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.

"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.

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

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.

Baron Capital's AUM was $100 million in 1992 and has since grown to $69.7 billion as of 6/30/2026. Baron Capital has earned more than $71.2 billion in realized and unrealized gains since then.

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

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

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	Cost	June 2026	Multiple	CAGR
Ron's Home 1948-1955 1122 Grassmere Avenue, Wanamassa, NJ (Asbury Park, NJ "suburb")	1948	$5,000	$677,400[1]	135.5x	6.5%
Ron's Home 1955-1975 542 Deal Parkway, West Allenhurst, NJ (Asbury Park, NJ "suburb")	1955	$20,000	$1,543,300[1]	77.2x	6.4%
Minimum Wage (New York)	1957	$1 hour	$16.00[2] hour	16.0x	4.1%
Golf Caddy Fees	1957	$4 18 holes	$175 18 holes	43.8x	5.7%
Gallon of Gasoline	1960	$0.31 gallon	$3.83[3] gallon	12.4x	3.9%
Ron's Annual Tuition at Bucknell University	1965	$3,500	$72,600[4]	20.7x	5.1%
Ron's U.S. Patent Examiner Annual Salary	1966	$7,729	$138,728[5]	17.9x	5.0%
Ford Mustang (starting price)	1966	$2,500	$32,995[6]	13.2x	4.4%
Sirloin Steak	1966	$0.67 pound	$14.45[7] pound	21.6x	5.3%
NYC Top Law Firm – First Year Associate Annual Salary	1970	$15,000	$235,000[8]	15.7x	5.1%
Gold	1974	$188 ounce	$4,022[9] ounce	21.4x	6.1%
Dow Jones Industrial Average	1982	795	$52,319[10]	65.8x*	9.9%*
S&P 500 Index	1982	107	$7,499[10]	69.9x*	10.1%*
Gross Domestic Product (GDP)	1968	$968 billion	$31,866[11] billion	32.9x	6.3%

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.

Sources:

[1] www.zillow.com

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

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

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

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

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

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

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

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

[10] FactSet.

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

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

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

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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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