rd best performing share class in its Category, for the 1-, 3-, 5-year, and since inception periods, respectively.

Since inception rankings include all share classes of funds in the Morningstar Real Estate Category. Performance for all share classes date back to the inception date of the oldest share class of each fund based on Morningstar's performance calculation methodology.

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

Performance listed in the above table is net of annual operating expenses. The gross annual expense ratio for the Retail Shares and Institutional Shares as of April 30, 2026 was 1.23% and 0.88%, 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.

Our Current Top-of-Mind Thoughts

The first half of 2026 offered early evidence that a multi-year recovery in real estate — a long out-of-favor asset class — is beginning to take shape. Several REITs and travel- and residential-related companies performed well over the period, though we believe the broader recovery remains in its early innings.

We are clear-eyed about the headwinds: elevated interest rates, housing affordability pressures, and AI-driven disruption are real considerations. Yet our optimism about public real estate's prospects remains firm, grounded in several themes we have explored in recent shareholder letters:

1. **Real Estate Has Lagged**
   - Despite a solid start to 2026, many real estate stocks — both REITs and non-REIT companies — have underperformed the broader market for several years. For example, over the five years ending June 30, 2026, the S&P 500 Index has returned 13.41% annually versus just 4.58% annually for the REIT Index.
2. **Real Estate Continues to Offer Relative Value**
   - Many publicly traded real estate companies are trading at attractive valuations, offering what we believe to be a timely investment opportunity.
   - Across multiple REIT categories – including multi-family, single-family rentals, hotels, strip centers, office, life sciences, cold storage, self-storage, timber – valuations, based on our research, are 10% to 50% below replacement cost or recent private market transaction values.
3. **Privatizations of Discounted Public Real Estate Are Accelerating**
   - As we have noted in prior letters, many publicly traded real estate companies trade at meaningful discounts to private market values.
   - M&A activity has accelerated across multi-family, self-storage, shopping centers, industrial, retail, health care, homebuilders, and other real estate sectors — further underscoring the disconnect between public market valuations and underlying private asset values. We believe this valuation gap creates the potential for additional public company acquisitions.
4. **Supply-Demand Dynamics Favor Real Estate**
   - Across much of the sector, demand continues to outpace supply — a dynamic that supports occupancy gains, rent growth, increased home sales, cash flow expansion, and improving valuations.
   - Importantly, construction activity across many real estate segments has fallen to decade lows (Source: Green Street Advisors, LLC), which should set the stage for a faster growth rebound than in prior cycles as demand continues to strengthen.
5. **Balance Sheets Are Healthy and the Debt Environment Is Improving**
   - Real estate balance sheets are in strong shape, characterized by prudent leverage, well-laddered debt maturities, and a balanced mix of fixed- and floating-rate obligations.
   - Should long-term interest rates decline — driven by the deflationary effects of AI, moderating shelter inflation, or a more accommodative Federal Reserve over time — borrowing costs could fall. Lower rates would likely support higher real estate valuations, stimulate housing market activity, and accelerate M&A, further underscoring the relative attractiveness of public real estate.
6. **Real Estate Is Increasingly an AI Beneficiary**
   - The market has increasingly rewarded owners with tangible, hard-to-replicate assets - what we describe as HALO (Heavy Assets, Low Obsolescence) businesses - including REITs, homebuilders, and other real estate-related companies. These businesses tend to offer greater near-term earnings visibility and lower risk of AI-driven disruption compared to many segments of the digital economy.
7. **Investors Remain Underweight Real Estate**
   - If investors rebalance toward the sector, increased capital flows could provide a meaningful lift to valuations and share prices.
8. **We See a Path to Double-Digit Annual Returns**
   - We believe the Baron Real Estate Income Fund® is well-positioned to deliver double-digit annual returns over the next several years, supported by improving growth prospects, rising dividends, and what we view as compelling valuations across the portfolio.

Baron Real Estate Income Fund offers a compelling way to access the long-term return potential of the real estate sector

We believe our approach to embracing and structuring a more expansive and diversified real estate income fund where we invest primarily in REITs (at least 75% to 80% of net assets) but also have the optionality to invest up to 20% to 25% in non-REIT real estate companies (primarily dividend-paying real estate companies), will shine even brighter in the years ahead, in part due to the rapidly changing real estate landscape which, in our opinion, requires more discerning analysis.

In our opinion, our highly differentiated real estate fund enjoys several attractive attributes compared to:

- Actively managed REIT funds: The Fund benefits from a broader investment universe and reduced reliance on the debt markets. *Since inception on December 29, 2017, the Fund has increased 9.88% on an annualized basis versus the REIT Index, which increased 5.85%.*
- Passive/ETF real estate funds: The Fund has the flexibility to be selective, emphasizing companies with attractive long-term prospects rather than broadly replicating an index and owning both higher- and lower-quality real estate businesses. *Since inception on December 29, 2017, the Fund has increased*

SECTOR

*9.88% annually versus the Vanguard Real Estate ETF, which increased 5.76%.**

- Non-traded REITs and private real estate: The Fund provides enhanced liquidity, diversification, valuation transparency, lower fees and strong performance over the long term.

Portfolio Composition

As of June 30, 2026, the Fund's net assets were allocated as follows: REITs (80.6%), non-REIT real estate companies (15.8%), and cash and cash equivalents (3.6%). We maintain exposure across 13 distinct REIT categories.

Our allocations to both REIT and non-REIT real estate categories are driven by bottom-up fundamental research and our assessment of relative opportunities within each segment, as discussed in detail below.

Fund investments in REIT categories

	Percent of Net Assets (%)	
REITs		**80.6**
Health Care REITs	16.7†	
Industrial REITs	11.8	
Multi-Family REITs	9.4	
Data Center REITs	9.1	
Mall REITs	8.1	
Self-Storage REITs	6.4	
Hotel REITs	5.1	
Office REITs	4.6	
Triple Net REITs	4.0	
Timber REITs	2.4	
Other REITs	1.5	
Shopping Center REITs	1.3	
Mortgage REITs	0.2	
Non-REIT Real Estate Companies		**15.8**
Cash and Cash Equivalents		**3.6**
Total		**100.0***

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

† *Includes investment in Alexandria Real Estate Equities, Inc., which we consider to be a Life Sciences REIT.*

In the first half of 2026, several REIT categories delivered strong results — including health care, data centers, retail malls and shopping centers, self storage, and hotels. Performance was partially offset by select non-REIT holdings facing headwinds from housing affordability pressures, AI disruption concerns, software sector exposure, and the structural dynamics of private credit and semi-liquid vehicles. We have made portfolio adjustments we believe position the Fund well for improved performance ahead.

The outlook for REITs remains compelling, underpinned by a convergence of favorable factors:

- **Attractive valuations.** REITs have lagged broader markets, leaving them attractively priced on both an absolute and relative basis — a gap we expect to close.
- **Favorable supply/demand dynamics.** Constrained new supply across key property types, combined with resilient demand, sets the stage for sustained rent growth.
- **Aligning tailwinds.** REITs stand to potentially benefit from both a cyclical economic upturn and durable long-term structural growth themes.
- **AI as an asset, not a liability.** As asset-intensive businesses, many REITs are more insulated from AI disruption — and in many cases stand to potentially benefit directly from it.
- **Financial strength.** Most REITs carry solid balance sheets, growing dividends, and built-in inflation protection through lease structures.
- **A compelling return outlook.** Taken together, these factors support an attractive multi-year return opportunity for patient investors.

Summary REIT and Non-REIT Category Commentary

Health Care REITs (16.7%)

- **We remain constructive on the multi-year outlook for senior housing and continue to favor Welltower Inc. and Janus Living, Inc.**
- We believe the sector is well positioned to benefit from both ***cyclical recovery and durable secular tailwinds***. Operating fundamentals are improving, with rent growth and rising occupancy, while new supply remains constrained due to elevated construction costs and restrictive financing conditions. Longer term, demand should be supported by favorable demographic trends, including the aging of the baby boomer cohort and accelerating growth in the population aged 80 and over. Expense pressures, particularly labor-related, have largely moderated. We also see the ***potential for attractive, accretive acquisition opportunities***, especially for Welltower given its cost of capital advantage.
- In the second quarter, we acquired shares in **Alexandria Real Estate Equities, Inc.**, a REIT that owns a portfolio of life science office properties concentrated in Boston, San Diego, San Francisco, Seattle, New York, and North Carolina. Alexandria is classified as a Health Care REIT, but we view it as Life Sciences. The company accounted for 4.0% of the Fund's assets as of quarter end.
- **We have been cautious on the prospects for life science real estate for several years, owing to a sharp slowdown in demand, several years of excess supply deliveries, and a rising cost of capital that negatively impacted financing costs and development economics. While we remain cautious, we have begun to see signs that business fundamentals are beginning to stabilize. We believe Alexandria's growth can inflect positively over the next couple years and, in the meantime, the company will sell select properties and accretively recycle capital into share repurchases.**

Industrial REITs (11.8%)

- **We remain constructive on the Fund's industrial REIT holdings, Prologis, Inc., EastGroup Properties, Inc.,** and **Terreno Realty Corporation, driven by a favorable multi-year outlook for demand, supply, and rent growth**. We see ***significant embedded growth potential from in-place rents that generally sit approximately 20% below market levels, as well as secular tailwinds*** including e-commerce expansion, supply chain logistics, "just-in-time" inventory strategies, and nearshoring/onshoring trends.

Multi-Family REITs (9.4%)

- **In the second quarter of 2026, we increased exposure to multi-family REITs Equity Residential, Essex Property Trust, Inc., and UDR, Inc. While multi-family REITs have been "cheap" for some time, we are finally seeing early signs of an improvement in business fundamentals that could continue over the next several years given the highly favorable supply/demand backdrop combined with strong growth in "laggard markets" such as San Francisco.**
- **In 2025, we maintained a cautious view on multi-family REITs** due to ***modest near-term growth prospects, influenced by factors such as job losses, younger renters opting to stay at home or "double up," and elevated apartment inventory***.
- **Though we had been cautious, we have become more constructive on multi-family REITs** supported by rental affordability versus for-sale housing (with move-outs to purchase remaining at historic lows), a favorable supply outlook through 2027, partial inflation hedging through annual leases, strong rent-to-income ratios among employed renters, and attractive public market valuations relative to private markets and other REIT categories.

Data Center REITs (9.1%)

- **We remain encouraged by the long-term growth prospects for data centers. The Fund holds data center REIT positions in Equinix, Inc. and Digital Realty Trust, Inc.**
- We'd also like to note that the Fund maintains additional data center exposure through its investments in other REITs such as **Prologis, Inc.** and **Iron Mountain Incorporated**, both of which have data center businesses, and in non-REIT data center company, **GDS Holdings Limited**.
- Data center landlords are benefiting from ***low vacancy, strong demand relative to supply, constrained power availability, rising rental rates, and significant pre-leasing prior to large-scale expansions*** – an improvement over the historical norm. Several ***secular trends support robust fundamentals globally, including IT outsourcing, rising cloud adoption, growing mobile and internet traffic, and AI-driven data demand***. As data continues to grow exponentially, the need to process, transmit, and store it underpins long-term demand for data center space. Early adoption of enterprise AI is just beginning to emerge and may further accelerate existing trends by driving additional digital transformation investments as costs decline.

Mall REITs (8.1%)

- **We remain positive about mall REITs, particularly The Macerich Company** and **Simon Property Group, Inc.** The fundamentals for high-quality mall and outlet assets remain supportive: ***tenant demand is strong, high occupancy and limited new developments create scarcity, favorable supply/demand dynamics enable rent growth, and valuations remain attractive***.
- We remain optimistic about the two- to three-year prospects for Macerich. Continued engagement with CEO Jackson Hseih reinforces our confidence that the company can create meaningful long-term value through initiatives such as divesting non-core properties, reducing debt, improving the mix of tenants, and acquiring value-added mall properties at attractive prices.

Self-Storage REITs (6.4%)

- **In the last few years, we have been cautious about self-storage REITs due to several years of flat to negative growth. In 2025, our outlook became moderately more positive, as our research suggested a potential inflection point, with growth possibly reaccelerating in 2026-2027.**
- Over the long term, we continue to view self-storage as an attractive business that has a long history of generating solid growth with strong inflation protection characteristics and comparatively low capital intensity.
- In 2026, we re-initiated positions in **Public Storage** and **CubeSmart**. The Fund also maintains its position in **Extra Space Storage Inc.**

Hotel REITs (5.1%)

- **We believe hotel REITs are well positioned to benefit from a favorable "*trifecta*" of cyclical, secular, and 2026-specific tailwinds, which should support strong fundamentals and share price performance.**
- The Fund maintains a position in **Host Hotels & Resorts, Inc.**, the world's largest lodging REIT according to the company's website. We view the company favorably due to its portfolio of premier hotels in attractive locations, which we expect to generate strong growth over time, combined with a strong, liquid investment-grade balance sheet. Current valuations appear compelling.
- In 2026, the Fund re-initiated a position in **Pebblebrook Hotel Trust**, a leading owner of 44 luxury and upper-upscale lifestyle hotels across 13 urban and resort markets.

Office REITs (4.6%)

- **In 2024 and 2025 we were bullish on select office REITs, while remaining generally cautious on broader office real estate due to both cyclical and secular headwinds that we expected would persist.**
- Entering 2026 we exited our office REIT investments over concerns pertaining to AI adoption, anemic job growth, disappointing earnings growth outlooks, and "as good as it gets" leasing volumes.

- **In the second quarter, we reacquired shares 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, following a share price correction in the first quarter. We believe the company's growth prospects are likely to accelerate in late 2026 and 2027 and its valuation is compelling relative to replacement cost and private market valuations.

Triple Net REITs (4.0%)

- **We remain optimistic about the long-term prospects for certain triple net REITs.**
- In the second quarter, we repositioned our triple net REIT exposure by exiting **Essential Properties Realty Trust, Inc.** and **Agree Realty Corporation** and purchasing **Blackstone Digital Infrastructure Trust Inc.**
- **Following several management meetings over the course of a few weeks, we participated in the Blackstone Digital IPO that was priced in May. We believe the company, which is supported by the same team at Blackstone that built out its broader data center platform, has a first mover advantage in institutionalizing the "stabilized" segment of the data center market. We believe there is a highly compelling external growth opportunity combined with potential cap rate compression/multiple expansion that will lead to strong future shareholder returns.**

Timber REITs (2.4%)

- **We are optimistic about the prospects for the Fund's timber REIT position in Weyerhaeuser Company**, one of the world's largest owners of timberlands with approximately 10 million acres in the U.S. and an additional 13 million acres that are licensed in Canada. Weyerhaeuser is also a major manufacturer of wood products – including lumber, OSB, plywood - used in new housing construction and remodeling projects. **We view the shares as historically inexpensive and well positioned to potentially benefit from an eventual recovery in the U.S. housing market.**

Other REITs (1.5%)

- **We are optimistic about the prospects for Iron Mountain Incorporated**. The company offers records storage management along with an evolving fast-growing data center segment. We are encouraged by the company's prospects to grow overall cash flow by more than 10% per year over the next several years. Growth is underpinned by predictable and stable growth in its core records management business while outsized growth is driven by its data center business, which has visibility to more than triple operational capacity from today's in-place base.

Shopping Center REITs (1.3%)

- **In the second quarter, we acquired shares in Curbline Properties Corp., a shopping center REIT that owns a portfolio exclusively concentrated on convenience properties located on the curbline of well-tracked intersections and vehicular corridors in highly desirable markets. We believe Curbline checks all the boxes that we seek in our investments: a differentiated strategy, competitive advantages, repeatable double digit annual growth prospects through organic growth and accretive acquisitions, healthy balance sheet (very little debt), and a proven management team with incentives aligned with shareholders.**

Mortgage REITs (0.2%)

- **The Fund continues to have a favorable view of Blackstone Mortgage Trust, Inc.**, which specializes in real estate credit investments. The company benefits from several competitive advantages, including sponsorship by Blackstone Inc., a global platform providing access to a diversified pipeline of real estate credit opportunities, and a strong, liquid balance sheet. With ***a 10% dividend yield, a valuation below book value, and improving business prospects, we view Blackstone Mortgage Trust as a compelling investment for the Fund***.

Non-REIT Real Estate Companies (15.8%)

- While the Fund emphasizes REITs, we retain flexibility to invest in non-REIT real estate companies, which we typically limit to approximately 25% of net assets. At times these investments may offer more attractive growth, income, valuation, and share price appreciation potential relative to traditional REITs.
- Current non-REIT holdings include **Meritage Homes Corporation**, **Brookfield Infrastructure Corporation**, **Marriott Vacations Worldwide Corporation**, **Fortune Brands Innovations, Inc.**, **CRH public limited company**, **Vail Resorts, Inc.**, **The Home Depot, Inc.**, **GDS Holdings Limited**, and **Wyndham Hotels & Resorts, Inc.**

Top Contributors and Detractors

Top contributors to performance for the quarter

	Quarter End Market Cap ($B)	Contribution to Return (%)
The Macerich Company	7.5	1.56
Welltower Inc.	160.2	1.40
Pebblebrook Hotel Trust	2.2	1.06
Host Hotels & Resorts, Inc.	16.2	0.94
Marriott Vacations Worldwide Corporation	3.5	0.82

The Macerich Company, a high-quality retail mall REIT, contributed positively to performance in the second quarter, driven by management's continued strong execution. Key highlights included nearing full achievement of the leasing targets outlined in its Path Forward Plan, a growing pipeline of accretive acquisitions, and an opportunistic equity raise that further strengthened balance sheet flexibility.

As previously outlined, we remain optimistic about Macerich's prospects over the next several years. The fundamental backdrop for high-quality mall real estate remains favorable: tenant demand is robust, desirable retail space is scarce (occupancy is high with little new mall development), and the resulting demand/supply imbalance is giving landlords meaningful pricing power. We continue to engage with CEO Jackson Hsieh, a well-regarded outsider who is bringing a fresh, analytical lens to the company's real estate portfolio. We believe he will continue to unlock significant value by divesting non-core properties and reducing debt. Our conviction has grown that the company can generate over $2.00 in FFO over the next couple of years, which we believe would be a meaningful catalyst for share price appreciation from current levels.

Shares of **Welltower Inc.** continued to perform well during the quarter driven by robust cash flow growth in its senior housing portfolio with strong occupancy gains, rent growth and margin expansion. The company also continued to see further traction on its other recent initiatives such as monetization of its proprietary data analytics platform and broader implementation of its in-house operating platform to drive superior asset level performance. Welltower is primarily an operator of senior housing real estate properties.

Shares of **Pebblebrook Hotel Trust** increased significantly during the quarter, driven by a standout earnings report that significantly exceeded expectations across all key metrics. Results reflected broad-based strength across both urban and resort markets, with particularly notable recovery in Los Angeles and San Francisco, driving meaningful margin expansion and bottom-line outperformance. Management also raised its full-year outlook, reinforcing confidence in the durability of the urban lodging recovery and potential for outperformance, while incoming monthly lodging data has been supportive of this outlook throughout the quarter.

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Top detractors from performance for the quarter

	Quarter End Market Cap or Market Cap When Sold ($B)	Contribution to Return (%)
GDS Holdings Limited	6.0	(0.39)
Blackstone Mortgage Trust, Inc.	2.9	(0.11)
Vail Resorts, Inc.	4.9	(0.08)
Weyerhaeuser Company	17.3	(0.04)
American Healthcare REIT, Inc.	8.8	(0.02)

Despite solid operating results and after strong performance to start the year, shares of **GDS Holdings Limited** declined in the second quarter. Several items weighed on performance including management communication about full-year guidance components, a material step-up in capital expenditure over the next few years and a slight delay in timing when the company is expected to see a growth inflection in its underlying results. While we continue to see evidence of the building AI wave in China through significant bookings growth and see material under-appreciated value in GDS' stake in its spun-out international subsidiary (DayOne), we trimmed our position and reallocated capital to ideas where we have a higher degree of visibility and lower exogenous risks such as the current geopolitical environment.

Shares of **Blackstone Mortgage Trust, Inc.** lagged during the quarter, weighed down by a marginal first quarter book value decline, lingering concerns about credit quality and overall challenging commercial real estate lending environment given resurgent inflation, and an elevated rate environment creating an unfavorable backdrop. We trimmed our position and reallocated capital into other ideas discussed earlier.

Shares of **Vail Resorts, Inc.** continued to lag following the poor winter snow season across its resort portfolio and the worst snowfall in the Colorado Rockies on record. As a result, this led to depressed results and forward demand with pass sales tracking down 10% year-over-year per the recent update. We believe much of the softening pass demand and earnings revision following the historically poor snow year was largely priced in and shares present compelling value at approximately nine times cash flow. We are encouraged by management's efforts to turnaround growth and find cost efficiencies while starting from a cyclical weather trough.

Recent Activity

Top net purchases for the quarter

	Quarter End Market Cap ($B)	Net Amount Purchased ($M)
BXP, Inc.	10.6	13.5
Alexandria Real Estate Equities, Inc.	9.2	11.8
Blackstone Digital Infrastructure Trust Inc.	2.2	11.0
Equity Residential	25.5	8.4
Meritage Homes Corporation	5.6	7.8

During the quarter we reacquired shares of **BXP, Inc.**, a blue-chip office REIT that owns a portfolio of premier office properties concentrated in coastal U.S. markets including Boston, New York City, San Francisco, Washington, DC, Los Angeles, and Seattle. We are excited about BXP's prospects for several reasons:

1. <u>Blue-chip company</u>, with an irreplaceable portfolio in markets with high barriers to entry, a proven development track record, a strong balance sheet, and an excellent management team.
2. <u>Strong fundamental backdrop for high-quality office properties in select markets</u>. Generally, return-to-work and a pick-up in lease decision-making has led to improved leasing velocity across many office markets, particularly for high-quality properties that are benefiting from a "flight to quality." At the same time, the supply picture for many office markets is favorable over the next several years given a dearth of new construction deliveries. We believe this backdrop can support improved rent growth in many markets over the next several years.

3. BXP anticipates a growth acceleration in 2027, driven by occupancy and rent gains across its East Coast and West Coast markets that are expected to drive cash flow and earnings growth. West Coast markets have been slower to recover, but there are encouraging signs that fundamentals are bottoming.
4. Attractive growth prospects over the next several years, as management believes the company can potentially grow earnings (FFO) mid-single digits, driven by occupancy gains (88% current versus 92% target), rent growth, and development lease up, offset in part by debt refinancing headwinds.

At its recent share price of $68, BXP is being valued at a 7.3% implied cap rate and less than $600 per square foot, which is a steep discount to private market values (5% to 6% cap rates) and replacement cost (well over $1,000 per square foot).

During the quarter, we initiated a position in **Alexandria Real Estate Equities, Inc.** following a roughly 75% decline in the share price over the past several years. Alexandria is a pure-play owner and developer of life science real estate in the U.S., with an irreplaceable portfolio concentrated in the premier life science clusters — Greater Boston, San Francisco, San Diego, and Research Triangle Park. We are excited about Alexandria's prospects for several reasons:

1. Blue-chip company, with an irreplaceable portfolio in high-barrier markets with strong network effects, deep tenant relationships, best-in-class development expertise, a strong balance sheet, and an excellent founder-led management team.
2. Bottoming fundamentals for high-quality life science real estate. After several years of headwinds — stalled demand, excess supply, elevated vacancy, and declining rents — fundamentals appear to be in the early stages of bottoming. While conditions remain challenging, tenant demand is beginning to improve meaningfully across most submarkets and supply pressures are gradually easing, setting the stage for a recovery in rents and cash flow in the coming years.
3. Alexandria's disposition activity is an encouraging sign of improving market conditions. Buyer appetite for high-quality life science real estate has improved meaningfully versus a year ago, as institutional capital has returned to the sector. Dispositions are also an important source of liquidity for the company's capital plan. Notably, transaction valuation multiples may be significantly higher than those implied by the current share price — highlighting the stock's attractive valuation.

At its recent share price of $50, Alexandria is being valued at a 7.9% implied cap rate and less than $650 per square foot, which is a steep discount to private market values (5% to 6% cap rates) and replacement cost (well over $1,000 per square foot).

We participated in the IPO of **Blackstone Digital Infrastructure Trust Inc.**, a newly listed Blackstone-sponsored vehicle focused on acquiring stabilized, fully leased data centers underpinned by long-term, non-cancellable leases to the world's largest hyperscalers in primary data center markets. The opportunity is compelling given the absence of large-scale capital dedicated to acquiring stabilized data center assets – leaving a significant volume of institutional-quality assets available at attractive prices with limited competition. Blackstone's sponsorship brings an unparalleled sourcing advantage, having invested $200 billion into digital infrastructure since 2018 and sourcing over 85% of deals off market, alongside a near-term actionable pipeline of $25 billion. We believe the long-term leases with annual escalators and limited exposure to operating risks support a highly visible, attractive return profile and risk/reward opportunity. We also spent considerable time with management prior to the IPO and came away highly impressed with the depth of the team, the quality of the identified pipeline, and the clarity of the long-term vision.

Top net sales for the quarter

	Quarter End Market Cap or Market Cap When Sold ($B)	Net Amount Sold ($M)
Ventas, Inc.	40.8	15.0
Essential Properties Realty Trust, Inc.	6.5	8.9
American Healthcare REIT, Inc.	8.8	6.3
Wynn Resorts, Limited	10.1	6.1
Digital Realty Trust, Inc.	64.2	6.0

Though we remain bullish on the long-term prospects for senior housing-focused REITs **Ventas, Inc.** and **American Healthcare REIT, Inc.**, we chose to consolidate the Fund's exposure to this REIT category given strong relative performance over the last two years and the desire to acquire certain REITs that we believe are more attractively valued. We remain bullish on the long-term prospects for Ventas and American Healthcare and may acquire shares in the future.

We exited the Fund's position in **Essential Properties Realty Trust, Inc.** and reallocated to the proceeds to other REITs that we believe may offer superior return potential.

Concluding Thoughts on the Prospects for Real Estate and the Fund

As outlined in our first quarter letter, we remain mindful of the headwinds that could weigh on equity markets in the coming months. Periods of volatility and sharp dislocations have historically been our best opportunity to reposition the Fund — and the first half of 2026 was no exception. We remain actively engaged and confident in our ability to continue doing so.

We maintain our constructive outlook for the broader equity market, public real estate, and the Fund.

Stock Market Outlook

Our research points to broadly stable economic conditions ahead, supported by several potential tailwinds. On the policy front, reduced trade uncertainty, lower taxes, and enhanced depreciation incentives should encourage capital investment; deregulation and a more permissive M&A environment add further support. A Federal Reserve that eases gradually, combined with administration efforts to address housing supply constraints, provides an additional constructive backdrop. Beyond policy, we see AI-driven productivity gains as a meaningful catalyst — one with the potential to moderate inflation, compress long-term interest rates, and expand profit 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 real estate to perform well in the next few years. Demand across most property sectors remains steady, with growth expected to improve over the next several years. At the same time, new supply has declined – often by more than 50% from peak 2002 levels – a dynamic we believe is underappreciated.

As a result, growth may rebound more quickly than in prior cycles, as the sector is not burdened by excess supply or elevated vacancies. Many public real estate shares have lagged, and valuations have reset to reflect a higher cost of capital, leaving many trading at attractive discounts relative to private market values. This disparity could catalyze ongoing real estate M&A activity.

Balance sheets remain strong, and credit markets are supportive. Additionally, moderating shelter inflation and productivity gains from AI could contribute to lower long-term interest rates – an important potential catalyst for the sector.

Taken together, we believe a favorable combination of cash flow growth, dividends, and the potential for multiple expansion in public real estate valuations could generate double-digit annual returns in the years ahead.

So, in our opinion, ***this is an attractive time to invest in real estate.***

<u>**Baron Real Estate Income Fund® Outlook**</u>

We remain optimistic about our differentiated approach: a diversified real estate income fund anchored in REITs (at least 75% of net assets), with the flexibility to invest up to 25% in high-quality, typically dividend-paying non-REIT real estate companies. We believe this structure is increasingly well-suited to today's rapidly evolving real estate landscape — one that demands more discerning analysis as tailwinds accelerate for some companies and headwinds persist for others. The portfolio is built around competitively advantaged real estate companies we expect to grow faster than the peer group. Valuations are attractive, and we believe the return outlook is compelling.

For these reasons, **we remain positive about the outlook for the Baron Real Estate Income Fund.**

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Top 10 holdings

	Quarter End Market Cap ($B)	Quarter End Investment Value ($M)	Percentage of Net Assets (%)
Welltower Inc.	160.2	29.0	9.7
Prologis, Inc.	129.5	23.0	7.7
Equinix, Inc.	102.8	22.3	7.5
The Macerich Company	7.5	18.0	6.1
BXP, Inc.	10.6	13.8	4.6
Equity Residential	25.5	13.1	4.4
Blackstone Digital Infrastructure Trust Inc.	2.2	12.0	4.0
Alexandria Real Estate Equities, Inc.	9.2	11.9	4.0
UDR, Inc.	13.0	9.9	3.3
Meritage Homes Corporation	5.6	9.7	3.3

Our Core Real Estate Team

I would be remiss without acknowledging our core real estate team – David Kirshenbaum (assistant portfolio manager), George Taras (senior analyst), and David Berk (analyst). Their dedication, intellectual curiosity, and passion for the work remain impressive.

Our team and I remain fully committed and energized to delivering strong long-term results.

I proudly remain a major shareholder of the Baron Real Estate Income Fund.

Sincerely,

Jeffrey Kolitch
Portfolio Manager

[1] The **MSCI US REIT Index Net (USD)** is designed to measure the performance of all equity REITs in the U.S. equity market, except for specialty equity REITs that do not generate a majority of their revenue and income from real estate rental and leasing operations. The **S&P 500 Index** measures the performance of 500 widely held large-cap U.S. companies. MSCI is the source and owner of the trademarks, service marks and copyrights related to the MSCI Indexes. The MSCI US REIT Index and the Fund include reinvestment of dividends, net of foreign withholding taxes, while the S&P 500 Index includes reinvestment of dividends before taxes. Reinvestment of dividends positively impacts performance results. The indexes are unmanaged. Index performance is not Fund performance. Investors cannot invest directly in an index.

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

[3] Not annualized.

* **Vanguard Real ETF**'s annualized returns (NAV) as of June 30, 2026: 1-year, 12.48%; 5-year, 2.79%; and Since Fund Inception (12/31/2017), 5.76%.

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

Risks: In addition to general market conditions, the value of the Fund will be affected by the strength of the real estate markets as well as by interest rate fluctuations, credit risk, environmental issues and economic conditions. The Fund invests in debt securities which are affected by changes in prevailing interest rates and the perceived credit quality of the issuer. The Fund invests in companies of all sizes, including small and medium sized companies whose securities may be thinly traded and more difficult to sell during market downturns.

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

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

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

For information pertaining to competitor funds, please refer to that firm's website.

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

The 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. **Funds From Operations (FFO)** measures the cash flow generated by a real estate investment trust (REIT), excluding depreciation and amortization, and is often used to assess its performance.

Investment Products: NOT FDIC INSURED | MAY LOSE VALUE | NOT BANK GUARANTEED

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QUARTERLY LETTER | JUNE 30, 2026

Baron Technology ETF™

Ticker: BCTK

Ashim Mehra
Portfolio Manager

Michael Lippert
Head of Technology Research
Portfolio Manager

Dear Baron Technology ETF™ Shareholder,

Performance

During the second quarter, Baron Technology ETF™ (the Fund) rose 38.95% (NAV), roughly in line with the MSCI ACWI Information Technology Index (the Benchmark), which gained 39.09%. The Fund outperformed both the Nasdaq-100 Index (the NDQ) and the S&P 500 Index, which advanced 27.74% and 15.20%, respectively.*

On a trailing three-year basis, the Fund generated an annualized return of 36.88%, outpacing both the Benchmark and NDQ, which were up 33.51% and 26.83%, respectively.*

Annualized performance (%) for periods ended June 30, 2026†

	ETF Market Price[1,2]	ETF NAV[1,2]	MSCI ACWI Information Technology Index[1]	S&P 500 Index[1]	MSCI ACWI Index[1]
QTD[3]	39.23	38.95	39.09	15.20	14.93
YTD[3]	29.31	29.35	29.73	10.21	11.25
1 Year	35.23	35.91	50.50	22.32	23.67
3 Years	36.65	36.88	33.51	20.61	19.70
Since Inception (12/31/2021)	17.06	17.19	19.70	12.21	10.94

Review and Outlook

Market Backdrop

After selling off in March amid the U.S.-Iran conflict and disruptions in the Strait of Hormuz, U.S. equity markets rallied to record highs during the second quarter, with most gains concentrated in April and May. The AI secular growth narrative was the principal driver of returns, overshadowing uncertainty surrounding a potential resolution to the U.S.-Iran conflict, shifting Federal Reserve rate expectations, and depressed consumer sentiment stemming from persistent inflation, high living costs, and elevated borrowing rates.

Market leadership was quite narrow during the quarter, with a dozen securities accounting for most of the S&P 500 Index's gains. The 12 largest contributors were either Information Technology (IT) stocks or members of the Magnificent Seven complex—companies perceived as direct beneficiaries of AI capital spending and electrification, and what the market has come to call "AI winners." **Micron Technology, Inc.**, one of the three largest memory chip manufacturers globally, appreciated 242%, vaulting it into the trillion-dollar market cap club alongside fellow semiconductor giants **NVIDIA Corporation** and **Broadcom Inc.** This market concentration is arguably defensible on fundamentals: the S&P 500 posted one of its strongest quarterly earnings results in five years, driven largely by the Magnificent Seven, which reported blended earnings growth of more than 60%, well above the low double-digit growth recorded by the rest of the Benchmark.

Sector performance reflected the quarter's one-sided market dynamic. IT outpaced all other sectors by a wide margin, accounting for roughly two-thirds of the S&P 500 Index's gains and advancing 31.8% for the quarter. The next closest sector, Industrials, rose 14.9%. IT strength was concentrated in AI infrastructure builders within the semiconductors and semiconductor materials & equipment sub-industries.

From a style perspective, following three consecutive months of underperformance to begin 2026, growth stocks staged a meaningful comeback in the second quarter, fueled by the AI-driven rally in April and May. Growth outperformed value by a wide margin across all market cap segments. Despite this

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Performance listed in the above table is net of annual operating expenses. The total annual fund operating expense ratio as of April 30, 2026 was 0.75%. The performance data quoted represents past performance. Past performance is no guarantee of future results. The investment return and principal value of an investment will fluctuate; an investor's shares, when redeemed, may be worth more or less than their original cost. Total returns assume the reinvestment of all distributions and the deduction of all fund expenses. Current performance may be lower or higher than the performance data quoted. For performance information current to the most recent month-end, visit BaronCapitalGroup.com or call 1-800-99-BARON.

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

recent strength, growth has yet to achieve parity with value on a year-to-date basis.

Performance

We manage the Fund with an unwavering focus on powerful technology trends disrupting industries and creating sustained, profitable growth opportunities — not short-term geopolitical disruptions or sentiment swings, which whipsawed markets during the first half of this year. 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. As market sentiment shifted, the second quarter proved to be a favorable backdrop for the Fund with "AI winners" leading the way and a rotation back into growth stocks. The Fund climbed nearly 39%, in line with the Benchmark but ahead of the NDQ. The Fund's strong performance versus the NDQ was driven entirely by stock picking—across a diversified set of innovation and secular growth leaders.

Versus the Benchmark

The Fund performed in line with the Benchmark during the quarter.

Within the IT sector, our systems software investments contributed to both absolute and relative performance, led by **Datadog, Inc.** (cloud-based observability and security platform leader), **Rubrik, Inc.** (cloud data security and cyber resilience leader), and **CrowdStrike Holdings, Inc.** (cloud security and endpoint leader). Our non-ownership of Microsoft Corporation and Apple Inc. were the two largest individual contributors to relative performance during the quarter. We also had solid performance from optical networking leader **Coherent Corp**.

Results were more mixed across semiconductors. The Fund underperformed within the semiconductors sub-industry, largely due to our underweight to leading memory supplier **SK hynix Inc.** — despite strong performance from memory chip vendor Micron. Conversely, the Fund outperformed within semiconductor materials & equipment, aided by our large position in semiconductor equipment leader **Lam Research Corporation**.

These IT gains were partially offset by weakness in **Shopify Inc.** (e-commerce solutions software leader), **GDS Holdings Limited** (leading Chinese and Asian data center operator), and **Guidewire Software, Inc.** (leading insurance industry software provider).

Outside of IT, the Fund outperformed the Benchmark in the Health Care and Industrials sectors but underperformed in Consumer Discretionary and Communication Services. Performance in Health Care was bolstered by **Hinge Health, Inc.** (leading AI-based platform for at-home physical therapy), while Industrials saw strength in **Forgent Power Solutions, Inc.** (power solutions and components leader). In Communication Services, poor performance from **Spotify Technology S.A.** (global streaming music and content leader), the Fund's largest individual relative detractor, was partially offset by a strong contribution from **Space Exploration Technologies Corp.** (SpaceX), a significant new position initiated during the quarter. **Alphabet Inc.** detracted in Communication Services, and **Tesla, Inc.** and **Amazon.com, Inc.** underperformed in Consumer Discretionary — all three posted positive absolute returns but lagged the Benchmark.

Versus the NDQ

The Fund outperformed the NDQ for the quarter, with our strongest relative contributions coming from Communication Services, Health Care, Consumer Staples, and Industrials.

Communication Services was our top-contributing sector, driven by both our overweight positioning and favorable stock selection. The standout contributor to absolute and relative performance was launch and satellite broadband groundbreaker SpaceX, which conducted a successful initial public offering during the quarter. Our non-ownership of streaming video leader Netflix, Inc. further aided relative results. These gains were partially offset by global streaming music and content leader Spotify, which was the largest detractor from the sector and the largest relative detractor from the overall portfolio.

Within Consumer Staples, our lack of exposure to the sector — including non-ownership of big-box retailers Walmart Inc. and Costco Wholesale Corporation — benefited relative performance as the sector underperformed.

In Health Care, relative outperformance was led primarily by stock selection, most notably from digital musculoskeletal and physical therapy platform trailblazer Hinge Health. Solid stock selection in Health Care was enhanced by not owning biotechnology stocks, which were down 5% in the NDQ.

Within Industrials, where we were overweight, relative results were driven largely by stock selection. Our AI data center power investments performed particularly well, led by Forgent, a leading manufacturer of custom electrical distribution equipment serving data centers, the power grid, and energy-intensive industrial applications.

IT was our weakest sector for relative performance during the quarter mainly due to poor stock selection in semiconductors, where headwinds mostly stemmed from what we didn't own (Intel Corporation and Marvell Technology, Inc.). Other notable detractors included our holding in leading China data center operator GDS, our underweight position in semiconductor leader **Advanced Micro Devices, Inc.** (AMD), and our non-ownership of Sandisk Corporation, Seagate Technology Holdings PLC, and Western Digital Corporation in technology hardware storage & peripherals. That said, several individual holdings within the sector added value, including semiconductor wafer fabrication equipment leader Lam, optical technology leader Coherent, and the world's advanced-semiconductor manufacturing champion **Taiwan Semiconductor Manufacturing Company Limited** (TSMC). The Fund also benefited from not owning Microsoft, a software laggard during the period.

AI Update

The AI Buildout Continues to Exceed Expectations

The largest companies in the world continued to expand their AI infrastructure investment plans during the second quarter. Over the past three months, Alphabet raised its 2026 capital

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expenditure guidance to $180–$190 billion, Microsoft lifted its outlook by $25 billion to roughly $190 billion, Meta raised its range to $125–$145 billion, and Amazon reaffirmed approximately $200 billion. Together, these hyperscalers are on track to spend more than $700 billion this year, up 74% compared to last year. On top of this, emerging "neoclouds" — specialized AI cloud providers — have continued to grow rapidly, now representing approximately 5% of the overall cloud market, and are investing aggressively as well.

To put this spending in perspective, consider the cost of a single gigawatt of AI compute capacity — the industry's new unit of account. Estimates from NVIDIA, OpenAI, and Wall Street models range from $35–$60 billion per gigawatt all-in across current chip generations, and NVIDIA's CEO recently suggested next-generation facilities could approach $80–$100 billion as memory and component shortages inflate costs. Roughly 60–70% of each gigawatt is compute and networking — semiconductors, switches, and optical interconnects — with the balance going to powered shell, electrical distribution, cooling, and backup generation. Each successive chip generation delivers a multiple more intelligence per dollar and per watt, which is why the industry keeps investing despite rising unit costs.

Is all this capacity justified? Two forms of evidence suggest demand is tangible and still running ahead of supply. First, the revenue ramps at the AI labs continue to defy precedent: Anthropic's annualized revenue run rate reached $47 billion in May, up from $30 billion in early April and $9 billion at year-end 2025, while OpenAI's enterprise business continues to scale toward parity with its consumer franchise. Second, contracted backlogs at the cloud providers — legally committed future revenue, not forecasts — are growing at extraordinary rates. In the first quarter, Google Cloud's backlog nearly doubled sequentially to over $460 billion, Amazon Web Services' backlog grew 93% year-over-year to $364 billion, excluding a new $100 billion OpenAI commitment announced after the period, and the combined backlog across Alphabet, Amazon, and Microsoft now exceeds $1.4 trillion. Every major cloud provider described itself as compute constrained — unable to build capacity fast enough to serve contracted demand.

The Agentic and Inference Inflection

The composition of AI compute demand is also shifting. Inference — the everyday use of trained models by businesses and consumers — now accounts for roughly two-thirds of all AI compute, up from approximately one-third in 2023, and for the first time the inference market is growing faster than training. The driver is agentic AI: systems that plan, use tools, verify their own work, and complete multi-step tasks with limited human supervision. Coding remains the flagship use case, and AI agents now write a meaningful share of the world's new software. But agents are also proliferating across customer service, research, financial analysis, and back-office workflows. Because an agent may make 10 or 20 model calls to complete a single task, agentic workloads consume 5 to 30 times more tokens — the basic unit of AI output — than a simple chatbot query. The result is explosive token demand. Alphabet, for example, disclosed that its AI models are now processing 3.2 quadrillion tokens per month, up more than 300 times from consumption rates two years ago, and Amazon's Bedrock service processed more tokens in the first quarter than in all prior periods combined.

This inflection is also diversifying the compute landscape. Varied inference workloads — short chats, long-context coding sessions, always-on monitoring agents — favor different silicon architectures, which is why custom application-specific integrated circuits, inference-optimized chips, and disaggregated designs are proliferating alongside NVIDIA's platforms. Meanwhile, competition between frontier labs and rapidly improving open-source models has driven the price per token down as much as 60% to 80% on flagship models over the past eighteen months — and falling prices have accelerated usage rather than dampened spending. Whatever the quarter-to-quarter noise, token demand is heading up and to the right.

Measuring the Returns on AI

We have long argued that the most important question in AI is not the race to artificial general intelligence but the utility and value it delivers. The evidence of measurable economic return keeps building. In a recent report, Morgan Stanley analyzed more than 17,000 earnings call and conference transcripts and found that 40% of companies its analysts identify as "AI Adopters" cited at least one quantifiable benefit from AI in the second quarter — nearly double the 21% reported a year ago — while roughly 25% of the broader S&P 500 did, up from 14%. The benefits are concentrated in financial impact and productivity: HP is targeting $1 billion in annual run-rate savings from AI-enabled automation, Verizon has captured over $200 million in energy savings by deploying AI across its network, and Equifax has embedded $75 million of AI-driven cost reductions directly into its guidance. Morgan Stanley's companion survey of 935 corporate executives found companies realized approximately an 11% net productivity improvement over the past 12 months. Against the firm's estimate that full AI adoption could ultimately generate approximately $920 billion of annual economic value for S&P 500 companies — roughly 28% of expected 2026 pretax earnings, largely through operating expense efficiency and productivity gains — we believe the returns on AI are early but increasingly demonstrable, and that companies with pricing power and proprietary data should capture a disproportionate share.

The AI IPO Era Begins

The public markets opened their doors to the AI era in dramatic fashion during the quarter. On June 12, SpaceX — the Fund's third largest holding — completed what is believed to be the largest IPO in history, raising $75 billion at a $1.77 trillion valuation before rallying to a market capitalization above $2 trillion. The company's prospectus cited a combined addressable market of $28.5 trillion spanning launch, broadband, and AI, and disclosed that the majority of its first quarter capital expenditures were directed at AI. Anthropic, days after closing a $65 billion funding round at a $965 billion valuation, confidentially filed for an IPO on June 1; OpenAI followed shortly thereafter, with both expected to list within the next several quarters. The common thread across these landmark offerings: extraordinary revenue growth, enormous addressable markets, and a need for public capital to fund the AI buildout. We expect these listings to broaden the investable AI universe and replace speculation with evidence — which suits our research-driven approach just fine.

Our AI Infrastructure Positioning

Our AI infrastructure holdings — NVIDIA, Broadcom, Alphabet, **Amazon.com, Inc.**, **Arista Networks, Inc.**, **Lumentum Holdings Inc.**, Coherent, and Datadog — span every critical layer of the buildout, and we broadened this exposure during the quarter. We initiated positions in AMD and **Cerebras Systems Inc.** in AI compute, and in SK hynix, which, alongside our larger holding in Micron, deepens the Fund's exposure to the high-bandwidth memory (HBM) at the heart of every AI accelerator. We remain particularly constructive on Alphabet and Amazon as the only two hyperscalers designing custom AI chips at scale, with Alphabet also developing frontier models — a vertical integration of silicon, infrastructure, and intelligence that we believe gives both companies a structural advantage the market does not yet fully reflect.

Beyond silicon and networking, we continued to increase our exposure to the power infrastructure underpinning this buildout. Energy remains a binding constraint on AI scaling, and we further diversified our positioning across the power value chain during the quarter. To **Quanta Services, Inc.**, our long-standing holding in electric grid construction and hardening, and Forgent, initiated last quarter, we added new positions in **Bloom Energy Corporation** and **INNIO N.V.** in on-site and distributed generation, **Fervo Energy Company** in next-generation geothermal, and **DPC Holdings Limited**, which manufactures castings utilized in Industrial Gas Turbines used in power generation.

Looking further ahead, the infrastructure stack required to sustain AI scaling — semiconductors, memory, networking, hardware, and power — is deepening in complexity and capital intensity with each successive generation of compute. We believe owning critical enablers across each of these layers positions the Fund to capture the full breadth of what is shaping up to be the largest infrastructure buildout of the 21st century.

We continue to run a high-conviction portfolio with an emphasis on the secular trends cited and listed. Among others, during the second quarter we initiated or added to the following positions:

- Space and satellite communications: **Space Exploration Technologies Corp.**
- Digital services: **Alphabet Inc.** and **Spotify Technology S.A.**
- Semiconductors: **Advanced Micro Devices, Inc.**, **Micron Technology, Inc.**, **SK hynix Inc.**, **Cerebras Systems Inc.**, and **Taiwan Semiconductor Manufacturing Company Limited**
- Semiconductor equipment: **Applied Materials, Inc.**, **Lam Research Corporation**, and **ASML Holding N.V.**
- Power and energy infrastructure: **Bloom Energy Corporation**, **Fervo Energy Company**, **INNIO N.V.**, and **DPC Holdings Limited**
- Software: **Rubrik, Inc.**, **CrowdStrike Holdings, Inc.**, and **Samsara Inc.**
- Aerospace and defense: **Axon Enterprise, Inc.**

Top contributors to performance for the quarter

	Contribution to Return (%)
Lam Research Corporation	5.64
Micron Technology, Inc.	4.30
Taiwan Semiconductor Manufacturing Company Limited	3.45
Broadcom Inc.	2.81
Coherent Corp.	2.35

Shares of **Lam Research Corporation**, a leading supplier of etch and deposition equipment to the semiconductor industry, contributed to performance during the quarter as revenue, margins, and earnings all exceeded guidance, driven by accelerating memory investment and rising process intensity at the leading edge. Lam's tools remove and deposit material at atomic precision, the two steps that determine whether increasingly vertical chip architectures can be manufactured at all, and the company's decades-long installed base creates a compounding advantage: incumbency at a given process step is rarely displaced, each new node requires more etch and deposition steps than the last, and the resulting recurring service and upgrade revenue funds research and development that entrenches the next generation of tools of record. The company benefits regardless of which memory or foundry customer ultimately wins share, because the physics driving its content growth—more layers in NOTAND (NAND), tighter dielectric spacing at the 1c Dynamic Random Access Memory (DRAM) node, gate-all-around transistors and backside power delivery in foundry, and the proliferation of advanced packaging—increase Lam's served market at every node transition. Management now expects its addressable share of wafer fabrication equipment spending to rise from the low 30s percent toward the high 30s over time and raised its 2026 industry spending outlook. We continue to expect strong earnings growth over the next several years, supported by secular increases in etch and deposition intensity, an earlier and steeper memory recovery than consensus contemplates, and continued capital return.

Micron Technology, Inc. is an industry leader in innovative memory and storage solutions that enable advances in AI applications. Shares of Micron performed well during the quarter as the outlook for demand continues to be stronger and more durable than supply can meet. Strong pricing has improved the near-term earnings outlook, but the more important development is the shift to long-term supply agreements, which should dampen the cyclicality that has historically capped memory stocks at low earnings multiples in its recent earnings (fiscal Q3 2026), Micron announced that it had signed a total of 16 Strategic Customer Agreements (SCAs) across the data center, consumer, and automotive segments. These SCAs will dampen cyclicality, as CEO Sanjay Mehrotra emphasized when discussing the revenue contribution from these predictable revenue-stream agreements: "When completed, we expect approximately half or more of our company revenue to be under these [SCAs]." This validates how memory is increasingly being viewed as a strategic semiconductor resource. Moreover, the memory industry is increasingly moving toward decommoditized products, with HBM taking on packaging complexity by being co-packaged with the accelerator, and with next-generation memories becoming custom and absorbing the intelligent controller logic into the memory, away from the accelerator, where it has traditionally resided. We maintain our conviction in Micron as being the only American memory player that is uniquely positioned to design memories custom to the needs of the increasingly complex systems that power the next phase of AI models and applications.

Shares of **Taiwan Semiconductor Manufacturing Company Limited** were a strong contributor during the quarter, driven by surging AI demand. Every leading AI accelerator and networking chip is built at TSMC, positioning it upstream of the entire AI buildout. As the ultimate picks-and-shovels provider of the AI era, the company remains insulated from competitive dynamics within the chip design ecosystem — whether hyperscalers deploy custom accelerators or merchant processors, nearly all advanced AI silicon is manufactured exclusively at TSMC. This position feeds a virtuous cycle in which scale and profitability fund industry-leading R&D and capital investment, widening its technological moat and reinforcing pricing power.

First quarter results confirmed demand is still accelerating, with high-performance computing having displaced smartphones as the top revenue generator. Management characterized AI demand as extremely robust, driven by the transition from generative to agentic AI, and raised its 2026 capital expenditure outlook while reiterating full-year revenue growth of more than 30%. Management indicated it expects to keep producing smaller, faster chips without requiring expensive next-generation High-NA machines from **ASML Holding N.V.** — an advantage for both cost and capital efficiency. On advanced packaging, the company is already manufacturing the industry's largest 5.5-reticle Chip-on-Wafer-on-Substrate (CoWoS) packages at greater than 98% yield, with capacity sold out. Arizona remains the centerpiece of geographic diversification. Construction of the second fab is complete, with equipment move-in beginning in the third quarter and 3-nanometer volume production pulled forward roughly a year to 2027. The Arizona operation has already turned profitable, with early yields tracking comparably to Taiwan.

We retain conviction in TSMC as a core long-term holding, viewing its leading-edge manufacturing moat, pricing power, and 2-nanometer roadmap as durable advantages that make it indispensable to the AI ecosystem. We project strong earnings growth over the next five years, supported by secular AI-driven demand and an increasingly diversified manufacturing footprint.

Top detractors from performance for the quarter

	Contribution to Return (%)
Zscaler, Inc.	(0.49)
GDS Holdings Limited	(0.44)
Guidewire Software, Inc.	(0.39)
Spotify Technology S.A.	(0.35)
Snowflake Inc.	(0.17)

Shares of **Zscaler, Inc.** detracted from performance during the quarter as forward guidance overshadowed an otherwise solid print. The cloud security provider, whose zero-trust architecture hides applications from the internet and inspects traffic inline at scale, beat consensus on revenue and margins, but lowered full-year free cash flow margin guidance on higher capital expenditure, and set preliminary fiscal 2027 growth guidance below where the market had been modeling. Two sales-leader departures and softer new logo additions raised market concerns on competition in Zscaler's core network security space. We believe Zscaler retains a genuine architectural advantage and a capable engineering organization, and its zero-trust platform remains well-suited for enterprises navigating increasingly complex threat environments. That said, persistent sales execution challenges and what we believe is a weakening competitive position in the lower enterprise market gave us pause. With forward estimates at risk of further revision and no clear catalyst for a near-term inflection in go-to-market productivity, we chose to exit our position during the quarter.

Despite solid operating results, shares of **GDS Holdings Limited** declined during the second quarter. Weighing on sentiment were management's communications regarding full-year guidance, a material step-up in capital expenditures over the next several years, and a slight delay in the expected timing of the company's growth inflection. GDS develops and leases data center space to leading global technology companies—including Alibaba, Tencent, ByteDance, Microsoft, Google, and Oracle—under long-term arrangements. We recently hosted CEO and founder William Huang and CFO Daniel Newman at our offices and continue to believe the best days for the company lie ahead, supported by powerful secular tailwinds: the early stages of cloud adoption in Asia, continued data growth, rising AI demand, and global power constraints that are sustaining pricing power. Rather than focusing on the precise quarterly timing of the growth inflection, we remain focused on the long term and see increasing evidence of a building AI wave in China through significant bookings growth. We also see material and underappreciated value in GDS's stake in its spun-out international subsidiary, DayOne, which we expect to list publicly at a significantly higher valuation than its most recent private capital raise, supported by continued bookings and cash flow momentum and highly visible take-or-pay revenue ramp timelines.

Shares of property and casualty insurance software vendor **Guidewire Software, Inc.** declined during the quarter as a small number of deals slipped from its fiscal third quarter into its fiscal fourth quarter, coinciding with broader fears of AI-driven disruption that pressured valuation multiples across the application software sub-industry. We believe the deal slippage was purely a timing issue and that all affected deals have since closed. Guidewire's InsuranceSuite platform serves as the core system of record for insurance carriers—the single source of truth for policies written, claims processed, premiums collected, and payments made. The complexity of insurance policies, their highly regulated nature, and the fact that they exist exclusively within Guidewire rather than in physical form makes this system of record particularly critical and therefore highly valuable. We believe the core system opportunity alone represents nearly $20 billions of annual recurring revenue, or approximately 20 times Guidewire's current scale. We also believe AI will be a significant tailwind for the company, meaningfully expanding this opportunity by enabling automation and intelligence layered on top of the core system of record. We are already seeing Guidewire bring new AI-enabled capabilities to market and sign customers, and we expect adoption to accelerate over the coming year. Finally, we expect Guidewire to benefit from the same internal productivity enhancements that AI is delivering across industries, helping the company support faster growth at lower cost and, ultimately, better profitability.

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 second quarter, the largest market cap holding in the Fund was $4.8 trillion and the smallest was $1.0 billion. The median market cap of the Fund was $101.3 billion and the weighted average market cap was $1.4 trillion.

We had investments in 38 unique companies at the quarter-end. Our top 10 positions accounted for 61.1% of net assets.

To end the quarter, the Fund had $205.2 million in net assets. Flows were positive in the second quarter.

Top 10 holdings

	Quarter End Market Cap ($B)	Quarter End Investment Value ($M)	Percent of Net Assets (%)
Taiwan Semiconductor Manufacturing Company Limited	2,476.9	18.4	8.9
Lam Research Corporation	541.9	18.1	8.8
Space Exploration Technologies Corp.	2,248.4	17.7	8.6
Broadcom Inc.	1,797.2	13.2	6.4
Alphabet Inc.	4,327.0	12.2	6.0
NVIDIA Corporation	4,842.2	11.5	5.6
Micron Technology, Inc.	1,303.6	9.8	4.8
Spotify Technology S.A.	94.5	8.7	4.2
Amazon.com, Inc.	2,563.8	8.2	4.0
Coherent Corp.	77.2	7.5	3.6

Fund investments in GICS industries

	Percent of Net Assets (%)
Semiconductors & Semiconductor Equipment	44.9
Diversified Telecommunication Services	8.6
Interactive Media & Services	6.9
Software	6.8
IT Services	4.3
Entertainment	4.2
Broadline Retail	4.0
Aerospace & Defense	3.8
Electronic Equipment Instruments & Components	3.6
Automobiles	3.2
Electrical Equipment	2.5
Communications Equipment	2.2
Health Care Providers & Services	1.7
Construction & Engineering	1.5
Independent Power And Renewable Electricity Producers	0.9
Health Care REITs	0.6
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 ($B)	Net Amount Purchased ($M)
Space Exploration Technologies Corp.	2,248.4	13.7
Alphabet Inc.	4,327.0	4.6
Advanced Micro Devices, Inc.	947.2	3.9
Spotify Technology S.A.	94.5	3.0
Applied Materials, Inc.	574.0	1.8

As part of its record-breaking IPO, we acquired shares in **Space Exploration Technologies Corp.** Industrialized access to space and scaling AI represent two of the most transformative infrastructure initiatives in modern history. SpaceX stands alone with deep integration across launch vehicles, space applications, and AI capabilities. Its pioneering rocket reusability has driven dramatically lower costs, higher launch cadence, and superior reliability through flight-proven hardware. As of the first quarter of 2026, SpaceX remains the only operator of reusable orbital rockets at scale, a lead we expect it to sustain for years. In 2025, the company launched Falcon 9 more than 165 times, averaging over three flights per week and surpassing the combined total of every other global launch provider. Booster reuse has advanced from just seven flights in 2020 to as many as 35 per booster today, supporting roughly 100 missions with only three boosters. We estimate these gains have reduced SpaceX's cost per kilogram to low Earth orbit by more than 95% relative to the Space Shuttle era. Leveraging its unique launch capabilities, the company demonstrated rapid expansion in space applications. Starlink has grown to over 12 million subscribers since its 2021 commercial launch. With more than 10,000 satellites deployed, SpaceX now operates roughly three-quarters of all active, maneuverable satellites in orbit.[4] The company is also deploying its Direct-to-Device constellation, with over 650 satellites launched and millions of monthly active users. Starship will enable next-generation satellites to boost Starlink's coverage and throughput. Starship, the company's fully reusable and most powerful launch vehicle in history, marks the next major leap. To date, Starship has flown 12 times across three evolving versions, with notable gains in reliability and payload each iteration. Starship is projected to deliver more than an order-of-magnitude increase in capacity, far higher reuse rates, and materially lower costs compared to Falcon 9, further entrenching SpaceX's advantages. Importantly, Starship will support the deployment of orbital AI compute infrastructure at gigawatts scale, leveraging continuous solar power, efficient radiative cooling, and freedom from terrestrial limitations. Combined with vertical integration into chip design and manufacturing, SpaceX is positioned for unmatched cost leadership in AI, one of history's largest addressable markets. SpaceX has already deployed one of the world's largest coherent compute cluster far faster than competitors via its Colossus data center complexes in Memphis, Tennessee, and Southaven, Mississippi, and is monetizing capacity through partnerships with firms such as Anthropic and Google.[5] The recent acquisition of Cursor further bolsters its AI moat by enhancing talent, proprietary data, and positioning in the fast-growing agentic coding market. Longer-term opportunities include a developing lunar economy centered on cargo transport and in-space manufacturing, point-to-point Earth travel, space tourism, and the foundational work for future Mars missions.

During the quarter, we added to our position in **Alphabet Inc.**, the parent company of Google — the world's largest search and digital advertising franchise — as well as YouTube and Google Cloud Platform, one of the three leading hyperscale cloud infrastructure businesses globally. Alphabet also owns DeepMind, one of the premier AI research organizations in the world. Alphabet generates approximately $174 billion in trailing operating cash flow, a funding advantage that becomes increasingly important as the AI race enters a phase of high capital intensity. Our conviction deepened this quarter as several developments reinforced our view that Alphabet is one of the most strategically advantaged businesses in the AI era. At Google I/O 2026, management disclosed that Alphabet now processes 3.2 quadrillion tokens monthly — seven times increase year-over-year — with the Gemini app surpassing 900 million monthly active users, more than doubling in a year. AI is proving additive rather than cannibalistic to core search. Search revenue grew 19% year-over-year in the first quarter, and CEO Sundar Pichai noted that AI features are driving more search usage, not less. Google Cloud accelerated to 63% year-over-year revenue growth — a five-year high — with operating margins expanding to 33% and the cloud backlog nearly doubling sequentially to approximately $462 billion, anchored in part by a landmark multi-year tensor processing unit (TPU)[4] commitment from Anthropic, affirming that Alphabet's custom silicon is winning the confidence of the most demanding AI infrastructure customers. What distinguishes Alphabet from every other competitor in the AI landscape is the breadth of its vertical integration: custom eighth-generation TPUs optimized for both training and inference, frontier Gemini models, the Antigravity enterprise agentic coding platform, and consumer distribution across 13 products with more than one billion monthly active users each — including five with more than three billion. No pure-play AI lab or cloud competitor replicates this stack, and we believe the cost and distribution advantages it confers widen over time. We see a long runway for growth as Google Cloud accelerates, Gemini monetization deepens across search and subscriptions, and this full-stack advantage compounds — a combination we believe bodes well for long-term shareholders.

We initiated a position in **Advanced Micro Devices, Inc.** during the second quarter. AMD is a fabless semiconductor company that designs central processing units (CPUs), graphics processing units (GPUs), field-programmable gate arrays, and systems-on-chip for high-performance computing applications across data centers, PCs, and embedded systems. AMD has evolved into one of the world's leading semiconductor designers, competing at the frontier of compute across both traditional and AI-driven workloads. We grew increasingly bullish on AMD as our conviction in agentic component of AI deepened. We believe agentic AI — in which autonomous software agents collaborate across multiple models and interact with the broader IT ecosystem — involves far greater

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orchestration complexity than prior AI generations. This creates a structural opportunity for CPUs that we had not fully appreciated. In earlier AI architectures, CPUs played a narrow role, feeding data to GPUs to process a model's layers. As agentic workloads grow, we expect CPUs to absorb substantially more functionality: routing information across models, orchestrating agent-to-agent communication, and managing coordination with enterprise systems. We believe this expanding CPU role transforms what had been a cyclical hardware market into a secular, long-term growth story — and AMD, in our view, is the clearest beneficiary as the world's most capable CPU designer outside of Intel's incumbent position. AMD is also executing well on GPUs, with its MI400-series accelerators expected to ship in volume in the second half of 2025 and ramp meaningfully into 2026, backed by large customer commitments. We believe the combination of a deepening CPU opportunity in agentic AI infrastructure and a strengthening GPU competitive position gives AMD a multi-year growth runway that should reward long-term shareholders.

Top net sales for the quarter

	Quarter End Market Cap or Market Cap When Sold ($B)	Net Amount Sold ($M)
NVIDIA Corporation	4,842.2	7.5
Solaris Energy Infrastructure, Inc.	4.1	3.0
Amazon.com, Inc.	2,563.8	2.8
Datadog, Inc.	92.7	2.2
Lumentum Holdings Inc.	66.8	2.0

We trimmed our position in **NVIDIA Corporation**, which had grown to represent an outsized share of the Fund. The trim was a function of portfolio construction discipline rather than any change in our fundamental view — we remain strong believers in NVIDIA's long-term positioning as the dominant platform for AI compute. A portion of the proceeds were redeployed to add exposure to AMD and to memory semiconductor names, where we viewed as compelling risk/reward.

We exited our position in **Solaris Energy Infrastructure, Inc.**, which we discussed as a new position in our first quarter letter. The position accreted faster than we expected following our purchase, and after the stock's move, we concluded the remaining upside was more limited relative to other opportunities in the portfolio. We sold the position during the quarter and redeployed the proceeds elsewhere.

We trimmed our position in **Amazon.com, Inc.** to add to **Alphabet Inc.**, where we see a more compelling near-term risk/reward. We trimmed our positions in **Datadog, Inc.** and **Lumentum Holdings Inc.** following meaningful appreciation in both stocks that, in our view, left near-term upside more limited relative to our other holdings.

Looking Ahead

The Fund delivered a strong absolute return in the second quarter, performing broadly in line with its Benchmark, and we enter the third quarter with growing optimism. A subset of our semiconductor-related names delivered very strong performance. On the portfolio construction side, we consolidated our existing software holdings while adding to our highest-conviction names in cybersecurity. We also initiated several new positions in power and energy that meet our investment criteria and should position the Fund well going forward.

We remain focused on owning category-defining technology businesses that sit at the heart of durable, secular growth trends. Led by visionary, execution-driven management teams, these companies convert breakthrough innovation into expanding free cash flow. We believe this combination uniquely positions the Fund to compound our investors' capital over the long term.

Sincerely,

Michael A. Lippert
Head of Technology Research
Portfolio Manager

Ashim Mehra
Portfolio Manager

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

1 The **MSCI ACWI 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 **Nasdaq-100 Index** includes 100 of the largest domestic and international non-financial companies listed on The Nasdaq Stock Market based on market capitalization. The Index reflects companies across major industry groups including computer hardware and software, telecommunications, retail/wholesale trade, and biotechnology. 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, the Nasdaq-100 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 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 As of July 30, 2026, there are currently 10,876 Starlink satellites in orbit, of which 10,860 are working, according to Astronomer Jonathan McDowell, who tracks the constellation on his website.

5 https://x.ai/news/anthropic-compute-partnership

* As of 6/30/2026, the annualized returns of the Nasdaq-100 Index were 34.38%, 26.83%, and 15.65% for the 1-year, 3-year, and since Fund inception (12/31/2021) periods, respectively.

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

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

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.

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

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

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

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

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

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The **Nasdaq-100 Index®** includes 100 of the largest domestic and international non-financial companies listed on The Nasdaq Stock Market based on market capitalization. The Index reflects companies across major industry groups including computer hardware and software, telecommunications, retail/wholesale trade and biotechnology. It does not contain securities of financial companies including investment companies.

Free Cash Flow (FCF) represents the cash that a company generates after accounting for cash outflows to support operations and maintain its capital assets.

Investment Products: NOT FDIC INSURED | MAY LOSE VALUE | NOT BANK GUARANTEED

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, under normal circumstances, invests primarily in equity securities of 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.	2,248,381	34.3
Amphenol Corporation	216,915	5.9
The Charles Schwab Corporation	165,166	2.0
Welltower Inc.	160,221	1.2
Vertiv Holdings Co	128,607	2.4
Quanta Services, Inc.	108,049	4.5
Equinix, Inc.	102,805	1.2
Spotify Technology S.A.	94,504	1.0
Hilton Worldwide Holdings Inc.	75,229	0.5
Edwards Lifesciences Corporation	52,087	0.4
Cerebras Systems Inc.	49,250	0.8
Axon Enterprise, Inc.	45,186	1.2
IDEXX Laboratories, Inc.	41,527	3.4
MSCI Inc.	40,950	1.0
CBRE Group, Inc.	39,440	1.7
Vulcan Materials Company	38,279	1.2
Roper Technologies, Inc.	34,149	1.4
Arch Capital Group Ltd.	33,912	3.6
Veeva Systems Inc.	28,829	0.7
Fair Isaac Corporation	27,708	0.8
Mettler-Toledo International Inc.	25,815	3.0
West Pharmaceutical Services, Inc.	25,363	0.4
Willis Towers Watson Public Limited Company	24,686	0.5
Verisk Analytics, Inc.	23,522	3.0
LPL Financial Holdings Inc.	22,530	0.4
Tradeweb Markets Inc.	21,729	1.1
Rollins, Inc.	20,096	1.0
Samsara Inc.	18,897	0.6

Company	Equity Market Cap ($M)	Percent of Net Assets (%)
Hyatt Hotels Corporation	18,252	2.3
CDW Corporation	17,967	0.6
Forgent Power Solutions, Inc.	17,005	1.2
IDEX Corporation	16,798	0.2
SS&C Technologies Holdings, Inc.	14,944	0.6
The Cooper Companies, Inc.	13,986	0.7
TransUnion	13,909	0.9
DraftKings Inc.	12,532	0.5
On Holding AG	11,807	1.0
CoStar Group, Inc.	11,565	1.3
Guidewire Software, Inc.	10,245	2.7
Gartner, Inc.	8,678	1.7
FactSet Research Systems Inc.	8,382	0.9
Birkenstock Holding plc	7,914	0.6
Repligen Corporation	7,696	0.8
Loar Holdings Inc.	7,547	1.2
Booz Allen Hamilton Holding Corporation	7,265	0.3
ServiceTitan, Inc.	6,746	0.5
Procore Technologies, Inc.	6,129	0.4
Choice Hotels International, Inc.	5,017	1.0
Vail Resorts, Inc.	4,852	1.1
StubHub Holdings, Inc.	4,832	0.5
Skyryse, Inc.	1,324^	0.2
Total		**100.5%***

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

^ *Estimate based upon available information.*

Baron Growth Fund is a diversified fund that, under normal circumstances, invests primarily in equity securities of U.S. 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.	41,527	4.9
MSCI Inc.	40,950	19.5
Arch Capital Group Ltd.	33,912	21.7
Guidewire Software, Inc.	10,245	4.4
Houlihan Lokey, Inc.	9,328	1.7
Primerica, Inc.	8,923	6.0
Gartner, Inc.	8,678	6.1
FactSet Research Systems Inc.	8,382	6.5
Kinsale Capital Group, Inc.	7,606	13.5
Red Rock Resorts, Inc.	6,790	7.3
Morningstar, Inc.	5,933	4.0
Choice Hotels International, Inc.	5,017	13.3
Vail Resorts, Inc.	4852	4.0
FIGS, Inc.	1709	6.0
Farmers Business Network, Inc.	500^	0.0**
Total		**119.0%***

* *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 at least 80% of its net assets in small-sized growth companies with market capitalizations up to the largest market cap stock in the Russell 2000 Growth Index at reconstitution, or companies with market capitalizations up to $2.5 billion, whichever is larger.

Company	Equity Market Cap ($M)	Percent of Net Assets (%)
Vertiv Holdings Co	128,607	7.6
TransDigm Group Incorporated	74,506	3.3
Waste Connections, Inc.	42,293	1.1
DexCom, Inc.	25,989	0.5
Mettler-Toledo International Inc.	25,815	0.4
Liberty Media Corporation - Liberty Formula One	23,575	2.7
RBC Bearings Incorporated	20,375	2.4
ICON plc	13,307	2.1
DraftKings Inc.	12,532	1.3
Cognex Corporation	12,052	3.2
JFrog Ltd.	11,007	1.1
Guidewire Software, Inc.	10,245	3.0
Madison Square Garden Sports Corp.	9,675	2.1
Liberty Live Holdings, Inc.	9,583	2.2
Kratos Defense & Security Solutions, Inc.	9,350	0.8
Houlihan Lokey, Inc.	9,328	2.1
Legence Corp.	9,208	1.4
Gartner, Inc.	8,678	1.1
Enpro Inc.	7,963	2.4
Kinsale Capital Group, Inc.	7,606	4.1
HealthEquity, Inc.	7,551	2.4
JBT Marel Corporation	7,550	3.4
Red Rock Resorts, Inc.	6,790	5.1
Karman Holdings Inc.	6,616	0.8
Hinge Health, Inc.	6,423	2.0
VSE Corporation	6,411	0.8
Installed Building Products, Inc.	6,192	1.4
Casella Waste Systems, Inc.	6,168	0.8
Novanta Inc.	5,778	2.3
SiteOne Landscape Supply, Inc.	5,069	3.7

Company	Equity Market Cap ($M)	Percent of Net Assets (%)
RadNet, Inc.	4,849	2.2
Wingstop Inc.	4,722	0.9
Mirion Technologies, Inc.	4,492	0.9
Neptune Insurance Holdings Inc.	4,357	0.7
Andersen Group Inc.	4,263	1.2
Planet Fitness, Inc.	4,145	2.0
The Cheesecake Factory Incorporated	3,952	1.3
Applied Aerospace & Defense, Inc.	3,890	1.1
The Baldwin Insurance Group, Inc.	3,793	2.5
Bright Horizons Family Solutions, Inc.	3,729	2.1
Avient Corporation	3,390	0.9
First Advantage Corporation	3,096	2.2
Exponent, Inc.	2,851	0.5
GCM Grosvenor Inc.	2,485	1.0
Shake Shack Inc.	2,397	1.0
Driven Brands Holdings Inc.	2,300	2.2
Blackstone Digital Infrastructure Trust Inc.	2,176	1.2
Neogen Corp.	1,957	1.6
Intapp, Inc.	1,943	1.5
nCino Inc.	1,791	0.9
indie Semiconductor, Inc.	1,020	0.9
Once Upon a Farm, PBC	858	1.1
Everforth, Inc.	733	0.5
Grid Dynamics Holdings, Inc.	475	0.6
Holley Inc.	310	0.3
Total		**98.9%***

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

Baron Opportunity Fund is a diversified fund that, under normal circumstances, invests primarily in equity securities of U.S. high growth businesses of any market capitalization selected for their capital appreciation potential.

Company	Equity Market Cap ($M)	Percent of Net Assets (%)
NVIDIA Corporation	4,842,178	11.5
Alphabet Inc.	4,326,972	4.5
Amazon.com, Inc.	2,563,850	5.3
Taiwan Semiconductor Manufacturing Company Limited	2,476,904	2.8
Space Exploration Technologies Corp.	2,248,381	19.0
Broadcom Inc.	1,797,176	5.8
Tesla, Inc.	1,579,658	4.7
Meta Platforms, Inc.	1,429,869	2.8
Micron Technology, Inc.	1,303,647	1.8
Eli Lilly and Company	1,129,553	3.4
ASML Holding N.V.	763,437	0.9
Visa Inc.	662,290	1.6
Lam Research Corporation	541,910	1.2
Mastercard Incorporated	453,906	1.4
Arista Networks, Inc.	213,913	0.7
CrowdStrike Holdings, Inc.	194,269	0.7
The Charles Schwab Corporation	165,166	0.5
Welltower Inc.	160,221	0.8
Shopify Inc.	147,634	1.4
Intuitive Surgical, Inc.	140,844	0.8
Quanta Services, Inc.	108,049	0.8
Spotify Technology S.A.	94,504	3.4
Datadog, Inc.	92,686	2.0
Snowflake Inc.	88,210	1.5

Company	Equity Market Cap ($M)	Percent of Net Assets (%)
Cloudflare, Inc.	87,060	1.3
Coherent Corp.	77,174	0.7
Monolithic Power Systems, Inc.	67,915	1.1
Lumentum Holdings Inc.	66,757	0.7
argenx SE	57,696	2.1
Cerebras Systems Inc.	49,250	0.6
Axon Enterprise, Inc.	45,186	1.1
INNIO N.V.	29,663	0.2
Samsara Inc.	18,897	1.4
Forgent Power Solutions, Inc.	17,005	1.6
Rubrik, Inc.	16,524	1.2
On Holding AG	11,807	0.6
Guidewire Software, Inc.	10,245	0.9
Gartner, Inc.	8,678	0.5
Fervo Energy Company	8,613	0.9
DPC Holdings Limited	7,138	0.6
Hinge Health, Inc.	6,423	1.4
GDS Holdings Limited	6,017	0.9
BillionToOne, Inc.	5,519	0.5
Heartflow, Inc.	2,530	0.8
indie Semiconductor, Inc.	1,020	1.3
Farmers Business Network, Inc.	500^	0.1
Total		**99.9%***

* *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, under normal circumstances, invests primarily in equity securities of U.S. growth companies of any market capitalization.

Company	Equity Market Cap ($M)	Percent of Total Investments (%)
Alphabet Inc.	4,326,972	0.5
Amazon.com, Inc.	2,563,850	0.8
Space Exploration Technologies Corp.	2,248,381	32.9
Tesla, Inc.	1,579,658	14.1
Eli Lilly and Company	1,129,553	0.3
The Charles Schwab Corporation	165,166	4.0
Shopify Inc.	147,634	3.7
Spotify Technology S.A.	94,504	3.1
IDEXX Laboratories, Inc.	41,527	2.3
HEICO Corporation	41,455	0.5
MSCI Inc.	40,950	3.9
Arch Capital Group Ltd.	33,912	3.3
Moderna, Inc.	27,787	0.7
Verisk Analytics, Inc.	23,522	2.3
Hyatt Hotels Corporation	18,252	4.0
Gaming and Leisure Properties, Inc.	12,612	0.4
On Holding AG	11,807	1.6
CoStar Group, Inc.	11,565	2.3
Guidewire Software, Inc.	10,245	2.2
Figma, Inc.	9,558	0.4
Gartner, Inc.	8,678	2.5
FactSet Research Systems Inc.	8,382	2.6
Birkenstock Holding plc	7,914	1.8
Kinsale Capital Group, Inc.	7,606	1.7
Red Rock Resorts, Inc.	6,790	1.9
Morningstar, Inc.	5,933	1.5
Choice Hotels International, Inc.	5,017	2.3
Vail Resorts, Inc.	4,852	2.3
Total		**100.0%***

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

Baron Fifth Avenue Growth Fund is a diversified fund that, under normal circumstances, invests primarily in equity securities of U.S. 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	4,842,178	12.8
Alphabet Inc.	4,326,972	6.9
Amazon.com, Inc.	2,563,850	8.4
Taiwan Semiconductor Manufacturing Company Limited	2,476,904	8.3
Space Exploration Technologies Corp.	2,248,381	10.2
Broadcom Inc.	1,797,176	2.5
Tesla, Inc.	1,579,658	3.9
Meta Platforms, Inc.	1,429,869	5.0
Eli Lilly and Company	1,129,553	1.7
ASML Holding N.V.	763,437	3.8
Amphenol Corporation	216,915	1.9
CrowdStrike Holdings, Inc.	194,269	3.0
Shopify Inc.	147,634	3.8
Intuitive Surgical, Inc.	140,844	2.1
Datadog, Inc.	92,686	4.2
Snowflake Inc.	88,210	2.2
Cloudflare, Inc.	87,060	3.9
MercadoLibre, Inc.	86,053	2.2
KKR & Co. Inc.	82,407	1.7
Monolithic Power Systems, Inc.	67,915	3.0
argenx SE	57,696	2.3
Cerebras Systems Inc.	49,250	0.7
Coupang, Inc.	31,180	0.7
Illumina, Inc.	26,603	1.8
Samsara Inc.	18,897	2.7
Figma, Inc.	9,558	0.1
Grail, Inc.	2,930	0.0**
Total		**100.0%***

* *Individual weights may not sum to displayed total due to rounding.*
** *Rounds to less than 0.1%.*

Portfolio Market Capitalization

Baron Focused Growth Fund is a non-diversified fund that, under normal circumstances, invests primarily in equity securities of U.S. 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 (%)
Space Exploration Technologies Corp.	2,248,381	28.6
Tesla, Inc.	1,579,658	6.4
Interactive Brokers Group, Inc.	147,973	3.9
Shopify Inc.	147,634	4.6
Spotify Technology S.A.	94,504	4.2
Airbnb, Inc.	86,247	2.9
Live Nation Entertainment, Inc.	43,131	0.9
IDEXX Laboratories, Inc.	41,527	2.9
MSCI Inc.	40,950	5.0
Arch Capital Group Ltd.	33,912	2.0
Las Vegas Sands Corporation	30,607	2.3
Verisk Analytics, Inc.	23,522	3.1
Samsara Inc.	18,897	2.0
Hyatt Hotels Corporation	18,252	4.3
Toll Brothers, Inc.	15,399	0.8
On Holding AG	11,807	2.9

Company	Equity Market Cap ($M)	Percent of Net Assets (%)
CoStar Group, Inc.	11,565	0.2
Guidewire Software, Inc.	10,245	3.0
Jefferies Financial Group Inc.	10,218	1.9
Neuralink Corp.	9,652^	0.1
Gartner, Inc.	8,678	2.7
FactSet Research Systems Inc.	8,382	2.9
Birkenstock Holding plc	7,914	3.5
Red Rock Resorts, Inc.	6,790	3.1
Morningstar, Inc.	5,933	2.1
Choice Hotels International, Inc.	5,017	2.6
Vail Resorts, Inc.	4,852	3.2
FIGS, Inc.	1,709	1.9
Total		**103.8%***

* *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, under normal circumstances, invests primarily in equity securites of non-U.S growth companies. 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	2,476,904	6.3
Space Exploration Technologies Corp.	2,248,381	0.6
Samsung Electronics Co., Ltd.	1,245,254	2.8
SK hynix Inc.	1,207,541	2.4
Tencent Holdings Limited	502,960	0.5
AstraZeneca PLC	294,103	1.9
Palo Alto Networks, Inc.	277,931	1.1
Contemporary Amperex Technology Co., Limited	274,876	0.6
LVMH Moet Hennessy Louis Vuitton SE	274,184	0.5
Nestle S.A.	264,922	1.4
Linde Plc	240,286	2.0
Mitsubishi UFJ Financial Group, Inc.	236,049	2.1
Alibaba Group Holding Limited	230,425	0.7
Tokyo Electron Limited	227,473	2.7
Industria de Diseno Textil, S.A.	196,287	1.6
TotalEnergies SE	176,924	2.1
Airbus SE	176,110	1.5
Sumitomo Mitsui Financial Group, Inc.	151,928	2.1
BNP Paribas S.A.	128,563	3.2
Keyence Corporation	122,400	2.4
BYD Company Limited	97,947	0.4
Prosus N.V.	95,393	0.4
Spotify Technology S.A.	94,504	0.5
EssilorLuxottica SA	86,841	0.4
Agnico Eagle Mines Limited	78,862	0.6
BAE Systems plc	73,525	1.4
Deutsche Bank AG	64,501	0.5
argenx SE	57,696	3.5
Montage Technology Co., Ltd.	56,831	1.3
HD Hyundai Heavy Industries Co., Ltd.	40,716	0.2
Constellation Software Inc.	39,895	0.6
Universal Music Group N.V.	38,506	1.4
Agilent Technologies, Inc.	37,515	1.5
Doosan Enerbility Co., Ltd.	36,921	0.3
Sberbank of Russia PJSC	36,377†	0.0**
Ajinomoto Co., Inc.	35,595	2.5
Arch Capital Group Ltd.	33,912	2.0
Epiroc AB	31,631	1.9
Credicorp Ltd.	30,919	0.9
Experian plc	30,076	0.8
INNIO N.V.	29,663	0.2
Power Grid Corporation of India Limited	28,130	0.4
Nomura Holdings, Inc.	27,562	1.6
Eternal Limited	26,976	0.6
Mitsui Fudosan Co., Ltd.	24,653	0.5
InterGlobe Aviation Limited	21,929	0.7
Lundin Mining Corporation	20,844	2.2
Sartorius Stedim Biotech S.A.	20,196	0.7

Company	Equity Market Cap ($M)	Percent of Net Assets (%)
Sociedad Quimica y Minera de Chile S.A.	20,136	0.2
Bank of Ireland Group plc	18,808	1.8
Trent Limited	18,492	0.6
Divi's Laboratories Limited	18,451	0.5
Euronext N.V.	16,587	1.2
Cummins India Limited	16,573	0.8
Symrise AG	13,993	1.2
Eurofins Scientific SE	13,787	1.3
Japan Exchange Group, Inc.	13,456	1.8
Piraeus Bank S.A.	12,834	1.3
Lynas Rare Earths Limited	12,721	1.1
On Holding AG	11,807	0.8
Max Healthcare Institute Limited	11,611	0.6
JSW Energy Limited	11,295	0.9
Localiza Rent a Car S.A.	9,034	0.5
XP Inc.	8,428	0.6
Full Truck Alliance Co. Ltd.	8,425	0.3
Nippon Life India Asset Management Limited	7,848	0.7
WiseTech Global Limited	7,724	0.3
eMemory Technology Inc.	6,858	0.6
OHB SE	6,748	0.4
HD HYUNDAI Marine Solution CO., LTD.	6,453	0.3
Brunello Cucinelli S.p.A.	6,426	0.2
GDS Holdings Limited	6,017	0.6
Godrej Properties Limited	5,940	0.3
Zhejiang Shuanghuan Driveline Co., Ltd.	5,200	0.3
Stevanato Group S.p.A.	4,933	0.6
Kirloskar Oil Engines Limited	3,631	0.8
The Japan Steel Works, Ltd.	3,593	0.8
HPSP Co., Ltd.	3,039	0.5
Pony AI Inc.	3,013	0.2
Kingdee International Software Group Company Limited	2,679	0.2
ISC Co., Ltd.	2,564	0.9
Zai Lab Limited	2,098	0.5
Ceres Power Holdings plc	1,445	0.6
Afya Limited	1,391	0.2
AMG Critical Materials N.V.	1,338	1.5
JM Financial Limited	1,237	0.4
SMS Co., Ltd.	1,195	1.1
Chongqing Machinery & Electric Co., Ltd.	949	0.3
GMR Power and Urban Infra Limited	817	0.4
ODDITY Tech Ltd.	698	0.4
eDreams ODIGEO SA	621	0.5
Centum Electronics Limited	590	1.2
Total		**97.0%***

* *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, under normal circumstances, invests at least 80% of its net assets in equity securities of U.S. and non-U.S. real estate and real estate-related companies of any market capitalization. The Fund's investments in non-U.S. companies are limited to 35% of the fund's total assets at the time of purchase.

Company	Equity Market Cap ($M)	Percent of Net Assets (%)
The Home Depot, Inc.	351,663	2.2
Welltower Inc.	160,221	5.9
Blackstone Inc.	145,115	2.6
Prologis, Inc.	129,452	3.1
Lowe's Companies, Inc.	123,630	1.9
Brookfield Corporation	104,362	3.2
Equinix, Inc.	102,805	4.9
Airbnb, Inc.	86,247	2.6
Hilton Worldwide Holdings Inc.	75,229	3.0
Brookfield Asset Management Ltd.	73,422	0.2
Simon Property Group, Inc.	72,527	1.2
CRH public limited company	71,497	2.6
Digital Realty Trust, Inc.	64,219	1.5
Public Storage	55,878	2.7
Rocket Companies, Inc.	44,564	1.5
Ventas, Inc.	43,172	1.1
CBRE Group, Inc.	39,440	2.6
Vulcan Materials Company	38,279	0.5
Iron Mountain Incorporated	37,580	1.4
Las Vegas Sands Corporation	30,607	0.4
PulteGroup, Inc.	26,137	1.9
Madison Air Solutions Corporation	19,550	2.0
Hyatt Hotels Corporation	18,252	3.3
Toll Brothers, Inc.	15,399	5.1
James Hardie Industries plc	15,193	1.4
Jones Lang LaSalle Incorporated	14,380	2.0
MGM Resorts International	12,232	0.8
Advanced Drainage Systems, Inc.	12,030	2.4
AAON, Inc.	10,391	1.8
Wynn Resorts, Limited	10,077	0.8
The Macerich Company	7,548	4.2
Mohawk Industries, Inc.	7,396	0.9
Red Rock Resorts, Inc.	6,790	2.0
Boyd Gaming Corporation	6,566	1.5
Fortune Brands Innovations, Inc.	6,549	2.3
Caesars Entertainment, Inc.	6,147	2.1
Procore Technologies, Inc.	6,129	0.1
GDS Holdings Limited	6,017	1.0
Meritage Homes Corporation	5,593	4.2
SiteOne Landscape Supply, Inc.	5,069	2.8
KB Home	3,921	1.6
Cushman & Wakefield Ltd.	3,101	0.9
Blackstone Mortgage Trust, Inc.	2,859	0.1
PENN Entertainment, Inc.	2,859	2.5
Blackstone Digital Infrastructure Trust Inc.	2,176	2.9
Total		**96.0%***

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

Baron Emerging Markets Fund is a diversified fund that, under normal circumstances, invests at least 80% of its net assets in equity securities of growth companies domiciled, headquartered or whose primary business activities or principal trading markets are in developing countries. The Fund may invest up to 20% in developed countries and in frontier countries.

Company	Equity Market Cap ($M)	Percent of Net Assets (%)
Taiwan Semiconductor Manufacturing Company Limited	2,476,904	15.7
Space Exploration Technologies Corp.	2,248,381	0.6
Samsung Electronics Co., Ltd.	1,245,254	7.7
SK hynix Inc.	1,207,541	7.1
Tencent Holdings Limited	502,960	2.7
Contemporary Amperex Technology Co., Limited	274,876	1.5
Alibaba Group Holding Limited	230,425	1.6
Reliance Industries Limited	184,983	0.4
Delta Electronics, Inc.	159,001	2.2
SK Square Co., Ltd.	138,747	1.0
Bharti Airtel Limited	122,092	0.7
BYD Company Limited	97,947	0.9
Grupo Mexico, S.A.B. de C.V.	88,252	1.9
Bajaj Finance Limited	66,085	1.7
Nu Holdings Ltd.	64,938	0.6
Montage Technology Co., Ltd.	56,831	2.3
WuXi AppTec Co., Ltd.	54,996	1.0
Banco BTG Pactual S.A.	51,322	0.8
OTP Bank Nyrt	41,323	0.7
Samsung Biologics Co., Ltd.	41,292	0.4
Kotak Mahindra Bank Limited	41,218	0.5
HD Hyundai Heavy Industries Co., Ltd.	40,716	0.2
Naspers Limited	38,264	0.2
Doosan Enerbility Co., Ltd.	36,921	0.5
Sberbank of Russia PJSC	36,377†	0.0**
Banco Bradesco S.A.	34,262	0.6
FirstRand Limited	33,308	0.8
Bharat Electronics Limited	31,800	0.9
Coupang, Inc.	31,180	0.1
Credicorp Ltd.	30,919	1.0
Chroma ATE Inc.	28,833	1.2
Power Grid Corporation of India Limited	28,130	1.1
Eternal Limited	26,976	1.0
Zhejiang Sanhua Intelligent Controls Co., Ltd.	25,702	0.5
S.F. Holding Co., Ltd.	23,894	0.3
InterGlobe Aviation Limited	21,929	1.0
Jiangsu Hengli Hydraulic Co., Ltd.	21,254	1.0
Sociedad Quimica y Minera de Chile S.A.	20,136	0.4
ASPEED Technology Inc.	19,574	1.0
Fuyao Glass Industry Group Co., Ltd.	18,852	0.7
SBI Life Insurance Company Limited	18,714	0.8
Trent Limited	18,492	1.1
Divi's Laboratories Limited	18,451	0.7
Cummins India Limited	16,573	1.4
Cholamandalam Investment and Finance Company Limited	16,121	0.6
Tencent Music Entertainment Group	13,874	0.5
Piraeus Bank S.A.	12,834	1.2
Absa Group Limited	12,445	0.7

Company	Equity Market Cap ($M)	Percent of Net Assets (%)
XPeng Inc.	12,374	0.3
Max Healthcare Institute Limited	11,611	1.2
JSW Energy Limited	11,295	1.2
Tata Consumer Products Limited	11,245	0.4
BDO Unibank, Inc.	10,302	0.5
HYUNDAI Glovis Co., Ltd.	9,643	0.8
Korea Aerospace Industries, Ltd.	9,632	0.6
Hanwha Systems Co., Ltd.	9,395	0.3
Localiza Rent a Car S.A.	9,034	1.0
Prio S.A.	8,814	0.6
XP Inc.	8,428	0.9
Full Truck Alliance Co. Ltd.	8,425	0.8
China Mengniu Dairy Company Limited	7,953	0.8
Nippon Life India Asset Management Limited	7,848	1.1
E Ink Holdings Inc.	7,773	0.6
Vista Energy, S.A.B. de C.V.	7,110	0.8
Swiggy Limited	6,980	0.6
eMemory Technology Inc.	6,858	0.9
HD HYUNDAI Marine Solution CO., LTD.	6,453	0.4
GDS Holdings Limited	6,017	1.0
Godrej Properties Limited	5,940	0.5
Tata Communications Limited	5,934	0.1
Zhejiang Shuanghuan Driveline Co., Ltd.	5,200	0.7
Kirloskar Oil Engines Limited	3,631	0.9
The Japan Steel Works, Ltd.	3,593	0.2
Nuvama Wealth Management Limited	3,483	0.5
Rasan Information Technology Company	3,189	0.7
Acutaas Chemicals Limited	3,050	0.4
HPSP Co., Ltd.	3,039	0.9
Pony AI Inc.	3,013	0.4
Kingdee International Software Group Company Limited	2,679	0.5
ISC Co., Ltd.	2,564	1.2
Zai Lab Limited	2,098	0.7
Pine Labs Limited	1,932	0.6
d'Alba Global Co., Ltd.	1,809	1.0
Astra Microwave Products Limited	1,767	0.2
GPS Participacoes e Empreendimentos S.A.	1,689	0.5
Ceres Power Holdings plc	1,445	0.4
Afya Limited	1,391	0.3
JM Financial Limited	1,237	0.7
Codere Online Luxembourg, S.A.	434	0.5
Think & Learn Private Limited	21^	0.0**
Total		**98.6%***

* *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, under normal circumstances, invests primarily in equity securities of established and emerging markets companies located throughout the world, with capitalizations within the range of companies included in the MSCI ACWI Index.

Company	Equity Market Cap ($M)	Percent of Net Assets (%)
NVIDIA Corporation	4,842,178	6.3
Alphabet Inc.	4,326,972	2.4
Amazon.com, Inc.	2,563,850	4.4
Taiwan Semiconductor Manufacturing Company Limited	2,476,904	5.3
Space Exploration Technologies Corp.	2,248,381	20.2
Tesla, Inc.	1,579,658	1.5
Samsung Electronics Co., Ltd.	1,245,254	1.1
ASML Holding N.V.	763,437	3.8
CrowdStrike Holdings, Inc.	194,269	3.3
Shopify Inc.	147,634	4.9
Datadog, Inc.	92,686	3.0
Snowflake Inc.	88,210	2.0
Cloudflare, Inc.	87,060	3.1
MercadoLibre, Inc.	86,053	3.6
Nebius Group N.V.	70,119	1.7
Bajaj Finance Limited	66,085	2.3
Nu Holdings Ltd.	64,938	2.8
argenx SE	57,696	2.6
Cerebras Systems Inc.	49,250	0.6
Block, Inc.	45,234	0.6
Coupang, Inc.	31,180	2.3
INNIO N.V.	29,663	0.2
Adyen N.V.	29,371	0.8
Eternal Limited	26,976	2.2

Company	Equity Market Cap ($M)	Percent of Net Assets (%)
Illumina, Inc.	26,603	1.4
Zscaler, Inc.	22,825	1.3
Forgent Power Solutions, Inc.	17,005	1.8
Figma, Inc.	9,558	0.1
InPost S.A.	8,804	0.8
SailPoint, Inc.	8,304	1.0
Loar Holdings Inc.	7,547	2.4
DPC Holdings Limited	7,138	0.6
ServiceTitan, Inc.	6,746	1.1
GDS Holdings Limited	6,017	2.1
BillionToOne, Inc.	5,519	0.7
Netskope, Inc.	4,419	0.8
Grail, Inc.	2,930	0.0**
Heartflow, Inc.	2,530	0.9
Afya Limited	1,391	0.3
Taboola.com Ltd.	1,377	0.0**
indie Semiconductor, Inc.	1,020	0.8
Farmers Business Network, Inc.	500^	0.0**
Codere Online Luxembourg, S.A.	434	0.9
Think & Learn Private Limited	21^	0.0**
Total		**97.8%***

* *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, under normal circumstances, invests primarily in equity securities of U.S. 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	23,575	1.6
RBC Bearings Incorporated	20,375	1.1
SiTime Corporation	19,680	2.0
Arxis, Inc.	18,933	1.5
Samsara Inc.	18,897	2.2
Nova Ltd.	17,256	1.5
Forgent Power Solutions, Inc.	17,005	3.1
Rubrik, Inc.	16,524	2.2
Advanced Energy Industries, Inc.	14,181	2.0
Dynatrace, Inc.	12,799	2.7
Texas Roadhouse, Inc.	12,701	2.1
DraftKings Inc.	12,532	1.4
Advanced Drainage Systems, Inc.	12,030	1.9
Tempus AI, Inc.	10,402	2.0
AAON, Inc.	10,391	1.0
Guidewire Software, Inc.	10,245	1.7
Wynn Resorts, Limited	10,077	1.9
MP Materials Corp.	9,971	1.0
Liberty Live Holdings, Inc.	9,583	2.6
Kratos Defense & Security Solutions, Inc.	9,350	1.2
Primo Brands Corporation	8,869	2.1
Enpro Inc.	7,963	2.3
Repligen Corporation	7,696	2.0
Kinsale Capital Group, Inc.	7,606	1.0
Loar Holdings Inc.	7,547	3.5
X-Energy, Inc.	7,461	0.5
Mercury Systems, Inc.	7,345	2.6
DPC Holdings Limited	7,138	1.1
Karman Holdings Inc.	6,616	1.4
Brunello Cucinelli S.p.A.	6,426	1.3
Casella Waste Systems, Inc.	6,168	2.1
Procore Technologies, Inc.	6,129	1.0
Definium Therapeutics, Inc.	6,008	0.9
SentinelOne, Inc.	5,822	1.3
Novanta Inc.	5,778	2.2
BillionToOne, Inc.	5,519	1.9
Veradermics, Incorporated	5,134	0.8
SiteOne Landscape Supply, Inc.	5,069	1.9
StepStone Group Inc.	4,936	1.3
Stevanato Group S.p.A.	4,933	1.7
Wingstop Inc.	4,722	1.9
Veracyte, Inc.	4,686	1.5
Mirion Technologies, Inc.	4,492	1.2
Netskope, Inc.	4,419	1.4
Waystar Holding Corp.	3,938	1.4
iRhythm Holdings, Inc.	3,844	0.8
Arcutis Biotherapeutics, Inc.	3,280	1.2
Heartflow, Inc.	2,530	2.0
Establishment Labs Holdings Inc.	2,525	0.9
AxoGen, Inc.	2,456	1.3
Lincoln International, Inc.	2,435	1.0
Shake Shack Inc.	2,397	1.1
Blackstone Digital Infrastructure Trust Inc.	2,176	1.8
HawkEye 360, Inc.	1,981	0.6
Enerpac Tool Group Corp.	1,848	0.7
Harrow, Inc.	1,583	1.3
CareDx, Inc.	1,472	2.1
TWFG, Inc.	1,303	1.2
indie Semiconductor, Inc.	1,020	1.3
Onterris, Inc.	730	1.6
Total		**96.3%***

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

Portfolio Market Capitalization

Baron Durable Advantage Fund is a diversified fund that, under normal circumstances, invests primarily in equity securities of U.S. 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	4,842,178	8.7
Alphabet Inc.	4,326,972	7.8
Microsoft Corporation	2,770,955	4.5
Amazon.com, Inc.	2,563,850	7.4
Taiwan Semiconductor Manufacturing Company Limited	2,476,904	10.4
Broadcom Inc.	1,797,176	5.6
Meta Platforms, Inc.	1,429,869	4.7
Visa Inc.	662,290	4.3
Lam Research Corporation	541,910	2.0
Mastercard Incorporated	453,906	1.5
Costco Wholesale Corporation	414,861	1.0
Amphenol Corporation	216,915	2.8
Welltower Inc.	160,221	3.5
Blackstone Inc.	145,115	1.8
S&P Global Inc.	123,481	2.4
Quanta Services, Inc.	108,049	1.5

Company	Equity Market Cap ($M)	Percent of Net Assets (%)
Brookfield Corporation	104,362	2.5
CME Group, Inc.	80,020	1.8
Moody's Corporation	79,125	2.8
TransDigm Group Incorporated	74,506	2.0
Apollo Global Management, Inc.	68,208	2.2
Monolithic Power Systems, Inc.	67,915	5.4
HEICO Corporation	41,455	3.1
MSCI Inc.	40,950	3.0
Arch Capital Group Ltd.	33,912	1.1
Mettler-Toledo International Inc.	25,815	1.1
LPL Financial Holdings Inc.	22,530	2.1
Arxis, Inc.	18,933	1.1
Texas Roadhouse, Inc.	12,701	1.2
Total		**99.2%***

* *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 equity securities, real estate income-producing securities and other real estate securities of any market capitalization, debt 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 (%)
The Home Depot, Inc.	351,663	1.5
Welltower Inc.	160,221	9.7
Prologis, Inc.	129,452	7.7
Equinix, Inc.	102,805	7.5
Simon Property Group, Inc.	72,527	2.1
CRH public limited company	71,497	1.7
Digital Realty Trust, Inc.	64,219	1.6
Public Storage	55,878	3.2
Iron Mountain Incorporated	37,580	1.5
Extra Space Storage Inc.	30,696	1.1
Equity Residential	25,452	4.4
Essex Property Trust, Inc.	18,738	1.7
Weyerhaeuser Company	17,262	2.4
Host Hotels & Resorts, Inc.	16,239	2.4
UDR, Inc.	12,971	3.3
EastGroup Properties, Inc.	10,887	3.1
BXP, Inc.	10,575	4.6
Alexandria Real Estate Equities, Inc.	9,210	4.0

Company	Equity Market Cap ($M)	Percent of Net Assets (%)
CubeSmart	9,005	2.1
Janus Living, Inc.	8,389	3.0
The Macerich Company	7,548	6.1
Terreno Realty Corporation	6,886	1.0
Fortune Brands Innovations, Inc.	6,549	2.0
Wyndham Hotels & Resorts, Inc.	6,304	0.5
GDS Holdings Limited	6,017	0.5
Meritage Homes Corporation	5,593	3.3
Vail Resorts, Inc.	4,852	1.7
Brookfield Infrastructure Corporation	4,734	2.5
Marriott Vacations Worldwide Corporation	3,499	2.1
Curbline Properties Corp.	3,208	1.3
Blackstone Mortgage Trust, Inc.	2,859	0.2
Pebblebrook Hotel Trust	2,201	2.7
Blackstone Digital Infrastructure Trust Inc.	2,176	4.0
Total		**96.4%***

* *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 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	1,129,553	13.7
Johnson & Johnson	611,361	5.6
UnitedHealth Group Incorporated	377,452	3.6
Merck & Co., Inc.	317,372	2.5
AstraZeneca PLC	294,103	2.5
Thermo Fisher Scientific Inc.	186,316	3.9
Welltower Inc.	160,221	3.4
Gilead Sciences, Inc.	156,860	2.0
Intuitive Surgical, Inc.	140,844	1.7
Vertex Pharmaceuticals Incorporated	126,073	2.6
Elevance Health, Inc.	83,983	1.7
argenx SE	57,696	4.2
Edwards Lifesciences Corporation	52,087	2.6
IDEXX Laboratories, Inc.	41,527	1.2
Revolution Medicines, Inc.	39,815	2.1
Teva Pharmaceutical Industries Limited	39,458	3.9
Natera, Inc.	38,876	1.9
DexCom, Inc.	25,989	1.2
Mettler-Toledo International Inc.	25,815	5.6
Roivant Sciences Ltd.	25,455	3.9
Insmed Incorporated	23,110	0.9
Sartorius Stedim Biotech S.A.	20,196	0.7
Guardant Health, Inc.	19,894	2.2
Ascendis Pharma A/S	16,531	0.4

Company	Equity Market Cap ($M)	Percent of Net Assets (%)
Ionis Pharmaceuticals, Inc.	13,104	1.0
Axsome Therapeutics, Inc.	12,596	0.6
Madrigal Pharmaceuticals, Inc.	12,380	2.1
Elanco Animal Health Incorporated	12,292	2.0
Cytokinetics, Incorporated	11,566	0.7
Abivax S.A.	10,632	0.3
Kymera Therapeutics, Inc.	9,433	2.0
Protagonist Therapeutics, Inc.	7,883	1.7
Repligen Corporation	7,696	1.5
Definium Therapeutics, Inc.	6,008	0.6
Xenon Pharmaceuticals Inc.	5,835	1.3
BillionToOne, Inc.	5,519	2.8
Veradermics, Incorporated	5,134	1.1
Tango Therapeutics, Inc.	5,074	0.4
RadNet, Inc.	4,849	3.2
NewAmsterdam Pharma Company N.V.	3,962	0.3
Enliven Therapeutics, Inc.	3,625	0.3
Arcutis Biotherapeutics, Inc.	3,280	0.8
Heartflow, Inc.	2,530	1.3
Total		**98.1%***

* *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 equity securities of companies located in India.

Company	Equity Market Cap ($M)	Percent of Net Assets (%)
HDFC Bank Limited	129,829	4.5
Bharti Airtel Limited	122,092	2.7
ICICI Bank Limited	104,125	4.6
Bajaj Finance Limited	66,085	6.8
Axis Bank Limited	44,224	1.7
Titan Company Limited	41,304	1.6
Kotak Mahindra Bank Limited	41,218	1.4
Mahindra & Mahindra Limited	40,315	1.7
Bharat Electronics Limited	31,800	4.0
Bajaj Finserv Limited	30,101	0.5
Power Grid Corporation of India Limited	28,130	2.9
Eternal Limited	26,976	2.6
InterGlobe Aviation Limited	21,929	3.8
SBI Life Insurance Company Limited	18,714	0.7
Trent Limited	18,492	1.8
Divi's Laboratories Limited	18,451	2.1
Cummins India Limited	16,573	3.3
Cholamandalam Investment and Finance Company Limited	16,121	3.2
Siemens Energy India Limited	13,857	1.4
Max Healthcare Institute Limited	11,611	2.6

Company	Equity Market Cap ($M)	Percent of Net Assets (%)
JSW Energy Limited	11,295	2.8
Tata Consumer Products Limited	11,245	2.3
360 ONE WAM Limited	4,617	2.7
Aditya Infotech Limited	4,541	1.3
Aster DM Healthcare Ltd.	4,294	3.8
Kirloskar Oil Engines Limited	3,631	4.1
Nuvama Wealth Management Limited	3,483	3.0
Acutaas Chemicals Limited	3,050	4.1
Amber Enterprises India Limited	2,806	0.6
Data Patterns (India) Limited	2,663	2.7
INOX India Limited	1,878	2.1
Astra Microwave Products Limited	1,767	2.1
Shaily Engineering Plastics Limited	1,407	1.6
HealthCare Global Enterprises Limited	989	2.1
GMR Power and Urban Infra Limited	817	0.7
Precision Wires India Limited	776	5.7
KSH International Limited	618	1.2
Centum Electronics Limited	590	3.6
Total		**100.8%***

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

Portfolio Market Capitalization

Baron First Principles ETF is a non-diversified fund that, under normal circumstances, invests primarily in equity securities (including depositary receipts) of U.S. growth companies of any market capitalization.

Company	Equity Market Cap ($M)	Percent of Net Assets (%)
Space Exploration Technologies Corp.	2,248,381	32.2
Tesla, Inc.	1,579,658	12.4
The Charles Schwab Corporation	165,166	3.8
Interactive Brokers Group, Inc.	147,973	3.5
Shopify Inc.	147,634	3.3
Spotify Technology S.A.	94,504	2.7
Airbnb, Inc.	86,247	1.8
Live Nation Entertainment, Inc.	43,131	1.5
IDEXX Laboratories, Inc.	41,527	1.7
HEICO Corporation	41,455	2.3
MSCI Inc.	40,950	4.5
Arch Capital Group Ltd.	33,912	1.8
Verisk Analytics, Inc.	23,522	2.9
Hyatt Hotels Corporation	18,252	4.4
On Holding AG	11,807	2.1
Guidewire Software, Inc.	10,245	1.5
FactSet Research Systems Inc.	8,382	2.4
Birkenstock Holding plc	7,914	2.5
Kinsale Capital Group, Inc.	7,606	0.8
Red Rock Resorts, Inc.	6,790	3.0
Morningstar, Inc.	5,933	2.0
Choice Hotels International, Inc.	5,017	2.3
Vail Resorts, Inc.	4,852	2.2
FIGS, Inc.	1,709	2.3
Total		**99.9%***

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

Baron Global Durable Advantage ETF is a non-diversified fund that seeks to achieve its investment objective by investing primarily in equity securities of established and developing countries throughout the world, with capitalizations within the range of companies included in the MSCI ACWI Index (USD).

Company	Equity Market Cap ($M)	Percent of Net Assets (%)
NVIDIA Corporation	4,842,178	6.4
Alphabet Inc.	4,326,972	5.4
Amazon.com, Inc.	2,563,850	6.1
Taiwan Semiconductor Manufacturing Company Limited	2,476,904	8.7
Broadcom Inc.	1,797,176	1.1
Meta Platforms, Inc.	1,429,869	2.9
Samsung Electronics Co., Ltd.	1,245,254	1.1
Eli Lilly and Company	1,129,553	3.2
ASML Holding N.V.	763,437	5.2
Visa Inc.	662,290	5.4
Tencent Holdings Limited	502,960	1.6
LVMH Moet Hennessy Louis Vuitton SE	274,184	1.2
Amphenol Corporation	216,915	1.2
Hermes International S.A.	193,234	2.0
Thermo Fisher Scientific Inc.	186,316	1.3
AppLovin Corporation	173,086	1.4
Welltower Inc.	160,221	2.8
S&P Global Inc.	123,481	3.7
Keyence Corporation	122,400	1.4
Quanta Services, Inc.	108,049	1.3
Brookfield Corporation	104,362	3.2
Atlas Copco AB	96,120	2.3
MercadoLibre, Inc.	86,053	1.3
KKR & Co. Inc.	82,407	1.3
CME Group, Inc.	80,020	2.8
Hilton Worldwide Holdings Inc.	75,229	2.5
TransDigm Group Incorporated	74,506	2.5
Monolithic Power Systems, Inc.	67,915	1.9
Ferrari N.V.	65,715	1.0
Nu Holdings Ltd.	64,938	1.9
HEICO Corporation	41,455	1.9
MSCI Inc.	40,950	2.3
Constellation Software Inc.	39,895	1.6
Ajinomoto Co., Inc.	35,595	2.8
Coupang, Inc.	31,180	1.2
INNIO N.V.	29,663	0.2
LPL Financial Holdings Inc.	22,530	1.0
Watsco, Inc.	16,566	1.1
Lifco AB	14,868	2.3
Stevanato Group S.p.A.	4,933	1.6
Total		**99.9%***

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

Portfolio Market Capitalization

Baron SMID Cap ETF is a diversified fund that, under normal circumstances, invests at least 80% of its net assets in equity securities (including depositary receipts) of small- and mid-sized companies with market capitalizations in excess of $1 billion and a market capitalization up to the largest market cap stock in the Russell Midcap Growth Index at reconstitution at the time of purchase.

Company	Equity Market Cap ($M)	Percent of Net Assets (%)
Datadog, Inc.	92,686	2.6
Coherent Corp.	77,174	2.8
Hilton Worldwide Holdings Inc.	75,229	1.9
TransDigm Group Incorporated	74,506	1.0
Monolithic Power Systems, Inc.	67,915	1.2
Ferrari N.V.	65,715	1.9
argenx SE	57,696	2.2
AMETEK, Inc.	55,453	1.2
Edwards Lifesciences Corporation	52,087	2.1
Cerebras Systems Inc.	49,250	0.6
Viking Holdings Ltd	46,699	1.4
Axon Enterprise, Inc.	45,186	4.2
Chipotle Mexican Grill, Inc.	43,613	1.4
Waste Connections, Inc.	42,293	1.9
MSCI Inc.	40,950	1.9
Teva Pharmaceutical Industries Limited	39,458	0.9
Natera, Inc.	38,876	1.8
Vulcan Materials Company	38,279	1.7
Reddit, Inc.	33,416	1.6
Fair Isaac Corporation	27,708	0.2
Illumina, Inc.	26,603	1.2
Liberty Media Corporation - Liberty Formula One	23,575	2.4
LPL Financial Holdings Inc.	22,530	1.7
Tradeweb Markets Inc.	21,729	1.2
Lattice Semiconductor Corporation	20,957	2.4
Rollins, Inc.	20,096	1.5
Arxis, Inc.	18,933	1.5
Samsara Inc.	18,897	2.8
BWX Technologies, Inc.	17,833	1.0
Forgent Power Solutions, Inc.	17,005	2.7

Company	Equity Market Cap ($M)	Percent of Net Assets (%)
Rubrik, Inc.	16,524	3.2
Dynatrace, Inc.	12,799	2.6
DraftKings Inc.	12,532	1.3
Elanco Animal Health Incorporated	12,292	1.7
Advanced Drainage Systems, Inc.	12,030	1.8
Tempus AI, Inc.	10,402	1.2
Guidewire Software, Inc.	10,245	2.3
Wynn Resorts, Limited	10,077	2.0
MP Materials Corp.	9,971	1.0
Liberty Live Holdings, Inc.	9,583	2.3
Kratos Defense & Security Solutions, Inc.	9,350	0.6
Enpro Inc.	7,963	2.7
Repligen Corporation	7,696	1.9
Loar Holdings Inc.	7,547	3.1
X-Energy, Inc.	7,461	0.5
Mercury Systems, Inc.	7,345	2.5
Karman Holdings Inc.	6,616	1.4
Churchill Downs Incorporated	6,248	0.9
SiteOne Landscape Supply, Inc.	5,069	1.7
Stevanato Group S.p.A.	4,933	1.5
Wingstop Inc.	4,722	1.4
Netskope, Inc.	4,419	1.6
Hamilton Lane Incorporated	4,378	1.4
Waystar Holding Corp.	3,938	1.4
Shake Shack Inc.	2,397	1.1
Total		**96.0%***

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

Baron Financials ETF is a diversified fund that, under normal circumstances, invests at least 80% of its net assets in equity securities (including depositary receipts) of Financials and Financials-related companies of any market capitalization.

Company	Equity Market Cap ($M)	Percent of Net Assets (%)
JPMorgan Chase & Co.	877,085	3.8
Visa Inc.	662,290	6.0
Mastercard Incorporated	453,906	5.6
Bank of America Corporation	404,364	4.9
Morgan Stanley	329,716	4.3
American Express Company	230,797	2.0
The Charles Schwab Corporation	165,166	4.1
BlackRock Inc.	157,279	2.8
Interactive Brokers Group, Inc.	147,973	4.5
Shopify Inc.	147,634	1.5
The Progressive Corporation	127,466	1.4
Capital One Financial Corporation	124,844	2.6
S&P Global Inc.	123,481	4.0
Robinhood Markets, Inc.	90,345	1.6
MercadoLibre, Inc.	86,053	3.1
KKR & Co. Inc.	82,407	3.3
CME Group, Inc.	80,020	2.6
Moody's Corporation	79,125	3.7
Intuit Inc.	71,393	0.3
Apollo Global Management, Inc.	68,208	3.0
Nu Holdings Ltd.	64,938	2.8
Block, Inc.	45,234	1.0

Company	Equity Market Cap ($M)	Percent of Net Assets (%)
MSCI Inc.	40,950	3.6
Arch Capital Group Ltd.	33,912	2.1
Fair Isaac Corporation	27,708	1.0
AerCap Holdings N.V.	23,568	2.0
Verisk Analytics, Inc.	23,522	2.2
LPL Financial Holdings Inc.	22,530	3.4
Tradeweb Markets Inc.	21,729	2.9
Equifax Inc.	18,899	0.9
Wise Group plc	14,666	1.8
TransUnion	13,909	1.2
Guidewire Software, Inc.	10,245	1.1
Jack Henry & Associates, Inc.	9,787	1.5
Houlihan Lokey, Inc.	9,328	2.1
Primerica, Inc.	8,923	1.4
Kinsale Capital Group, Inc.	7,606	0.7
ServiceTitan, Inc.	6,746	0.4
Neptune Insurance Holdings Inc.	4,357	0.5
The Baldwin Insurance Group, Inc.	3,793	0.6
Lincoln International, Inc.	2,435	0.8
TWFG, Inc.	1,303	0.8
Total		**99.7%***

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

Portfolio Market Capitalization

Baron Technology ETF is a non-diversified fund that, under normal circumstances, invests at least 80% of its net assets in equity securities (including depositary receipts) of U.S. and non-U.S. technology companies of any market capitalization, selected for their durable growth potential from the development, advancement, and use of technology. Investments in non-U.S. securities are limited to 35% of the fund's total assets at the time of purchase.

Company	Equity Market Cap ($M)	Percent of Net Assets (%)
NVIDIA Corporation	4,842,178	5.6
Alphabet Inc.	4,326,972	6.0
Amazon.com, Inc.	2,563,850	4.0
Taiwan Semiconductor Manufacturing Company Limited	2,476,904	8.9
Space Exploration Technologies Corp.	2,248,381	8.6
Broadcom Inc.	1,797,176	6.4
Tesla, Inc.	1,579,658	3.2
Meta Platforms, Inc.	1,429,869	0.9
Micron Technology, Inc.	1,303,647	4.8
SK hynix Inc.	1,207,541	0.9
Advanced Micro Devices, Inc.	947,232	3.5
ASML Holding N.V.	763,437	2.3
Applied Materials, Inc.	574,033	1.2
Lam Research Corporation	541,910	8.8
Arista Networks, Inc.	213,913	1.0
CrowdStrike Holdings, Inc.	194,269	1.2
Welltower Inc.	160,221	0.6
Shopify Inc.	147,634	2.5
Quanta Services, Inc.	108,049	1.5
Spotify Technology S.A.	94,504	4.2

Company	Equity Market Cap ($M)	Percent of Net Assets (%)
Datadog, Inc.	92,686	0.8
Cloudflare, Inc.	87,060	0.9
Bloom Energy Corporation	86,101	1.1
Coherent Corp.	77,174	3.6
Monolithic Power Systems, Inc.	67,915	1.2
Lumentum Holdings Inc.	66,757	1.2
Cerebras Systems Inc.	49,250	0.6
Axon Enterprise, Inc.	45,186	3.1
INNIO N.V.	29,663	0.2
Samsara Inc.	18,897	1.5
Forgent Power Solutions, Inc.	17,005	1.2
Rubrik, Inc.	16,524	2.1
Guidewire Software, Inc.	10,245	0.4
Fervo Energy Company	8,613	0.9
DPC Holdings Limited	7,138	0.6
Hinge Health, Inc.	6,423	1.7
GDS Holdings Limited	6,017	1.2
indie Semiconductor, Inc.	1,020	1.2
Total		**99.8%***

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

Baron Asset Fund

Shares		Cost	Value
Common Stocks (100.32%)			
Communication Services (35.84%)			
	Alternative Carriers (34.30%)		
8,020,910	Space Exploration Technologies Corp., Cl A [1,3,†]	$ 78,500,479	$ 1,370,452,683
	Movies & Entertainment (1.54%)		
90,030	Spotify Technology SA [1,2]	22,203,025	41,335,474
1,566,765	StubHub Holdings, Inc., Cl A [1,4]	58,158,509	20,164,265
		80,361,534	61,499,739
Total Communication Services		158,862,013	1,431,952,422
Consumer Discretionary (7.06%)			
	Casinos & Gaming (0.52%)		
825,000	DraftKings, Inc., Cl A [1]	31,102,313	20,839,500
	Footwear (1.66%)		
591,069	Birkenstock Holding PLC [1,2,5]	26,321,038	25,433,699
1,147,000	On Holding AG, Cl A [1,2]	35,496,145	40,626,740
		61,817,183	66,060,439
	Hotels, Resorts & Cruise Lines (3.83%)		
363,682	Choice Hotels International, Inc.	1,567,025	40,103,214
63,000	Hilton Worldwide Holdings, Inc.	17,295,535	20,818,980
475,233	Hyatt Hotels Corp., Cl A	13,075,166	92,119,165
		31,937,726	153,041,359
	Leisure Facilities (1.05%)		
308,124	Vail Resorts, Inc.	7,091,924	41,951,083
Total Consumer Discretionary		131,949,146	281,892,381
Financials (9.47%)			
	Financial Exchanges & Data (2.95%)		
152,719	FactSet Research Systems, Inc.	8,111,765	35,137,587
69,896	MSCI, Inc.	29,383,505	39,144,556
438,189	Tradeweb Markets, Inc., Cl A	26,490,483	43,669,916
		63,985,753	117,952,059
	Insurance Brokers (0.49%)		
74,451	Willis Towers Watson PLC [2]	9,189,143	19,459,258
	Investment Banking & Brokerage (2.39%)		
868,394	The Charles Schwab Corp.	767,067	80,126,714
55,000	LPL Financial Holdings, Inc.	20,659,483	15,492,400
		21,426,550	95,619,114
	Property & Casualty Insurance (3.64%)		
1,498,417	Arch Capital Group Ltd. [1,2]	5,410,177	145,436,354
Total Financials		100,011,623	378,466,785

Shares		Cost	Value
Common Stocks (continued)			
Health Care (9.45%)			
	Health Care Equipment (3.80%)		
169,000	Edwards Lifesciences Corp. [1]	$ 15,187,294	$ 15,287,740
259,176	IDEXX Laboratories, Inc. [1]	4,918,796	136,440,613
		20,106,090	151,728,353
	Health Care Supplies (0.74%)		
411,198	The Cooper Companies, Inc. [1]	17,222,441	29,487,009
	Health Care Technology (0.65%)		
146,728	Veeva Systems, Inc., Cl A [1]	8,211,614	26,039,818
	Life Sciences Tools & Services (4.26%)		
94,647	Mettler-Toledo International, Inc. [1]	21,295,157	120,912,489
230,000	Repligen Corp. [1]	33,794,491	31,381,200
49,974	West Pharmaceutical Services, Inc.	2,163,306	17,940,666
		57,252,954	170,234,355
Total Health Care		102,793,099	377,489,535
Industrials (16.54%)			
	Aerospace & Defense (2.35%)		
85,000	Axon Enterprise, Inc. [1]	27,732,330	47,651,850
575,000	Loar Holdings, Inc. [1]	41,680,085	46,350,750
		69,412,415	94,002,600
	Construction & Engineering (4.53%)		
251,580	Quanta Services, Inc.	42,589,931	181,147,663
	Data Processing & Outsourced Services (0.63%)		
403,076	SS&C Technologies Holdings, Inc.	10,805,708	25,010,866
	Electrical Components & Equipment (3.66%)		
878,738	Forgent Power Solutions, Inc., Cl A [1,4]	25,106,799	49,086,305
290,000	Vertiv Holdings Co., Cl A	27,408,196	97,097,800
		52,514,995	146,184,105
	Environmental & Facilities Services (0.95%)		
910,558	Rollins, Inc.	11,879,733	38,006,691
	Industrial Machinery & Supplies & Components (0.19%)		
33,460	IDEX Corp.	2,409,866	7,593,747
	Research & Consulting Services (4.23%)		
200,000	Booz Allen Hamilton Holding Corp.	19,807,656	12,134,000
500,500	TransUnion	21,354,565	36,106,070
672,476	Verisk Analytics, Inc.	24,880,838	120,729,616
		66,043,059	168,969,686
Total Industrials		255,655,707	660,915,358

Baron Asset Fund (continued)

Shares		Cost	Value
Common Stocks (continued)			
Information Technology (15.34%)			
	Application Software (6.32%)		
26,047	Fair Isaac Corp.[1]	$ 9,900,177	$ 31,120,434
862,495	Guidewire Software, Inc.[1]	43,112,663	106,130,010
430,000	Procore Technologies, Inc.[1]	30,763,897	17,466,600
160,692	Roper Technologies, Inc.	13,653,341	54,376,566
770,000	Samsara, Inc., Cl A[1]	30,094,271	24,971,100
261,493	ServiceTitan, Inc., Cl A[1]	19,670,404	18,490,170
		147,194,753	252,554,880
	Electronic Components (5.91%)		
1,338,270	Amphenol Corp., Cl A	31,948,435	235,963,767
	Internet Services & Infrastructure (0.84%)		
151,248	Cerebras Systems, Inc., Cl A[1,4]	29,864,726	33,425,808
	IT Consulting & Other Services (1.71%)		
525,973	Gartner, Inc.[1]	11,175,237	68,176,620
	Technology Distributors (0.56%)		
160,011	CDW Corp.	9,672,214	22,503,947
Total Information Technology		229,855,365	612,625,022
Materials (1.18%)			
	Construction Materials (1.18%)		
160,000	Vulcan Materials Co.	44,278,302	47,201,600
Real Estate (5.44%)			
	Data Center REITs (1.20%)		
46,116	Equinix, Inc.	2,965,260	48,070,857
	Health Care REITs (1.25%)		
220,000	Welltower, Inc.	31,846,794	49,933,400
	Real Estate Services (2.99%)		
496,323	CBRE Group, Inc., Cl A[1]	5,552,581	66,849,745
1,854,901	CoStar Group, Inc.[1]	37,631,527	52,530,796
		43,184,108	119,380,541
Total Real Estate		77,996,162	217,384,798
Total Common Stocks		**1,101,401,417**	**4,007,927,901**

Shares		Cost	Value
Private Preferred Stocks (0.22%)			
Industrials (0.22%)			
	Aerospace & Defense (0.22%)		
277,529	Skyryse, Inc., Series C[1,3,4]	**$ 7,499,999**	**$ 8,800,445**

Principal Amount		Cost	Value
Short Term Investments (0.07%)			
Securities Lending Collateral (0.07%)			
$ 2,836,920	State Street Navigator Securities Lending Prime Portfolio[6]	**2,836,920**	**2,836,920**
Total Investments (100.61%)		**$ 1,111,738,336**	**4,019,565,266**
Liabilities Less Cash and Other Assets (-0.61%)			**(24,410,801)**
Net Assets			**$ 3,995,154,465**

% Represents percentage of net assets.
1 Non-income producing securities.
2 Foreign corporation.
3 At June 30, 2026, the market value of restricted securities amounted to $1,362,363,446 or 34.10% 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 value of all securities loaned at June 30, 2026 amounted to $2,743,206 or 0.07% of net assets.
6 Represents investment of cash collateral received from securities lending transactions.
† Space Exploration Technologies Corp. is subject to lock-up or market standoff agreement. Fair value is based on the unadjusted market price of the equivalent equity security. At June 30, 2026, the total value of unadjusted equity securities subject to contractual sale restrictions is $1,353,563,001 or 33.88% of net assets, with varying restriction expiration dates ranging from 8/6/2026 to 8/3/2027. Under normal market conditions, there are no circumstances that could cause the restrictions to lapse.

Baron Generational Growth Fund^

Shares		Cost	Value
Common Stocks (118.96%)			
Consumer Discretionary (30.60%)			
	Apparel, Accessories & Luxury Goods (6.01%)		
12,368,569	Figs, Inc., Cl A [1,6]	$ 87,745,510	$ 126,530,461
	Casinos & Gaming (7.26%)		
2,347,802	Red Rock Resorts, Inc., Cl A [6]	61,849,524	152,747,998
	Hotels, Resorts & Cruise Lines (13.28%)		
2,532,997	Choice Hotels International, Inc. [4,6]	69,164,538	279,313,579
	Leisure Facilities (4.05%)		
625,538	Vail Resorts, Inc. [6]	28,596,095	85,166,999
Total Consumer Discretionary		247,355,667	643,759,037
Financials (72.94%)			
	Financial Exchanges & Data (29.99%)		
598,113	FactSet Research Systems, Inc. [6]	30,524,970	137,613,839
535,000	Morningstar, Inc. [6]	11,283,789	83,470,700
731,989	MSCI, Inc. [6]	14,229,157	409,943,120
		56,037,916	631,027,659
	Investment Banking & Brokerage (1.74%)		
273,278	Houlihan Lokey, Inc. [6]	11,879,807	36,654,778
	Life & Health Insurance (5.96%)		
441,029	Primerica, Inc. [6]	9,535,188	125,340,442
	Property & Casualty Insurance (35.25%)		
4,705,713	Arch Capital Group Ltd. [1,2,6]	15,232,101	456,736,504
863,900	Kinsale Capital Group, Inc. [6]	28,683,670	284,922,859
		43,915,771	741,659,363
Total Financials		121,368,682	1,534,682,242
Health Care (4.92%)			
	Health Care Equipment (4.92%)		
196,500	IDEXX Laboratories, Inc. [1,6]	2,766,584	103,445,460
Information Technology (10.50%)			
	Application Software (4.38%)		
750,000	Guidewire Software, Inc. [1,6]	22,750,078	92,287,500
	IT Consulting & Other Services (6.12%)		
992,944	Gartner, Inc. [1,6]	14,230,995	128,705,401
Total Information Technology		36,981,073	220,992,901
Total Common Stocks		408,472,006	2,502,879,640
Private Common Stocks (0.04%)			
Unclassified (0.04%)			
	Unclassified (0.04%)		
422,278	Farmers Business Network, Inc. [1,3,5,7]	$ 16,300,002	$ 785,437
Total Investments (119.00%)		$ 424,772,008	2,503,665,077
Liabilities Less Cash and Other Assets (-19.00%)			(399,788,019)
Net Assets			$ 2,103,877,058

% Represents percentage of net assets.
1 Non-income producing securities.
2 Foreign corporation.
3 At June 30, 2026, the market value of restricted securities amounted to $785,437 or 0.04% of net assets.
4 An "Affiliated" investment may include any company in which the Fund owns 5% or more of its outstanding shares.
5 Sector levels are provided from the Global Industry Classification Standard (GICS), developed and exclusively owned by MSCI Inc. (MSCI) and Standard and Poor’s Financial Services LLC (S&P). The Adviser has reclassified/classified certain securities in or out of this sub-industry. Such reclassifications/classifications are not supported by S&P or MSCI.
6 All or a portion of this security is pledged with the custodian in connection with the Fund's loans payable outstanding. At June 30, 2026, the total market value of pledged securities amounted to $793,228,659 or 37.70% of net assets.
7 The Adviser reclassified sector and sub-industry to Unclassified due to ongoing principal business activity restructuring.
^ As stated within the Supplement to the Prospectus and Statement of Additional Information dated April 30, 2026, effective June 1, 2026, Baron Growth Fund has changed its name to Baron Generational Growth Fund. For additional information please refer to the Supplement.

Baron Small Cap Fund

Shares		Cost	Value
Common Stocks (98.87%)			
Communication Services (4.79%)			
	Movies & Entertainment (4.79%)		
800,000	Liberty Media Corp.-Liberty Formula One, Cl C [1]	$ 15,267,597	$ 76,112,000
150,000	Madison Square Garden Sports Corp. [1]	5,656,366	60,276,000
Total Communication Services		20,923,963	136,388,000
Consumer Discretionary (19.80%)			
	Automotive Parts & Equipment (0.29%)		
3,250,000	Holley, Inc. [1]	15,612,642	8,287,500
	Casinos & Gaming (6.42%)		
1,500,000	DraftKings, Inc., Cl A [1]	27,760,213	37,890,000
2,225,000	Red Rock Resorts, Inc., Cl A	74,866,833	144,758,500
		102,627,046	182,648,500
	Education Services (2.12%)		
850,000	Bright Horizons Family Solutions, Inc. [1]	41,901,355	60,248,000
	Homebuilding (1.41%)		
175,000	Installed Building Products, Inc.	7,629,502	40,222,000
	Leisure Facilities (1.97%)		
1,075,000	Planet Fitness, Inc., Cl A [1]	42,707,926	56,082,750
	Restaurants (3.16%)		
450,000	The Cheesecake Factory, Inc.	10,208,047	35,793,000
500,000	Shake Shack, Inc., Cl A [1]	32,623,255	28,010,000
150,000	Wingstop, Inc.	23,927,603	26,011,500
		66,758,905	89,814,500
	Specialized Consumer Services (4.43%)		
4,500,000	Driven Brands Holdings, Inc. [1]	76,882,119	62,730,000
600,000	Liberty Live Holdings, Inc., Cl C [1]	34,070,759	63,384,000
		110,952,878	126,114,000
Total Consumer Discretionary		388,190,254	563,417,250
Consumer Staples (1.08%)			
	Packaged Foods & Meats (1.08%)		
1,500,000	Once Upon a Farm PBC [1]	27,847,079	30,720,000
Financials (10.31%)			
	Asset Management & Custody Banks (0.95%)		
2,200,000	GCM Grosvenor, Inc., Cl A	24,160,896	27,060,000
	Insurance Brokers (3.18%)		
2,700,000	Baldwin Insurance Group, Inc., Cl A [1]	38,913,842	71,766,000
600,000	Neptune Insurance Holdings, Inc., Cl A [1]	12,860,182	18,900,000
		51,774,024	90,666,000
Common Stocks (continued)			
Financials (continued)			
	Investment Banking & Brokerage (2.12%)		
450,000	Houlihan Lokey, Inc.	$ 20,791,637	$ 60,358,500
	Property & Casualty Insurance (4.06%)		
350,000	Kinsale Capital Group, Inc.	52,830,811	115,433,500
Total Financials		149,557,368	293,518,000
Health Care (11.20%)			
	Health Care Equipment (0.53%)		
225,000	DexCom, Inc. [1]	746,235	15,153,750
	Health Care Services (4.21%)		
700,000	Hinge Health, Inc., Cl A [1]	23,746,715	58,100,000
1,000,000	RadNet, Inc. [1]	57,940,384	61,670,000
		81,687,099	119,770,000
	Health Care Supplies (1.58%)		
5,000,000	Neogen Corp. [1]	50,262,368	44,950,000
	Life Sciences Tools & Services (2.50%)		
350,000	ICON plc [1,2]	10,015,240	60,798,500
8,000	Mettler-Toledo International, Inc. [1]	386,055	10,220,080
		10,401,295	71,018,580
	Managed Health Care (2.38%)		
750,000	HealthEquity, Inc. [1]	12,292,452	67,740,000
Total Health Care		155,389,449	318,632,330
Industrials (33.56%)			
	Aerospace & Defense (6.81%)		
1,400,000	Applied Aerospace & Defense, Inc. [1]	27,620,233	31,892,000
445,000	Karman Holdings, Inc. [1]	13,208,896	22,214,400
475,000	Kratos Defense & Security Solutions, Inc. [1]	10,313,730	23,683,500
70,000	TransDigm Group, Inc. [1]	0	93,242,800
100,000	VSE Corp.	18,107,648	22,850,000
		69,250,507	193,882,700
	Construction & Engineering (1.42%)		
475,000	Legence Corp., Cl A [1]	13,300,000	40,484,250
	Electrical Components & Equipment (7.65%)		
650,000	Vertiv Holdings Co., Cl A	7,433,252	217,633,000
	Environmental & Facilities Services (1.88%)		
225,000	Casella Waste Systems, Inc., Cl A [1]	18,386,235	21,818,250
190,000	Waste Connections, Inc. [2]	8,296,667	31,671,100
		26,682,902	53,489,350
	Human Resource & Employment Services (2.22%)		
3,500,000	First Advantage Corp. [1]	55,629,977	63,175,000

Baron Small Cap Fund (continued)

Shares		Cost	Value
Common Stocks (continued)			
Industrials (continued)			
	Industrial Machinery & Supplies & Components (8.17%)		
180,000	Enpro, Inc.	$ 31,537,948	$ 67,847,400
660,000	JBT Marel Corp.	59,851,004	95,700,000
107,000	RBC Bearings, Inc. [1]	18,637,407	68,914,420
		110,026,359	232,461,820
	Research & Consulting Services (1.71%)		
900,000	Andersen Group, Inc., Cl A [1]	16,676,713	33,948,000
250,000	Exponent, Inc.	18,870,045	14,690,000
		35,546,758	48,638,000
	Trading Companies & Distributors (3.70%)		
919,500	SiteOne Landscape Supply, Inc. [1]	44,595,814	105,199,995
Total Industrials		362,465,569	954,964,115
Information Technology (16.07%)			
	Application Software (5.40%)		
700,000	Guidewire Software, Inc. [1]	17,937,708	86,135,000
1,675,000	Intapp, Inc. [1]	65,120,759	42,226,750
1,550,000	nCino, Inc. [1]	49,646,801	25,342,500
		132,705,268	153,704,250
	Electronic Equipment & Instruments (6.41%)		
1,250,000	Cognex Corp.	34,873,029	90,525,000
1,500,000	Mirion Technologies, Inc. [1]	30,394,356	26,895,000
400,000	Novanta, Inc. [1,2]	44,477,575	64,896,000
		109,744,960	182,316,000

Shares		Cost	Value
Common Stocks (continued)			
Information Technology (continued)			
	IT Consulting & Other Services (2.27%)		
850,000	Everforth, Inc. [1]	$ 17,046,890	$ 15,189,500
250,000	Gartner, Inc. [1]	3,718,546	32,405,000
3,000,000	Grid Dynamics Holdings, Inc. [1]	36,322,597	17,040,000
		57,088,033	64,634,500
	Semiconductors (0.87%)		
5,500,000	indie Semiconductor, Inc., Cl A [1]	33,521,133	24,695,000
	Systems Software (1.12%)		
350,000	JFrog Ltd. [1,2]	10,750,434	31,808,000
Total Information Technology		343,809,828	457,157,750
Materials (0.91%)			
	Specialty Chemicals (0.91%)		
700,000	Avient Corp.	22,710,451	25,872,000
Real Estate (1.15%)			
	Data Center REITs (1.15%)		
1,513,476	Blackstone Digital Infrastructure Trust, Inc. [1]	29,969,821	32,736,486
Total Investments (98.87%)		**$ 1,500,863,782**	**2,813,405,931**
Cash and Other Assets Less Liabilities (1.13%)			**32,044,994**
Net Assets			**$ 2,845,450,925**

% Represents percentage of net assets.
[1] Non-income producing securities.
[2] Foreign corporation.

Baron Opportunity Fund

Shares		Cost	Value
Common Stocks (99.76%)			
Communication Services (29.63%)			
	Alternative Carriers (19.02%)		
2,358,660	Space Exploration Technologies Corp., Cl A [1,3,†]	$ 41,000,224	$ 403,000,648
	Interactive Media & Services (7.26%)		
258,810	Alphabet, Inc., Cl A	86,998,617	92,490,930
5,310	Alphabet, Inc., Cl C	1,868,068	1,876,182
105,700	Meta Platforms, Inc., Cl A	20,449,342	59,539,753
		109,316,027	153,906,865
	Movies & Entertainment (3.35%)		
154,700	Spotify Technology SA [1,2]	53,523,539	71,027,411
Total Communication Services		203,839,790	627,934,924
Consumer Discretionary (10.66%)			
	Automobile Manufacturers (4.67%)		
235,200	Tesla, Inc. [1]	15,496,090	98,925,120
	Broadline Retail (5.35%)		
475,500	Amazon.com, Inc. [1]	28,080,356	113,330,670
	Footwear (0.64%)		
382,000	On Holding AG, Cl A [1,2]	14,700,015	13,530,440
Total Consumer Discretionary		58,276,461	225,786,230
Financials (3.45%)			
	Investment Banking & Brokerage (0.47%)		
108,000	Charles Schwab Corp.	10,324,988	9,965,160
	Transaction & Payment Processing Services (2.98%)		
56,400	Mastercard, Incorporated, Cl A	12,019,014	28,967,040
99,800	Visa, Inc., Cl A	15,336,164	34,240,382
		27,355,178	63,207,422
Total Financials		37,680,166	73,172,582
Health Care (9.01%)			
	Biotechnology (2.05%)		
46,869	argenx SE, ADR [1,2]	5,811,341	43,483,652
	Health Care Equipment (0.77%)		
41,105	Intuitive Surgical, Inc. [1]	4,585,816	16,346,636
	Health Care Services (1.40%)		
356,785	Hinge Health, Inc., Cl A [1]	12,727,678	29,613,155
	Health Care Technology (0.84%)		
608,259	HeartFlow, Inc. [1]	15,306,800	17,846,319
	Life Sciences Tools & Services (0.50%)		
87,803	BillionToOne, Inc., Cl A [1,4]	6,241,877	10,534,604
	Pharmaceuticals (3.45%)		
60,900	Eli Lilly & Co.	47,327,695	73,045,287
Total Health Care		92,001,207	190,869,653

Shares		Cost	Value
Common Stocks (continued)			
Industrials (4.40%)			
	Aerospace & Defense (1.15%)		
43,400	Axon Enterprise, Inc. [1]	$ 23,424,281	$ 24,330,474
	Construction & Engineering (0.85%)		
25,000	Quanta Services, Inc.	6,003,860	18,001,000
	Electrical Components & Equipment (1.62%)		
614,090	Forgent Power Solutions, Inc., Cl A [1,4]	16,859,822	34,303,067
	Heavy Electrical Equipment (0.78%)		
267,905	DPC Holdings Ltd. [1,2]	9,106,276	13,143,419
86,625	Innio N.V. [1,2]	2,338,875	3,426,019
		11,445,151	16,569,438
Total Industrials		57,733,114	93,203,979
Information Technology (40.89%)			
	Application Software (2.36%)		
160,100	Guidewire Software, Inc. [1]	13,167,877	19,700,305
933,000	Samsara, Inc., Cl A [1]	30,988,156	30,257,190
		44,156,033	49,957,495
	Communications Equipment (1.35%)		
83,097	Arista Networks, Inc. [1]	12,383,993	14,116,518
16,900	Lumentum Holdings, Inc. [1]	8,685,314	14,501,214
		21,069,307	28,617,732
	Electronic Components (0.74%)		
40,000	Coherent Corp. [1]	9,101,220	15,778,800
	Internet Services & Infrastructure (2.87%)		
60,584	Cerebras Systems, Inc., Cl A [1,4]	11,208,040	13,389,064
622,000	GDS Holdings Ltd., ADR [1,2]	11,046,841	18,678,660
251,200	Shopify, Inc., Cl A [1,2]	14,777,802	28,682,016
		37,032,683	60,749,740
	IT Consulting & Other Services (0.45%)		
74,087	Gartner, Inc. [1]	5,206,364	9,603,157
	Semiconductor Materials & Equipment (2.13%)		
9,800	ASML Holding N.V. [2]	13,759,138	19,496,512
59,400	Lam Research Corp.	13,737,501	25,739,802
		27,496,639	45,236,314
	Semiconductors (24.26%)		
322,900	Broadcom, Inc.	45,278,217	121,975,475
6,200,000	indie Semiconductor, Inc., Cl A [1]	26,721,411	27,838,000
33,300	Micron Technology, Inc.	35,798,005	38,437,857
17,180	Monolithic Power Systems, Inc.	9,989,761	23,748,945
1,217,400	NVIDIA Corp.	7,023,160	243,589,566
122,200	Taiwan Semiconductor Manufacturing Co., Ltd., ADR [2]	14,811,451	58,359,054
		139,622,005	513,948,897

Baron Opportunity Fund (continued)

Shares		Cost	Value
Common Stocks (continued)			
Information Technology (continued)			
	Systems Software (6.73%)		
113,600	Cloudflare, Inc., Cl A [1,4]	$ 8,255,283	$ 27,863,808
19,300	Crowdstrike Holdings, Inc., Cl A [1]	7,808,560	14,728,602
161,600	Datadog, Inc., Cl A [1,4]	18,297,041	42,074,176
314,500	Rubrik, Inc., Cl A [1]	16,589,425	25,248,060
128,100	Snowflake, Inc., Cl A [1,4]	21,336,874	32,601,450
		72,287,183	142,516,096
Total Information Technology		355,971,434	866,408,231
Real Estate (0.78%)			
	Health Care REITs (0.78%)		
72,500	Welltower, Inc.	14,831,885	16,455,325
Utilities (0.94%)			
	Renewable Electricity (0.94%)		
685,103	Fervo Energy Co., Cl A [1]	18,497,781	20,025,561
Total Common Stocks		**838,831,838**	**2,113,856,485**
Private Common Stocks (0.02%)			
Unclassified (0.02%)			
	Unclassified (0.02%)		
182,067	Farmers Business Network, Inc. [1,3,5]	**2,394,651**	**338,645**
Private Convertible Preferred Stocks (0.13%)			
Unclassified (0.13%)			
	Unclassified (0.13%)		
37,254	Farmers Business Network, Inc., Series F [1,3,5]	4,855,355	684,729
615,761	Farmers Business Network, Inc., Units [1,3,5]	615,761	2,081,272
Total Private Convertible Preferred Stocks		**5,471,116**	**2,766,001**
Total Investments (99.91%)		**$ 846,697,605**	**2,116,961,131**
Cash and Other Assets Less Liabilities (0.09%)			**1,914,711**
Net Assets			**$ 2,118,875,842**

% Represents percentage of net assets.
[1] Non-income producing securities.
[2] Foreign corporation.
[3] At June 30, 2026, the market value of restricted securities amounted to $401,138,734 or 18.93% 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.
[†] Space Exploration Technologies Corp. is subject to lock-up or market standoff agreement. Fair value is based on the unadjusted market price of the equivalent equity security. At June 30, 2026, the total value of unadjusted equity securities subject to contractual sale restrictions is $398,034,089 or 18.79% of net assets, with varying restriction expiration dates ranging from 8/6/2026 to 8/3/2027. Under normal market conditions, there are no circumstances that could cause the restrictions to lapse.
[ADR] American Depositary Receipt.

Baron Partners Fund

Shares		Cost	Value
Common Stocks (106.64%)			
Communication Services (38.84%)			
	Alternative Carriers (35.04%)		
36,938,300	Space Exploration Technologies Corp., Cl A [1,3]	$ 110,169,457	$ 6,311,277,938
	Interactive Media & Services (0.54%)		
53,447	Alphabet, Inc., Cl A [6]	18,984,278	19,100,354
219,983	Alphabet, Inc., Cl C [6]	80,229,815	77,726,594
		99,214,093	96,826,948
	Movies & Entertainment (3.26%)		
1,280,900	Spotify Technology SA [1,2,6]	555,009,847	588,099,617
Total Communication Services		764,393,397	6,996,204,503
Consumer Discretionary (30.78%)			
	Automobile Manufacturers (15.07%)		
6,455,000	Tesla, Inc. [1,5,6]	95,897,630	2,714,973,000
	Broadline Retail (0.85%)		
638,434	Amazon.com, Inc. [1,6]	160,275,618	152,164,360
	Casinos & Gaming (2.03%)		
5,624,441	Red Rock Resorts, Inc., Cl A	280,993,587	365,926,131
	Footwear (3.66%)		
8,035,219	Birkenstock Holding PLC [1,2,6,7]	321,475,768	345,755,474
8,871,696	On Holding AG, Cl A [1,2,6]	330,631,306	314,235,472
		652,107,074	659,990,946
	Hotels, Resorts & Cruise Lines (6.75%)		
3,992,835	Choice Hotels International, Inc. [4,6]	410,482,090	440,289,915
4,001,647	Hyatt Hotels Corp., Cl A [6]	231,255,106	775,679,255
		641,737,196	1,215,969,170
	Leisure Facilities (2.42%)		
3,202,597	Vail Resorts, Inc. [4,6]	369,825,530	436,033,581
Total Consumer Discretionary		2,200,836,635	5,545,057,188
Financials (18.18%)			
	Financial Exchanges & Data (8.57%)		
2,149,040	FactSet Research Systems, Inc. [4,6]	478,853,563	494,451,123
1,892,591	Morningstar, Inc. [6]	332,857,847	295,282,048
1,348,361	MSCI, Inc. [6]	718,256,305	755,136,094
		1,529,967,715	1,544,869,265
	Investment Banking & Brokerage (4.27%)		
8,331,722	Charles Schwab Corp. [6]	470,676,572	768,767,989

Shares		Cost	Value
Common Stocks (continued)			
Financials (continued)			
	Property & Casualty Insurance (5.34%)		
6,492,000	Arch Capital Group Ltd. [1,2,6]	$ 57,157,863	$ 630,113,520
1,003,991	Kinsale Capital Group, Inc. [6]	346,828,342	331,126,272
		403,986,205	961,239,792
Total Financials		2,404,630,492	3,274,877,046
Health Care (3.58%)			
	Biotechnology (0.77%)		
1,989,386	Moderna, Inc. [1,6]	103,322,071	139,316,702
	Health Care Equipment (2.47%)		
846,300	IDEXX Laboratories, Inc. [1,6]	153,770,597	445,526,172
	Pharmaceuticals (0.34%)		
50,500	Eli Lilly & Co. [6]	55,212,388	60,571,215
Total Health Care		312,305,056	645,414,089
Industrials (2.96%)			
	Aerospace & Defense (0.52%)		
176,625	HEICO Corp. [6]	26,597,840	62,912,059
116,875	HEICO Corp., Cl A [6]	7,586,429	30,143,231
		34,184,269	93,055,290
	Research & Consulting Services (2.44%)		
2,448,139	Verisk Analytics, Inc. [6]	447,123,156	439,514,395
Total Industrials		481,307,425	532,569,685
Information Technology (9.43%)			
	Application Software (2.81%)		
4,127,441	Figma, Inc., Cl A [1]	90,467,912	74,665,408
3,512,348	Guidewire Software, Inc. [1,6]	436,131,601	432,194,421
		526,599,513	506,859,829
	Internet Services & Infrastructure (3.97%)		
6,255,641	Shopify, Inc., Cl A [1,2,6]	719,548,089	714,269,089
	IT Consulting & Other Services (2.65%)		
3,679,506	Gartner, Inc. [1,4,6]	632,167,006	476,937,568
Total Information Technology		1,878,314,608	1,698,066,486
Real Estate (2.87%)			
	Other Specialized REITs (0.44%)		
1,775,000	Gaming and Leisure Properties, Inc. [6]	54,880,336	79,040,750
	Real Estate Services (2.43%)		
15,488,217	CoStar Group, Inc. [1,6]	394,277,731	438,626,305
Total Real Estate		449,158,067	517,667,055
Total Common Stocks		8,490,945,680	19,209,856,052

Baron Partners Fund (continued)

Principal Amount		Cost	Value
Short Term Investments (0.22%)			
Securities Lending Collateral (0.22%)			
$ 38,566,148	State Street Navigator Securities Lending Prime Portfolio [8]	$ 38,566,148	$ 38,566,148
Total Investments (106.86%)		**$ 8,529,511,828**	**19,248,422,200**
Liabilities Less Cash and Other Assets (-6.86%)			**(1,235,166,806)**
Net Assets			**$18,013,255,394**

% Represents percentage of net assets.
[1] Non-income producing securities.
[2] Foreign corporation.
[3] Space Exploration Technologies Corp. is subject to lock-up or market standoff agreement. Fair value is based on the unadjusted market price of the equivalent equity security. At June 30, 2026, the total value of unadjusted equity securities subject to contractual sale restrictions is $6,233,497,340 or 34.61% of net assets, with varying restriction expiration dates ranging from 8/6/2026 to 8/3/2027. Under normal market conditions, there are no circumstances that could cause the restrictions to lapse.
[4] An "Affiliated" investment may include any company in which the Fund owns 5% or more of its outstanding shares.
[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 June 30, 2026, the total market value of pledged securities amounted to $2,424,881,779 or 13.46% of net assets.
[7] The value of all securities loaned at June 30, 2026 amounted to $37,292,165 or 0.21% of net assets.
[8] Represents investment of cash collateral received from securities lending transactions.

Baron Fifth Avenue Growth Fund

Shares		Cost	Value
Common Stocks (99.98%)			
Communication Services (22.04%)			
	Alternative Carriers (10.18%)		
478,640	Space Exploration Technologies Corp., Cl A [1,3]	$ 15,999,886	$ 81,780,430
	Interactive Media & Services (11.86%)		
154,207	Alphabet, Inc., Cl A	25,748,132	55,108,956
71,252	Meta Platforms, Inc., Cl A	5,885,390	40,135,539
		31,633,522	95,244,495
Total Communication Services		47,633,408	177,024,925
Consumer Discretionary (15.24%)			
	Automobile Manufacturers (3.89%)		
74,227	Tesla, Inc. [1]	16,024,679	31,219,876
	Broadline Retail (11.35%)		
284,121	Amazon.com, Inc. [1]	2,673,396	67,717,399
344,919	Coupang, Inc. [1]	6,204,278	5,991,243
10,282	MercadoLibre, Inc. [1]	7,849,511	17,452,564
		16,727,185	91,161,206
Total Consumer Discretionary		32,751,864	122,381,082
Financials (1.72%)			
	Asset Management & Custody Banks (1.72%)		
150,502	KKR & Co., Inc.	18,188,591	13,813,074
Health Care (8.03%)			
	Biotechnology (2.27%)		
19,676	argenx SE, ADR [1,2]	7,011,715	18,254,803
	Health Care Equipment (2.15%)		
43,393	Intuitive Surgical, Inc. [1]	5,068,231	17,256,528
	Life Sciences Tools & Services (1.88%)		
4,609	GRAIL, Inc. [1,4]	28,246	314,656
84,024	Illumina, Inc. [1]	6,592,236	14,773,940
		6,620,482	15,088,596
	Pharmaceuticals (1.73%)		
11,561	Eli Lilly & Co.	9,030,529	13,866,610
Total Health Care		27,730,957	64,466,537
Information Technology (52.95%)			
	Application Software (2.77%)		
47,676	Figma, Inc., Cl A [1]	1,573,308	862,459
658,941	Samsara, Inc., Cl A [1]	24,377,282	21,369,457
		25,950,590	22,231,916
	Electronic Components (1.87%)		
84,907	Amphenol Corp., Cl A	12,281,860	14,970,802
	Internet Services & Infrastructure (4.46%)		
24,466	Cerebras Systems, Inc., Cl A [1,4]	4,526,210	5,406,986
266,539	Shopify, Inc., Cl A [1,2]	12,692,489	30,433,423
		17,218,699	35,840,409

Shares		Cost	Value
Common Stocks (continued)			
Information Technology (continued)			
	Semiconductor Materials & Equipment (3.77%)		
15,222	ASML Holding N.V. [2]	$ 2,954,474	$ 30,283,256
	Semiconductors (26.62%)		
53,852	Broadcom, Inc.	18,465,447	20,342,593
17,279	Monolithic Power Systems, Inc.	16,192,052	23,885,798
514,452	NVIDIA Corp.	6,715,519	102,936,701
139,558	Taiwan Semiconductor Manufacturing Co., Ltd., ADR [2]	26,454,594	66,648,714
		67,827,612	213,813,806
	Systems Software (13.46%)		
129,302	Cloudflare, Inc., Cl A [1,4]	10,473,302	31,715,195
31,869	Crowdstrike Holdings, Inc., Cl A [1]	5,961,149	24,320,509
130,731	Datadog, Inc., Cl A [1,4]	9,681,321	34,037,123
70,829	Snowflake, Inc., Cl A [1,4]	9,785,961	18,025,980
		35,901,733	108,098,807
Total Information Technology		162,134,968	425,238,996
Total Investments (99.98%)		$ 288,439,788	802,924,614
Cash and Other Assets Less Liabilities (0.02%)			172,761
Net Assets			$ 803,097,375

% Represents percentage of net assets.
[1] Non-income producing securities.
[2] Foreign corporation.
[3] Space Exploration Technologies Corp. is subject to lock-up or market standoff agreement. Fair value is based on the unadjusted market price of the equivalent equity security. At June 30, 2026, the total value of unadjusted equity securities subject to contractual sale restrictions is $80,772,527 or 10.06% of net assets, with varying restriction expiration dates ranging from 8/6/2026 to 8/3/2027. Under normal market conditions, there are no circumstances that could cause the restrictions to lapse.
[4] Sector levels are provided from the Global Industry Classification Standard (GICS), developed and exclusively owned by MSCI Inc. (MSCI) and Standard and Poor's Financial Services LLC (S&P). The Adviser has reclassified/classified certain securities in or out of this sub-industry. Such reclassifications/classifications are not supported by S&P or MSCI.
[ADR] American Depositary Receipt.

Baron Focused Growth Fund

Shares		Cost	Value
Common Stocks (103.73%)			
Communication Services (33.66%)			
	Alternative Carriers (28.61%)		
9,272,511	Space Exploration Technologies Corp., Cl A[1,3,†]	$ 304,200,973	$ 1,584,301,229
	Movies & Entertainment (5.05%)		
265,000	Live Nation Entertainment, Inc.[1]	35,488,718	48,524,150
503,600	Spotify Technology SA[1,2]	147,675,347	231,217,868
		183,164,065	279,742,018
Total Communication Services		487,365,038	1,864,043,247
Consumer Discretionary (33.91%)			
	Apparel, Accessories & Luxury Goods (1.89%)		
10,226,106	Figs, Inc., Cl A[1]	84,346,212	104,613,064
	Automobile Manufacturers (6.36%)		
837,281	Tesla, Inc.[1]	97,282,830	352,160,389
	Casinos & Gaming (5.42%)		
2,754,313	Las Vegas Sands Corp.	129,765,204	127,221,717
2,657,175	Red Rock Resorts, Inc., Cl A	121,396,570	172,875,806
		251,161,774	300,097,523
	Footwear (6.41%)		
4,506,379	Birkenstock Holding PLC[1,2,5]	195,302,892	193,909,488
4,545,547	On Holding AG, Cl A[1,2]	171,402,187	161,003,275
		366,705,079	354,912,763
	Homebuilding (0.85%)		
285,000	Toll Brothers, Inc.	30,630,554	46,953,750
	Hotels, Resorts & Cruise Lines (9.80%)		
1,139,400	Airbnb, Inc., Cl A[1]	142,446,540	163,048,140
1,282,344	Choice Hotels International, Inc.	128,071,935	141,404,073
1,228,864	Hyatt Hotels Corp., Cl A	133,022,707	238,202,998
		403,541,182	542,655,211
	Leisure Facilities (3.18%)		
1,296,499	Vail Resorts, Inc.	189,367,628	176,518,339
Total Consumer Discretionary		1,423,035,259	1,877,911,039
Financials (17.69%)			
	Financial Exchanges & Data (9.94%)		
689,600	FactSet Research Systems, Inc.	175,601,048	158,663,168
728,184	Morningstar, Inc.	128,351,799	113,611,268
497,000	MSCI, Inc.	275,264,049	278,339,880
		579,216,896	550,614,316
	Investment Banking & Brokerage (5.79%)		
2,461,400	Interactive Brokers Group, Inc., Cl A	72,830,916	214,240,256
2,130,544	Jefferies Financial Group, Inc.	98,615,572	106,484,589
		171,446,488	320,724,845
	Property & Casualty Insurance (1.96%)		
1,117,487	Arch Capital Group Ltd.[1,2]	46,117,935	108,463,288
Total Financials		796,781,319	979,802,449
Health Care (2.87%)			
	Health Care Equipment (2.87%)		
302,100	IDEXX Laboratories, Inc.[1]	137,399,224	159,037,524

Shares		Cost	Value
Common Stocks (continued)			
Industrials (3.08%)			
	Research & Consulting Services (3.08%)		
948,789	Verisk Analytics, Inc.	$ 189,807,059	$ 170,336,089
Information Technology (12.27%)			
	Application Software (4.97%)		
1,330,026	Guidewire Software, Inc.[1]	165,662,737	163,659,699
3,444,957	Samsara, Inc., Cl A[1]	114,598,890	111,719,956
		280,261,627	275,379,655
	Internet Services & Infrastructure (4.60%)		
2,230,316	Shopify, Inc., Cl A[1,2]	205,475,849	254,657,481
	IT Consulting & Other Services (2.70%)		
1,152,681	Gartner, Inc.[1]	181,429,003	149,410,511
Total Information Technology		667,166,479	679,447,647
Real Estate (0.25%)			
	Real Estate Services (0.25%)		
477,873	CoStar Group, Inc.[1]	8,023,191	13,533,363
Total Common Stocks		**3,709,577,569**	**5,744,111,358**
Private Preferred Stocks (0.09%)			
Health Care (0.09%)			
	Health Care Equipment (0.09%)		
99,010	Neuralink Corp., Series E[1,3,4]	**5,000,005**	**5,000,005**

Principal Amount		Cost	Value
Short Term Investments (0.39%)			
Securities Lending Collateral (0.39%)			
$ 21,629,047	State Street Navigator Securities Lending Prime Portfolio [6]	**21,629,047**	**21,629,047**
Total Investments (104.21%)		**$ 3,736,206,621**	**5,770,740,410**
Liabilities Less Cash and Other Assets (-4.21%)			**(233,300,685)**
Net Assets			**$ 5,537,439,725**

% Represents percentage of net assets.
1 Non-income producing securities.
2 Foreign corporation.
3 At June 30, 2026, the market value of restricted securities amounted to $1,320,706,581 or 23.85% 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 value of all securities loaned at June 30, 2026 amounted to $20,914,559 or 0.38% of net assets.
6 Represents investment of cash collateral received from securities lending transactions.
† Space Exploration Technologies Corp. is subject to lock-up or market standoff agreement. Fair value is based on the unadjusted market price of the equivalent equity security. At June 30, 2026, the total value of unadjusted equity securities subject to contractual sale restrictions is $1,315,706,576 or 23.76% of net assets, with varying restriction expiration dates ranging from 8/6/2026 to 8/3/2027. Under normal market conditions, there are no circumstances that could cause the restrictions to lapse.

Baron International Growth Fund

Shares		Cost	Value
Common Stocks (97.02%)			
Australia (1.47%)			
289,969	Lynas Rare Earths Ltd.[1]	$ 1,203,076	$ 3,638,489
47,850	WiseTech Global Ltd.	2,332,793	1,097,763
Total Australia		3,535,869	4,736,252
Brazil (1.27%)			
45,936	Afya Ltd., Cl A	590,116	681,690
202,834	Localiza Rent a Car SA	1,865,786	1,629,896
109,601	XP, Inc., Cl A	2,111,924	1,782,113
Total Brazil		4,567,826	4,093,699
Canada (3.32%)			
12,129	Agnico Eagle Mines Ltd.	556,484	1,881,572
970	Constellation Software, Inc.	20,590	1,826,123
287,470	Lundin Mining Corp.	3,065,053	7,005,086
Total Canada		3,642,127	10,712,781
Chile (0.23%)			
10,059	Sociedad Quimica y Minera de Chile SA, ADR	420,158	744,768
China (6.02%)			
24,324	Alibaba Group Holding Limited, ADR	2,849,492	2,334,617
128,103	BYD Co. Ltd., Cl H	1,747,696	1,186,992
4,033,042	Chongqing Machinery & Electric Co. Ltd., Cl H	1,313,348	1,048,282
34,469	Contemporary Amperex Technology Co. Ltd., Cl A	1,508,334	2,003,668
136,513	Full Truck Alliance Co. Ltd., ADR	871,057	1,108,486
68,236	GDS Holdings Ltd., ADR1	2,557,677	2,049,127
896,819	Kingdee International Software Group Co. Ltd.[1]	390,816	683,740
91,555	Montage Technology Co. Ltd., Cl A	1,823,644	4,229,052
111,212	Pony AI, Inc., ADR1	1,277,944	772,923
26,896	Tencent Holdings Limited	39,495	1,484,190
81,821	Zai Lab Limited, ADR1	1,682,055	1,554,599
162,091	Zhejiang Shuanghuan Driveline Co. Ltd., Cl A	750,857	997,644
Total China		16,812,415	19,453,320
France (10.96%)			
21,954	Airbus SE	3,603,732	4,884,582
88,837	BNP Paribas S.A.	3,205,453	10,375,553
6,612	EssilorLuxottica SA	1,967,853	1,241,545
55,292	Eurofins Scientific SE	339,375	4,326,851
24,097	Euronext NV, 144A	3,527,258	3,854,344
2,920	LVMH Moët Hennessy Louis Vuitton SE	864,538	1,614,936
11,206	Sartorius Stedim Biotech	2,100,056	2,323,597
87,652	TotalEnergies SE	5,385,679	6,777,732
Total France		20,993,944	35,399,140
Common Stocks (continued)			
Germany (2.40%)			
51,421	Deutsche Bank AG	$ 1,135,501	$ 1,735,973
14,038	Innio NV[1]	379,026	555,203
4,404	OHB SE	1,510,843	1,426,636
40,137	Symrise AG	2,488,069	4,026,135
Total Germany		5,513,439	7,743,947
Greece (1.30%)			
404,257	Piraeus Bank SA	2,384,205	4,207,854
India (8.80%)			
94,972	Centum Electronics Ltd.	2,618,989	3,807,118
42,123	Cummins India Ltd.	2,223,318	2,523,468
22,434	Divi's Laboratories Ltd.	1,614,549	1,560,808
704,059	Eternal Ltd.[1]	2,167,624	1,973,302
1,301,048	GMR Power & Urban Infra Ltd.[1]	1,877,374	1,363,828
50,931	Godrej Properties Ltd.[1]	677,052	1,006,932
36,993	InterGlobe Aviation Ltd., 144A	1,478,987	2,101,600
912,395	JM Financial Limited	860,570	1,181,499
462,605	JSW Energy Ltd.	2,593,929	2,854,096
103,428	Kirloskar Oil Engines Ltd.	1,664,133	2,588,230
151,166	Max Healthcare Institute Ltd.	1,010,143	1,805,270
187,655	Nippon Life India Asset Management Ltd., 144A	601,069	2,308,683
467,254	Power Grid Corp. of India Ltd.	1,533,633	1,413,287
56,002	Trent Ltd.	1,029,827	1,945,227
Total India		21,951,197	28,433,348
Ireland (1.78%)			
287,980	Bank of Ireland Group PLC	2,073,088	5,737,415
Israel (0.42%)			
89,307	Oddity Tech Ltd., Cl A[1]	2,346,997	1,351,215
Italy (0.81%)			
7,769	Brunello Cucinelli SpA	833,742	734,928
103,456	Stevanato Group SpA	2,048,522	1,869,450
Total Italy		2,882,264	2,604,378
Japan (17.59%)			
219,667	Ajinomoto Co., Inc.	4,114,445	8,008,874
461,502	Japan Exchange Group, Inc.	4,827,836	5,840,733
50,900	The Japan Steel Works Ltd.	3,203,969	2,437,916
15,329	Keyence Corporation	4,620,268	7,748,610
336,533	Mitsubishi UFJ Financial Group, Inc., ADR	2,711,400	6,693,641
185,200	Mitsui Fudosan Co. Ltd.	2,133,239	1,716,511
596,315	Nomura Holdings, Inc.	4,308,314	5,235,604
257,400	SMS Co. Ltd.	3,856,575	3,551,096
171,957	Sumitomo Mitsui Financial Group, Inc.	2,433,730	6,740,548
18,213	Tokyo Electron Limited	1,964,041	8,830,642
Total Japan		34,173,817	56,804,175

Baron International Growth Fund (continued)

Shares		Cost	Value
Common Stocks (continued)			
Korea, Republic of (7.44%)			
16,863	Doosan Enerbility Co. Ltd.[1]	$ 1,155,183	$ 960,744
1,760	HD Hyundai Heavy Industries Co. Ltd.	159,284	678,609
7,311	HD Hyundai Marine Solution Co. Ltd., Cl C	1,052,040	1,071,312
47,320	HPSP Co. Ltd.	1,142,796	1,676,533
24,031	ISC Co. Ltd.	977,639	2,879,101
40,237	Samsung Electronics Co., Ltd.	3,688,279	8,928,474
4,433	SK Hynix, Inc.	1,813,254	7,822,393
Total Korea, Republic of		9,988,475	24,017,166
Netherlands (6.85%)			
128,432	AMG Critical Materials NV	3,033,178	4,817,737
12,315	argenx SE, ADR[1]	345,189	11,425,488
28,782	Prosus NV	1,009,886	1,250,681
221,172	Universal Music Group NV	4,832,272	4,633,450
Total Netherlands		9,220,525	22,127,356
Peru (0.85%)			
7,062	Credicorp, Ltd.	1,098,427	2,751,214
Russia (0.00%)^			
487,800	Sberbank of Russia PJSC[1,2]	1,650,983	359
Spain (2.06%)			
276,161	eDreams ODIGEO SA1	1,468,849	1,484,955
82,139	Industria de Diseno Textil, S.A.	3,478,594	5,177,412
Total Spain		4,947,443	6,662,367
Sweden (2.44%)			
225,591	Epiroc AB, Cl A	3,535,421	6,189,479
3,666	Spotify Technology SA[1]	1,879,372	1,683,171
Total Sweden		5,414,793	7,872,650
Switzerland (2.16%)			
44,417	Nestle S.A.	4,099,979	4,555,636
68,532	On Holding AG, Cl A[1]	2,912,972	2,427,403
Total Switzerland		7,012,951	6,983,039
Taiwan (6.91%)			
21,644	eMemory Technology, Inc.	1,553,175	2,038,667
257,076	Taiwan Semiconductor Manufacturing Co., Ltd.	4,978,129	20,280,790
Total Taiwan		6,531,304	22,319,457
United Kingdom (4.71%)			
32,835	AstraZeneca PLC, ADR	2,335,459	6,226,172
184,989	BAE Systems PLC	3,469,507	4,533,456
280,001	Ceres Power Holdings PLC[1]	2,010,959	1,899,144
75,204	Experian plc	1,019,946	2,534,645
Total United Kingdom		8,835,871	15,193,417

Shares		Cost	Value
Common Stocks (continued)			
United States (7.23%)			
36,589	Agilent Technologies, Inc.	$ 1,219,419	$ 4,860,117
67,613	Arch Capital Group Ltd.[1]	872,367	6,562,518
12,265	Linde Public Limited Company	1,748,440	6,362,381
10,677	Palo Alto Networks, Inc.[1]	1,652,577	3,641,071
11,299	Space Exploration Technologies Corp., Cl A[1]	1,525,365	1,930,547
Total United States		7,018,168	23,356,634
Total Common Stocks		183,016,286	313,305,951
Warrants (0.00%)			
Canada (0.00%)			
5,029	Constellation Software, Inc. Exp. 3/31/2040 [1,2]	0	0
Total Investments (97.02%)		$ 183,016,286	313,305,951
Cash and Other Assets Less Liabilities (2.98%)			9,634,597
Net Assets			$ 322,940,548

% Represents percentage of net assets.
[1] Non-income producing securities.
[2] At June 30, 2026, the market value of restricted securities, excluding Rule 144A securities as separately described below, amounted to $359 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 June 30, 2026, the market value of Rule 144A securities amounted to $8,264,627 or 2.56% of net assets.

Summary of Investments by Sector as of June 30, 2026	Percentage of Net Assets (%)
Information Technology	24.2%
Financials	20.1%
Industrials	14.0%
Health Care	11.5%
Materials	8.8%
Consumer Discretionary	6.8%
Consumer Staples	4.3%
Communication Services	3.0%
Energy	2.1%
Utilities	1.3%
Real Estate	0.8%
Cash and Cash Equivalents*	3.0%
Total	**100.0%****

* Includes other assets and liabilities-net.
** Individual weights may not sum to 100% due to rounding.

Baron Real Estate Fund

Shares		Cost	Value
Common Stocks (95.96%)			
Consumer Discretionary (36.94%)			
	Casinos & Gaming (10.19%)		
380,050	Boyd Gaming Corp.	$ 32,579,215	$ 33,569,816
1,617,000	Caesars Entertainment, Inc. [1]	34,577,062	48,801,061
211,500	Las Vegas Sands Corp.	7,671,387	9,769,185
395,850	MGM Resorts International [1]	15,274,930	18,925,588
2,697,350	Penn Entertainment, Inc. [1]	42,627,468	57,615,396
720,649	Red Rock Resorts, Inc., Cl A	18,406,810	46,885,424
188,028	Wynn Resorts Ltd.	15,019,473	18,255,639
		166,156,345	233,822,109
	Home Furnishings (0.89%)		
168,733	Mohawk Industries, Inc. [1]	20,419,789	20,472,375
	Home Improvement Retail (4.06%)		
141,650	The Home Depot, Inc.	45,865,014	49,957,122
195,266	Lowe's Companies, Inc.	40,837,364	43,054,200
		86,702,378	93,011,322
	Homebuilding (12.85%)		
588,900	KB Home	30,367,939	36,859,251
1,148,300	Meritage Homes Corp.	76,836,768	96,284,955
324,200	PulteGroup, Inc.	40,823,491	44,483,482
711,600	Toll Brothers, Inc.	72,870,479	117,236,100
		220,898,677	294,863,788
	Hotels, Resorts & Cruise Lines (8.95%)		
415,116	Airbnb, Inc., Cl A [1]	48,546,253	59,403,100
210,200	Hilton Worldwide Holdings, Inc.	33,258,846	69,462,692
394,600	Hyatt Hotels Corp., Cl A	49,242,823	76,489,264
		131,047,922	205,355,056
Total Consumer Discretionary		625,225,111	847,524,650
Financials (7.57%)			
	Asset Management & Custody Banks (5.94%)		
502,750	Blackstone, Inc.	62,376,461	59,158,592
100,710	Brookfield Asset Management Ltd., Cl A [2]	3,116,959	4,516,844
1,703,000	Brookfield Corp., Cl A [2]	44,648,602	72,530,770
		110,142,022	136,206,206
	Commercial & Residential Mortgage Finance (1.53%)		
2,226,850	Rocket Cos., Inc., Cl A [1]	33,228,937	35,072,888
	Mortgage REITs (0.10%)		
136,533	Blackstone Mortgage Trust, Inc., Cl A	2,396,264	2,314,234
Total Financials		145,767,223	173,593,328
Industrials (11.33%)			
	Building Products (8.54%)		
327,850	AAON, Inc.	27,182,358	41,591,051
353,700	Advanced Drainage Systems, Inc.	44,105,924	55,516,752
981,150	Fortune Brands Innovations, Inc.	39,730,359	53,865,135
1,149,771	Madison Air Solutions Corp., Cl A [1]	34,967,712	44,841,069
		145,986,353	195,814,007
Common Stocks (continued)			
Industrials (continued)			
	Trading Companies & Distributors (2.79%)		
559,535	SiteOne Landscape Supply, Inc. [1]	$ 65,081,531	$ 64,016,399
Total Industrials		211,067,884	259,830,406
Information Technology (1.13%)			
	Application Software (0.09%)		
51,723	Procore Technologies, Inc. [1]	2,170,149	2,100,989
	Internet Services & Infrastructure (1.04%)		
797,175	GDS Holdings Ltd., ADR [1,2]	9,978,066	23,939,165
Total Information Technology		12,148,215	26,040,154
Materials (4.55%)			
	Construction Materials (4.55%)		
567,300	CRH PLC [2]	57,320,742	60,701,100
1,200,473	James Hardie Industries PLC [1,2]	28,113,648	31,428,383
41,495	Vulcan Materials Co.	9,885,194	12,241,440
Total Materials		95,319,584	104,370,923
Real Estate (34.44%)			
	Data Center REITs (9.33%)		
3,038,673	Blackstone Digital Infrastructure Trust, Inc. [1]	60,171,742	65,726,497
194,601	Digital Realty Trust, Inc.	31,853,448	34,946,447
108,815	Equinix, Inc.	80,516,687	113,427,668
		172,541,877	214,100,612
	Health Care REITs (7.01%)		
276,750	Ventas, Inc.	20,480,329	24,575,400
600,513	Welltower, Inc.	51,224,749	136,298,436
		71,705,078	160,873,836
	Industrial REITs (3.11%)		
526,250	Prologis, Inc.	58,779,122	71,291,087
	Other Specialized REITs (1.40%)		
254,300	Iron Mountain, Inc.	24,135,237	32,120,633
	Real Estate Services (5.50%)		
442,298	CBRE Group, Inc., Cl A [1]	42,301,144	59,573,118
1,531,700	Cushman & Wakefield Ltd. [1,2]	20,315,657	20,509,463
148,492	Jones Lang LaSalle, Inc. [1]	31,193,446	46,025,095
		93,810,247	126,107,676
	Retail REITs (5.41%)		
3,860,008	The Macerich Co.	68,424,938	97,233,602
120,500	Simon Property Group, Inc.	19,608,011	26,949,825
		88,032,949	124,183,427
	Self Storage REITs (2.68%)		
192,950	Public Storage	55,152,607	61,417,914
Total Real Estate		564,157,117	790,095,185
Total Investments (95.96%)		$ 1,653,685,134	2,201,454,646
Cash and Other Assets Less Liabilities (4.04%)			92,671,087
Net Assets			$ 2,294,125,733

% 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 (98.59%)			
Argentina (0.77%)			
483,147	Vista Energy SAB de CV, ADR[1]	$ 28,387,411	$ 30,824,779
Brazil (5.38%)			
794,218	Afya Ltd., Cl A	15,510,097	11,786,195
6,496,427	Banco Bradesco SA, ADR	25,572,440	22,542,602
3,135,986	Banco BTG Pactual SA	21,137,607	32,858,509
9,515,691	GPS Participacoes e Empreendimentos SA, 144A	23,073,621	21,363,900
5,162,267	Localiza Rent a Car SA	30,649,355	41,481,102
1,804,579	NU Holdings Ltd., Cl A[1]	26,276,021	24,109,175
2,476,003	PRIO SA[1]	26,031,878	25,012,796
2,203,783	XP, Inc., Cl A	37,163,156	35,833,512
Total Brazil		205,414,175	214,987,791
Chile (0.41%)			
219,343	Sociedad Quimica y Minera de Chile SA, ADR	9,241,859	16,240,156
China (18.05%)			
660,774	Alibaba Group Holding Limited, ADR	58,183,630	63,421,089
3,678,467	BYD Co. Ltd., Cl H	50,427,689	34,084,366
16,016,052	China Mengniu Dairy Co. Ltd.	28,190,267	32,901,270
1,008,729	Contemporary Amperex Technology Co. Ltd., Cl A	36,759,765	58,636,971
3,771,554	Full Truck Alliance Co. Ltd., ADR	25,524,533	30,625,018
3,828,271	Fuyao Glass Industry Group Co. Ltd., Cl A	26,457,312	28,538,741
1,306,213	GDS Holdings Ltd., ADR[1]	47,720,253	39,225,576
2,425,064	Jiangsu Hengli Hydraulic Co. Ltd., Cl A	19,750,016	38,570,313
25,345,833	Kingdee International Software Group Co. Ltd.[1]	12,431,861	19,323,815
1,263,231	Montage Technology Co. Ltd., Cl A	26,479,332	58,350,380
571,327	Montage Technology Co. Ltd., Cl H[1]	10,242,329	34,170,474
2,409,512	Pony AI, Inc., ADR[1]	29,929,790	16,746,108
3,291,154	SF Holding Co. Ltd., Cl H	14,704,149	12,668,579
1,634,234	Tencent Holdings Limited	26,936,080	90,181,186
326,811	Tencent Holdings Limited, ADR	13,372,478	18,046,503
2,191,898	Tencent Music Entertainment Group, ADR	22,780,557	18,302,348
2,229,594	WuXi AppTec Co. Ltd., Cl A	33,544,775	41,027,286
946,973	XPeng, Inc., ADR[1]	16,806,162	12,537,923
1,370,904	Zai Lab Limited, ADR[1]	26,516,342	26,047,176
6,023,247	Zhejiang Sanhua Intelligent Controls Co. Ltd., Cl H	19,687,346	20,470,269
4,382,917	Zhejiang Shuanghuan Driveline Co. Ltd., Cl A	19,765,264	26,976,148
Total China		566,209,930	720,851,539
Greece (1.23%)			
4,732,456	Piraeus Bank SA	28,283,338	49,259,466
Hungary (0.71%)			
191,511	OTP Bank Nyrt	26,976,390	28,287,327

Shares		Cost	Value
Common Stocks (continued)			
India (20.48%)			
463,364	Acutaas Chemicals Ltd.	14,854,789	17,300,265
393,352	Astra Microwave Products Ltd.	7,210,787	7,340,092
6,568,186	Bajaj Finance Limited	31,518,530	69,856,450
7,861,396	Bharat Electronics Ltd.	37,481,873	34,262,655
1,501,551	Bharti Airtel Ltd.	9,334,445	29,414,240
1,219,040	Cholamandalam Investment & Finance Co. Ltd.	18,756,376	23,095,448
930,171	Cummins India Ltd.	40,480,828	55,723,876
430,468	Divi's Laboratories Ltd.	30,344,011	29,949,089
13,797,929	Eternal Ltd.[1]	43,146,569	38,672,158
937,096	Godrej Properties Ltd.[1]	16,977,315	18,526,861
714,572	InterGlobe Aviation Ltd., 144A	28,343,486	40,595,364
21,023,583	JM Financial Limited	22,314,366	27,224,326
8,039,376	JSW Energy Ltd.	45,653,163	49,599,885
1,476,023	Kirloskar Oil Engines Ltd.	23,350,883	36,936,688
5,144,712	Kotak Mahindra Bank Ltd.	23,301,258	21,342,552
3,938,142	Max Healthcare Institute Ltd.	36,868,269	47,030,491
3,568,684	Nippon Life India Asset Management Ltd., 144A	11,430,677	43,904,819
1,129,325	Nuvama Wealth Management Ltd.	7,590,364	21,583,580
13,643,347	Pine Labs Ltd., 144A[1]	39,999,997	22,624,418
14,811,545	Power Grid Corp. of India Ltd.	52,829,574	44,799,986
1,177,605	Reliance Industries Limited	9,173,870	16,131,555
1,808,936	SBI Life Insurance Company Limited, 144A	18,235,293	33,763,988
8,882,772	Swiggy Ltd.[1]	42,358,666	22,494,057
278,535	Tata Communications Ltd.	1,216,666	5,803,732
1,578,674	Tata Consumer Products Ltd.	13,331,890	17,966,728
1,217,799	Trent Ltd.	20,741,822	42,300,189
Total India		646,845,767	818,243,492
Japan (0.19%)			
161,200	The Japan Steel Works Ltd.	9,688,746	7,720,864
Korea, Republic of (22.27%)			
186,388	Coupang, Inc.[1]	2,068,045	3,237,559
267,511	D'Alba Global Co. Ltd.	31,163,397	40,381,469
352,497	Doosan Enerbility Co. Ltd.[1]	6,806,815	20,082,979
244,650	Hanwha Systems Co. Ltd.	3,935,317	11,628,009
23,855	HD Hyundai Heavy Industries Co. Ltd.	1,250,044	9,197,853
121,651	HD Hyundai Marine Solution Co. Ltd., Cl C	17,505,374	17,826,047
1,060,350	HPSP Co. Ltd.	25,074,791	37,567,870
255,639	Hyundai Glovis Co. Ltd.	25,755,242	30,643,822
406,865	ISC Co. Ltd.	14,680,168	48,745,603
259,780	Korea Aerospace Industries Ltd.	11,803,461	24,679,351
15,967	Samsung Biologics Co. Ltd., 144A[1]	16,784,309	14,434,943
1,391,000	Samsung Electronics Co., Ltd.	51,434,920	308,658,885
160,667	SK Hynix, Inc.	36,178,880	283,510,128
34,478	SK Square Co. Ltd.	28,372,009	38,989,809
Total Korea, Republic of		272,812,772	889,584,327

Baron Emerging Markets Fund (continued)

Shares		Cost	Value
Common Stocks (continued)			
Mexico (1.91%)			
6,733,902	Grupo Mexico S.A.B. de C.V., Series B	$ 30,301,963	$ 76,097,425
Peru (1.04%)			
106,569	Credicorp, Ltd.	12,421,455	41,517,151
Philippines (0.55%)			
11,305,570	BDO Unibank, Inc.	18,281,096	21,948,498
Russia (0.00%)^			
17,949,100	Sberbank of Russia PJSC[1,2]	64,430,586	13,205
Saudi Arabia (0.74%)			
719,347	Rasan Information Technology Co.[1]	27,296,484	29,599,448
South Africa (1.69%)			
1,922,177	Absa Group Ltd.	23,678,958	26,780,745
5,266,258	FirstRand Ltd.	25,984,007	31,302,070
185,230	Naspers Ltd., N Shares	5,094,446	9,301,098
Total South Africa		54,757,411	67,383,913
Spain (0.52%)			
2,176,630	Codere Online Luxembourg, S.A. Private Shares[1]	18,185,897	20,830,349
Taiwan (21.65%)			
77,129	ASPEED Technology, Inc.	8,158,881	40,697,754
680,416	Chroma ATE, Inc.	6,925,944	47,284,465
1,422,268	Delta Electronics, Inc.	4,890,379	89,323,770
3,630,672	E Ink Holdings, Inc.	28,572,340	24,793,884
397,166	eMemory Technology, Inc.	28,803,243	37,409,403
7,719,081	Taiwan Semiconductor Manufacturing Co., Ltd.	135,926,576	608,960,237
34,442	Taiwan Semiconductor Manufacturing Co., Ltd., ADR	600,951	16,448,466
Total Taiwan		213,878,314	864,917,979
United Kingdom (0.41%)			
2,395,628	Ceres Power Holdings PLC[1]	20,052,335	16,248,663
United States (0.59%)			
137,738	Space Exploration Technologies Corp., Cl A[1]	18,594,630	23,533,915
Total Common Stocks		**2,272,060,559**	**3,938,090,287**

Shares		Cost	Value
Private Convertible Preferred Stocks (0.00%)^			
India (0.00%)^			
15,334	Think & Learn Private Limited, Series F[1,2]	$ 49,776,072	$ 66,509
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	12,902
Total Investments (98.59%)		**$ 2,321,836,631**	**3,938,169,698**
Cash and Other Assets Less Liabilities (1.41%)			**56,219,570**
Net Assets			**$ 3,994,389,268**

% Represents percentage of net assets.
[1] Non-income producing securities.
[2] At June 30, 2026, the market value of restricted securities, excluding Rule 144A securities as separately described below, amounted to $79,714 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 June 30, 2026, the market value of Rule 144A securities amounted to $176,687,432 or 4.42% of net assets.

Summary of Investments by Sector as of June 30, 2026	**Percentage of Net Assets (%)**
Information Technology	43.0%
Financials	15.2%
Industrials	14.2%
Consumer Discretionary	7.9%
Communication Services	4.6%
Health Care	4.4%
Utilities	2.4%
Materials	2.3%
Consumer Staples	2.3%
Energy	1.8%
Real Estate	0.5%
Cash and Cash Equivalents*	1.4%
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 (97.71%)			
Argentina (3.63%)			
29,717	MercadoLibre, Inc.[1]	$ 23,526,158	$ 50,441,339
Brazil (3.08%)			
240,603	Afya Ltd., Cl A	4,100,721	3,570,548
2,929,583	NU Holdings Ltd., Cl A[1]	39,420,010	39,139,229
Total Brazil		43,520,731	42,709,777
Canada (4.89%)			
594,354	Shopify, Inc., Cl A[1]	46,953,459	67,863,340
China (2.08%)			
960,141	GDS Holdings Ltd., ADR[1]	26,543,765	28,833,034
Germany (0.16%)			
55,258	Innio NV[1]	1,491,966	2,185,454
India (4.55%)			
3,046,809	Bajaj Finance Limited	22,005,505	32,404,573
10,955,690	Eternal Ltd.[1]	22,980,895	30,706,069
Total India		44,986,400	63,110,642
Korea, Republic of (3.40%)			
1,853,995	Coupang, Inc.[1]	32,513,926	32,203,893
67,474	Samsung Electronics Co., Ltd.	14,364,354	14,972,286
Total Korea, Republic of		46,878,280	47,176,179
Netherlands (8.87%)			
11,895	Adyen N.V., 144A[1]	10,204,383	11,158,905
38,884	argenx SE, ADR[1]	6,610,007	36,075,409
26,509	ASML Holding N.V.	16,120,920	52,492,469
84,740	Nebius Group NV[1]	10,125,328	23,402,646
Total Netherlands		43,060,638	123,129,429
Poland (0.75%)			
592,006	InPost SA[1]	6,597,073	10,432,991
Spain (0.83%)			
827,902	Codere Online Luxembourg S.A.[1]	7,576,156	7,923,022
375,992	Codere Online Luxembourg, S.A. Private Shares[1]	2,714,710	3,598,244
Total Spain		10,290,866	11,521,266
Taiwan (5.31%)			
154,378	Taiwan Semiconductor Manufacturing Co., Ltd., ADR	39,951,854	73,726,301

Shares		Cost	Value
Common Stocks (continued)			
United Kingdom (0.57%)			
160,120	DPC Holdings Ltd.[1]	$ 5,283,960	$ 7,855,487
United States (59.59%)			
95,363	Alphabet, Inc., Cl C	36,819,263	33,694,609
256,404	Amazon.com, Inc.[1]	60,174,871	61,111,329
79,967	BillionToOne, Inc., Cl A[1]	5,964,842	9,594,441
109,976	Block, Inc.[1]	9,647,337	8,358,176
35,956	Cerebras Systems, Inc., Cl A[1]	6,651,860	7,946,276
178,186	Cloudflare, Inc., Cl A[1]	16,766,967	43,705,462
59,801	Crowdstrike Holdings, Inc., Cl A[1]	19,391,022	45,636,535
158,016	Datadog, Inc., Cl A[1]	8,942,337	41,141,046
73,112	Figma, Inc., Cl A[1]	2,030,782	1,322,596
451,490	Forgent Power Solutions, Inc., Cl A[1]	13,318,246	25,220,231
154	GRAIL, Inc.[1]	7,341	10,514
418,293	HeartFlow, Inc.[1]	10,656,292	12,272,717
108,000	Illumina, Inc.[1]	12,084,694	18,989,640
2,546,326	indie Semiconductor, Inc., Cl A[1]	12,337,941	11,433,004
406,946	Loar Holdings, Inc.[1]	28,481,403	32,803,917
1,068,196	Netskope, Inc., Cl A[1]	15,979,480	11,686,064
437,177	NVIDIA Corp.	22,897,884	87,474,746
949,884	SailPoint, Inc.[1]	13,307,282	13,906,302
217,435	ServiceTitan, Inc., Cl A[1]	14,631,746	15,374,829
106,673	Snowflake, Inc., Cl A[1]	13,393,986	27,148,278
1,636,900	Space Exploration Technologies Corp., Cl A[1,2,@]	14,999,642	279,680,734
49,958	Tesla, Inc.[1]	15,728,750	21,012,335
123,069	Zscaler, Inc.[1]	12,982,563	17,371,189
Total United States		367,196,531	826,894,970
Total Common Stocks		**706,281,681**	**1,355,880,209**
Private Common Stocks (0.04%)			
United States (0.04%)			
299,761	Farmers Business Network, Inc.[1,2]	**12,250,007**	**557,556**
Private Convertible Preferred Stocks (0.00%)^			
India (0.00%)^			
9,201	Think & Learn Private Limited, Series F[1,2]	**29,867,591**	**39,908**

Baron Global Opportunity Fund (continued)

Shares		Cost	Value
Warrants (0.04%)			
Israel (0.00%)^			
228,748	Taboola.com Ltd., Exp. 6/29/2026 exercise price USD 11.50[1]	$ 417,099	$ 91
Spain (0.04%)			
502,360	Codere Online Luxembourg SA, Exp. 11/30/2026 exercise price USD 11.50[1]	845,632	488,847
Total Warrants		**1,262,731**	**488,938**
Total Investments (97.79%)		**$ 749,662,010**	**1,356,966,611**
Cash and Other Assets Less Liabilities (2.21%)			**30,666,812**
Net Assets			**$ 1,387,633,423**

% Represents percentage of net assets.
[1] Non-income producing securities.
[2] At June 30, 2026, the market value of restricted securities, excluding Rule 144A securities as separately described below, amounted to $276,831,439 or 19.95% of net assets.
[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 June 30, 2026, the market value of Rule 144A securities amounted to $11,158,905 or 0.80% of net assets.
[@] Space Exploration Technologies Corp. is subject to lock-up or market standoff agreement. Fair value is based on the unadjusted market price of the equivalent equity security. At June 30, 2026, the total value of unadjusted equity securities subject to contractual sale restrictions is $276,233,975 or 19.91% of net assets, with varying restriction expiration dates ranging from 8/6/2026 to 8/3/2027. Under normal market conditions, there are no circumstances that could cause the restrictions to lapse.
^ Rounds to less than 0.01%.

Summary of Investments by Sector as of June 30, 2026	**Percentage of Net Assets (%)**
Information Technology	42.2%
Communication Services	22.6%
Consumer Discretionary	15.2%
Financials	6.6%
Industrials	5.7%
Health Care	5.5%
Unclassified	0.0%[†]
Cash and Cash Equivalents*	2.2%
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 (96.27%)			
Communication Services (1.56%)			
	Movies & Entertainment (1.56%)		
325,000	Liberty Media Corporation-Liberty Formula One, Cl A [1]	$ 16,929,497	$ 28,450,500
Consumer Discretionary (12.29%)			
	Apparel, Accessories & Luxury Goods (1.29%)		
2,500,000	Brunello Cucinelli SpA, ADR [2]	25,485,806	23,649,393
	Casinos & Gaming (3.24%)		
1,000,000	DraftKings, Inc., Cl A [1]	18,106,710	25,260,000
350,000	Wynn Resorts Ltd.	26,407,091	33,981,500
		44,513,801	59,241,500
	Restaurants (5.16%)		
375,000	Shake Shack, Inc., Cl A [1]	33,855,667	21,007,500
200,000	Texas Roadhouse, Inc.	18,937,147	38,646,000
200,000	Wingstop, Inc.	42,060,507	34,682,000
		94,853,321	94,335,500
	Specialized Consumer Services (2.60%)		
450,000	Liberty Live Holdings, Inc., Cl C [1]	16,102,958	47,538,000
Total Consumer Discretionary		180,955,886	224,764,393
Consumer Staples (2.10%)			
	Soft Drinks & Non-alcoholic Beverages (2.10%)		
1,575,000	Primo Brands Corp.	37,995,724	38,493,000
Financials (4.51%)			
	Asset Management & Custody Banks (1.30%)		
575,000	StepStone Group, Inc., Cl A	33,394,902	23,782,000
	Insurance Brokers (1.23%)		
935,000	TWFG, Inc. [1]	19,676,939	22,486,750
	Investment Banking & Brokerage (0.99%)		
755,000	Lincoln International, Inc. [1]	16,120,630	18,021,850
	Property & Casualty Insurance (0.99%)		
55,000	Kinsale Capital Group, Inc.	2,746,528	18,139,550
Total Financials		71,938,999	82,430,150
Health Care (22.13%)			
	Biotechnology (1.25%)		
867,400	Arcutis Biotherapeutics, Inc. [1]	23,555,129	22,743,228
	Health Care Equipment (2.19%)		
532,900	Axogen, Inc. [1]	17,264,816	24,614,651
130,000	IRhythm Holdings, Inc. [1]	15,433,088	15,463,500
		32,697,904	40,078,151
	Health Care Supplies (0.95%)		
202,245	Establishment Labs Holdings, Inc. [1,2]	12,274,998	17,354,644
	Health Care Technology (3.38%)		
1,232,494	HeartFlow, Inc. [1]	30,995,470	36,161,374
1,252,000	Waystar Holding Corp. [1]	40,656,260	25,703,560
		71,651,730	61,864,934

Shares		Cost	Value
Common Stocks (continued)			
Health Care (continued)			
	Life Sciences Tools & Services (11.26%)		
286,830	BillionToOne, Inc., Cl A [1,3]	$ 22,089,321	$ 34,413,863
1,373,550	CareDx, Inc. [1,3]	13,631,043	39,146,175
273,653	Repligen Corp. [1]	39,509,512	37,337,215
1,681,429	Stevanato Group SpA [2]	38,898,057	30,383,422
639,474	Tempus AI, Inc., Cl A [1]	28,854,871	37,044,729
468,790	Veracyte, Inc. [1,3]	11,556,243	27,532,037
		154,539,047	205,857,441
	Pharmaceuticals (3.10%)		
356,396	Definium Therapeutics, Inc. [1,2]	12,657,357	16,764,868
576,069	Harrow, Inc. [1]	21,944,857	24,465,650
126,165	VeraDermics, Inc. [1]	10,200,089	15,510,725
		44,802,303	56,741,243
Total Health Care		339,521,111	404,639,641
Industrials (28.09%)			
	Aerospace & Defense (10.84%)		
605,747	Arxis, Inc., Cl A [1]	18,892,003	27,949,167
497,438	Hawkeye 360, Inc. [1]	12,933,388	10,058,196
501,445	Karman Holdings, Inc. [1]	18,284,282	25,032,134
448,758	Kratos Defense & Security Solutions, Inc. [1]	20,986,965	22,375,074
799,000	Loar Holdings, Inc. [1]	53,821,429	64,407,390
395,939	Mercury Systems, Inc. [1]	16,317,798	48,435,218
		141,235,865	198,257,179
	Building Products (2.97%)		
150,000	AAON, Inc.	11,154,763	19,029,000
225,000	Advanced Drainage Systems, Inc.	34,341,659	35,316,000
		45,496,422	54,345,000
	Electrical Components & Equipment (3.05%)		
1,000,000	Forgent Power Solutions, Inc., Cl A [1,3]	26,968,632	55,860,000
	Environmental & Facilities Services (3.72%)		
405,000	Casella Waste Systems, Inc., Cl A [1]	38,176,402	39,272,850
1,419,000	Onterris, Inc. [1]	32,832,103	28,677,990
		71,008,505	67,950,840
	Heavy Electrical Equipment (1.56%)		
396,041	DPC Holdings Ltd. [1,2]	15,282,080	19,429,772
493,434	X-Energy, Inc. [1]	11,348,982	9,059,448
		26,631,062	28,489,220
	Industrial Machinery & Supplies & Components (4.07%)		
375,000	Enerpac Tool Group Corp.	14,358,665	13,447,500
110,256	Enpro, Inc.	28,089,971	41,558,794
30,000	RBC Bearings, Inc. [1]	5,885,616	19,321,800
		48,334,252	74,328,094
	Trading Companies & Distributors (1.88%)		
300,000	SiteOne Landscape Supply, Inc. [1]	26,536,239	34,323,000
Total Industrials		386,210,977	513,553,333

Baron Discovery Fund (continued)

Shares		Cost	Value
Common Stocks (continued)			
Information Technology (22.78%)			
	Application Software (4.93%)		
250,000	Guidewire Software, Inc. [1]	$ 23,462,118	$ 30,762,500
465,000	Procore Technologies, Inc. [1]	30,253,788	18,888,300
1,250,000	Samsara, Inc., Cl A [1]	36,746,659	40,537,500
		90,462,565	90,188,300
	Electronic Equipment & Instruments (5.45%)		
99,180	Advanced Energy Industries, Inc.	6,944,323	36,981,246
1,200,000	Mirion Technologies, Inc. [1]	22,405,833	21,516,000
253,550	Novanta, Inc. [1,2]	28,254,018	41,135,952
		57,604,174	99,633,198
	Semiconductor Materials & Equipment (1.50%)		
50,329	Nova Ltd. [1,2]	11,364,234	27,325,627
	Semiconductors (3.33%)		
5,252,665	Indie Semiconductor, Inc., Cl A [1]	14,359,109	23,584,466
50,000	SiTime Corp. [1]	8,230,732	37,278,000
		22,589,841	60,862,466
	Systems Software (7.57%)		
1,111,975	Dynatrace, Inc. [1,3]	37,580,037	48,826,822
2,323,041	Netskope, Inc., Cl A [1]	43,636,931	25,414,069
509,500	Rubrik, Inc., Cl A [1]	28,636,558	40,902,660
1,370,100	SentinelOne, Inc., Cl A [1]	21,235,592	23,250,597
		131,089,118	138,394,148
Total Information Technology		313,109,932	416,403,739
Materials (0.98%)			
	Diversified Metals & Mining (0.98%)		
318,400	MP Materials Corp. [1]	16,234,093	17,833,584
Real Estate (1.83%)			
	Data Center REITs (1.83%)		
1,550,000	Blackstone Digital Infrastructure Trust, Inc. [1]	30,697,924	33,526,500
Total Investments (96.27%)		**$ 1,393,594,143**	**1,760,094,840**
Cash and Other Assets Less Liabilities (3.73%)			**68,170,082**
Net Assets			**$ 1,828,264,922**

% 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 (99.20%)			
Communication Services (12.50%)			
	Interactive Media & Services (12.50%)		
116,092	Alphabet, Inc., Cl C	$ 15,513,532	$ 41,018,786
43,495	Meta Platforms, Inc., Cl A	14,782,664	24,500,299
Total Communication Services		30,296,196	65,519,085
Consumer Discretionary (8.52%)			
	Broadline Retail (7.36%)		
161,969	Amazon.com, Inc. [1]	23,545,746	38,603,691
	Restaurants (1.16%)		
31,516	Texas Roadhouse, Inc.	5,290,548	6,089,837
Total Consumer Discretionary		28,836,294	44,693,528
Consumer Staples (0.97%)			
	Consumer Staples Merchandise Retail (0.97%)		
5,457	Costco Wholesale Corp.	2,684,789	5,104,860
Financials (25.51%)			
	Asset Management & Custody Banks (4.32%)		
79,899	Blackstone, Inc.	9,360,030	9,401,715
311,163	Brookfield Corp., Cl A [2]	8,563,292	13,252,432
		17,923,322	22,654,147
	Diversified Financial Services (2.21%)		
98,059	Apollo Global Management, Inc.	10,389,815	11,601,360
	Financial Exchanges & Data (10.07%)		
43,553	CME Group, Inc.	9,872,041	9,617,809
32,680	Moody's Corp.	11,707,714	14,801,426
28,077	MSCI, Inc.	14,712,855	15,724,243
31,111	S&P Global, Inc.	13,165,185	12,670,266
		49,457,795	52,813,744
	Investment Banking & Brokerage (2.08%)		
38,784	LPL Financial Holdings, Inc.	10,290,886	10,924,677
	Property & Casualty Insurance (1.10%)		
59,262	Arch Capital Group Ltd. [1,2]	4,206,405	5,751,970
	Transaction & Payment Processing Services (5.73%)		
15,077	Mastercard, Incorporated, Cl A	6,626,773	7,743,547
64,967	Visa, Inc., Cl A	16,730,005	22,289,528
		23,356,778	30,033,075
Total Financials		115,625,001	133,778,973
Health Care (1.05%)			
	Life Sciences Tools & Services (1.05%)		
4,318	Mettler-Toledo International, Inc. [1]	5,274,877	5,516,288

Shares		Cost	Value
Common Stocks (continued)			
Industrials (7.74%)			
	Aerospace & Defense (6.29%)		
127,364	Arxis, Inc., Cl A [1]	$ 3,566,192	$ 5,876,575
63,732	HEICO Corp., Cl A	9,083,173	16,437,120
8,006	TransDigm Group, Inc. [1]	10,712,829	10,664,312
		23,362,194	32,978,007
	Construction & Engineering (1.45%)		
10,562	Quanta Services, Inc.	4,707,299	7,605,063
Total Industrials		28,069,493	40,583,070
Information Technology (39.42%)			
	Electronic Components (2.85%)		
84,659	Amphenol Corp., Cl A	7,565,612	14,927,075
	Semiconductor Materials & Equipment (2.03%)		
24,575	Lam Research Corp.	5,518,860	10,649,085
	Semiconductors (30.02%)		
77,086	Broadcom, Inc.	10,488,717	29,119,237
20,373	Monolithic Power Systems, Inc.	11,741,551	28,162,820
228,416	NVIDIA Corp.	12,523,204	45,703,757
113,945	Taiwan Semiconductor Manufacturing Co., Ltd., ADR [2]	15,262,651	54,416,714
		50,016,123	157,402,528
	Systems Software (4.52%)		
63,628	Microsoft Corporation	20,886,951	23,734,516
Total Information Technology		83,987,546	206,713,204
Real Estate (3.49%)			
	Health Care REITs (3.49%)		
80,512	Welltower, Inc.	12,129,290	18,273,809
Total Investments (99.20%)		$ 306,903,486	520,182,817
Cash and Other Assets Less Liabilities (0.80%)			4,185,135
Net Assets			$ 524,367,952

% 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 (96.40%)			
Consumer Discretionary (9.09%)			
	Home Improvement Retail (1.50%)		
12,697	The Home Depot, Inc.	$ 4,075,003	$ 4,477,978
	Homebuilding (3.27%)		
116,150	Meritage Homes Corp.	7,752,033	9,739,177
	Hotels, Resorts & Cruise Lines (2.62%)		
62,340	Marriott Vacations Worldwide Corp.	4,007,248	6,351,199
17,328	Wyndham Hotels & Resorts, Inc.	1,504,138	1,459,191
		5,511,386	7,810,390
	Leisure Facilities (1.70%)		
37,197	Vail Resorts, Inc.	5,373,580	5,064,372
Total Consumer Discretionary		22,712,002	27,091,917
Financials (0.20%)			
	Mortgage REITs (0.20%)		
34,827	Blackstone Mortgage Trust, Inc., Cl A	602,185	590,318
Industrials (1.98%)			
	Building Products (1.98%)		
107,207	Fortune Brands Innovations, Inc.	4,246,538	5,885,664
Information Technology (0.52%)			
	Internet Services & Infrastructure (0.52%)		
51,749	GDS Holdings Ltd., ADR [1,2]	864,289	1,554,022
Materials (1.75%)			
	Construction Materials (1.75%)		
48,675	CRH PLC [2]	4,894,578	5,208,225
Real Estate (80.38%)			
	Data Center REITs (13.11%)		
555,148	Blackstone Digital Infrastructure Trust, Inc. [1]	11,018,606	12,007,851
26,302	Digital Realty Trust, Inc.	4,264,770	4,723,313
21,406	Equinix, Inc.	16,768,556	22,313,401
		32,051,932	39,044,565
	Health Care REITs (16.67%)		
224,263	Alexandria Real Estate Equities, Inc.	11,800,515	11,852,300
305,962	Janus Living, Inc., Cl A	6,961,300	8,793,348
127,819	Welltower, Inc.	11,586,600	29,011,078
		30,348,415	49,656,726
	Hotel & Resort REITs (5.12%)		
302,228	Host Hotels & Resorts, Inc.	4,970,140	7,165,826
416,632	Pebblebrook Hotel Trust	5,146,695	8,086,827
		10,116,835	15,252,653
Common Stocks (continued)			
Real Estate (continued)			
	Industrial REITs (11.78%)		
45,345	EastGroup Properties, Inc.	$ 7,570,372	$ 9,183,723
169,992	Prologis, Inc.	18,885,831	23,028,816
44,575	Terreno Realty Corp.	2,551,316	2,887,123
		29,007,519	35,099,662
	Multi-Family Residential REITs (9.37%)		
192,389	Equity Residential	12,468,604	13,068,985
16,860	Essex Property Trust, Inc.	4,513,981	4,916,207
248,499	UDR, Inc.	9,375,480	9,920,080
		26,358,065	27,905,272
	Office REITs (4.64%)		
208,586	BXP, Inc.	13,454,884	13,831,338
	Other Specialized REITs (1.48%)		
34,895	Iron Mountain, Inc.	3,299,775	4,407,587
	Retail REITs (9.41%)		
126,623	Curbline Properties Corp.	3,566,531	3,849,339
716,348	The Macerich Co.	12,325,600	18,044,806
27,401	Simon Property Group, Inc.	4,173,674	6,128,234
		20,065,805	28,022,379
	Self Storage REITs (6.37%)		
155,971	CubeSmart	5,976,104	6,202,967
22,460	Extra Space Storage, Inc.	3,140,260	3,263,438
29,871	Public Storage	8,557,281	9,508,238
		17,673,645	18,974,643
	Timber REITs (2.43%)		
303,113	Weyerhaeuser Co.	6,948,265	7,256,525
Total Real Estate		189,325,140	239,451,350
Utilities (2.48%)			
	Multi-Utilities (2.48%)		
192,091	Brookfield Infrastructure Corp., Cl A [2,3]	7,403,087	7,395,504
Total Investments (96.40%)		$ 230,047,819	287,177,000
Cash and Other Assets Less Liabilities (3.60%)			10,720,026
Net Assets			$ 297,897,026

% 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 WealthBuilder Fund

Shares		Cost	Value
Affiliated Mutual Funds (94.56%)			
Small Cap (28.98%)			
634,974	Baron Discovery Fund - Institutional Shares	$ 15,056,895	$ 24,414,770
1,090,814	Baron Generational Growth Fund - Institutional Shares	92,753,278	64,041,697
2,171,274	Baron Small Cap Fund - Institutional Shares	68,315,858	68,069,455
Total Small Cap		176,126,031	156,525,922
Small/Mid Cap (6.79%)			
563,535	Baron Focused Growth Fund - Institutional Shares	15,149,257	36,669,210
Mid Cap (10.30%)			
528,241	Baron Asset Fund - Institutional Shares	46,178,658	55,639,581
Large Cap (7.99%)			
616,810	Baron Durable Advantage Fund - Institutional Shares	9,408,807	21,273,790
290,483	Baron Fifth Avenue Growth Fund - Institutional Shares	8,768,387	21,867,578
Total Large Cap		18,177,194	43,141,368
All Cap (19.04%)			
328,364	Baron Opportunity Fund - Institutional Shares	6,946,944	22,102,207
275,893	Baron Partners Fund - Institutional Shares	15,235,861	80,726,437
Total All Cap		22,182,805	102,828,644
Non-U.S./Global (9.90%)			
615,804	Baron Emerging Markets Fund - Institutional Shares	8,027,022	14,157,334
368,679	Baron Global Opportunity Fund - Institutional Shares	9,416,945	22,529,966
463,262	Baron International Growth Fund - Institutional Shares	11,423,396	16,807,156
Total Non-U.S./Global		28,867,363	53,494,456
Sector (11.56%)			
775,854	Baron Health Care Fund - Institutional Shares	13,595,125	17,169,654
718,267	Baron Real Estate Fund - Institutional Shares	22,509,020	30,878,309
748,665	Baron Real Estate Income Fund - Institutional Shares	11,649,887	14,419,292
Total Sector		47,754,032	62,467,255
Total Affiliated Mutual Funds (94.56%)		**354,435,340**	**510,766,436**
Affiliated Exchange-Traded Funds (5.51%)			
520,005	Baron Financials ETF	9,525,078	11,036,898
462,000	Baron SMID Cap ETF	11,321,310	11,515,165
222,000	Baron Technology ETF	5,635,470	7,210,827
Total Affiliated Exchange-Traded Funds		**26,481,858**	**29,762,890**
Total Investments in Affiliated Funds (100.07%)		**$ 380,917,198**	**540,529,326**
Liabilities Less Cash and Other Assets (-0.07%)			**(362,874)**
Net Assets			**$ 540,166,452**

% Represents percentage of net assets.

Baron Health Care Fund

Shares		Cost	Value
Common Stocks (98.11%)			
Health Care (94.73%)			
	Biotechnology (26.72%)		
2,500	Abivax SA, ADR [1,2]	$ 205,831	$ 333,150
35,000	Arcutis Biotherapeutics, Inc. [1]	986,671	917,700
5,200	ARGENX SE, ADR [1,2]	729,916	4,824,404
1,500	Ascendis Pharma AS [1,2]	254,629	400,080
10,000	Cytokinetics, Inc. [1]	722,981	851,900
18,000	Gilead Sciences, Inc.	1,993,670	2,274,119
10,000	Insmed, Inc. [1]	678,722	1,066,200
14,000	Ionis Pharmaceuticals, Inc. [1]	587,254	1,110,060
20,000	Kymera Therapeutics, Inc. [1]	1,189,645	2,293,400
4,500	Madrigal Pharmaceuticals, Inc. [1]	1,954,061	2,416,275
9,000	Newamsterdam Pharma Co. NV [1,2]	319,390	305,010
16,000	Protagonist Therapeutics, Inc. [1]	1,461,888	1,961,280
12,500	Revolution Medicines, Inc. [1]	1,669,355	2,341,000
125,000	Roivant Sciences Ltd. [1,2]	1,727,861	4,423,750
15,000	Tango Therapeutics, Inc. [1]	471,800	468,900
6,000	Vertex Pharmaceuticals, Incorporated [1]	1,607,842	2,980,380
25,000	Xenon Pharmaceuticals, Inc. [1,2]	738,848	1,509,000
		17,300,364	30,476,608
	Health Care Equipment (6.76%)		
20,000	DexCom, Inc. [1]	1,475,290	1,347,000
33,300	Edwards Lifesciences Corp. [1]	2,632,793	3,012,318
2,600	IDEXX Laboratories, Inc. [1]	827,256	1,368,744
5,000	Intuitive Surgical, Inc. [1]	920,230	1,988,400
		5,855,569	7,716,462
	Health Care Services (3.24%)		
60,000	RadNet, Inc. [1]	2,871,502	3,700,200
	Health Care Technology (1.26%)		
48,848	HeartFlow, Inc. [1]	1,131,100	1,433,201
	Life Sciences Tools & Services (18.67%)		
27,000	BillionToOne, Inc., Cl A [1]	2,022,447	3,239,460
16,500	Guardant Health, Inc. [1,3]	1,686,324	2,475,495
5,000	Mettler-Toledo International, Inc. [1]	5,590,087	6,387,550
8,100	Natera, Inc. [1,3]	1,622,017	2,198,745
12,500	Repligen Corp. [1]	1,826,098	1,705,500
4,000	Sartorius Stedim Biotech (France) [2]	886,224	829,412
8,900	Thermo Fisher Scientific, Inc.	3,762,192	4,462,104
		17,395,389	21,298,266

Shares		Cost	Value
Common Stocks (continued)			
Health Care (continued)			
	Managed Health Care (5.34%)		
5,000	Elevance Health, Inc.	$ 1,899,512	$ 1,933,650
10,000	UnitedHealth Group, Inc.	3,795,338	4,156,300
		5,694,850	6,089,950
	Pharmaceuticals (32.74%)		
15,000	AstraZeneca PLC, ADR [2]	1,923,105	2,844,300
3,000	Axsome Therapeutics, Inc. [1]	698,366	734,310
13,855	Definium Therapeutics, Inc. [1,2]	471,070	651,739
95,000	Elanco Animal Health, Inc. [1]	2,121,056	2,337,950
13,000	Eli Lilly & Co.	2,678,780	15,592,590
7,500	Enliven Therapeutics, Inc. [1]	380,367	380,625
25,000	Johnson & Johnson	5,646,489	6,349,250
22,000	Merck & Co., Inc.	2,564,738	2,827,000
130,000	Teva Pharmaceutical Industries Ltd., ADR [1,2]	2,590,790	4,404,400
10,000	VeraDermics, Inc. [1]	554,433	1,229,400
		19,629,194	37,351,564
Total Health Care		69,877,968	108,066,251
Real Estate (3.38%)			
	Health Care REITs (3.38%)		
17,000	Welltower, Inc.	3,387,490	3,858,490
Total Investments (98.11%)		**$ 73,265,458**	**111,924,741**
Cash and Other Assets Less Liabilities (1.89%)			**2,160,813**
Net Assets			**$ 114,085,554**

% 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 India Fund

Shares		Cost	Value
Common Stocks (100.80%)			
Communication Services (2.72%)			
	Wireless Telecommunication Services (2.72%)		
36,244	Bharti Airtel Ltd.	$ 658,937	$ 709,992
Consumer Discretionary (8.30%)			
	Apparel Retail (1.79%)		
13,451	Trent Ltd.	336,460	467,220
	Apparel, Accessories & Luxury Goods (1.59%)		
8,935	Titan Co. Ltd.	370,008	416,159
	Automobile Manufacturers (1.74%)		
14,004	Mahindra & Mahindra Ltd.	457,521	455,477
	Household Appliances (0.61%)		
1,986	Amber Enterprises India Ltd. [1]	158,600	158,331
	Restaurants (2.57%)		
238,977	Eternal Ltd. [1]	546,470	669,793
Total Consumer Discretionary		1,869,059	2,166,980
Consumer Staples (2.33%)			
	Packaged Foods & Meats (2.33%)		
53,451	Tata Consumer Products Ltd.	659,986	608,320
Financials (29.22%)			
	Asset Management & Custody Banks (2.71%)		
62,125	360 ONE WAM Ltd.	711,512	705,964
	Consumer Finance (10.04%)		
167,709	Bajaj Finance Limited	1,637,471	1,783,682
44,221	Cholamandalam Investment & Finance Co. Ltd.	749,606	837,794
		2,387,077	2,621,476
	Diversified Banks (12.20%)		
30,895	Axis Bank Ltd.	445,149	439,703
140,103	HDFC Bank Ltd.	1,487,524	1,182,393
81,845	ICICI Bank Ltd.	1,232,952	1,194,710
88,439	Kotak Mahindra Bank Ltd.	393,343	366,884
		3,558,968	3,183,690
	Diversified Financial Services (0.50%)		
6,863	Bajaj Finserv Ltd.	134,894	129,228
	Investment Banking & Brokerage (3.03%)		
41,436	Nuvama Wealth Management Ltd.	643,275	791,922
	Life & Health Insurance (0.74%)		
10,369	SBI Life Insurance Company Limited, 144A	181,383	193,538
Total Financials		7,617,109	7,625,818

Shares		Cost	Value
Common Stocks (continued)			
Health Care (14.74%)			
	Health Care Facilities (8.55%)		
119,064	Aster DM Healthcare Ltd., 144A	$ 710,318	$ 986,707
83,985	HealthCare Global Enterprises Ltd. [1]	549,400	557,234
57,698	Max Healthcare Institute Ltd.	656,408	689,047
		1,916,126	2,232,988
	Life Sciences Tools & Services (2.13%)		
7,972	Divi's Laboratories Ltd.	547,893	554,639
	Pharmaceuticals (4.06%)		
28,357	Acutaas Chemicals Ltd.	761,381	1,058,743
Total Health Care		3,225,400	3,846,370
Industrials (30.71%)			
	Aerospace & Defense (6.77%)		
241,418	Bharat Electronics Ltd.	1,072,985	1,052,183
15,000	Data Patterns India Ltd.	646,624	714,932
		1,719,609	1,767,115
	Construction & Engineering (0.74%)		
185,094	GMR Power & Urban Infra Ltd. [1]	226,195	194,025
	Construction & Machinery & Heavy Trucks (3.28%)		
14,288	Cummins India Ltd.	639,476	855,953
	Electrical Components & Equipment (6.86%)		
33,896	KSH International Ltd. [1]	298,199	310,117
347,404	Precision Wires India Ltd.	736,719	1,480,554
		1,034,918	1,790,671
	Heavy Electrical Equipment (1.43%)		
9,576	Siemens Energy India Ltd. [2]	327,707	373,422
	Industrial Machinery & Supplies & Components (7.80%)		
26,216	INOX India Ltd.	434,221	543,983
42,900	Kirloskar Oil Engines Ltd.	561,154	1,073,549
13,642	Shaily Engineering Plastics Ltd.	247,766	418,144
		1,243,141	2,035,676
	Passenger Airlines (3.83%)		
17,600	InterGlobe Aviation Ltd., 144A	908,028	999,869
Total Industrials		6,099,074	8,016,731

Baron India Fund (continued)

Shares		Cost	Value
Common Stocks (continued)			
Information Technology (7.00%)			
	Communications Equipment (2.07%)		
28,969	Astra Microwave Products Ltd.	$ 371,699	$ 540,572
	Electronic Components (3.62%)		
23,558	Centum Electronics Ltd.	617,190	944,364
	Electronic Equipment & Instruments (1.31%)		
8,876	Aditya Infotech Ltd. [1]	170,279	342,641
Total Information Technology		1,159,168	1,827,577
Utilities (5.78%)			
	Electric Utilities (2.94%)		
253,444	Power Grid Corp. of India Ltd.	845,430	766,584
	Independent Power Producers & Energy Traders (2.84%)		
120,288	JSW Energy Ltd.	685,418	742,131
Total Utilities		1,530,848	1,508,715
Total Investments (100.80%)		**$ 22,819,581**	**26,310,503**
Liabilities Less Cash and Other Assets (-0.80%)			**(207,780)**
Net Assets			**$ 26,102,723**

% Represents percentage of net assets.
[1] Non-income producing securities.
[2] Sector levels are provided from the Global Industry Classification Standard (GICS), developed and exclusively owned by MSCI Inc. (MSCI) and Standard and Poor's Financial Services LLC (S&P). The Adviser has reclassified/classified certain securities in or out of this sub-industry. Such reclassifications/classifications are not supported by S&P or MSCI.
[144A] Security is exempt from registration pursuant to Rule 144A under the Securities Act of 1933. This security may be resold in transactions that are exempt from registration, normally to qualified institutional buyers. At June 30, 2026, the market value of Rule 144A securities amounted to $2,180,114 or 8.35% of net assets.

Baron First Princples ETF

Shares		Cost	Value
Common Stocks (99.87%)			
Communication Services (36.40%)			
	Alternative Carriers (32.21%)		
922,873	Space Exploration Technologies Corp., Cl A [1,3]	$ 111,111,510	$ 157,682,080
	Movies & Entertainment (4.19%)		
39,995	Live Nation Entertainment, Inc. [1]	6,892,338	7,323,485
28,741	Spotify Technology SA [1,2]	15,162,948	13,195,855
		22,055,286	20,519,340
Total Communication Services		133,166,796	178,201,420
Consumer Discretionary (33.01%)			
	Apparel, Accessories & Luxury Goods (2.30%)		
1,101,246	Figs, Inc., Cl A [1]	14,248,848	11,265,747
	Automobile Manufacturers (12.39%)		
144,215	Tesla, Inc. [1]	63,039,796	60,656,829
	Casinos & Gaming (2.99%)		
225,207	Red Rock Resorts, Inc., Cl A	14,070,000	14,651,967
	Footwear (4.56%)		
283,807	Birkenstock Holding PLC [1,2]	13,115,586	12,212,215
286,344	On Holding AG, Cl A [1,2]	11,984,956	10,142,305
		25,100,542	22,354,520
	Hotels, Resorts & Cruise Lines (8.59%)		
63,232	Airbnb, Inc., Cl A [1]	8,606,283	9,048,499
102,744	Choice Hotels International, Inc.	11,587,162	11,329,581
111,758	Hyatt Hotels Corp., Cl A	22,112,438	21,663,171
		42,305,883	42,041,251
	Leisure Facilities (2.18%)		
78,294	Vail Resorts, Inc.	10,674,611	10,659,728
Total Consumer Discretionary		169,439,680	161,630,042
Financials (18.79%)			
	Financial Exchanges & Data (8.83%)		
50,791	FactSet Research Systems, Inc.	12,900,836	11,685,994
61,912	Morningstar, Inc.	11,501,448	9,659,510
39,129	MSCI, Inc.	24,153,228	21,913,805
		48,555,512	43,259,309
	Investment Banking & Brokerage (7.28%)		
199,254	Charles Schwab Corp.	19,016,869	18,385,166
198,041	Interactive Brokers Group, Inc., Cl A	17,607,802	17,237,489
		36,624,671	35,622,655
	Property & Casualty Insurance (2.68%)		
93,284	Arch Capital Group Ltd. [1,2]	9,175,320	9,054,145
12,339	Kinsale Capital Group, Inc.	4,864,805	4,069,525
		14,040,125	13,123,670
Total Financials		99,220,308	92,005,634

Shares		Cost	Value
Common Stocks (continued)			
Health Care (1.72%)			
	Health Care Equipment (1.72%)		
15,977	IDEXX Laboratories, Inc. [1]	$ 9,743,004	$ 8,410,932
Industrials (5.19%)			
	Aerospace & Defense (2.28%)		
43,205	HEICO Corp., Cl A	10,913,719	11,143,002
	Research & Consulting Services (2.91%)		
79,442	Verisk Analytics, Inc.	15,838,441	14,262,222
Total Industrials		26,752,160	25,405,224
Information Technology (4.76%)			
	Application Software (1.47%)		
58,676	Guidewire Software, Inc. [1]	8,908,397	7,220,082
	Internet Services & Infrastructure (3.29%)		
141,071	Shopify, Inc., Cl A [1,2]	17,670,513	16,107,487
Total Information Technology		26,578,910	23,327,569
Total Investments (99.87%)		**$ 464,900,858**	**488,980,821**
Cash and Other Assets Less Liabilities (0.13%)			**643,365**
Net Assets			**$ 489,624,186**

% Represents percentage of net assets.
[1] Non-income producing securities.
[2] Foreign corporation.
[3] Space Exploration Technologies Corp. is subject to lock-up or market standoff agreement. Fair value is based on the unadjusted market price of the equivalent equity security. At June 30, 2026, the total value of unadjusted equity securities subject to contractual sale restrictions is $48,096,748 or 9.82% of net assets, with varying restriction expiration dates ranging from 8/6/2026 to 8/3/2027. Under normal market conditions, there are no circumstances that could cause the restrictions to lapse.

Baron Global Durable Advantage ETF

Shares		Cost	Value
Common Stocks (99.91%)			
Argentina (1.34%)			
77	MercadoLibre, Inc. [1]	$ 153,364	$ 130,699
Brazil (1.94%)			
14,177	NU Holdings Ltd., Cl A [1]	229,370	189,405
Canada (4.77%)			
7,320	Brookfield Corp., Cl A	337,042	311,759
82	Constellation Software, Inc.	174,047	154,373
Total Canada		511,089	466,132
China (1.59%)			
2,810	Tencent Holdings Limited, ADR	209,847	155,168
France (3.17%)			
105	Hermes International SCA	249,632	191,717
213	LVMH Moët Hennessy Louis Vuitton SE	144,357	117,817
Total France		393,989	309,534
Germany (0.17%)			
420	Innio N.V. [1]	11,340	16,611
Italy (2.55%)			
263	Ferrari N.V.	94,019	97,912
8,390	Stevanato Group SpA	136,255	151,608
Total Italy		230,274	249,520
Japan (4.26%)			
7,614	Ajinomoto Co., Inc.	183,017	275,021
283	Keyence Corporation	108,651	141,087
Total Japan		291,668	416,108
Korea, Republic of (2.27%)			
6,563	Coupang, Inc. [1]	138,241	113,999
20	Samsung Electronics Co. Ltd., GDR	99,993	107,800
Total Korea, Republic of		238,234	221,799
Netherlands (5.17%)			
254	ASML Holding N.V.	323,147	505,318
Sweden (4.62%)			
11,142	Atlas Copco AB, Cl A	213,771	225,394
6,922	Lifco AB, Cl B	245,872	226,585
Total Sweden		459,643	451,979
Taiwan (8.73%)			
1,786	Taiwan Semiconductor Manufacturing Co., Ltd., ADR	585,009	852,940
Common Stocks (continued)			
United States (59.33%)			
1,507	Alphabet, Inc., Cl C	$ 494,999	$ 532,468
2,519	Amazon.com, Inc. [1]	598,274	600,379
653	Amphenol Corp., Cl A	94,654	115,137
268	AppLovin Corp., Cl A [1]	115,534	138,082
278	Broadcom, Inc.	111,691	105,015
1,224	CME Group, Inc.	320,066	270,296
258	Eli Lilly & Co.	265,496	309,453
718	HEICO Corp., Cl A	178,747	185,179
738	Hilton Worldwide Holdings, Inc.	221,199	243,880
1,339	KKR & Co., Inc.	164,907	122,893
333	LPL Financial Holdings, Inc.	117,701	93,799
505	Meta Platforms, Inc., Cl A	328,980	284,461
136	Monolithic Power Systems, Inc.	151,943	188,001
400	MSCI, Inc.	232,172	224,016
3,120	NVIDIA Corp.	585,897	624,281
181	Quanta Services, Inc.	99,208	130,327
890	S&P Global, Inc.	433,449	362,461
244	Thermo Fisher Scientific, Inc.	138,536	122,332
182	TransDigm Group, Inc. [1]	241,773	242,431
1,527	Visa, Inc., Cl A	512,057	523,898
261	Watsco, Inc.	98,449	108,767
1,197	Welltower, Inc.	231,891	271,683
Total United States		5,737,623	5,799,239
Total Investments (99.91%)		**$ 9,374,597**	**9,764,452**
Cash and Other Assets Less Liabilities (0.09%)			**9,222**
Net Assets			**$ 9,773,674**

% Represents percentage of net assets.
[1] Non-income producing securities.
[ADR] American Depositary Receipt.

Summary of Investments by Sector as of June 30, 2026	**Percentage of Net Assets (%)**
Information Technology	30.0%
Financials	21.5%
Consumer Discretionary	15.3%
Industrials	11.6%
Communication Services	9.9%
Health Care	6.0%
Consumer Staples	2.8%
Real Estate	2.8%
Cash and Cash Equivalents*	0.1%
Total	**100.0%****

* Includes other assets and liabilities-net.
** Individual weights may not sum to 100% due to rounding.

Baron SMID Cap ETF

Shares		Cost	Value
Common Stocks (96.01%)			
Communication Services (3.94%)			
	Interactive Media & Services (1.59%)		
3,036	Reddit, Inc., Cl A [1]	$ 502,511	$ 526,989
	Movies & Entertainment (2.35%)		
8,914	Liberty Media Corporation-Liberty Formula One, Cl A [1]	736,856	780,331
Total Communication Services		1,239,367	1,307,320
Consumer Discretionary (15.48%)			
	Automobile Manufacturers (1.90%)		
1,687	Ferrari NV [2]	550,080	628,053
	Casinos & Gaming (4.16%)		
3,290	Churchill Downs, Inc.	282,195	294,916
16,848	DraftKings, Inc., Cl A [1]	422,707	425,580
6,776	Wynn Resorts Ltd.	754,854	657,882
		1,459,756	1,378,378
	Hotels, Resorts & Cruise Lines (3.27%)		
1,863	Hilton Worldwide Holdings, Inc.	549,497	615,647
4,477	Viking Holdings Ltd. [1,2]	355,046	468,608
		904,543	1,084,255
	Restaurants (3.88%)		
13,643	Chipotle Mexican Grill, Inc. [1]	475,613	463,862
6,578	Shake Shack, Inc., Cl A [1]	601,545	368,499
2,619	Wingstop, Inc.	552,849	454,161
		1,630,007	1,286,522
	Specialized Consumer Services (2.27%)		
7,128	Liberty Live Holdings, Inc., Cl C [1]	612,862	753,002
Total Consumer Discretionary		5,157,248	5,130,210
Financials (6.23%)			
	Asset Management & Custody Banks (1.40%)		
5,884	Hamilton Lane, Inc., Cl A	673,097	463,836
	Financial Exchanges & Data (3.09%)		
1,095	MSCI, Inc.	620,610	613,243
4,121	Tradeweb Markets, Inc., Cl A	468,340	410,699
		1,088,950	1,023,942
	Investment Banking & Brokerage (1.74%)		
2,044	LPL Financial Holdings, Inc.	677,327	575,754
Total Financials		2,439,374	2,063,532
Health Care (15.99%)			
	Biotechnology (2.23%)		
798	argenx SE, ADR [1,2]	622,000	740,360
	Health Care Equipment (2.12%)		
7,747	Edwards Lifesciences Corp. [1]	638,136	700,794

Shares		Cost	Value
Common Stocks (continued)			
Health Care (continued)			
	Health Care Technology (1.40%)		
22,619	Waystar Holding Corp. [1]	$ 573,739	$ 464,368
	Life Sciences Tools & Services (7.61%)		
2,293	Illumina, Inc. [1]	309,236	403,178
2,138	Natera, Inc. [1,3]	452,644	580,360
4,671	Repligen Corp. [1]	663,382	637,312
27,703	Stevanato Group SpA [2]	503,710	500,593
6,942	Tempus AI, Inc., Cl A [1]	382,790	402,150
		2,311,762	2,523,593
	Pharmaceuticals (2.63%)		
23,039	Elanco Animal Health, Inc. [1]	549,594	566,990
8,987	Teva Pharmaceutical Industries Ltd., ADR [1,2]	304,910	304,479
		854,504	871,469
Total Health Care		5,000,141	5,300,584
Industrials (29.37%)			
	Aerospace & Defense (15.43%)		
10,668	Arxis, Inc., Cl A [1]	336,808	492,222
2,505	Axon Enterprise, Inc. [1]	1,157,289	1,404,328
1,782	BWX Technologies, Inc.	333,878	346,866
9,200	Karman Holdings, Inc. [1]	688,373	459,264
3,994	Kratos Defense & Security Solutions, Inc. [1]	291,715	199,141
12,822	Loar Holdings, Inc. [1]	851,959	1,033,581
6,841	Mercury Systems, Inc. [1]	529,052	836,860
256	TransDigm Group, Inc. [1]	312,360	341,002
		4,501,434	5,113,264
	Building Products (1.83%)		
3,871	Advanced Drainage Systems, Inc.	575,776	607,592
	Electrical Components & Equipment (3.93%)		
1,680	AMETEK, Inc.	376,896	406,459
16,019	Forgent Power Solutions, Inc., Cl A [1,3]	529,248	894,822
		906,144	1,301,281
	Environmental & Facilities Services (3.36%)		
11,590	Rollins, Inc.	671,439	483,767
3,776	Waste Connections, Inc. [2]	607,328	629,421
		1,278,767	1,113,188
	Heavy Electrical Equipment (0.48%)		
8,731	X-Energy, Inc. 1	202,511	160,301
	Industrial Machinery & Supplies & Components (2.65%)		
2,335	Enpro, Inc.	553,515	880,132
	Trading Companies & Distributors (1.69%)		
4,908	SiteOne Landscape Supply, Inc. [1]	631,280	561,524
Total Industrials		8,649,427	9,737,282

Baron SMID Cap ETF (continued)

Shares		Cost	Value
Common Stocks (continued)			
Information Technology (22.34%)			
	Application Software (5.29%)		
56	Fair Isaac Corp. [1]	$ 61,255	$ 66,908
6,145	Guidewire Software, Inc. [1]	1,009,166	756,142
28,729	Samsara, Inc., Cl A [1]	911,868	931,682
		1,982,289	1,754,732
	Electronic Components (2.84%)		
2,385	Coherent Corp. [1]	498,902	940,811
	Internet Services & Infrastructure (0.64%)		
959	Cerebras Systems, Inc., Cl A [1,3]	178,994	211,939
	Semiconductors (3.58%)		
5,147	Lattice Semiconductor Corp. [1]	409,524	787,285
288	Monolithic Power Systems, Inc.	277,742	398,120
		687,266	1,185,405
	Systems Software (9.99%)		
3,252	Datadog, Inc., Cl A [1,3]	431,724	846,691
19,733	Dynatrace, Inc. [1,3]	758,364	866,476
47,872	Netskope, Inc., Cl A [1]	678,921	523,719
13,382	Rubrik, Inc., Cl A [1]	866,594	1,074,307
		2,735,603	3,311,193
Total Information Technology		6,083,054	7,404,080
Materials (2.66%)			
	Construction Materials (1.70%)		
1,909	Vulcan Materials Co.	539,586	563,174
	Diversified Metals & Mining (0.96%)		
5,698	MP Materials Corp. [1]	316,552	319,145
Total Materials		856,138	882,319
Total Investments (96.01%)		**$ 29,424,749**	**31,825,327**
Cash and Other Assets Less Liabilities (3.99%)			**1,322,874**
Net Assets			**$ 33,148,201**

% 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 (99.72%)			
Consumer Discretionary (3.09%)			
	Broadline Retail (3.09%)		
838	MercadoLibre, Inc. [1]	$ 1,134,980	$ 1,422,413
Financials (86.06%)			
	Asset Management & Custody Banks (6.14%)		
1,352	Blackrock, Inc.	1,123,850	1,300,028
16,669	KKR & Co., Inc.	1,859,274	1,529,881
		2,983,124	2,829,909
	Consumer Finance (4.56%)		
2,700	American Express Co.	894,709	913,275
5,919	Capital One Financial Corp.	1,312,993	1,187,470
		2,207,702	2,100,745
	Diversified Banks (11.47%)		
39,454	Bank of America Corp.	2,136,105	2,248,089
5,300	JPMorgan Chase & Co.	1,653,618	1,734,849
97,647	NU Holdings Ltd., Cl A [1,2]	770,663	1,304,564
		4,560,386	5,287,502
	Diversified Financial Services (3.04%)		
11,835	Apollo Global Management, Inc.	930,628	1,400,199
	Financial Exchanges & Data (16.76%)		
5,325	CME Group, Inc.	1,170,874	1,175,920
3,749	Moody's Corp.	1,354,579	1,697,997
2,958	MSCI, Inc.	1,274,658	1,656,598
4,550	S&P Global, Inc.	1,729,645	1,853,033
13,504	Tradeweb Markets, Inc., Cl A	1,141,268	1,345,809
		6,671,024	7,729,357
	Insurance Brokers (1.88%)		
9,730	Baldwin Insurance Group, Inc., Cl A [1]	280,453	258,623
6,904	Neptune Insurance Holdings, Inc., Cl A [1]	138,080	217,476
16,175	TWFG, Inc. [1]	289,112	389,009
		707,645	865,108
	Investment Banking & Brokerage (20.79%)		
20,700	Charles Schwab Corp.	1,671,015	1,909,989
7,298	Houlihan Lokey, Inc.	513,930	978,881
23,673	Interactive Brokers Group, Inc., Cl A	472,488	2,060,498
14,779	Lincoln International, Inc. [1]	305,016	352,775
5,500	LPL Financial Holdings, Inc.	927,737	1,549,240
9,468	Morgan Stanley	1,723,822	1,979,190
7,500	Robinhood Markets, Inc., Cl A [1]	304,139	752,100
		5,918,147	9,582,673
	Life & Health Insurance (1.40%)		
2,279	Primerica, Inc.	583,816	647,692
Common Stocks (continued)			
Financials (continued)			
	Property & Casualty Insurance (4.21%)		
9,994	Arch Capital Group Ltd. [1,2]	$ 812,734	$ 970,017
985	Kinsale Capital Group, Inc.	167,922	324,863
2,958	The Progressive Corp.	334,560	646,175
		1,315,216	1,941,055
	Transaction & Payment Processing Services (15.81%)		
6,313	Block, Inc. [1]	725,843	479,788
4,947	Jack Henry & Associates, Inc.	817,911	681,400
5,000	Mastercard, Incorporated, Cl A	1,728,324	2,568,000
8,000	Visa, Inc., Cl A	1,669,228	2,744,720
68,116	Wise Group PLC, Cl A (United Kingdom) [1,2]	697,039	816,967
		5,638,345	7,290,875
Total Financials		31,516,033	39,675,115
Industrials (6.30%)			
	Research & Consulting Services (4.34%)		
2,668	Equifax, Inc.	573,674	423,465
7,665	TransUnion	683,824	552,953
5,700	Verisk Analytics, Inc.	1,128,861	1,023,321
		2,386,359	1,999,739
	Trading Companies & Distributors (1.96%)		
6,200	AerCap Holdings NV [2]	887,231	903,836
Total Industrials		3,273,590	2,903,575
Information Technology (4.27%)			
	Application Software (2.79%)		
400	Fair Isaac Corp. [1]	161,781	477,912
4,000	Guidewire Software, Inc. [1]	439,165	492,200
500	Intuit, Inc.	163,849	130,500
2,600	ServiceTitan, Inc., Cl A [1]	184,600	183,846
		949,395	1,284,458
	Internet Services & Infrastructure (1.48%)		
6,000	Shopify, Inc., Cl A [1,2]	882,924	685,080
Total Information Technology		1,832,319	1,969,538
Total Investments (99.72%)		$ 37,756,922	45,970,641
Cash and Other Assets Less Liabilities (0.28%)			129,107
Net Assets			$ 46,099,748

% Represents percentage of net assets.
1 Non-income producing securities.
2 Foreign corporation.

Baron Technology ETF

Shares		Cost	Value
Common Stocks (99.84%)			
Communication Services (19.74%)			
	Alternative Carriers (8.63%)		
103,647	Space Exploration Technologies Corp., Cl A [1]	$ 13,992,345	$ 17,709,126
	Interactive Media & Services (6.86%)		
34,596	Alphabet, Inc., Cl C	11,459,651	12,223,805
3,310	Meta Platforms, Inc., Cl A	2,294,631	1,864,490
		13,754,282	14,088,295
	Movies & Entertainment (4.25%)		
18,988	Spotify Technology SA [1,2]	8,791,248	8,717,960
Total Communication Services		36,537,875	40,515,381
Consumer Discretionary (7.26%)			
	Automobile Manufacturers (3.25%)		
15,846	Tesla, Inc. [1]	5,885,642	6,664,828
	Broadline Retail (4.01%)		
34,589	Amazon.com, Inc. [1]	7,008,739	8,243,942
Total Consumer Discretionary		12,894,381	14,908,770
Health Care (1.68%)			
	Health Care Services (1.68%)		
41,505	Hinge Health, Inc., Cl A [1]	1,914,475	3,444,915
Industrials (7.75%)			
	Aerospace & Defense (3.78%)		
11,489	Axon Enterprise, Inc. [1]	6,026,205	6,440,848
27,049	DPC Holdings Ltd. [1,2]	934,798	1,327,024
		6,961,003	7,767,872
	Construction & Engineering (1.50%)		
4,283	Quanta Services, Inc.	1,832,975	3,083,931
	Electrical Components & Equipment (1.24%)		
45,393	Forgent Power Solutions, Inc., Cl A [1,3]	1,547,611	2,535,653
	Heavy Electrical Equipment (1.23%)		
7,204	Bloom Energy Corp., Cl A [1,3]	1,658,096	2,180,651
8,504	Innio NV [1,2]	232,998	336,333
		1,891,094	2,516,984
Total Industrials		12,232,683	15,904,440
Information Technology (61.89%)			
	Application Software (1.91%)		
6,092	Guidewire Software, Inc. [1]	771,010	749,621
97,508	Samsara, Inc., Cl A [1]	3,702,126	3,162,184
		4,473,136	3,911,805
	Communications Equipment (2.16%)		
12,154	Arista Networks, Inc. [1]	1,689,024	2,064,722
2,773	Lumentum Holdings, Inc. [1]	898,589	2,379,400
		2,587,613	4,444,122

Shares		Cost	Value
Common Stocks (continued)			
Information Technology (contined)			
	Electronic Components (3.64%)		
18,950	Coherent Corp. [1]	$ 3,155,547	$ 7,475,207
	Internet Services & Infrastructure (4.34%)		
5,879	Cerebras Systems, Inc., Cl A [1,3]	1,106,172	1,299,259
79,714	GDS Holdings Ltd., ADR [1,2]	2,353,839	2,393,811
45,653	Shopify, Inc., Cl A [1,2]	5,489,931	5,212,660
		8,949,942	8,905,730
	Semiconductor Materials & Equipment (12.33%)		
3,392	Applied Materials, Inc.	1,864,318	2,452,416
2,370	ASML Holding N.V. [2]	3,340,508	4,714,973
41,838	Lam Research Corp.	7,431,201	18,129,660
		12,636,027	25,297,049
	Semiconductors (32.57%)		
12,285	Advanced Micro Devices, Inc. [1]	4,757,041	7,136,479
35,009	Broadcom, Inc.	8,742,201	13,224,650
534,475	indie Semiconductor, Inc., Cl A [1]	2,137,095	2,399,793
8,472	Micron Technology, Inc.	3,569,318	9,779,145
1,800	Monolithic Power Systems, Inc.	1,816,095	2,488,248
57,573	NVIDIA Corp.	7,887,611	11,519,781
1,136	SK Hynix, Inc. [2]	1,812,714	1,943,071
38,428	Taiwan Semiconductor Manufacturing Co., Ltd., ADR [2]	9,555,511	18,352,060
		40,277,586	66,843,227
	Systems Software (4.94%)		
7,230	Cloudflare, Inc., Cl A [1,3]	1,237,027	1,773,374
3,289	Crowdstrike Holdings, Inc., Cl A [1]	1,383,422	2,509,968
6,243	Datadog, Inc., Cl A [1,3]	839,200	1,625,428
52,690	Rubrik, Inc., Cl A [1]	2,894,904	4,229,953
		6,354,553	10,138,723
Total Information Technology		78,434,404	127,015,863
Real Estate (0.58%)			
	Health Care REITs (0.58%)		
5,244	Welltower, Inc.	1,057,500	1,190,231
Utilities (0.94%)			
	Renewable Electricity (0.94%)		
66,011	Fervo Energy Co., Cl A [1]	1,827,876	1,929,502
Total Investments (99.84%)		$ 144,899,194	204,909,102
Cash and Other Assets Less Liabilities (0.16%)			325,276
Net Assets			$ 205,234,378

% 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.
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SAVE THE DATE

33RD ANNUAL BARON INVESTMENT CONFERENCE

FRIDAY, NOVEMBER 6, 2026
LINCOLN CENTER, NEW YORK

REGISTRATION OPENS
MONDAY, AUGUST 17, 2026

ELIGIBILITY TO ATTEND

- Must be a shareholder of Baron Funds or a financial professional client of Baron Capital
- Shareholders must have a minimum investment of $40,000 in Baron Funds as of June 30, 2026
- Must be at least 18 years old

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