BARON FUNDS

QUARTERLY REPORT | SEPTEMBER 30, 2026

Baron Funds®

EST 1987

Letter from Ron



Ron closed his fireside chat with Elon by asking, "So, when you're 83 like I am, how do you want people to think about you?" Elon responded, "Whatever the perception is, I'd like the reality to be that I made a significant contribution in the furtherance of civilization."

"I THINK YOU SHOULD…"

Four words. A little encouragement from someone who believes in you. Sometimes that is all it takes to change a life… or history! That was the theme of our **33rd Annual Baron Investment Conference, held Friday, November 6, 2026, at Lincoln Center in New York City**. We had more than 6,700 people registered and more than 40 million people watched my live interview with Elon on X. Our biggest group ever! We needed more room… and more lunch!

SpaceX's Starship helped us tell this year's story… so did the flying Roadster… Tesla cars… an Optimus robot on the plaza… and a rocket in Geffen Hall. Most people look at what is possible today. Elon imagines what should be possible tomorrow… and then gets to work. Reusable rockets? Data centers in orbit? City on Mars? He means it. Since I founded Baron Capital in 1982, we have looked for people with vision and determination. Then we do our research. An ambitious idea is a beginning. We need to understand how it can become a business.

Our Conference lets you ask your own questions, too. You could spend the morning with our Portfolio Managers discussing how we invest your savings and get to know people running businesses we own: Trina Spear of FIGS, Thomas Peterffy of Interactive Brokers, Stephen Hoge, M.D., of Moderna, and Sanoke Viswanathan of FactSet. We spend a lot of time getting to know executives of businesses in which we invest to understand their character and values. We want you to hear how they think, too. Katherine Forrest, former antitrust judge and the chair of the Paul, Weiss AI Practice Group joined us to discuss AI and the ideas in her new book, *Of Another Mind: Navigating a New Social Contract with Superintelligent AI.* Plenty to think about… before lunch!



"I think you should…open the envelope, Ron!" Four lucky Baron Capital shareholders in the audience are about to find out they've each won a Tesla Model Y with Full Self-Driving!

And lunch was something else. With so many guests, we arranged four surprise performances: Jerry Seinfeld, Nate Bargatze, Kelly Clarkson, and Julianne and Derek Hough. Jerry and Nate were exceptionally funny. Kelly sang. Julianne and Derek danced. I hope you found time to eat!

After lunch, Elon and I spoke for an hour about autonomy, physical and digital AI, and of course, data centers and rockets. An hour goes quickly with Elon. We could have kept going! Josh Brown, CEO of Ritholtz Wealth Management, led conversations with our Portfolio Managers about high growth and small-cap investing. Michael Baron, our Co-President and Portfolio Manager, spoke about our investment capabilities. And I had a few things to say about **"I Think You Should…"**

Then… Maroon 5!!! A pretty good way to finish the day. Although we weren't quite finished. There were still gift bags and Scream Ice Cream from trucks I own waiting on the plaza.

We started this Conference to thank you for trusting us with your hard-earned savings. Thirty-three Conferences later, that is still why we do it at our expense…not yours. We hope you learned something, laughed a lot and enjoyed spending the day with us. We certainly enjoyed spending it with you.

My presentation follows in its entirety.

Thank you.

Ron Baron
Founder, CEO and Portfolio Manager
November 6, 2026

"I THINK YOU SHOULD..."

November 6, 2026

1. Confidence

"I THINK YOU SHOULD…"

Those four words spoken by trusted advisors at critical moments inspired some of the most consequential decisions in history… by politicians…cultural leaders…and businessmen. Those words have changed history and lives.

In 1775, General George Washington was appointed to lead the Continental Army. Eight years later, Washington…then considered the greatest living American… retired to his Mt. Vernon farm.

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Alexander Hamilton, his young aide, appealed to the reluctant General. "Winning a war and building a country are very different," Hamilton counselled. **"I think you should…"** lead the country.

Washington risked his legacy, postponed his retirement and accepted Hamilton's entreaties to ensure a strong start to the Great American experiment.

In 1962, President John F. Kennedy announced "we choose to go to the Moon before the end of this decade…not because it's easy…but because it's hard."

After Russia had reached orbit first, JFK asked the advisors he trusted most…



including his brother, Bobby…"What can America do that has never been done before?"

All counselled the President…**"I think you should…"** land a man on the moon…

JFK's risky "moon shot"…based on technology that did not yet exist…is an important part of his legacy.



In 1947, Branch Rickey, the Brooklyn Dodgers' General Manager, advised Jackie Robinson, a star Negro league baseball player, **"I think you should…"** be the first black player in Major League Baseball.

Robinson asked Rickey if he (quote) "wanted a Negro afraid to fight against slurs and threats?" Rickey's response? "I want a player with the guts not to fight back."

Both were assuming great risk…Rickey to his career and Jackie to his personal safety.

In 1957, a 15 year old Liverpool teenager named Ivan urged his classmate, Paul, **"I think you should…**meet my friend John.



He's playing with his band at a church social this weekend. Bring your guitar!"



History remembers the moment. Baron pays attention to the moment before...

And...the moment before is almost always the same. Someone you trust looks you in the eye and says four words…**"I think you should…"**

Each speaker today faced an **"I think you should…"** moment…inspired either by a trusted advisor or self-motivated…

Trina Spear, **FIGS** CEO and Founder, graduated at the top of her Harvard Business School class…joined Blackstone…and thirteen years ago resigned to co-found FIGS and produce innovative healthcare uniforms.



To finance the startup, the 30-year-old cashed in her 401(k) and sold outfits at hospitals from the trunk of her car!

FIGS annual sales…now mostly online… could approach $1 billion in 2027! FIGS market cap exceeds $3 billion!

Trina's mission? To show gratitude to awesome front line healthcare workers who care for the rest of us…

Dr. Stephen Hoge, **Moderna**'s President, was a successful doctor and brilliant scientist when, intrigued by Moderna's RNA technology, he became that company's eighth employee.



Moderna then had to borrow for three years to make payroll!

Stephen now leads Moderna's initiative to produce personalized cancer therapies at scale.

Sanoke Viswanathan, **FactSet**'s CEO, an immigrant from a small farming village in India… attended the best engineering college in his country on scholarship.



At age 31 he was recruited by McKinsey to advise Tim Geithner during America's 2008 financial crisis. Sanoke then led technology initiatives at JP Morgan for 15 years…and last year was one of ten candidates being considered to succeed Jamie Dimon! He instead joined FactSet.

Thomas Peterffy, founder of Interactive Brokers, is an immigrant from Hungary.



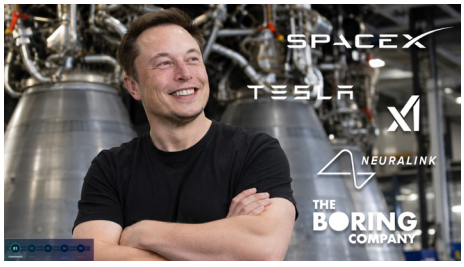
IBKR enables entrepreneurs in their native lands to invest in America or anywhere else using his very low cost brokerage service.

Thomas built a $150 billion business growing customers 30% per year.

Why did Thomas found IBKR? When Russia occupied his country, they confiscated his family's wealth. He wanted to make sure others could avoid that fate.

I have been friendly with Thomas since 1975…shame on me for not investing with him sooner.

Finally, Elon Musk, another brilliant visionary immigrant, spoke with us for the fourth time this afternoon.



We met Elon in 2010…and have been investing in his companies since 2014… first in Tesla…then in SpaceX…then in xAI… and Neuralink…and most recently in The Boring Company.

SpaceX, in Elon's words, has a "non-zero" chance to become "orders of magnitude" larger than Planet Earth's $130 trillion GDP economy! We'll see…



SpaceX current value approximates $2.1 trillion! Baron is one of the largest investors in SpaceX. Because **we've done the work**.

And…after researching SpaceX since 2010, I have concluded it is the most exciting opportunity of my career.

Baron Capital's **Mission is to "Change Lives."** It is immensely satisfying to be approached nearly every day and **thanked for work we have done on SpaceX**.

Soon after Becky, Andrew, Joe and I discussed SpaceX during my thirty minute interview on CNBC Squawk Box in September, Becky told me Warren Buffett called her.



"What a great interview with Ron. I have been following his career for years and really admire how he tries to teach individuals about investing."

That's not to say Warren agreed with my thesis. Just that he thought I explained it well. Which I regarded as a wonderful compliment.

2. Courage

Ok…Courage.

Most individuals are not wired to assume material financial risk.

Baron is a conduit between entrepreneurs like the five who spoke today and you… our clients…our employees…and my family business, Baron Capital…who all want to invest a percentage of their assets in extraordinary opportunities…while not threatening their families' finances.

Our diligence process…developed over my entire career…has consistently identified open-ended opportunities…and exceptional executives…while limiting risk.

This diligence mitigates but doesn't eliminate risk.

Baron's advantage is industry expertise… and access that comes from our reputation

and my long career questioning those entrepreneurs for hours and hours…month after month…and studying their businesses and, at least as importantly, their character!

After you receive advice from trusted counsel, **"I think you should…"** have the courage to act…

3. Culture

"I think you should…"

…invest in people…who accept risk and forgo short term profits for long-term advantage. A sense of **urgency** permeates their actions…

Everyone has **regrets** for actions not taken. The most common regret is "I wish I had taken more risk."

Jeff Bezos tries to live in a **regret minimization** framework. "At age 80, will I regret not having done this?"

After Jeff studied the internet's growth prospects he resigned from a prestigious investment firm to found Amazon.



No question in my mind regret minimization is not going to be a problem for him at age 80!

Elon thinks to be most successful you should "fail more often!" "If programs are not failing you are not innovating enough.



Avoiding failure during development makes finished systems less safe." Elon believes hardware should be sacrificed for information.

Others think it safer to go slowly and make incremental progress…which is probably why SpaceX and Tesla are so many years ahead of competitors…and the gap is widening!

Obsession.

Baron is obsessed with growth…and so are the founders in whom we invest.



Those entrepreneurs often don't have an exact growth algorithm…but they do have a roadmap. and in Elon's case, his roadmap doesn't even involve roads.

4. State of Play

A. Constraints

Most traders focus on what can go wrong!

Fear of job losses to autonomous digital AI "agents"…and to super intelligent physical AI humanoid robots…the impact of data centers on our communities…the Fed's outlook for interest rates and inflation… elections…the Iran war.

And, oh yeah, AI destroying humanity.

There is no question apprehension is in the air…

With so many watching "signals," daily stock price volatility is affected by website hits… mall traffic…"channel checks"…changes to benchmark indexes…the number of Cybercabs Tesla produced last week…in the short-term world in which we live…

…**"I think you should…"** THINK DIFFERENT…be an investor…not a trader.



Only two companies in the thirty stock 1976 Dow Jones Industrial Average remain in that index. Chevron and Procter and Gamble. Energy and diapers.

…to outperform you must imagine a future very different from today.

At Baron, our 39 analysts and portfolio managers…of our 233 employees…identify and invest in awesome people who manage growth businesses and accept "risk."

Nothing lasts forever. Maybe not even SpaceX…

But I believe, one thing is certain…you're not going to make 700X your money…more than 21.2% per year…like we have since 1992…by investing in an index!!!

From $100 million AUM in 1992, Baron has earned $70 billion in realized and unrealized profits!…and believes it is possible to earn **hundreds of billions additional profits for our clients, employees and our business** in the next ten to fifteen years!

Hope so…

I do feel "forever young…" but I am 83… and fortunately when I walk around my office every day and speak with the talented young people whom I've hired and trained and my sons too whom I expect to continue our mission to change lives…I wouldn't trade places with anyone…regardless of their age…

Another striking difference between Baron and other investors is how we think about the world…

Our offices are filled with beautiful art. We look more like a museum than a trading floor.





We believe if you spend all day watching CNBC and blinking screens, you will soon

think price is all that matters. Art connects you to what is enduring.

B. Outlook

We believe America's economic growth will soon accelerate. Dramatically…2-3-4-5x faster…driven by returns on trillions of capital investments…in industrial businesses…defense…and digital AI which could increase productivity 30%…and physical AI which could increase planet GDP many multiples.

My friends tell me I am the most optimistic person they know. They are not alone.



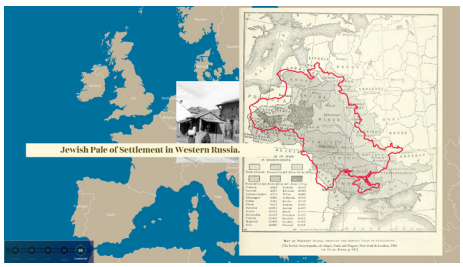
Forbes recently published a list of 250 individuals they regard as the Most Optimistic in our country. They chose me as Number 36!!!! Double Chai for those in the know.

That's because my day job gives me a front row seat to American exceptionalism…

5. Character

Since our "secret sauce" is asking personal questions of executives in whom we invest…I thought it only fair for me to tell you about my background…

My grandparents were immigrants. One grandpa came from a village near Auschwitz in Poland. He became the foreman of a candle factory in Brooklyn.



My other grandpa grew up in the Pale of Russia…a ghetto outside the cities where Jews were not permitted to live.



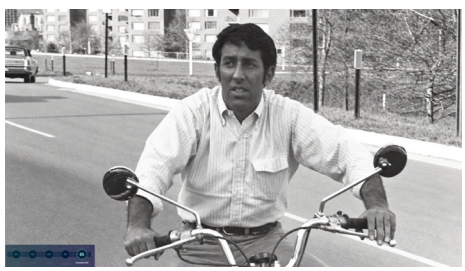
At twelve years old, he and his eight year old sister walked across Europe to Rotterdam to come to America where he peddled shoes from a pushcart on the Lower East Side…



My dad was an army engineer…he also designed and built houses in Asbury Park to pay for college for my brother and me.

My mom was a bookkeeper in a gas station.

When I graduated from Bucknell in 1965, I wasn't accepted to medical school but received a teaching PhD fellowship at Georgetown Medical School…which meant I could…ride my motorcycle…and live in DC not Vietnam.



When I decided I really didn't want to be a doctor after all I accepted a "critical skills" Vietnam draft exempt day job as a US Patent Examiner…and a scholarship to attend George Washington Law School in the evenings…

I really didn't want to be a lawyer either…but hey, a subsidized education that teaches you to think…analyze…and argue…I was all in.

Three years later, I resigned from that job…dropped out of law school…unemployed and $15,000 in debt…to reside in the New Jersey basement of a high school friend while I searched for a Wall Street analyst job.

Not exactly a straight path...

At my Patent Office farewell lunch, my supervisor, Morris Liebman, compared me to a patent examiner in Switzerland in 1909 who also didn't enjoy his job…



but who proposed the Theory of Relativity!

"I'm sure you'll be reading a lot about 'Rod' on Wall Street in the future" he told my coworkers.

He called me 'Rod' for four years…short for "Hot Rod"…I think…because I made him laugh…



After three months, sleeping on a cot in my friend's basement on a green shag rug next to a water heater…totally discouraged, I told my dad I wasn't qualified to become an analyst…and was considering opening a Central Park bicycle shop instead.



"Ronnie, since you were 13, you wanted to be an investor!…**I think you should…**keep trying. You'll figure out how if you want it enough. You always do."

So…how'd it turn out? Pretty good…obviously…

Today, in East Hampton, there is an awesome, ocean front country lane where there are large weekend homes…including mine. Virtually all are owned by Jewish families.

At the end of that street is a golf club. The Maidstone.



Jews own all the land around that club…but since they are Jewish, they're not allowed to be club members…

In Palm Beach, the Everglades Club also doesn't allow Jews to be members.



So, like my grandparents who came to this country to escape prejudice…and persecution…which still exist…their grandchildren and their grandchildren's grandchildren still live in a sort of ghetto.

A beautiful place…as ghettos go…you could do worse.

It's an important lesson. Those shut out built something of their own. That's the story of so many founders in whom we invest.

Outsiders…often with a chip on their shoulders…who believed in themselves and their dreams…and went all in.

Which is why I'm incredibly optimistic. The same country that kept people out of the club…now lets them live in America…contribute to this society…and build right next door.

As Moderna's President and head of research told us this morning, "You have no idea of how great the future will be." I agree with that sentiment.

My son David recently asked me, "Dad, how did you do this? You started your business in 1982…



…with two young children, one and two years old…and risked everything…how did you do that when the environment was so scary?"



That's how. It's because of my parents.

They had an "ethical will." They didn't leave me money…or connections. They taught my brother, Collin, and me values…that 88% test scores in high school weren't good enough…made us always want to make them proud…and encouraged us with four words, **"I think you should…"**

…and those are the words I came here to say to you today…"I think you should…"

Believe in the future…and the people building it.

At this moment of great uncertainty…and even greater opportunity…

"I THINK YOU SHOULD…"

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

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

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. Baron Capital has provided website addresses of companies participating in our Investment Conference as a convenience to our attendees. Baron Capital is not responsible for the content of these sites.

Portfolio holdings as a percentage of net assets as of September 30, 2026 for securities mentioned are as follows: FIGS, Inc. - Baron Focused Growth Fund (2.8%), Baron Generational Growth Fund (9.2%), Baron First Principles ETF (4.5%); **FactSet Research Systems Inc**. - Baron Asset Fund (1.2%), Baron Focused Growth Fund (3.3%), Baron Generational Growth Fund (7.1%), Baron Partners Fund (3.3%*), Baron First Principles ETF (2.6%); **Interactive Brokers Group, Inc.** - Baron Focused Growth Fund (4.1%), Baron Financials ETF (4.2%), Baron First Principles ETF (3.6%); **Moderna, Inc.** - Baron Partners Fund (1.6%*); **Space Exploration Technologies Corp.** - Baron Asset Fund (30.5%), Baron Emerging Markets Fund (0.7%), Baron Fifth Avenue Growth Fund (8.6%), Baron Focused Growth Fund (27.4%), Baron Global Opportunity Fund (16.8%), Baron International Growth Fund (0.7%), Baron Opportunity Fund (16.4%), Baron Partners Fund (32.6%*), Baron Technology ETF (6.4%), Baron First Principles ETF (40.7%), Baron Risk Optimized Large Cap ETF (3.7%); **Tesla, Inc.** - Baron Fifth Avenue Growth Fund (3.1%), Baron Focused Growth Fund (5.7%), Baron Global Opportunity Fund (1.3%), Baron Opportunity Fund (3.9%), Baron Partners Fund (13.4%*), Baron Technology ETF (3.1%), Baron First Principles ETF (8.6%), Baron Risk Optimized Large Cap ETF (1.8%); **Neuralink Corp**. - Baron Focused Growth Fund (0.1%). **TBC - The Boring Company** - Baron Focused Growth Fund (0.4%). **Amazon.com, Inc.** - Baron Durable Advantage Fund (7.2%), Baron Fifth Avenue Growth Fund (8.5%), Baron Global Opportunity Fund (4.8%), Baron Opportunity Fund (4.7%), Baron Technology ETF (4.3%), Baron Global Durable Advantage ETF (6.5%), Baron Risk Optimized Large Cap ETF (4.2%).

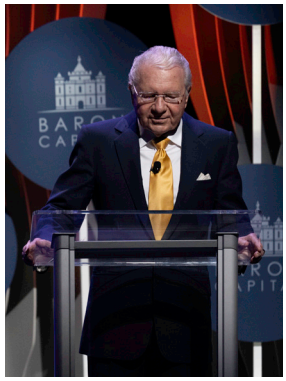
* % of Long Positions

As of September 30, 2026, Baron did not hold any shares in Chevron Corporation or Procter & Gamble Co.

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

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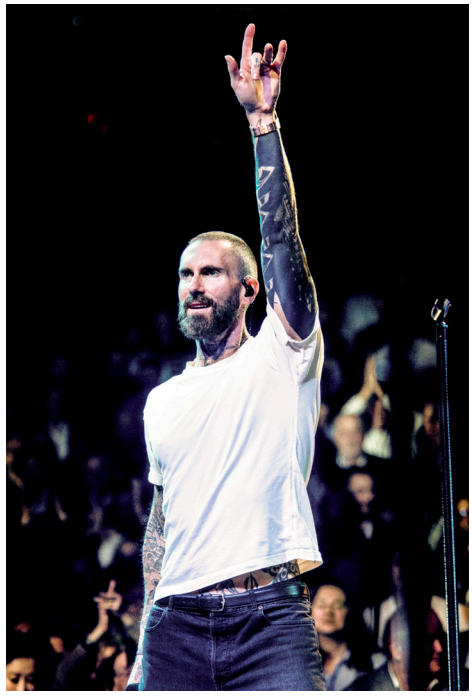
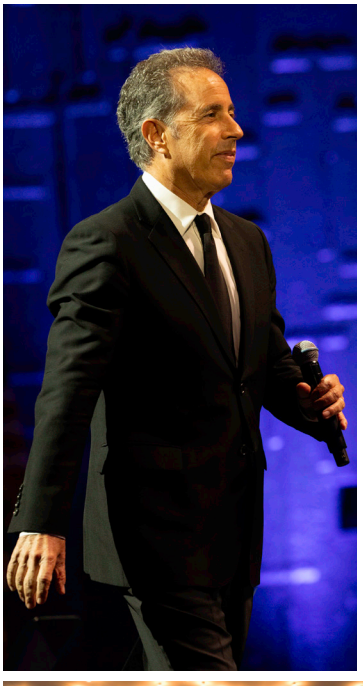


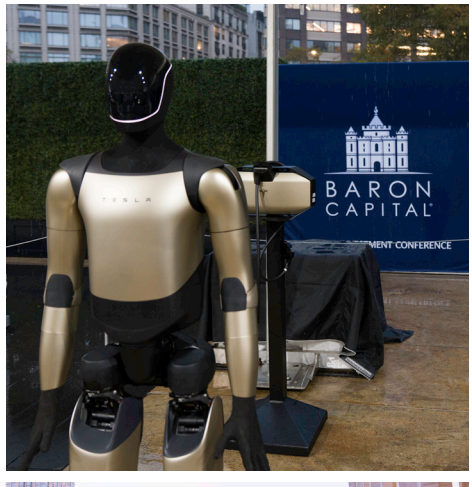




33rd Annual Baron Investment Conference: *(First row, from left to right)* Katherine B. Forrest, former U.S. District Judge and Chair of the Global AI Practice at Paul, Weiss, explains how superintelligent AI could reshape society and our social contract. Thomas Peterffy, Founder and Chairman of Interactive Brokers, reflects on his journey from Hungary to America and the entrepreneurial drive behind building a global brokerage business. Stephen Hoge, M.D., President of Moderna, discusses mRNA's potential to advance cancer treatments and rare disease medicines. Andrew Peck, Chief Investment Officer and Portfolio Manager, and Sanoke Viswanathan, CEO of FactSet, discuss combining trusted financial data with AI to empower investment professionals. *(Second row, from left to right)* David Baron, Co-President and Portfolio Manager, and Trina Spear, Co-Founder and CEO of FIGS, discuss transforming healthcare apparel and building a community around the professionals it serves. Baron Capital's Management Committee answers shareholder questions, offering perspectives on the Firm and its long-term direction. *(Third row, from left to right)* Attendees enjoy interviews, speeches, and musical performances in the Metropolitan Opera House. Michael Baron, Co-President and Portfolio Manager, shares how Baron Capital's expanding investment strategies help clients pursue goals while preserving its long-term philosophy. Ron Baron joins CNBC's *Squawk Box* to share his long-term investment philosophy and conviction in Tesla and SpaceX, highlighting opportunities in AI, robotics, and space-based data centers. *(Fourth row, from left to right)* Baron Capital portfolio managers discuss how they build conviction, balance risk, and identify long-term opportunities across focused, small-mid, and mid-cap strategies. Ron Baron, Founder and CEO, reflects on **"I Think You Should..."** and investing in visionary people building the future.








33rd Annual Baron Investment Conference: *(First row, from left to right)* Kelly Clarkson lights up the stage with her powerhouse vocals and infectious energy. Nate Bargatze brings laughter to the crowd with his signature deadpan delivery and relatable humor. Broadway star Kelli O'Hara treats attendees to a performance filled with warmth and soaring vocals. Headliner Maroon 5 closes out the Baron Investment Conference with a high-energy finale packed with fan favorites. *(Second row, from left to right)* Jerry Seinfeld keeps the audience laughing with his unmistakable wit and observations on everyday life. Julianne and Derek Hough dazzle the audience with dynamic choreography and show-stopping dance performances. *(Third row, from left to right)* The Tesla Roadster turns heads with its sleek design and bold vision. Tesla's Optimus robot gives attendees a glimpse into the future of humanoid robotics. *(Fourth row, from left to right)* Attendees transition between sessions at the Metropolitan Opera House. Ron Baron celebrates another incredible conference with sweet treats from Scream Ice Cream trucks. Attendees depart the 33rd Annual Baron Investment Conference, sharing conversations and enjoying the Lincoln Center setting.



Baron Capital's Top 30 Holdings*

As of 9/30/2026

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	$22,180	34.5	$19,590[4]	5,631.3	57.3	56.4
2	TSLA	Tesla, Inc.	2014	$4,425	6.9	$6,895	2,883.6	29.8	30.8
3	MSCI	MSCI Inc.	2007	$1,650	2.6	$1,319	2,372.5	24.7	18.5
4	SHOP	Shopify Inc.	2020	$1,591	2.5	$324	51.8	1.5	7.3
5	ACGL	Arch Capital Group Ltd.	2002	$1,321	2.1	$2,258	3,297.2	34.0	15.5
6	IT	Gartner, Inc.	2007	$1,187	1.8	$1,614	632.7	7.3	10.8
7	GWRE	Guidewire Software, Inc.	2012	$1,186	1.8	$686	516.2	6.2	13.5
8	SPOT	Spotify Technology S.A.	2020	$1,150	1.8	$49	301.3	4.0	23.8
9	SCHW	The Charles Schwab Corporation	1992	$1,137	1.8	$1,855	16,063.3	161.6	16.2
10	H	Hyatt Hotels Corporation	2009	$1,122	1.7	$686	486.6	5.9	11.0
11	FDS	FactSet Research Systems Inc.	2006	$1,081	1.7	$968	558.7	6.6	9.9
12	TSM	Taiwan Semiconductor Manufacturing Company Limited	2013	$999	1.6	$1,167	3,244.9	33.4	30.2
13	IDXX	IDEXX Laboratories, Inc.	2005	$931	1.4	$2,288	3,528.2	36.3	18.1
14	CHH	Choice Hotels International, Inc.[5]	1989	$859	1.3	$853	3,420.5	35.2	10.0
15	KNSL	Kinsale Capital Group, Inc.	2016	$835	1.3	$578	1,717.9	18.2	33.0
16	FIGS	FIGS, Inc.	2022	$831	1.3	$382	51.3	1.5	10.0
17	RRR	Red Rock Resorts, Inc.	2016	$800	1.2	$308	258.9	3.6	13.0
18	NVDA	NVIDIA Corporation	2018	$681	1.1	$842	3,362.8	34.6	55.7
19	MTN	Vail Resorts, Inc.	1997	$675	1.0	$902	813.3	9.1	7.7
20	MORN	Morningstar, Inc.	2005	$636	1.0	$329	972.4	10.7	11.7
21	VRSK	Verisk Analytics, Inc.	2009	$615	1.0	$339	550.5	6.5	11.7
22	ONON	On Holding AG	2022	$539	0.8	($123)	15.9	1.2	3.4
23	BIRK	Birkenstock Holding plc	2023	$445	0.7	($136)	(19.4)	0.8	(7.0)
24	CSGP	CoStar Group, Inc.	2001	$419	0.7	$791	1,479.3	15.8	11.7
25	IBKR	Interactive Brokers Group, Inc.	2023	$405	0.6	$262	355.5	4.6	53.3
26	677172	Samsung Electronics Co., Ltd.	2013	$335	0.5	$326	840.3	9.4	19.0
27	AMZN	Amazon.com, Inc.	2009	$310	0.5	$234	6,280.3	63.8	27.3
28	IOT	Samsara Inc.	2024	$289	0.4	$32	24.8	1.2	10.0
29	WELL	Welltower Inc.	2022	$279	0.4	$172	279.0	3.8	40.8
30	MRNA	Moderna, Inc.	2026	$268	0.4	$193	277.9	3.8	277.9

The performance data quoted represents past performance. Past performance is no guarantee of future results. Portfolio holdings are subject to change. Current and future portfolio holdings are subject to risk.

* 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 9/30/2026. 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.

[5] Baron's investment in Choice Hotels International, Inc. originated with an investment in Manor Care, Inc., which spun off Choice Hotels on November 1, 1996. Choice Hotels subsequently spun off Sunburst Hospitality Corporation on October 16, 1997. Manor Care and Sunburst Hospitality were later acquired in separate transactions, while Choice Hotels continued as an independent public company. The earnings and total return presented above reflect the combined value created across Baron's investments in all three companies.

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.

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

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

Portfolio holdings as a percentage of net assets as of September 30, 2026 for securities mentioned are as follows:
Space Exploration Technologies Corp. - Baron Asset Fund (30.5%), Baron Emerging Markets Fund (0.7%), Baron Fifth Avenue Growth Fund (8.6%), Baron Focused Growth Fund (27.4%), Baron Global Opportunity Fund (16.8%), Baron International Growth Fund (0.7%), Baron Opportunity Fund (16.4%), Baron Partners Fund (32.6%*), Baron Technology ETF (6.4%), Baron First Principles ETF (40.7%), Baron Risk Optimized Large Cap ETF (3.7%), Baron Capital Global Opportunity Fund (8.5%), Baron Capital US All Cap Focused Growth Fund (13.3%), Baron Capital US Opportunity Fund (7.9%); **Tesla, Inc.** - Baron Fifth Avenue Growth Fund (3.1%), Baron Focused Growth Fund (5.7%), Baron Global Opportunity Fund (1.3%), Baron Opportunity Fund (3.9%), Baron Partners Fund (13.4%*), Baron Technology ETF (3.1%), Baron First Principles ETF (8.6%), Baron Risk Optimized Large Cap ETF (1.8%), Baron Capital Global Opportunity Fund (3.7%), Baron Capital US All Cap Focused Growth Fund (7.7%), Baron Capital US Opportunity Fund (3.8%); **MSCI Inc.** - Baron Asset Fund (1.1%), Baron Durable Advantage Fund (2.9%), Baron Focused Growth Fund (5.0%), Baron Generational Growth Fund (19.8%), Baron Partners Fund (4.2%*), Baron Financials ETF (3.4%), Baron First Principles ETF (4.3%), Baron SMID Cap ETF (2.0%), Baron Global Durable Advantage ETF (2.2%), Baron Risk Optimized Large Cap ETF (0.9%), Baron Capital Global Durable Advantage Fund (2.2%), Baron Capital US All Cap Focused Growth Fund (4.8%); **Shopify Inc.** - Baron Fifth Avenue Growth Fund (4.7%), Baron Focused Growth Fund (5.9%), Baron Global Opportunity Fund (6.6%), Baron International Growth Fund (1.4%), Baron Opportunity Fund (1.6%), Baron Partners Fund (5.2%*), Baron Financials ETF (1.9%), Baron Technology ETF (3.5%), Baron First Principles ETF (4.1%), Baron Risk Optimized Large Cap ETF (0.5%), Baron Capital Global Opportunity Fund (5.7%), Baron Capital US All Cap Focused Growth Fund (6.1%), Baron Capital US Opportunity Fund (1.7%); **Arch Capital Group Ltd.** - Baron Asset Fund (3.8%), Baron Durable Advantage Fund (1.0%), Baron Focused Growth Fund (1.7%), Baron Generational Growth Fund (19.7%), Baron International Growth Fund (2.1%), Baron Partners Fund (3.3%*), Baron Financials ETF (2.0%), Baron First Principles ETF (1.7%), Baron Risk Optimized Large Cap ETF (0.7%), Baron Capital US All Cap Focused Growth Fund (2.3%); **Gartner, Inc.** - Baron Asset Fund (2.8%), Baron Focused Growth Fund (3.6%), Baron Generational Growth Fund (8.3%), Baron Opportunity Fund (0.5%), Baron Partners Fund (3.1%*), Baron Small Cap Fund (2.0%), Baron Capital US All Cap Focused Growth Fund (3.9%), Baron Capital US Opportunity Fund (0.9%), Baron Capital US Small Cap Fund (1.8%); **Guidewire Software, Inc.** - Baron Asset Fund (3.4%), Baron Discovery Fund (2.1%), Baron Focused Growth Fund (3.1%), Baron Generational Growth Fund (5.1%), Baron Opportunity Fund (1.0%), Baron Partners Fund (2.7%*), Baron Small Cap Fund (4.2%), Baron Financials ETF (1.2%), Baron Technology ETF (0.4%), Baron First Principles ETF (1.7%), Baron SMID Cap ETF (2.7%), Baron Risk Optimized Large Cap ETF (0.7%), Baron Capital US All Cap Focused Growth Fund (3.6%), Baron Capital US Opportunity Fund (0.9%), Baron Capital US Small Cap Fund (3.9%); **Spotify Technology S.A.** - Baron Asset Fund (1.2%), Baron Focused Growth Fund (4.4%), Baron International Growth Fund (1.1%), Baron Opportunity Fund (3.4%), Baron Partners Fund (3.6%*), Baron Technology ETF (4.7%), Baron First Principles ETF (2.8%), Baron SMID Cap ETF (1.9%), Baron Risk Optimized Large Cap ETF (2.0%), Baron Capital US All Cap Focused Growth Fund (3.5%), Baron Capital US Opportunity Fund (3.8%); **The Charles Schwab Corporation** - Baron Asset Fund (2.4%), Baron Opportunity Fund (0.5%), Baron Partners Fund (4.3%*), Baron Financials ETF (4.3%), Baron First Principles ETF (3.4%), Baron Risk Optimized Large Cap ETF (1.1%), Baron Capital US All Cap Focused Growth Fund (4.2%), Baron Capital US Opportunity Fund (0.7%); **Hyatt Hotels Corporation** - Baron Asset Fund (2.1%), Baron Focused Growth Fund (3.6%), Baron Partners Fund (3.6%*), Baron Real Estate Fund (2.7%), Baron Real Estate Income Fund (1.7%), Baron First Principles ETF (3.7%), Baron Capital US All Cap Focused Growth Fund (4.0%), Baron Capital US Real Estate Fund (2.9%); **FactSet Research Systems Inc.** - Baron Asset Fund (1.2%), Baron Focused Growth Fund (3.3%), Baron Generational Growth Fund (7.1%), Baron Partners Fund (3.3%*), Baron First Principles ETF (2.6%), Baron Capital US All Cap Focused Growth Fund (4.2%); **Taiwan Semiconductor Manufacturing Company Limited** - Baron Durable Advantage Fund (9.7%), Baron Emerging Markets Fund (16.3%), Baron Fifth Avenue Growth Fund (7.6%), Baron Global Opportunity Fund (5.4%), Baron International Growth Fund (6.1%), Baron Opportunity Fund (2.6%), Baron Technology ETF (6.9%), Baron Global Durable Advantage ETF (8.4%), Baron Emerging Markets Select ETF (15.0%), Baron Risk Optimized Large Cap ETF (2.5%), Baron Capital Global Durable Advantage Fund (8.4%), Baron Capital Global Opportunity Fund (8.8%), Baron Capital US Opportunity Fund (3.6%); **IDEXX Laboratories, Inc.** - Baron Asset Fund (3.7%), Baron Focused Growth Fund (2.7%), Baron Generational Growth Fund (4.5%), Baron Partners Fund (2.4%*), Baron First Principles ETF (1.7%), Baron Capital US All Cap Focused Growth Fund (3.7%); **Choice Hotels International, Inc.** - Baron Asset Fund (1.1%), Baron Focused Growth Fund (2.5%), Baron Generational Growth Fund (11.5%), Baron Partners Fund (2.2%*), Baron First Principles ETF (2.2%), Baron Capital US All Cap Focused Growth Fund (2.0%); **Kinsale Capital Group, Inc.** - Baron Discovery Fund (1.1%), Baron Generational Growth Fund (14.9%), Baron Partners Fund (1.9%*), Baron Small Cap Fund (4.3%), Baron Financials ETF (0.4%), Baron First Principles ETF (0.9%), Baron Capital US All Cap Focused Growth Fund (2.2%), Baron Capital US Small Cap Fund (1.3%); **FIGS, Inc.** - Baron Focused Growth Fund (2.8%), Baron Generational Growth Fund (9.2%), Baron First Principles ETF (4.5%), Baron Capital US All Cap Focused Growth Fund (2.5%); **Red Rock Resorts, Inc.** - Baron Focused Growth Fund (2.6%), Baron Generational Growth Fund (6.1%), Baron Partners Fund (1.6%*), Baron Real Estate Fund (2.4%), Baron Real Estate Income Fund (0.9%), Baron Small Cap Fund (4.2%), Baron First Principles ETF (2.4%), Baron Capital US All Cap Focused Growth Fund (3.2%), Baron Capital US Real Estate Fund (2.4%), Baron Capital US Small Cap Fund (1.5%); **NVIDIA Corporation** - Baron Durable Advantage Fund (10.0%), Baron Fifth Avenue Growth Fund (14.0%), Baron Global Opportunity Fund (7.5%), Baron Opportunity Fund (12.9%), Baron Technology ETF (7.4%), Baron Global Durable Advantage ETF (7.4%), Baron Risk Optimized Large Cap ETF (9.0%), Baron Capital Global Durable Advantage Fund (7.3%), Baron Capital Global Opportunity Fund (9.8%), Baron Capital US All Cap Focused Growth Fund (3.1%), Baron Capital US Opportunity Fund (9.7%); **Vail Resorts, Inc.** - Baron Asset Fund (1.1%), Baron Focused Growth Fund (2.6%), Baron Generational Growth Fund (2.6%), Baron Partners Fund (1.9%*), Baron Real Estate Income Fund (1.3%), Baron Capital US All Cap Focused Growth Fund (2.7%); **Morningstar, Inc.** - Baron Focused Growth Fund (2.4%), Baron Generational Growth Fund (5.1%), Baron Partners Fund (2.1%*), Baron First Principles ETF (2.4%), Baron Capital US All Cap Focused Growth Fund (2.0%); **Verisk Analytics, Inc.** - Baron Asset Fund (3.2%), Baron Focused Growth Fund (2.1%), Baron Partners Fund (1.8%*), Baron Financials ETF (2.1%), Baron Capital US All Cap Focused Growth Fund (2.7%); **On Holding AG** - Baron Asset Fund (0.9%), Baron Focused Growth Fund (3.3%), Baron Generational Growth Fund (0.4%), Baron International Growth Fund (0.5%), Baron Opportunity Fund (0.8%), Baron Partners Fund (1.5%*), Baron First Principles ETF (1.7%), Baron Capital US All Cap Focused Growth Fund (1.5%), Baron Capital US Opportunity Fund (0.9%); **Birkenstock Holding plc** - Baron Asset Fund (0.4%), Baron Focused Growth Fund (2.5%), Baron Generational Growth Fund (0.4%), Baron Partners Fund (1.4%*), Baron First Principles ETF (1.7%), Baron Capital US All Cap Focused Growth Fund (1.3%); **CoStar Group, Inc.** - Baron Asset Fund (1.2%), Baron Partners Fund (1.6%*), Baron Capital US All Cap Focused Growth Fund (0.3%); **Interactive Brokers Group, Inc.** - Baron Focused Growth Fund (4.1%), Baron Financials ETF (4.2%), Baron First Principles ETF (3.6%), Baron Capital US All Cap Focused Growth Fund (4.7%); **Samsung Electronics Co., Ltd.** - Baron Emerging Markets Fund (7.3%), Baron Global Opportunity Fund (1.0%), Baron International Growth Fund (2.4%), Baron Global Durable Advantage ETF (1.0%), Baron Emerging Markets Select ETF (8.0%), Baron Capital Global Durable Advantage Fund (1.2%), Baron Capital Global Opportunity Fund (0.9%); **Amazon.com, Inc.** - Baron Durable Advantage Fund (7.2%), Baron Fifth Avenue Growth Fund (8.5%), Baron Global Opportunity Fund (4.8%), Baron Opportunity Fund (4.7%), Baron Technology ETF (4.3%), Baron Global Durable Advantage ETF (6.5%), Baron Risk Optimized Large Cap ETF (4.2%), Baron Capital Global Durable Advantage Fund (6.4%), Baron Capital Global Opportunity Fund (4.5%), Baron Capital US Opportunity Fund (4.4%); **Samsara Inc.** - Baron Asset Fund (0.9%), Baron Discovery Fund (2.8%), Baron Fifth Avenue Growth Fund (2.9%), Baron Focused Growth Fund (2.3%), Baron Opportunity Fund (1.6%), Baron Technology ETF (1.9%), Baron SMID Cap ETF (3.4%), Baron Risk Optimized Large Cap ETF (1.0%), Baron Capital US All Cap Focused Growth Fund (2.1%), Baron Capital US Opportunity Fund (1.9%); **Welltower Inc.** - Baron Asset Fund (1.4%), Baron Durable Advantage Fund (3.5%), Baron Health Care Fund (4.1%), Baron Opportunity Fund (0.8%), Baron Real Estate Fund (7.0%), Baron Real Estate Income Fund (10.8%), Baron Technology ETF (0.7%), Baron Global Durable Advantage ETF (2.9%), Baron Risk Optimized Large Cap ETF (2.9%), Baron Capital Global Durable Advantage Fund (2.8%), Baron Capital US Opportunity Fund (0.9%), Baron Capital US Real Estate Fund (6.9%); **Moderna, Inc.** - Baron Partners Fund (1.6%*).

*% of Long Positions.

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

BAMCO, Inc. is an investment adviser registered with the U.S. Securities and Exchange Commission (SEC). Baron Capital, Inc. is a broker-dealer registered with the SEC and member of the Financial Industry Regulatory Authority, Inc. (FINRA).

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Inflation According To Ron

At 4-5% annual inflation, prices double about every 14 to 15 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 and grow wealth is by investing in assets that have potential to generate returns higher than the rate of inflation.

Ron began working at age 14, earning $4 a round as a caddy. The prices he remembers from his youth offer a familiar way to see inflation at work and how much less a dollar buys today. Since 1957, the prices of many everyday goods and services have increased **12 to 40 times,** while the **Dow Jones Industrial Average and S&P 500 indexes** have increased approximately **64 to 70 times.**

From 1992 through October 6, 2026, Baron Capital generated **$72 billion in realized and unrealized gains for clients**…more than **700** times the Firm's starting assets under management (AUM) of $100 million. Over that period, the firm's AUM grew to **$68 billion*.** This history illustrates Ron's central point: inflation steadily reduces purchasing power, and owning assets with the potential to grow faster than inflation can help preserve and build wealth over time.

Historical price growth through September 30, 2026

Year	Ron through the years	Then	Now	Increase	CAGR	Years to double
1948	**Childhood Home 1948-1955** 1122 Grassmere Avenue, Wanamassa, NJ	$5,000	$660,800[1]	132.2x	6.5%	11
1955	**Ron's Home 1955-1975** 542 Deal Parkway, West Allenhurst, NJ	$20,000	$1,398,400[1]	69.9x	6.2%	12
1957	**Golf caddy fee** – First job at Hollywood Golf Club, Deal, NJ	$4/18 holes	$200/18 holes[2]	50.0x	5.9%	12
1960	**Gallon of gasoline** – Ron asks for four gallons. "Seriously?"... "Yes, I can't afford to carry your inventory in my car."	$0.31[3]	$4.47[3]	14.4x	4.1%	17
1961	**New Jersey minimum wage** – Early jobs as ice cream man, cabana boy, ER orderly, lifeguard, and waiter	$1/hr.[4]	$15.92/hr.[4]	15.9x	4.4%	16
1965	**Bucknell University annual tuition** – Graduation year	$3,500	$72,600[5]	20.7x	5.1%	14
1966	**U.S. Patent Examiner annual salary** – Vietnam draft-exempt "critical skill" day job while attending law school at night on scholarship	$7,729	$138,728[6]	17.9x	5.0%	14
1966	**Ford Mustang starting price** – An aspirational car at age 23	$2,522[7]	$32,995[7]	13.1x	4.4%	16
1966	**Weed** – A bag of twigs on D.C. street corner then, regulated New York dispensary gram today	$0.50/twigs	$14/gram[8]	28.0x	5.7%	12
1967	**Sirloin steak** – A luxury for families unless you owned a cow	$0.68/lb.[9]	$14.10/lb.[9]	20.7x	5.2%	13
1967	**McDonald's Big Mac** – Nationwide launch	$0.45[10]	$5.91[10]	13.1x	4.4%	16
1970	**Wall Street Research Analyst annual salary** – First-Year associate	$15,000[11]	$164,000[11]	10.9x	4.4%	16
	From Earning a Living to Building a Business – Ownership Changed the Compounding					
1968	**Gross Domestic Product (GDP)** – A turbulent year; MLK and Ron's hero, the "real" RFK assassinated	$968B[12]	$32,563B[12]	33.6x	6.3%	11
1974	**Gold** – U.S. Congress passes legislation alowing gold ownership, "gold mania" and Nixon resigned	$188/oz.[13]	$4,189/oz.[13]	22.3x	6.2%	12
	Founded Baron Capital in 1982 with a book value of $100,000 and $10M AUM, amid a deep recession and short-term interest rates of 15%					
1982	**Dow Jones Industrial Average**	795[14]	50,906[14]	64.0x	9.8%	7
	S&P 500 Index	107[14]	7,652[14]	71.3x	10.0%	7

* Includes client and proprietary accounts.

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 **$62.9 billion** in assets under management* (as of September 30, 2026) across **26 strategies,** Baron Capital prides itself on delivering the best solutions and outcomes for clients globally.

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

*Includes client and proprietary accounts.

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Gross Domestic Product (GDP) information is as of June 30, 2026
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FactSet
[14] FactSet: Returns for indexes listed do not include dividends, which add an estimated 1.5% to 2.0% annually to such returns.

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

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

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 Portfolio performance. Investors cannot invest directly in an index.

BAMCO, Inc. is an investment adviser registered with the U.S. Securities and Exchange Commission (SEC). Baron Capital, Inc. is a broker-dealer registered with the SEC and member of the Financial Industry Regulatory Authority, Inc. (FINRA).

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Baron Funds (Institutional Shares) and Benchmark Performance 9/30/2026

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	2.16	13.94	0.27	12.20	12.01	1.05[6]	$1.68B
Russell 2000 Growth Index		12.05	17.55	4.72	9.90	9.12		
Baron Generational Growth Fund™† (BGRIX)	12/31/1994	(14.79)	(5.27)	(5.58)	6.96	10.87	1.34[7][21]	$1.87B
Russell 2000 Growth Index		12.05	17.55	4.72	9.90	8.22		
Baron Small Cap Fund® (BSFIX)	9/30/1997	(5.79)	6.75	(0.17)	9.59	9.46	1.06[6]	$2.36B
Russell 2000 Growth Index		12.05	17.55	4.72	9.90	6.86		
Small/Mid Cap								
Baron Focused Growth Fund® (BFGIX)[1]	5/31/1996	18.06	22.34	11.17	21.38	13.98	1.05[8]	$5.10B
Russell 2500 Growth Index		7.63	14.92	3.46	10.59	8.34		
Baron SMID Cap ETF™ (BCSM) (NAV)	12/12/2025					(1.44)*	0.75[8]	$35.34M
Baron SMID Cap ETF™ (BCSM) (Market Price)	12/12/2025					(1.21)*		
Russell 2500 Growth Index						4.82*		
Mid Cap								
Baron Asset Fund® (BARIX)	6/12/1987	10.97	11.50	2.41	11.06	11.12	1.05[6]	$3.54B
Russell Midcap Growth Index[2]		(2.73)	15.36	4.92	11.86	10.27		
Large Cap								
Baron Durable Advantage Fund® (BDAIX)	12/29/2017	8.49	21.30	13.74		15.64	0.70/0.73[6][9]	$524.21M
S&P 500 Index		15.74	22.89	13.79		14.59		
Baron Fifth Avenue Growth Fund® (BFTIX)	4/30/2004	23.00	31.59	8.77	16.38	11.25	0.75/0.76[6][10]	$836.68M
Russell 1000 Growth Index		7.50	24.26	13.66	18.16	12.61		
Baron Risk Optimized Large Cap ETF™ (BROL) (NAV)	5/26/2026					3.22*	0.45[11]	$3.89M
Baron Risk Optimized Large Cap ETF™ (BROL) (Market Price)	5/26/2026					3.84*		
S&P 500 Index						2.16*		
All Cap								
Baron First Principles ETF™ (RONB) (NAV)	12/12/2025					(6.70)*	1.00[8]	$335.89M
Baron First Principles ETF™ (RONB) (Market Price)	12/12/2025					(6.65)*		
Russell 3000 Growth Index						6.77*		
Baron Opportunity Fund® (BIOIX)	2/29/2000	22.09	31.14	11.62	21.82	10.93	1.05[6]	$2.16B
Russell 3000 Growth Index		7.58	23.84	13.11	17.62	8.09		
Baron Partners Fund® (BPTIX)[3][4]	1/31/1992	25.72	23.89	11.62	24.53	15.74	1.65[8][12]	$15.61B
Russell Midcap Growth Index		(2.73)	15.36	4.92	11.86	10.02		
Non-U.S./Global								
Baron Emerging Markets Fund® (BEXIX)	12/31/2010	14.64	20.31	4.67	7.11	5.85	1.12[8]	$3.74B
MSCI Emerging Markets Index		29.22	24.09	8.94	9.09	5.02		
MSCI Emerging Markets IMI Growth Index		22.75	22.87	6.90	9.00	5.53		
Baron Emerging Markets Select ETF™ (BCEM) (NAV)	4/8/2026					6.79*	0.80[8]	$52.73M
Baron Emerging Markets Select ETF™ (BCEM) (Market Price)	4/8/2026					6.74*		
MSCI Emerging Markets Index						12.08*		
Baron Global Durable Advantage ETF™ (BCGD) (NAV)	12/12/2025					4.37*	0.75[8]	$9.65M
Baron Global Durable Advantage ETF™ (BCGD) (Market Price)	12/12/2025					5.04*		
MSCI ACWI Index						13.73*		
Baron Global Opportunity Fund™‡ (BGAIX)	4/30/2012	32.74	32.12	3.36	15.73	13.83	0.90/0.94[8][13]	$1.34B
MSCI ACWI Index		16.75	21.73	11.57	12.38	10.98		
MSCI ACWI Growth Index		13.20	23.59	11.24	14.45	12.65		
Baron India Fund® (BINDX)	7/30/2021	(2.43)	6.54	(2.88)		(2.10)	1.20/2.30[8][14]	$25.75M
MSCI AC Asia ex Japan/India Linked Index		(10.87)	(2.04)	(5.78)		(5.96)		
MSCI India Index		(10.87)	2.80	1.50		3.63		
MSCI Emerging Markets Index		29.22	24.09	8.94		8.33		
Baron International Growth Fund® (BINIX)	12/31/2008	8.90	15.21	2.11	8.15	9.64	0.96/0.99[8][15]	$327.44M
MSCI ACWI ex USA Index		20.00	20.54	9.55	9.25	8.49		
MSCI ACWI ex USA IMI Growth Index		12.81	17.23	5.28	8.25	8.55		

Baron Funds (Institutional Shares) and Benchmark Performance 9/30/2026

Fund/Benchmark	Inception Date	Average Annualized Returns (%) 1 Year	3 Years	5 Years	10 Years	Since Inception	Annual Expense Ratio (%)	Net Assets
Sector								
Baron Financials ETF™ (BCFN) (NAV)(19)	12/31/2019	(16.39)	6.55	(2.54)		6.52	0.80[8]	$44.58M
Baron Financials ETF™ (BCFN) (Market Price)[19]	12/31/2019	(16.27)	6.60	(2.78)		6.33		
MSCI USA Financials Index		(0.23)	19.26	8.94		10.20		
Baron Health Care Fund® (BHCHX)	4/30/2018	22.58	9.34	1.84		10.80	0.85/0.95[8][16]	$101.22M
Russell 3000 Health Care Index		24.91	12.27	6.49		10.49		
Baron Real Estate Fund® (BREIX)	12/31/2009	(9.17)	8.84	1.17	9.98	11.95	1.05[8]	$1.90B
MSCI USA IMI Extended Real Estate Index		(6.00)	10.40	4.16	7.76	10.09		
Baron Real Estate Income Fund® (BRIIX)	12/29/2017	4.42	13.36	3.84		8.60	0.80/0.88[8][17]	$281.77M
MSCI US REIT Index		7.31	11.42	3.07		4.89		
Baron Technology ETF™ (BCTK) (NAV)[19]	12/31/2021	22.57	36.59			15.09	0.75[8]	$257.49M
Baron Technology ETF™ (BCTK) (Market Price)[19]	12/31/2021	22.58	36.26			14.91		
MSCI ACWI Information Technology Index		39.30	38.33			19.64		
Equity Allocation								
Baron WealthBuilder Fund® (BWBIX)	12/29/2017	7.90	14.44	3.88		12.34	1.16/1.18[8][18]	$510.87M
S&P 500 Index		15.74	22.89	13.79		14.59		
Broad-Based Benchmarks[5]								
S&P 500 Index		15.74	22.89	13.79	15.33			
MSCI ACWI Index		16.75	21.73	11.57	12.38			
MSCI Emerging Markets Index		29.22	24.09	8.94	9.09			
MSCI ACWI ex USA Index		20.00	20.54	9.55	9.25			
Russell 3000 Index		15.13	22.26	12.64	14.73			

As of 9/30/2026.

* Not annualized. † **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.** ‡ **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™.**

(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 fee 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, 46.9% of the Fund's long holdings were invested in SMID, Mid and Mid/Large-Cap securities (as defined by Russell, Inc.) as of 9/30/2026 (SMID represents 20.1% of the portfolio and has market capitalizations between $5.60 – $17.13 billion; Mid represents 12.2% and has market capitalizations between $17.13 – $61.47 billion; Mid/Large represents 14.6% and has market capitalizations between $61.47 – $250.86 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 0.30%. **(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)** As of 5/26/2026. **(12)** Comprised of operating expenses of 1.04% and interest expense of 0.61%. **(13)** Gross annual expense ratio was 0.94%, but the net annual expense ratio was 0.90% (net of Adviser's fee waivers). **(14)** 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). **(15)** Gross annual expense ratio was 0.99%, but the net annual expense ratio was 0.96% (net of Adviser's fee waivers). **(16)** Gross annual expense ratio was 0.95%, but the net annual expense ratio was 0.85% (net of Adviser's fee waivers). **(17)** Gross annual expense ratio was 0.88%, but the net annual expense ratio was 0.80% (net of Adviser's fee waivers). **(18)** 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). **(19)** On December 12, 2025, Baron FinTech Fund® and Baron Technology Fund® were converted from mutual funds into exchange-traded funds, Baron Financials ETF™ and Baron Technology ETF™, respectively. For additional information please refer to the prospectus. NAV and Market Price returns include returns of the Institutional Shares of the predecessor mutual fund prior to the ETF's commencement of operations. Prior to the ETFs listing on 12/15/2025 the NAV returns of the Institutional Shares of the predecessor mutual fund are used as proxy market price returns. If the predecessor mutual fund had been structured as an ETF, its performance may have differed. **(20)** From July 30, 2021 (commencement of operations) through December 31, 2021. **(21)** As of 2/26/2026.

Historical performance may have been 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.

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.

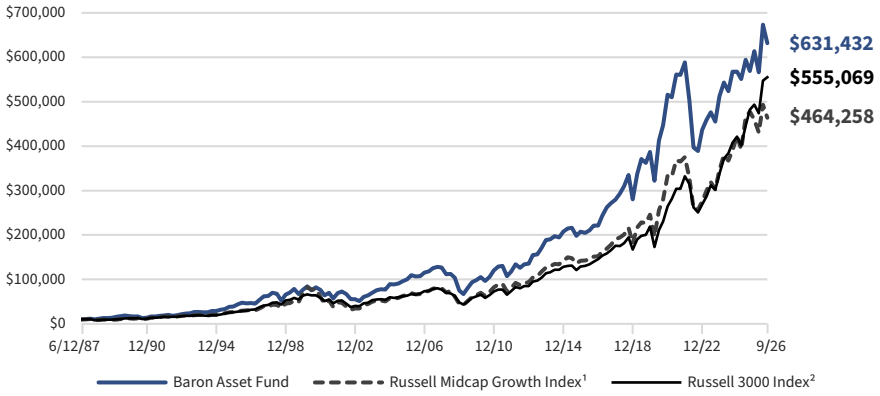
Investors generally incur the cost of the spread between the prices at which shares are bought and sold. Buying and selling shares may result in brokerage commissions which will reduce returns.

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.

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

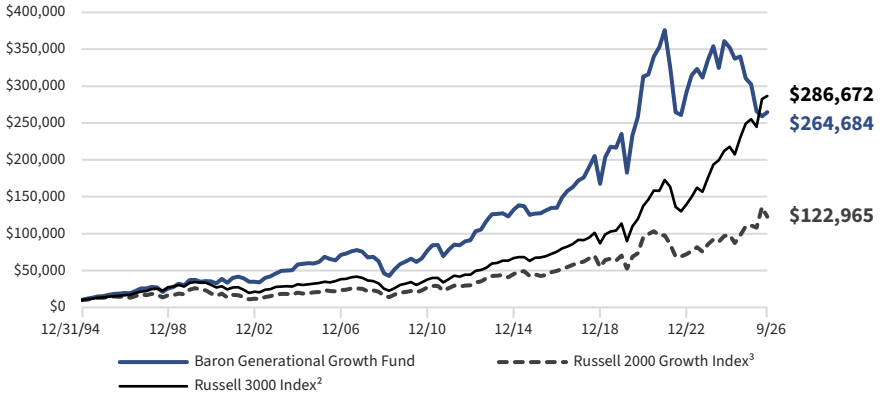
Baron Asset Fund® *(Inception Date:* 6/12/1987*)*



	Annualized Returns (%)		
	BARIX	Russell Midcap Growth Index†,†	Russell 3000 Index²
3 Months*	(6.22)	(5.84)	1.40
1 Year	10.97	(2.73)	15.13
3 Years	11.50	15.36	22.26
5 Years	2.41	4.92	12.64
10 Years	11.06	11.86	14.73
Since Inception	11.12	10.27	10.76
Net Assets	$3.54B	—	—

M Mid Cap

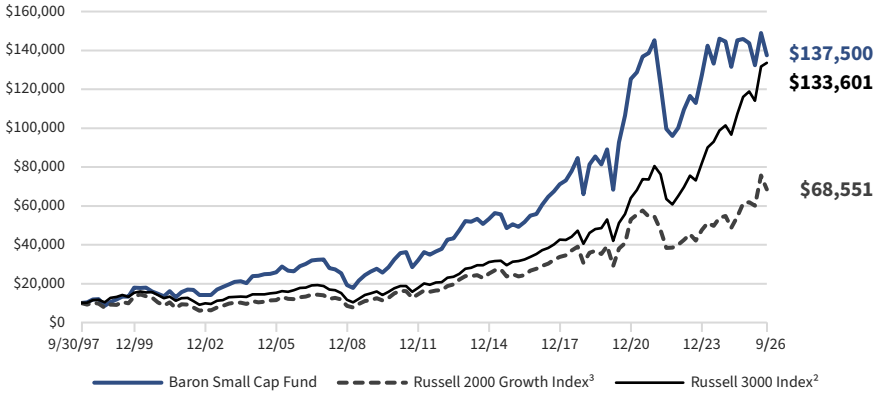
Baron Generational Growth Fund™** *(Inception Date:* 12/31/1994*)*



	Annualized Returns (%)		
	BGRIX	Russell 2000 Growth Index³	Russell 3000 Index²
3 Months*	2.13	(9.39)	1.40
1 Year	(14.79)	12.05	15.13
3 Years	(5.27)	17.55	22.26
5 Years	(5.58)	4.72	12.64
10 Years	6.96	9.90	14.73
Since Inception	10.87	8.22	11.15
Net Assets	$1.87B	—	—

S Small Cap

Baron Small Cap Fund® *(Inception Date:* 9/30/1997*)*



	Annualized Returns (%)		
	BSFIX	Russell 2000 Growth Index³	Russell 3000 Index²
3 Months*	(7.69)	(9.39)	1.40
1 Year	(5.79)	12.05	15.13
3 Years	6.75	17.55	22.26
5 Years	(0.17)	4.72	12.64
10 Years	9.59	9.90	14.73
Since Inception	9.46	6.86	9.35
Net Assets	$2.36B	—	—

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.

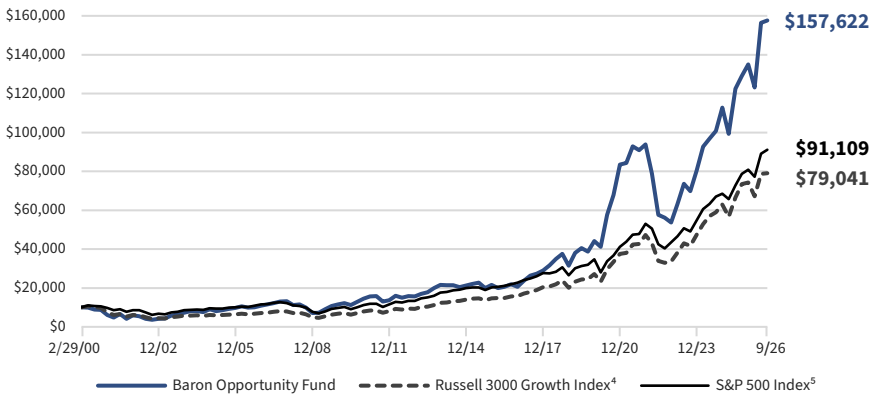
^ Performance for the Institutional Shares prior to May 29, 2009 is based on the performance of the Retail Shares, which have a distribution fee. The Institutional Shares do not have a distribution fee. If the annual returns for the Institutional Shares prior to May 29, 2009 did not reflect this fee, 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 24.

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

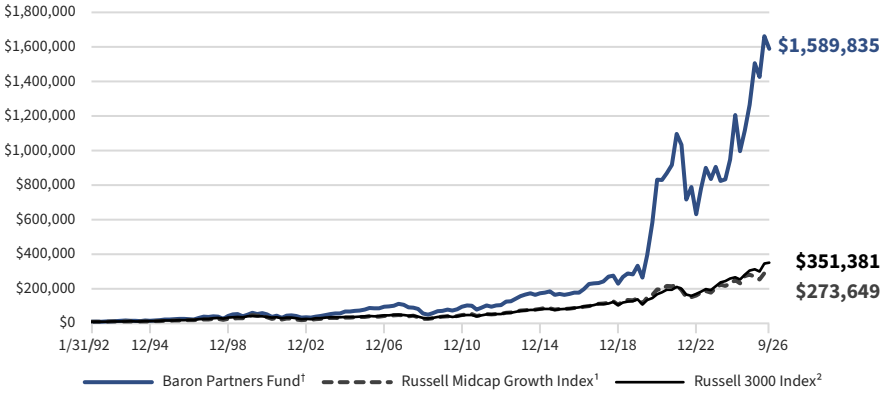
Baron Opportunity Fund® *(Inception Date:* 2/29/2000*)*



	Annualized Returns (%)		
	BIOIX	Russell 3000 Growth Index[4]	S&P 500 Index[5]
3 Months*	0.77	0.45	2.30
1 Year	22.09	7.58	15.74
3 Years	31.14	23.84	22.89
5 Years	11.62	13.11	13.79
10 Years	21.82	17.62	15.33
Since Inception	10.93	8.09	8.67
Net Assets	$2.16B	—	—

A All Cap

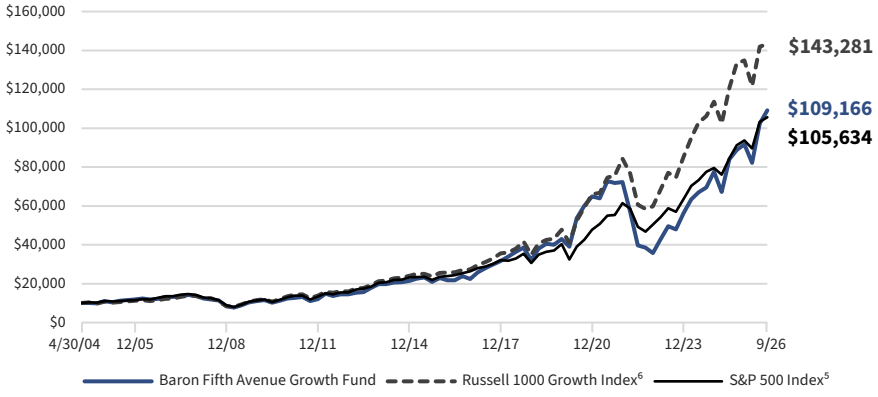
Baron Partners Fund® *(Inception Date:* 1/31/1992*)*



	Annualized Returns (%)		
	BPTIX	Russell Midcap Growth Index[1]	Russell 3000 Index[2]
3 Months*	(4.36)	(5.84)	1.40
1 Year	25.72	(2.73)	15.13
3 Years	23.89	15.36	22.26
5 Years	11.62	4.92	12.64
10 Years	24.53	11.86	14.73
Since Inception	15.74	10.02	10.81
Net Assets	$15.61B	—	—

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*	6.55	0.92	2.30
1 Year	23.00	7.50	15.74
3 Years	31.59	24.26	22.89
5 Years	8.77	13.66	13.79
10 Years	16.38	18.16	15.33
Since Inception	11.25	12.61	11.09
Net Assets	$836.68M	—	—

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.

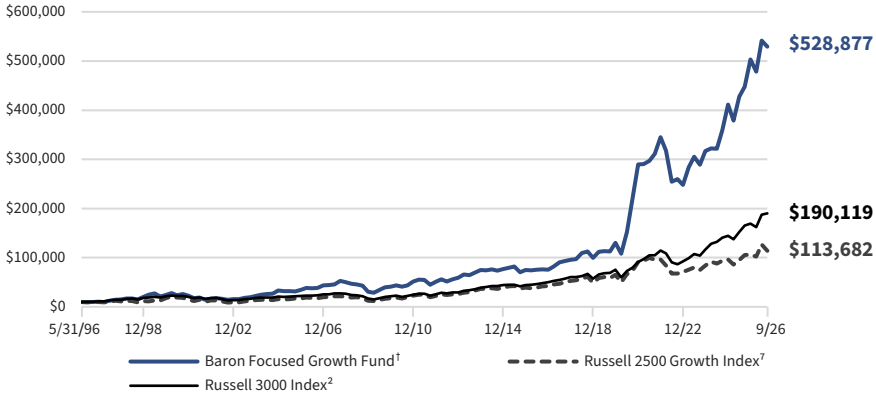
^ Performance for the Institutional Shares prior to May 29, 2009 is based on the performance of the Retail Shares, which have a distribution fee. The Institutional Shares do not have a distribution fee. If the annual returns for the Institutional Shares prior to May 29, 2009 did not reflect this fee, 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 24.

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

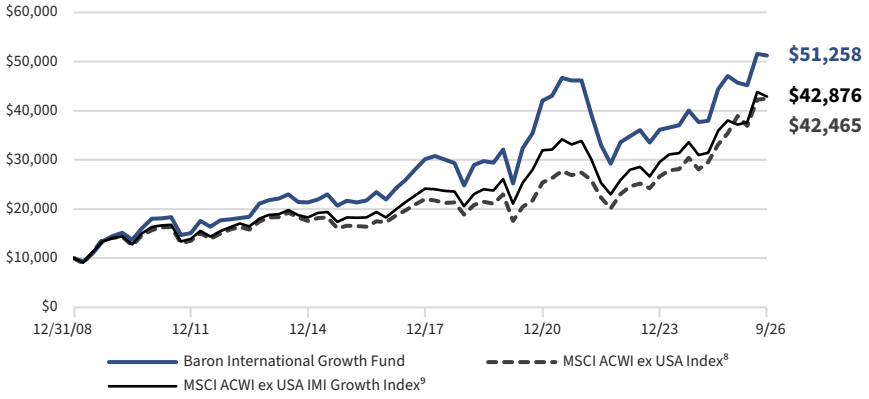
Baron Focused Growth Fund® *(Inception Date:* 5/31/1996*)*



Annualized Returns (%)	BFGIX	Russell 2500 Growth Index[7]	Russell 3000 Index[2]
3 Months*	(2.34)	(10.35)	1.40
1 Year	18.06	7.63	15.13
3 Years	22.34	14.92	22.26
5 Years	11.17	3.46	12.64
10 Years	21.38	10.59	14.73
Since Inception	13.98	8.34	10.20
Net Assets	$5.10B	—	—

S-M **Small-Mid Cap**

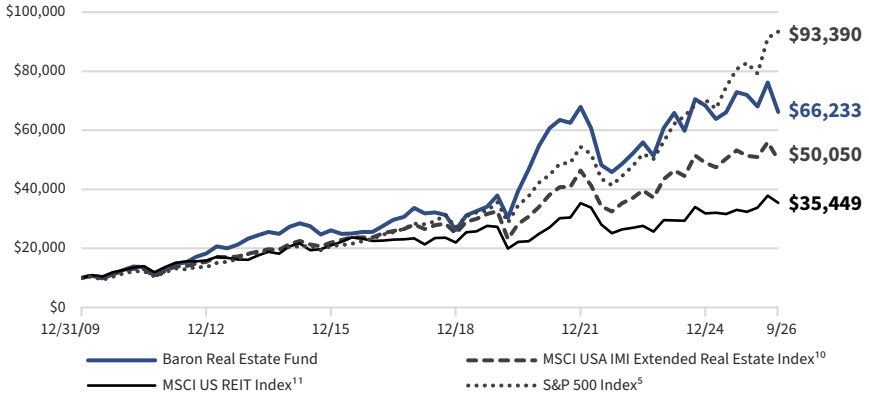
Baron International Growth Fund® *(Inception Date:* 12/31/2008*)*



Annualized Returns (%)	BINIX	MSCI ACWI ex USA Index[8]	MSCI ACWI ex USA IMI Growth Index[9]
3 Months*	(0.59)	0.48	(2.11)
1 Year	8.90	20.00	12.81
3 Years	15.21	20.54	17.23
5 Years	2.11	9.55	5.28
10 Years	8.15	9.25	8.25
Since Inception	9.64	8.49	8.55
Net Assets	$327.44M	—	—

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*	(13.05)	(10.53)	(6.33)	2.30
1 Year	(9.17)	(6.00)	7.31	15.74
3 Years	8.84	10.40	11.42	22.89
5 Years	1.17	4.16	3.07	13.79
10 Years	9.98	7.76	4.30	15.33
Since Inception	11.95	10.09	7.85	14.27
Net Assets	$1.90B	—	—	—

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.

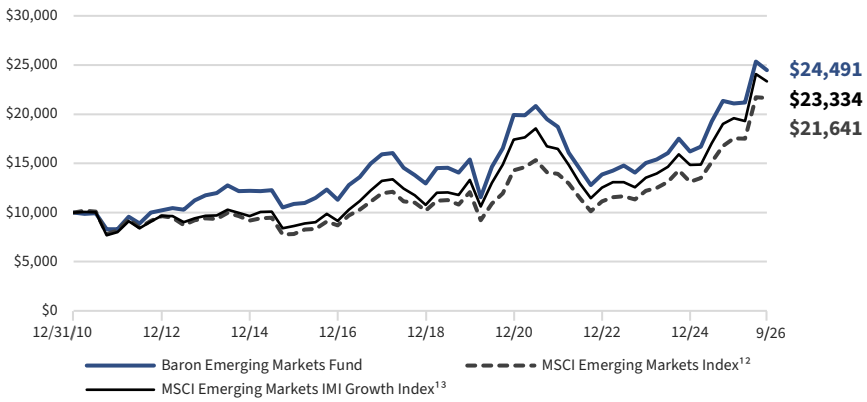
* Not annualized.

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Growth of $10,000 Investment (Institutional Shares)

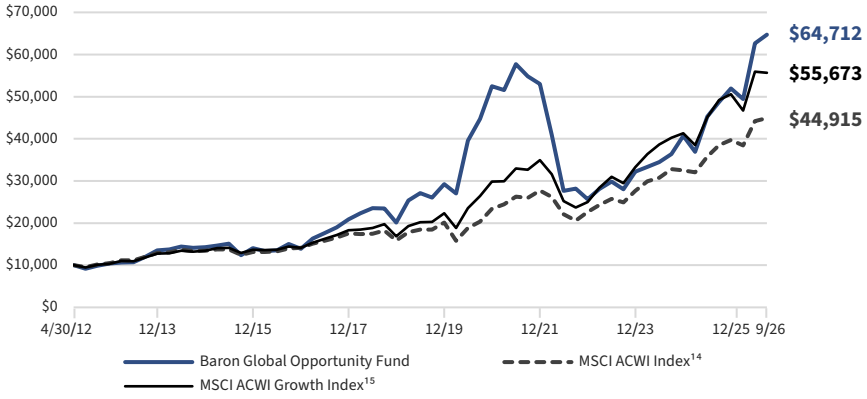
Baron Emerging Markets Fund® *(Inception Date:* **12/31/2010***)*



Annualized Returns (%)	BEXIX	MSCI Emerging Markets Index[12]	MSCI Emerging Markets IMI Growth Index[13]
3 Months*	(3.39)	(0.37)	(3.10)
1 Year	14.64	29.22	22.75
3 Years	20.31	24.09	22.87
5 Years	4.67	8.94	6.90
10 Years	7.11	9.09	9.00
Since Inception	5.85	5.02	5.53
Net Assets	$3.74B	—	—

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

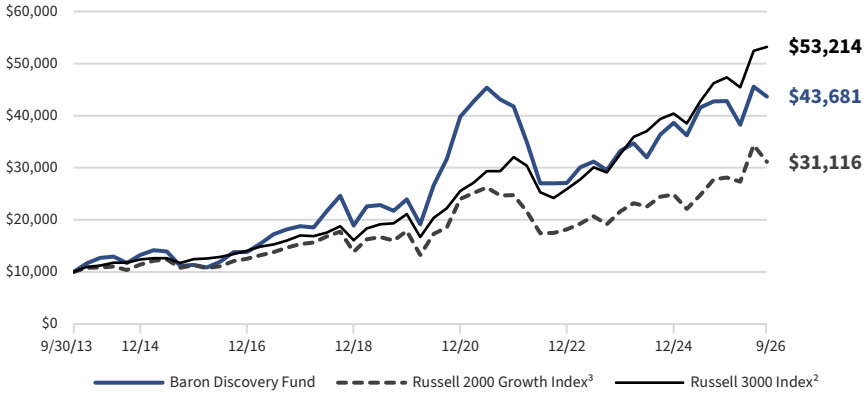
Baron Global Opportunity Fund™† *(Inception Date:* **4/30/2012***)*



Annualized Returns (%)	BGAIX	MSCI ACWI Index[14]	MSCI ACWI Growth Index[15]
3 Months*	3.32	1.60	(0.46)
1 Year	32.74	16.75	13.20
3 Years	32.12	21.73	23.59
5 Years	3.36	11.57	11.24
10 Years	15.73	12.38	14.45
Since Inception	13.83	10.98	12.65
Net Assets	$1.34B	—	—

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

Baron Discovery Fund® *(Inception Date:* **9/30/2013***)*



Annualized Returns (%)	BDFIX	Russell 2000 Growth Index[3]	Russell 3000 Index[2]
3 Months*	(4.16)	(9.39)	1.40
1 Year	2.16	12.05	15.13
3 Years	13.94	17.55	22.26
5 Years	0.27	4.72	12.64
10 Years	12.20	9.90	14.73
Since Inception	12.01	9.12	13.72
Net Assets	$1.68B	—	—

S **Small Cap**

The Funds, MSCI Emerging Markets Index, MSCI Emerging Markets IMI Growth Index, MSCI ACWI Index, and MSCI ACWI Growth Index include reinvestment of dividends, net of foreign withholding taxes, while the Russell 2000 Growth Index, and Russell 3000, include reinvestment of dividends before taxes. Reinvestment of dividends positively impacts performance results. The indexes are unmanaged. Index performance is not Fund performance. Investors cannot invest directly into an index.

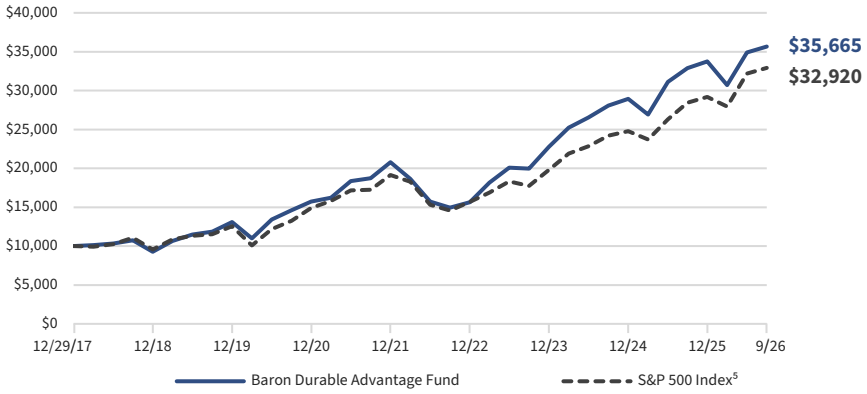
* Not annualized.

† As stated within the Supplement to the Prospectus and Statement of Additional Information dated April 30, 2025, effective October 1, 2025, Baron Global Advantage Fund® has changed its name to Baron Global Opportunity Fund®. For additional information please refer to the Supplement.

See index footnotes on page 24.

Growth of $10,000 Investment (Institutional Shares)

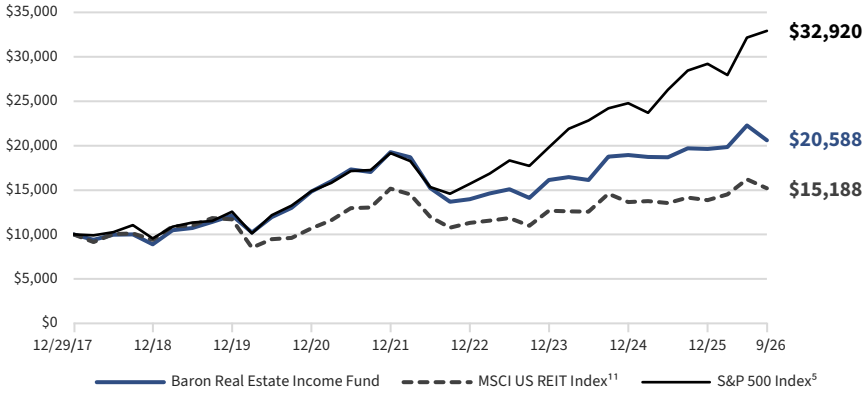
Baron Durable Advantage Fund® *(Inception Date:* **12/29/2017***)*



	Annualized Returns (%)	
	BDAIX	S&P 500 Index[5]
3 Months*	2.23	2.30
1 Year	8.49	15.74
3 Years	21.30	22.89
5 Years	13.74	13.79
Since Inception	15.64	14.59
Net Assets	$524.21M	—

L **Large Cap**

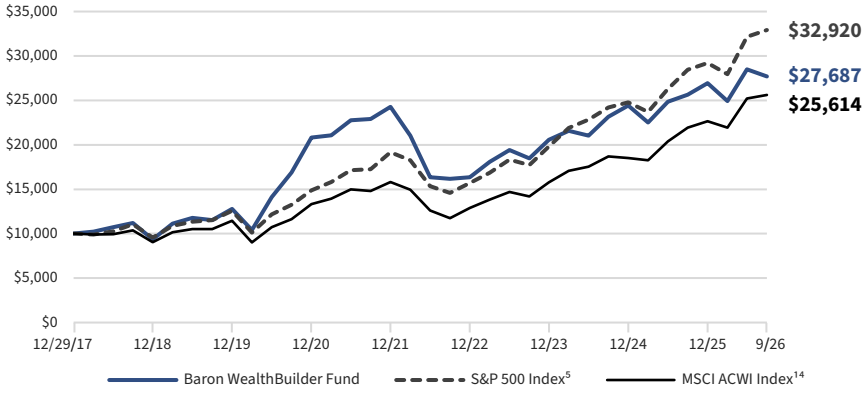
Baron Real Estate Income Fund® *(Inception Date:* **12/29/2017***)*



	Annualized Returns (%)		
	BRIIX	MSCI US REIT Index[11]	S&P 500 Index[5]
3 Months*	(7.58)	(6.33)	2.30
1 Year	4.42	7.31	15.74
3 Years	13.36	11.42	22.89
5 Years	3.84	3.07	13.79
Since Inception	8.60	4.89	14.59
Net Assets	$281.77M	—	—

SCT **Sector**

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



	Annualized Returns (%)		
	BWBIX	S&P 500 Index[5]	MSCI ACWI Index[14]
3 Months*	(2.84)	2.30	1.60
1 Year	7.90	15.74	16.75
3 Years	14.44	22.89	21.73
5 Years	3.88	13.79	11.57
Since Inception	12.34	14.59	11.35
Net Assets	$510.87M	—	—

EA **Equity Allocation**

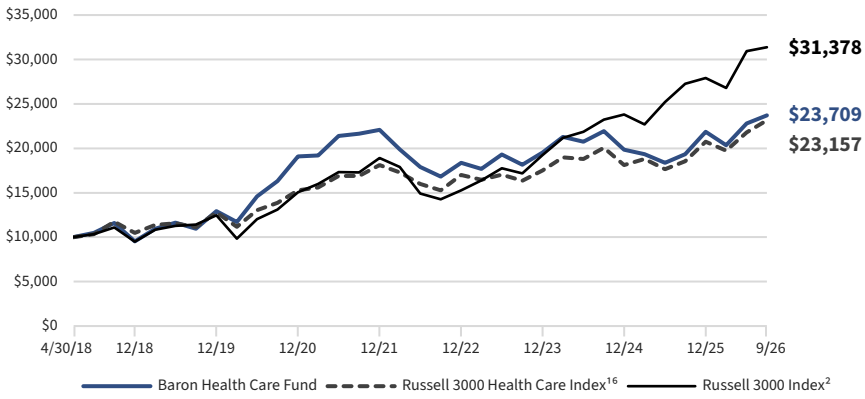
The Funds, MSCI US REIT Index, and MSCI ACWI Index include reinvestment of dividends, net of foreign withholding taxes, while the S&P 500 Index includes reinvestment of dividends before taxes. Reinvestment of dividends positively impacts performance results. The indexes are unmanaged. Index performance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

* Not annualized.

See index footnotes on page 24.

Growth of $10,000 Investment (Institutional Shares)

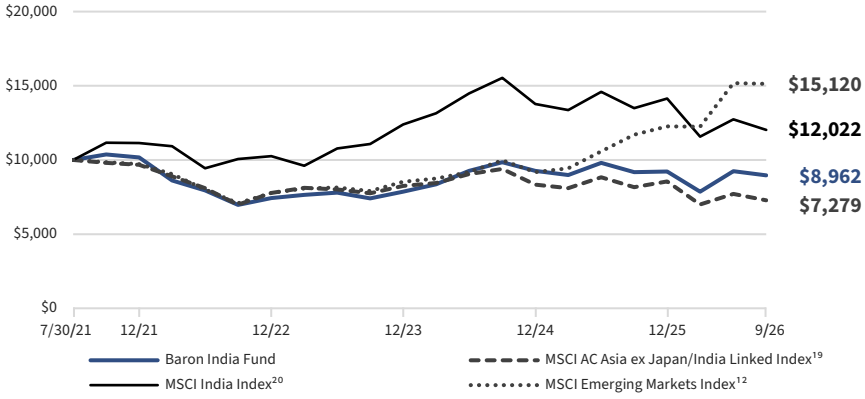
Baron Health Care Fund® *(Inception Date:* **4/30/2018***)*



	Annualized Returns (%)		
	BHCHX	Russell 3000 Health Care Index[16]	Russell 3000 Index[2]
3 Months*	4.02	6.19	1.40
1 Year	22.58	24.91	15.13
3 Years	9.34	12.27	22.26
5 Years	1.84	6.49	12.64
Since Inception	10.80	10.49	14.55
Net Assets	$101.22M	—	—

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*	(2.95)	(5.61)	(5.61)	(0.37)
1 Year	(2.43)	(10.87)	(10.87)	29.22
3 Years	6.54	(2.04)	2.80	24.09
5 Years	(2.88)	(5.78)	1.50	8.94
Since Inception	(2.10)	(5.96)	3.63	8.33
Net Assets	$25.75M	—	—	—

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

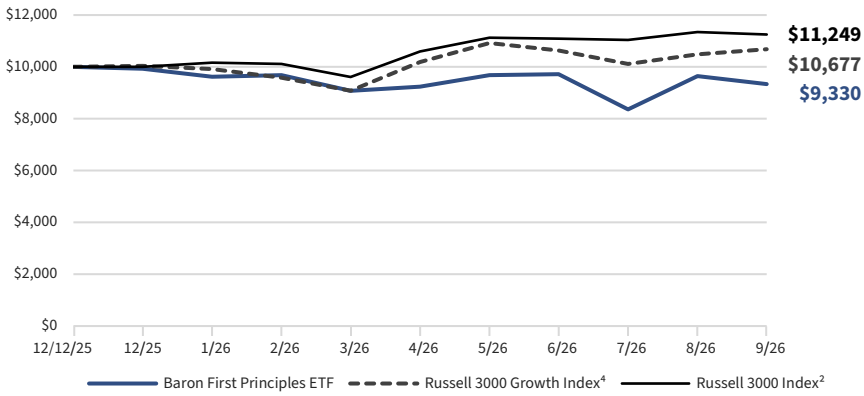
The Funds, MSCI AC Asia ex Japan/India Linked Index, MSCI India Index, and MSCI Emerging Markets Index include reinvestment of dividends, net of foreign withholding taxes, while the Russell 3000 Health Care Index, and Russell 3000 Index include reinvestment of dividends before taxes. Reinvestment of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

* Not annualized.

See index footnotes on page 24.

Growth of $10,000 Investment

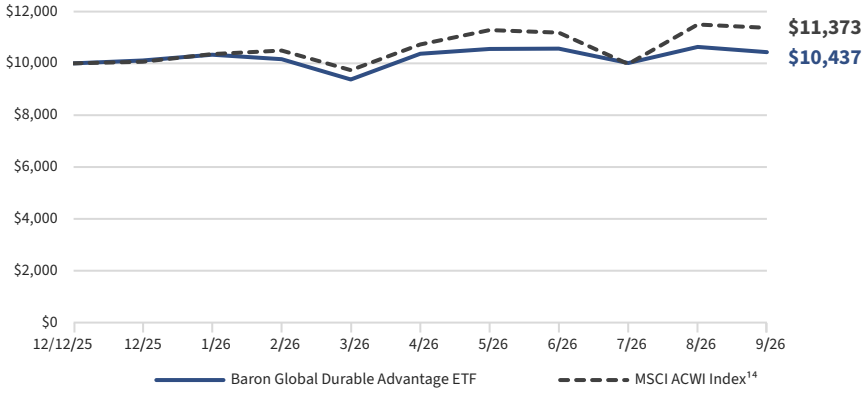
Baron First Principles ETF™ *(Inception Date:* 12/12/2025*)*



	Annualized Returns (%)			
	RONB	Market Price Performance	Russell 3000 Growth Index[4]	Russell 3000 Index[2]
3 Months*	(3.99)	(3.98)	0.45	1.40
Since Inception*	(6.70)	(6.65)	6.77	12.49
Net Assets	$335.89M	—	—	—

A **All Cap**

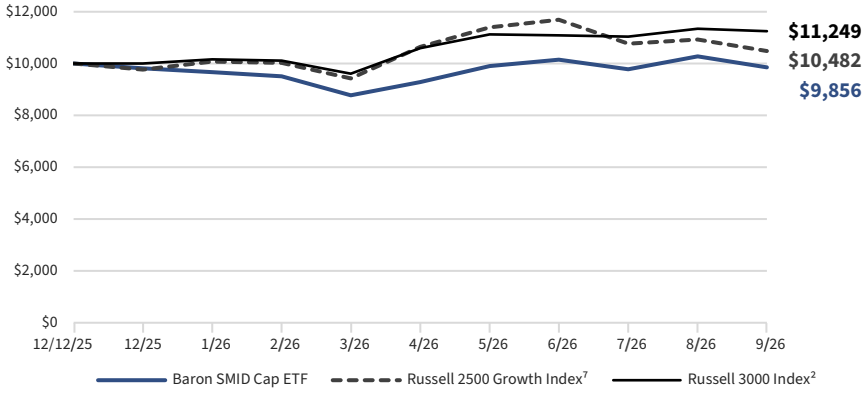
Baron Global Durable Advantage ETF™ *(Inception Date:* 12/12/2025*)*



	Annualized Returns (%)		
	BCGD	Market Price Performance	MSCI ACWI Index[14]
3 Months*	(1.22)	(0.69)	1.60
Since Inception*	4.37	5.04	13.73
Net Assets	$9.65M	—	—

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*	(2.87)	(2.66)	(10.35)	1.40
Since Inception*	(1.44)	(1.21)	4.82	12.49
Net Assets	$35.34M	—	—	—

S-M **Small-Mid Cap**

The Funds and MSCI ACWI Index include reinvestment of dividends, net of foreign withholding taxes, while the Russell 3000 Growth Index, Russell 3000 Index, and Russell 2500 Growth 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.

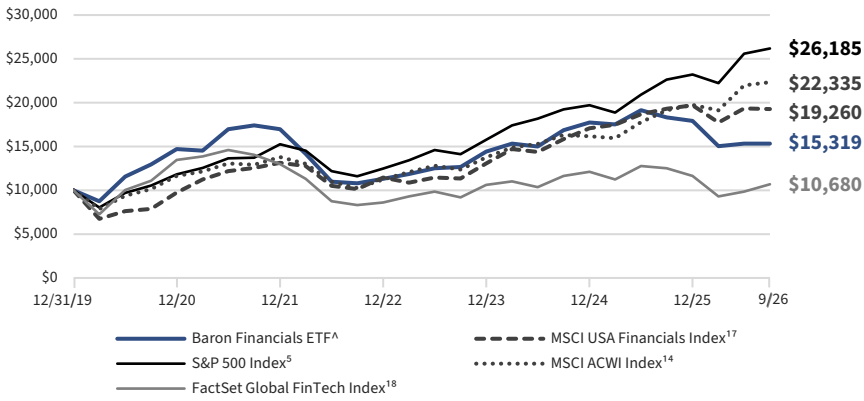
* Not annualized.

† 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 24.

Growth of $10,000 Investment

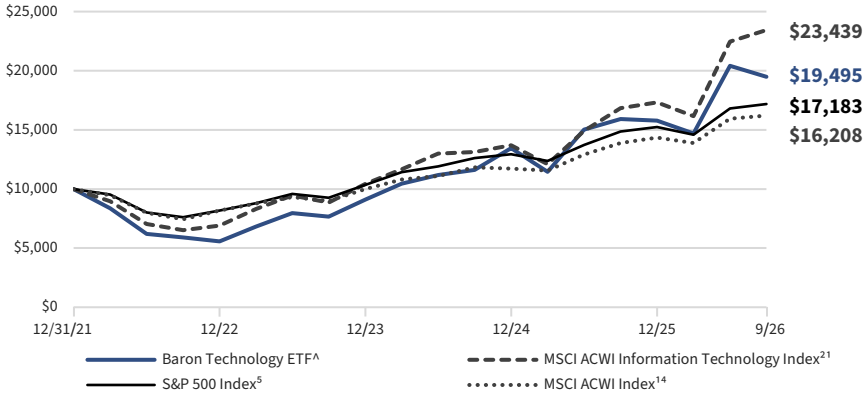
Baron Financials ETF™ *(Inception Date:* **12/31/2019***)*†



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*	(0.06)	0.30	(0.42)	2.30	1.60	8.35
1 Year	(16.39)	(16.27)	(0.23)	15.74	16.75	(14.77)
3 Years	6.55	6.60	19.26	22.89	21.73	5.13
5 Years	(2.54)	(2.78)	8.94	13.79	11.57	(5.35)
Since Inception	6.52	6.33	10.20	15.33	12.64	0.98
Net Assets	$44.58M	—	—	—	—	—

SCT **Sector**

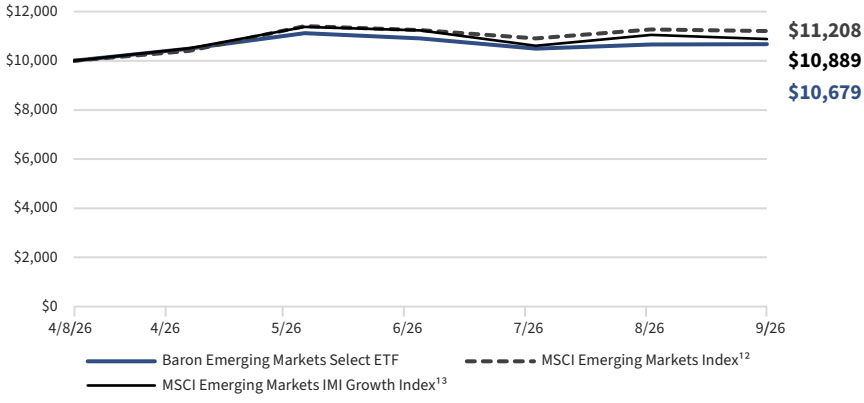
Baron Technology ETF™ *(Inception Date:* **12/31/2021***)***



Annualized Returns (%)	BCTK^	Market Price Performance	MSCI ACWI Information Technology Index[21]	S&P 500 Index[5]	MSCI ACWI Index[14]
3 Months*	(4.50)	(4.71)	4.37	2.30	1.60
1 Year	22.57	22.58	39.30	15.74	16.75
3 Years	36.59	36.26	38.33	22.89	21.73
Since Inception	15.09	14.91	19.64	12.07	10.70
Net Assets	$257.49M	—	—	—	—

SCT **Sector**

Baron Emerging Markets Select ETF™ *(Inception Date:* **4/8/2026***)*



Annualized Returns (%)	BCEM	Market Price Performance	MSCI Emerging Markets Index[12]	MSCI Emerging Markets IMI Growth Index[13]
3 Months*	(2.07)	(3.64)	(0.37)	(3.10)
Since Inception*	6.79	6.74	12.08	8.89
Net Assets	$52.73M	—	—	—

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

The Funds, MSCI USA Financials Index, MSCI ACWI Index, MSCI ACWI Information Technology Index, MSCI Emerging Markets Index, and MSCI Emerging Markets IMI Growth Index include reinvestment of dividends, net of foreign withholding taxes, while 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.

** 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.

See index footnotes on page 24.

[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.

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.

Risks: The Funds invest primarily in equity securities, which are subject to price fluctuations in the stock market. Non-U.S. investments may involve additional risks to those inherent in U.S. investments, including exchange-rate fluctuations, political or economic instability, the imposition of exchange controls, expropriation, limited disclosure and illiquid markets. This may result in greater share price volatility. Investments in developing countries may have increased risks due to a greater possibility of: settlement delays; currency and capital controls; interest rate sensitivity; corruption and crime; exchange rate volatility; and inflation or deflation. Investments in health care companies are subject to a number of risks, including the adverse impact of legislative actions and government regulations. Securities issued by small and medium sized companies may be thinly traded and may be more difficult to sell during market downturns. Companies propelled by innovation, including technology advances and new business models, may present the risk of rapid change and product obsolescence, and their success may be difficult to predict for the long term. In addition to general market conditions, the value of the real estate and real estate related investments will be affected by the strength of the real estate markets as well as by interest rate fluctuations, credit risk, environmental issues and economic conditions. Even though the Funds are diversified, they may establish significant positions where the Adviser has the greatest conviction. This could increase volatility of the Funds' returns.

BAMCO, Inc. is an investment adviser registered with the U.S. Securities and Exchange Commission (SEC). Baron Capital, Inc. is a broker-dealer registered with the SEC and member of the Financial Industry Regulatory Authority, Inc. (FINRA).

BARON CAPITAL

QUARTERLY LETTER | SEPTEMBER 30, 2026

Baron Discovery Fund®

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



Randy Gwirtzman
Portfolio Manager

Laird Bieger
Portfolio Manager

SMALL CAP

Dear Baron Discovery Fund Shareholder,

Performance

In the third quarter of 2026, Baron Discovery Fund (the Fund) declined 4.16% (Institutional Shares), outperforming the Russell 2000 Growth Index (the Benchmark) by 5.23%. This reversed the trend of the first half of 2026. Investors sold the momentum "AI winner" stocks and rotated into industries such as software and certain pockets of Health Care. The Fund is underweight "AI winner" stocks and the Momentum factor, and overweight software, so the reversal helped it recover some of its year-to-date underperformance.

The Fund still trails the Benchmark this year despite solid overall stock selection. At the end of the third quarter, the Fund was up 1.96% year to date, 8.75% behind the Benchmark. As you can see in the chart below, stock selection contributed a positive 2.0% to year-to-date relative performance but that was more than offset by the Fund's underexposure to the Momentum factor (-3.6% impact) and underexposure to "AI winners" and overexposure to software and other "AI losers" (combined -4.6% impact).

The Benchmark's year-to-date return includes a 3.3% contribution from Bloom Energy and Credo Technology. Both were in the Benchmark on January 1, 2026, but with market caps above $24 billion, they were too large for the Fund to have considered at that time. Both were removed from the Benchmark on June 26, 2026 when Russell concluded its annual reconstitution. Subtracting the contributions of Bloom and Credo from the Benchmark's return, the Fund would have underperformed by 5.4% for the first nine months.

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

	Fund Retail Shares[1,2]	Fund Institutional Shares[1,2]	Russell 2000 Growth Index[1]	Russell 3000 Index[1]
QTD[3]	(4.19)	(4.16)	(9.39)	1.40
YTD[3]	1.77	1.96	10.71	12.42
1 Year	1.89	2.16	12.05	15.13
3 Years	13.64	13.94	17.55	22.26
5 Years	0.01	0.27	4.72	12.64
10 Years	11.91	12.20	9.90	14.73
Since Inception (9/30/2013)	11.73	12.01	9.12	13.72
Since Inception (9/30/2013) (Cumulative)[3]	322.64	336.81	211.16	432.14

The "AI winner" trade falters

Our second quarter letter warned about the narrow and crowded "AI winner" trade of the first half of the year. We believe that AI is a revolutionary technology, but our view was that these stocks had risen too far, too fast. We equated the irrationality that we were seeing in "AI winner" stocks to the 1990's dot-com bubble.

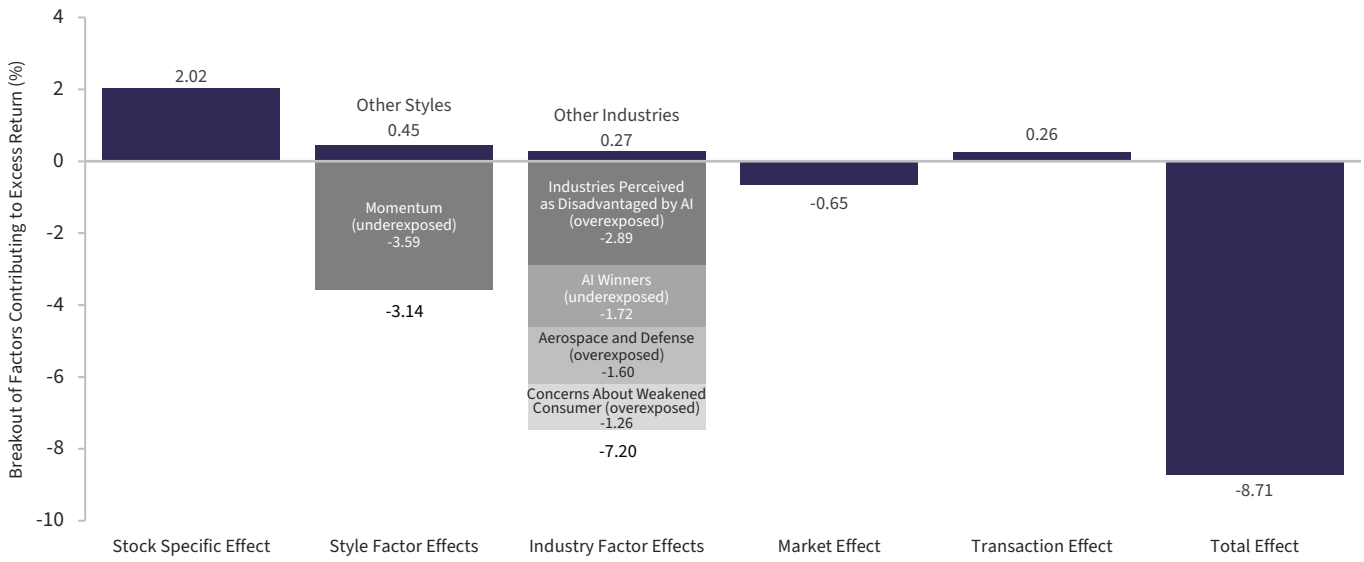
We explained that the AI buildout would proceed in fits and starts, following an S-curve rather than a straight line. "AI winner" stocks, however, were priced as if the growth would go "straight up and to the right" for an extended period.

The publication of our letter coincided almost exactly with the peak in AI exuberance. Starting in July, the air came out of the "AI winner" trade, and various semiconductor and AI "picks and shovels" stocks fell sharply. This pullback happened despite the large hyperscalers raising their AI spending forecasts for both 2026 and 2027.

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 has agreed to waive and/or reimburse certain Funds' expenses, if necessary, pursuant to a contract expiring on August 29, 2037, 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.

Baron Discovery Fund vs. Russell 2000 Growth Index
Drivers of Underperformance YTD through 9/30/2026

Entire Shortfall Associated with Industry and Style-Related Headwinds, Overshadowing Solid Stock Selection



Industry Breakdown Details: Software, Internet Software and IT Services, Commercial and Professional Services, Health Care Equipment and Technology, Insurance Brokers and Reinsurance, and Diversified Financials are the Industries Perceived as Disadvantaged by AI, Semiconductors, Semiconductor Equipment, Electrical Equipment, Communications Equipment, Computers Electronics, and Construction and Engineering are the AI Winners, and Hotels Leisure and Consumer Services, Leisure Products Textiles Apparel and Luxury, Restaurants, Media, Automobiles and Components, Apparel and Textiles, Specialty Stores, and Specialty Retail fall in Concerns About Weakened Consumer.

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 Inc., and FactSet PA.

Not every software company is an "AI loser"

As the "AI winner" trade stalled, our software holdings finally began to recover. Our entire first quarter letter explained why these companies are AI winners, not AI losers, despite market fears that AI would eventually disintermediate all software. In the third quarter, investors began to recognize what we have long believed: AI can help some software companies widen their competitive advantages and accelerate revenue and profit growth. Our software holdings rebounded strongly from extremely oversold levels.

We believe software stocks have significantly more upside. Despite the "SaaS-pocalypse" earlier this year, our companies kept executing their business plans. Their second quarter earnings largely met or exceeded our internal revenue and profit forecasts, contradicting the fear that AI would hurt software growth. The stocks remain undervalued in our view, and despite the recent recovery, most are still down year to date. We think the recovery in software has just begun and has more room to run.

Strategy and Positioning

Over the last several quarters, we have been vocal that chasing the momentum of the "AI winner" trade would be the wrong strategy, even though not doing so hurt our performance. This quarter's sharp reversal in the trade is exactly why we felt so strongly. We believe a consistent, methodical process can produce outperformance in up markets and preserve capital in down markets.

The final chapter of the AI infrastructure build-out trade has not yet been written. Many of the stocks that have benefitted from this theme are cyclical rather than secular growth businesses, and we try to take a long-term approach by investing in secular growth companies. We are excited by the upside that AI can bring, but we are intensely focused on the risks as well.

Specifically, we see two key risks. First, capacity could expand too far on optimistic demand assumptions, and second, AI subscription revenue could fail to deliver an adequate return on the capital being spent. We are also seeing early signs of stress in

the financing markets. Equity investors are demanding greater margins of safety, as shown by AI-related company IPOs being pulled for lack of demand, and credit investors are demanding higher spreads and tighter covenants (debt financing is a key component of the AI data center build-out complex). We will continue to rely on our process to navigate these risks.

Just as importantly, because the Fund looks to all sectors of the economy to earn its returns, the reversal of the software "pain trade" is not the only source of recent and future returns. Our Health Care holdings made the most significant contribution to the portfolio in the quarter, adding 4.33%. The Health Care companies that performed were each company-specific situations, in which improving fundamentals were catalyzed into higher stock prices. Identifying these long-term variant perceptions, where our view differs from the market's, is the core of our approach. We discuss two of these stocks below. We are excited about the prospects for our Health Care investments and expect to share more in our fourth-quarter letter.

Looking forward, we are also very optimistic that our aerospace & defense (A&D) investments will bear fruit as they are both misunderstood segments and are trading at extremely depressed valuations. As it relates to the recent underperformance of our A&D holdings more recently, please see our longer explanation on why we think the market is wrong and we remain constructive on the sub-industry in this quarter's Baron SMID Cap ETF shareholder letter.

Top contributors to performance for the quarter

	Contribution to Return (%)
CareDx, Inc.	2.54
Tempus AI, Inc.	1.08
Dynatrace, Inc.	0.84
Repligen Corporation	0.82
Heartflow, Inc.	0.81

Shares of **CareDx, Inc.** contributed meaningfully to third quarter performance. CareDx sells diagnostic testing services which detect early rejection of heart, kidney, and lung transplants. As we noted in our letter from last quarter, the company was waiting to hear from the Centers for Medicare and Medicaid Services (CMS) MolDX Program on a draft local coverage decision that, if finalized, would have significantly limited reimbursement for CareDx's tests. Our position has been that the outcome would not be as dire as what was being priced in by the market. We started to see some share price benefit from sentiment improvement surrounding the CMS decision in the second quarter, and in the third quarter we received a best case scenario result for reimbursement of kidney, heart, and lung transplant tests. This led to a nearly 130% return in CareDx shares in the quarter and over 2.5% of performance contribution to the Fund. This outcome is a prime example of how our fundamental research can lead to exceptional returns based on variant perception versus the market.

Tempus AI, Inc. is an intelligent diagnostics and health care data company with two synergistic business units: Genomics Testing and Data Solutions. The data generated from Tempus' diagnostic tests enhances its data business, as Tempus combines its genomics data with clinical patient data from its oncology partners, to generate an enormous proprietary multimodal dataset. Shares were up meaningfully in the quarter on earnings and full-year guidance that beat consensus. Management was very bullish about the data business, noting a very strong biopharmaceutical pipeline. It also acquired Personalis, Inc., a company that specializes in minimal residual disease (MRD) testing to track cancer recurrence. MRD testing is a large market and fits nicely into the Tempus testing and data portfolio in our estimation.

Shares of **Dynatrace, Inc.**, a provider of AI-powered observability software, contributed to performance as investors increasingly recognized observability as a primary beneficiary of enterprise AI adoption. Agentic applications expand the surface area that must be monitored: more services, more dependencies, more failure and security points, and far more telemetry per transaction. Because Dynatrace prices on consumption rather than seats, that complexity converts directly into revenue. Management disclosed that customers running AI workloads consume at 1.5 times the rate of those that do not, and the number of customers observing AI and agentic workloads grew sharply. Fundamentals confirmed the theme: annual recurring revenue (ARR) of $2.14 billion accelerated to 17% constant currency growth, net new annual recurring revenue rose 66%, and guidance moved higher. We retain high conviction, viewing observability as a durable picks-and-shovels budget line in the AI build-out.

Another company we'd like to highlight, though not among the top five contributors, is **Rubrik, Inc.**, a cybersecurity and data resilience platform. The company's shares contributed to performance as a rising tide in cybersecurity spending lifted the name. We added Rubrik to the Fund in the second quarter at the depths of the "SaaS-pocolypse," when we believed the market had gotten it wrong on this company. A string of high-profile agentic AI security incidents this year has pushed cyber resilience and data recovery to the top of CIO and CISO priority lists. Rubrik's platform unifies backup, identity, and recovery to enable rapid recovery from breaches, making it a direct beneficiary of that budget shift. The company's fiscal second-quarter results validated this theme: net new subscription ARR reaccelerated to 35% year-over-year growth, roughly 27% above consensus, while subscription ARR contribution margin expanded to 14% from 9.4% a year ago. Management raised full-year guidance across every metric by more than the size of the quarterly beat. We maintain high conviction in Rubrik's long-term prospects as enterprises continue to prioritize resilience alongside prevention.

Top detractors from performance for the quarter

	Contribution to Return (%)
Forgent Power Solutions, Inc.	(0.94)
Loar Holdings Inc.	(0.86)
Mercury Systems, Inc.	(0.71)
Karman Holdings Inc.	(0.65)
Wingstop Inc.	(0.61)

Forgent Power Solutions, Inc. is a leading manufacturer of electrical distribution equipment for data centers, the power grid, and industrial applications. The company specializes in low- and medium-voltage equipment and focuses on custom, "engineered-to-order" products, which make up more than 90% of revenue. Larger competitors generally concentrate on higher-voltage and standard products. The stock declined during the quarter as sentiment turned against the broader AI infrastructure group, even though Forgent reported results and guidance well ahead of market expectations. Bookings reached $1.5 billion in the quarter, far above its current revenue run-rate.

Forgent is taking share by offering customized products with industry-leading lead times, and it is only beginning to tap its opportunity, having just signed its first master service agreement with a hyperscale customer. The company has invested heavily in capacity and people to support future growth. Given strong demand, its planned manufacturing footprint has grown to $5.8 billion, up from prior levels. We believe many years of strong growth and margin expansion as Forgent grows into that footprint.

Loar Holdings Inc. is a specialized aerospace components manufacturer focused on highly engineered, mission-critical products. Shares declined amid growing negative sentiment toward the aerospace aftermarket as elevated fuel prices related to the Iran war weighed on the outlook. We expect Loar to outperform peers, supported by latent pricing power and a strong new product pipeline. The company has not fully utilized its pricing power in stronger market conditions, providing flexibility in a more challenging environment. We also expect new product growth to accelerate as customers increasingly seek out leading suppliers to solve complex problems.

Shares of **Mercury Systems, Inc.** declined amid increasingly negative sentiment toward the defense sector, driven by concerns about the implications of a potential change in congressional control following the mid-term elections. Mercury supplies key, flagship national defense programs, including missile defense systems such as Patriot, electronic warfare systems, and ruggedized, high-speed data processing systems. We believe the company is positioned for accelerated growth for the foreseeable future as the programs it supports ramp production considerably in the next few years.

As it relates to the recent underperformance of our A&D holdings, please see our longer explanation on why we think the market is wrong and we remain constructive on the A&D sub-industry in this quarter's Baron SMID Cap ETF shareholder letter.

Portfolio Structure

Top 10 holdings

	Year Acquired	Quarter End Investment Value ($M)	Percent of Net Assets (%)
CareDx, Inc.	2024	66.8	4.0
Dynatrace, Inc.	2019	64.2	3.8
Repligen Corporation	2023	52.6	3.1
Tempus AI, Inc.	2024	49.4	2.9
Loar Holdings Inc.	2024	49.2	2.9
Samsara Inc.	2026	47.7	2.8
Liberty Live Holdings, Inc.	2023	43.8	2.6
Heartflow, Inc.	2025	42.7	2.5
Rubrik, Inc.	2026	36.6	2.2
Guidewire Software, Inc.	2022	35.6	2.1

The top 10 stocks represented 29.0% of net assets, in line with historical levels.

Recent Activity

Top net purchases for the quarter

	Year Acquired	Quarter End Market Cap ($B)	Net Amount Purchased ($M)
Jersey Mike's Subs Inc.	2026	5.4	37.6
Reformation Inc.	2026	0.7	20.4
Lyntris Inc.	2026	1.4	20.2
Karman Holdings Inc.	2025	4.3	19.1
Accelevation Holdings Corp.	2026	4.0	18.9

During the quarter, we initiated a position in **Jersey Mike's Subs Inc.**, a franchisor of fast casual, submarine-style sandwich restaurants. It is one of the largest and fastest-growing limited-service restaurant brands in the U.S., with nearly 3,400 stores across all 50 states and Canada, nearly all franchised. The system generated $4.3 billion in sales in 2025, and its loyalty program has more than 12 million members.

Jersey Mike's pairs a premium, made-to-order product with one of the simplest and most efficient operating models in quick service. Subs are made in view of guests on a standardized 14-foot line, supported by a distribution model for core ingredients, and a hot grill menu (including Philly cheesesteaks) differentiates it from other sub chains. The brand ranked number one in quick-service customer satisfaction in the American Customer Satisfaction Index for 2026 and has 90% aided brand awareness, both rare for a chain of its size. The store format reinforces the advantage: new units are small (1,200 to 1,400 square feet), need no drive-thru, and cost about $515,000 to build. With average unit volumes of $1.4 million, franchisees earned a 2.6 times sales-to-investment ratio and roughly 42% cash-on-cash returns in fiscal 2025. A strong owner-operator culture, including about 360 hours of franchisee

training and existing owners accounting for more than 90% of the development pipeline, together with a $200 million national ad fund, would be very difficult for a competitor to replicate at scale.

We estimate systemwide sales to keep growing at a double-digit pace over the next several years, following an 18% annual growth rate from 2021 to 2025. Growth should come from 8% to 10% annual unit growth toward a long-term potential of 7,500 U.S. and 15,000 global stores, positive same-store sales (20 consecutive years, 3.2% in 2025), and average unit volumes that have compounded at roughly 6% a year since 2006. As a capital-light franchisor, the business generates adjusted EBITDA margins above 50%, with capital expenditures of just $4 million in the first half of 2026. We believe the shares are very attractively priced and offer the opportunity for strong appreciation from here.

We also purchased **Reformation Inc.**, which went public earlier this year. Reformation is a digitally native womenswear brand selling dresses, tops, bottoms, sweaters, denim, and accessories at prices from about $40 to $1,500. It generated $507 million in net revenue in 2025 and had about 1.14 million active customers. About 90% of revenue comes from its own website and 70 stores, with the remaining 10% from wholesale partners across 142 doors.

Reformation's edge is how it develops product. Many apparel brands work with lead times of 12 months or longer, forcing them to guess at trends and rely on promotions. Reformation designs in-house and produces through a diversified supply chain, including a Los Angeles factory and partners across North America, delivering about half of its products within 60 days of ordering. New styles are tested in small quantities twice a week online and weekly in stores, and the team reorders winners within hours. As a result, about 90% of direct-to-consumer (DTC) apparel revenue in 2025 came from styles informed by customer data, and roughly 80% of DTC revenue from 2021 to 2025 came from full price sales. This constant newness has built a loyal following: 77% of customers cite Reformation as a favorite brand, about 75% of new DTC customers in 2025 were acquired outside paid digital channels, and nearly 70% of DTC revenue came from returning customers.

Based on our estimates, we see mid-teens revenue growth over the next several years, building on a 19% annual growth rate since 2023. New store openings are a key driver. Full-price stores open for all of 2025 generated $2.7 million in revenue each, and new stores typically pay back their build cost in under two years. Stores also lift the broader business. In markets with a store, active customers grew 16% annually versus 11% elsewhere, and DTC revenue grew 20% versus 14%. Customers who shop both online and in stores generate 3.1 times the revenue of single channel shoppers. Reformation is present in only half of the top 50 U.S. metro areas and sees a path to more than doubling its store count over five years. Further growth should come from new categories (dresses have fallen from about 60% of DTC revenue to roughly one third) and international markets (18% of revenue). We believe Reformation has a differentiated model with a long runway for growth, and that its shares are attractively valued at a discount to apparel and e-commerce peers.

We participated in the IPO of **Lyntris Inc.**, a fast-growing proprietary defense solutions provider with a 90% sole-sourced portfolio exposed to many of the nation's key defense offerings. Built via the acquisition of a few, smaller mission critical suppliers, Lyntris has become one of the best-in-class merchant suppliers that will benefit from expected rapid increases in production of important programs across the maritime, air and missile defense, and space submarkets. The company is involved in over 200 programs serving the large defense primes as well as newer defense tech players. It delivers complicated, difficult to create sensing hardware (RF and antenna systems), AI-driven data fusion (that combines multiple data sources into a single picture), and mission systems (including AI-enabled command and control systems) that are engineered to perform in the most demanding environments and are built on open standards using modular architecture. Lyntris is working on programs such as missile defense radar systems (LTAMDS) and communications systems meant to enable navigation on and direct communication from the moon (NASA LEGS program). Management is highly capable, having previously grown the two core companies that were put together to form Lyntris. We believe Lyntris can drive revenue growth of around 30% for the next several years alongside expanding EBITDA margins into the low 20% range with above average and improving free cash flow conversion. Cash flow will grow over 40% next year, yet the company trades at only 11 times next year's EBITDA. It trades at a low multiple because it is unknown and unloved in the current environment where investors are waiting to see how mid-term elections affect the defense budget. We think that these concerns are overblown and that Lyntris is a compelling multi-bagger investment at these levels. We look forward to watching its story unfold.

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)
Wingstop Inc.	2025	6.8	3.0	23.5
Rubrik, Inc.	2026	12.0	24.3	19.3
CareDx, Inc.	2024	0.7	3.4	17.0
Establishment Labs Holdings Inc.	2022	1.9	2.3	16.0
Novanta Inc.	2017	0.9	5.4	14.5

We sold our position in **Wingstop Inc.** during the quarter to allocate the proceeds into other restaurant companies where we felt there was better upside potential.

We trimmed positions in **Rubrik, Inc.** and **CareDx, Inc.** after significant share price gains (up 43.4% and 129.7%, respectively) lifted them to outsized weightings in the Fund. They remain among our larger positions, and we continue to see attractive return potential in both.

Conclusion

2026 has remained a challenging year despite the recovery in performance during the third quarter. That recovery has continued into the fourth quarter as the unwinding of the "AI winners" trade has extended, with the Fund continuing to outperform the Benchmark quarter to date through October 16, 2026. The most recent catalyst was CoreWeave, where concerns about the financing behind the AI infrastructure buildout drove a sharp selloff in semiconductors and other AI winners. We are competitive people by nature and hate to underperform. That said, we believe our process produces consistent outperformance over a full market cycle.

Our approach is to think long term and focus on sustainable competitive advantages and strong management teams. We believe that formula will stand the test of time. It can lead to periods of underperformance when our style is out of favor, but we think focusing on company fundamentals with a risk management overlay is the right way to preserve capital in market downturns. In the meantime, we will continue to use this volatile environment to find new investments that we believe can deliver outsized returns in the future.

Thank you for your trust in us!



Randy Gwirtzman
Portfolio Manager



Laird Bieger
Portfolio Manager

SMALL CAP

† 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 Portfolio includes reinvestment of dividends, net of withholding taxes, while the index(es) include reinvestment of dividends before taxes. Reinvestment of dividends positively impacts the performance results. The index(es) are unmanaged. Index performance is not Portfolio performance. Investors cannot invest directly in an index.

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

[3] Not annualized.

Investors should consider the investment objectives, risks, 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.

Risks: Securities issued by small-sized companies may be thinly traded and may be more difficult to sell during market downturns. Growth stocks can react differently to issuer, political, market and economic developments than the market as a whole and other types of stocks. Even though the Portfolio is diversified, it may establish significant positions where the Adviser has the greatest conviction. This could increase volatility of the Portfolio's returns.

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.

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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. **Momentum** captures the tendency of stocks with strong recent price performance to continue outperforming, and of weak performers to continue lagging. Positive exposure indicates high short/mid-term momentum (good recent performance). Negative exposure indicates low short/mid-term momentum (poor recent performance). **Return(s) on Invested Capital (ROIC)** is a calculation used to determine how well a company allocates its capital to profitable projects or investments.

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BARON CAPITAL

QUARTERLY LETTER | SEPTEMBER 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) gained 2.13% (Institutional Shares) for the quarter ended September 30, 2026. This exceeded the return of the Fund's small-cap benchmark, the Russell 2000 Growth Index (the Benchmark), which declined 9.39% for the quarter. The Russell 3000 Index, which measures the performance of the 3,000 largest publicly traded U.S. companies, gained 1.40% for the quarter.

The Fund's performance improved significantly during the third quarter. The majority of our outperformance came from a rally in stocks that we consider to be underappreciated AI beneficiaries. This cohort, which includes **Gartner, Inc.**, **Guidewire Software, Inc.**, **FactSet Research Systems Inc.**, **Morningstar, Inc.**, and **MSCI Inc.**, gained an average of 19% during the quarter. Since June 22, when the high-quality recurring income growth companies in which we exclusively invest reached their troughs, the Fund has outperformed the Benchmark by over 14%.

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

	Fund Retail Shares[1,2]	Fund Institutional Shares[1,2,3]	Russell 2000 Growth Index[1]	Russell 3000 Index[1]
QTD[4]	2.06	2.13	(9.39)	1.40
YTD[4]	(12.60)	(12.44)	10.71	12.42
1 Year	(15.01)	(14.79)	12.05	15.13
3 Years	(5.52)	(5.27)	17.55	22.26
5 Years	(5.82)	(5.58)	4.72	12.64
10 Years	6.68	6.96	9.90	14.73
15 Years	9.04	9.32	11.94	15.27
Since Inception (12/31/1994)	10.71	10.87	8.22	11.15

Performance

As noted above, the Fund's third-quarter gains exceed the Benchmark's return by over 11%. This outperformance was driven principally by the cohort of stocks where our assessment of AI's impact differed from the market's. We believe that the catalyst for improved stock performance in this cohort was financial results that demonstrated sustained, and in many cases accelerating, growth. This cohort, which represents approximately 45% of the Fund's net assets, grew revenue 9% and profit 22% in the quarter. Approximately two-thirds of these businesses reported acceleration in what we consider to be their core forward-looking financial metric.

Additionally, these companies began quantifying the favorable impact of AI on their businesses and their growth trajectories. For example, Guidewire's management specified that AI has become a key growth driver for its business. Guidewire's ProNavigator product, which embeds AI-driven assistance directly into its claims and policy workflows, was sold 28 times in the first four months since launch, a sales result that was almost 10 times greater than management had anticipated. FactSet disclosed that approximately 10% of its growth is already coming from its AI solutions, and that its AI-related annual subscription value more than doubled year-over-year. Calls to FactSet's MCP servers grew 7-fold sequentially in its most recently reported quarter on top of 13-fold growth in the prior quarter, an exponential rate of growth. Gartner indicated that AI is its single most requested topic. Gartner's analysts help guide 80,000 business leaders looking to get value from AI, 10,000 CIOs actively implementing AI, and 5,000 technology providers building out their AI strategies. Finally, MSCI CEO Henry Fernandez indicated that "AI is enabling MSCI to

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.

move even faster and build new products, enhance our existing solutions, and strengthen our foundational mission-critical role in global investing."

We believe that in the short term, stock prices can be impacted by "narratives" and can therefore diverge from fundamentals. We believe this divergence was what led to challenging performance in the first half of the year, which bottomed on June 22. Since then, the portfolio has outperformed as investors have refocused on the durable financial outcomes generated by the businesses in which we have invested. Despite this quarter's favorable returns, the portfolio still trades at a 23% discount to its 3-year average valuation, a 29% discount to its 5-year average valuation, and a 36% discount to its 10-year average, measured on next-twelve-months price-to-earnings (P/E). This attractive valuation comes despite the profitability, cash generation, and returns on capital of the portfolio being meaningfully above its historical levels.

We are optimistic that this quarter's performance is just the beginning of a robust period of relative performance. Over the long term, stock prices tend to track fundamentals. Our holistic and iterative primary due diligence gives us high conviction in the fundamental outlook for growth and profitability of all the companies in which we have invested. Management teams also see this same opportunity and are investing their companies' capital alongside us by meaningfully accelerating repurchases of their own stocks. The rate of repurchases made by companies in which we are invested has more than doubled over the past year and are 3-plus times larger than the historical average magnitude of repurchases. We are confident that the market will continue to 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.

This quarter we took advantage of this divergence between fundamentals and valuations to initiate positions in five new stocks. We purchased a new position in **Stevanato Group S.p.A.**, a family-owned supplier of glass containment for the health care industry. We believe Stevanato sits at the intersection of several durable tailwinds, including biologics, injectables, GLP-1 delivery, and a broad-based shift to premium ready-to-use containment. We also made an investment in **On Holding AG**, an innovative and rapidly growing footwear and apparel brand. On, which is led by three co-founders, is poised to compound its revenue at a high teens rate as it expands distribution, opens additional brick & mortar locations, and expands into new sports. We initiated a position in **Birkenstock Holding plc**, a 250-year-old family-owned global footwear brand with a distinctive aesthetic and footbed. Finally, we initiated a position in **DICK'S Sporting Goods, Inc.**, a founder-led global sports retailer. We believe that DICK'S is the largest U.S. retailer of the most important athletic brands and is positioned to be a persistent share gainer. Please see the section entitled "Recent Purchases" for more details on these businesses.

Total returns by investment type for the quarter

	Percent of Net Assets (%)	Total Return (%)	Contribution to Return (%)
Core Growth	**30.0**	**26.55**	**4.78**
Gartner, Inc.	8.3	43.96	2.39
FIGS, Inc.	9.2	35.48	1.75
Guidewire Software, Inc.	5.1	15.83	0.55
On Holding AG	0.4	10.50	0.04
Birkenstock Holding plc	0.4	5.77	0.02
DICK'S Sporting Goods, Inc.	1.7	3.79	0.05
IDEXX Laboratories, Inc.	4.5	(0.97)	0.00
Stevanato Group S.p.A.	0.4	(8.42)	(0.02)
Financials	**71.2**	**(0.51)**	**(0.17)**
Morningstar, Inc.	5.1	22.10	0.75
FactSet Research Systems Inc.	7.1	17.65	1.04
Kinsale Capital Group, Inc.	14.9	(2.08)	(0.52)
MSCI Inc.	19.8	(3.49)	(0.58)
Primerica, Inc.	4.7	(3.79)	(0.07)
Arch Capital Group Ltd.	19.7	(4.84)	(0.76)
Houlihan Lokey, Inc.	0.0	(5.22)	(0.03)
Russell 2000 Growth Index		**(9.39)**	
Real/Irreplaceable Assets	**20.4**	**(11.17)**	**(2.07)**
Vail Resorts, Inc.	2.6	0.49	0.13
Howard Hughes Holdings Inc.	0.1	(0.52)	0.00
Choice Hotels International, Inc.	11.5	(7.00)	(0.66)
Red Rock Resorts, Inc.	6.1	(23.50)	(1.54)
Cash and Cash Equivalents	**(21.7)**	**—**	**0.00**
Fees	**—**	**(0.46)**	**(0.46)**
Total	**100.0***	**2.09****	**2.09****

** Individual weights may not sum to displayed total due to rounding.*
*** Represents the blended return of all share classes of the Fund.*
As of September 30, 2026, the Fund's lone private investment 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 20.4%, 30.0%, and 71.2% of the Fund's net assets, respectively. The quarter's strength was concentrated in Core Growth and Financials, where all of our underappreciated AI beneficiaries reside. Our Core Growth holdings exceeded the Benchmark by approximately 36% in the quarter, and our investments in Financials exceeded the Benchmark by nearly 9%. 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 9/30/2026	Millennium Internet Bubble to Present 12/31/1999 to 9/30/2026	Inception 12/31/1994 to 9/30/2026
Alpha	5.05	1.04	3.14	4.83
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 9/30/2026		Millennium Internet Bubble to Present 12/31/1999 to 9/30/2026		Inception 12/31/1994 to 9/30/2026	
	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	57,480	10.35	71,554	7.63	264,684	10.87
Russell 2000 Growth Index	6,476	(4.71)	79,606	12.40	51,550	6.32	122,965	8.22
Russell 3000 Index	7,634	(2.95)	113,921	14.69	86,971	8.42	286,672	11.15

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. Since its inception on December 31, 1994, the Fund has gained 10.87% on an annualized basis, exceeding the Benchmark's annualized return by 2.65%. Over the same period, the Fund modestly trails the large-cap-leaning Russell 3000 Index by 0.28%. 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 $264,684 on September 30, 2026. This is approximately 2.2 times greater than the $122,965 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 (%)
Gartner, Inc.	2007	2.3	11.8	43.96	2.39
FIGS, Inc.	2022	1.7	2.3	35.48	1.75
FactSet Research Systems Inc.	2006	2.5	9.6	17.65	1.04
Morningstar, Inc.	2005	0.8	7.1	22.10	0.75
Guidewire Software, Inc.	2012	1.3	11.7	15.83	0.55

Shares of syndicated research provider **Gartner, Inc.** rallied amid multiple expansion across information services stocks. We believe Gartner's contract value growth is poised to reaccelerate as the company enhances its product offering, retrains its sales force, and benefits from easier comparisons in its public sector end market. We also view Gartner as an underappreciated beneficiary of AI, as organizations increasingly seek guidance on the risks and opportunities presented by the technology. In addition, we expect earnings and free cash flow to grow meaningfully faster than revenue as Gartner expands margins and returns excess capital through share repurchases. Management is on pace to deploy nearly $1.5 billion of free cash flow toward share repurchases this year, which we estimate could reduce the company's share count by roughly 15%.

FIGS, Inc., a direct-to-consumer health care apparel brand, contributed to performance following a strong second quarter. Net revenue grew 28.8% year-over-year, driven by higher order volumes and average order value. Growth was broad-based, with scrubwear revenue up 26.5%, non-scrubwear up 40.3%, and international sales up 67%. Active customers increased 13% to approximately 3.1 million, while revenue per active customer reached a record high. Profitability also improved, with adjusted EBITDA margin expanding 570 basis points to 18.6%, reflecting full-price selling,

lower returns, and expense leverage. Management raised its full-year revenue growth outlook to approximately 20% from the 14% to 16% range. We retain strong conviction in FIGS' business model and the company's ability to gain market share in the attractive global health care apparel industry.

FactSet Research Systems Inc., a leading provider of investment management tools, contributed to performance. The stock rose following fiscal third quarter results, with organic revenue and annual subscription value (ASV) growth both reaccelerating and FactSet completing its largest-ever quarterly share repurchase. Shares advanced again following fiscal fourth quarter results, with record organic ASV, guidance for a return to margin expansion in fiscal 2027, and AI solutions bookings that more than doubled during the year. We retain long-term conviction in FactSet given its large addressable market, consistent execution across both new product development and financial results, and robust free cash flow generation.

Top detractors from 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	5.2	(23.50)	(1.54)
Arch Capital Group Ltd.	2002	0.4	31.5	(4.84)	(0.76)
Choice Hotels International, Inc.	1996	0.4	4.6	(7.00)	(0.66)
MSCI Inc.	2007	1.8	39.2	(3.49)	(0.58)
Kinsale Capital Group, Inc.	2016	0.6	7.4	(2.08)	(0.52)

Red Rock Resorts, Inc., an operator of regional casino resorts serving the Las Vegas locals market, detracted from performance as investors grew concerned that higher interest rates, inflation, and oil prices could slow market growth. Despite ongoing construction disruption, the market continues to grow at a low single-digit rate on an adjusted basis. Red Rock is gaining market share through ongoing property renovations while generating strong returns on invested capital. The company is deploying its significant cash flow into additional property investments to support future growth. Red Rock also maintains a strong balance sheet, which should improve further as new expansions come online through the remainder of 2026 and into 2027, supporting an acceleration in growth next year. The stock currently trades at a trough multiple, which we believe should expand as investors see growth reaccelerate.

Specialty insurer **Arch Capital Group Ltd.** detracted from performance amid a cyclical softening in industry pricing. Quarterly premiums declined as the company deliberately pulled back from new business it viewed as inadequately priced, consistent with management's "cycle management" approach of prioritizing profitability over volume. Rising interest rates are expected to weigh on book value growth in the near term by creating unrealized losses in the fixed income portfolio, though higher rates should benefit results over time through improved yields on new investments. Despite these headwinds, Arch reported quarterly earnings ahead of consensus expectations, with book value per share up 15%. We continue to own the stock given Arch's strong management team and our expectation for continued earnings and book value growth over time.

Hotel franchisor **Choice Hotels International, Inc.** detracted from performance during the quarter amid concerns about higher inflation and interest rates, as well as uncertainty surrounding a leadership change. We retain conviction in the stock. We have known the new chief executive officer for years and remain positive on the transition. More broadly, we believe the business is at a positive inflection point that is not fully reflected in the stock's current valuation. Revenue per available room is accelerating from a slower first half of 2026, a trend we expect to continue into next year. Combined with faster unit growth domestically and internationally and higher royalty rates supported by the tools Choice provides franchisees to manage occupancy and pricing, we believe these factors should drive improved earnings next year. The company also continues to generate strong cash flow, which it is using to reinvest in the business and repurchase shares at what management views as a meaningful discount to intrinsic value. We believe the stock's trough valuation multiple has room to expand as the business reaccelerates next year.

Recent Purchases

We made an investment in **DICK'S Sporting Goods, Inc.**, the largest sporting goods retailer in the U.S. Founded in 1948 as a bait-and-tackle shop in Binghamton, New York, it now holds nearly 9% of a roughly $140 billion industry. It sells athletic footwear, apparel, and equipment through 892 stores under the DICK'S banner and its related formats, through its website, and through mobile apps. The related formats include Golf Galaxy, Public Lands, Going Going Gone!, and the destination-format DICK'S House of Sport. The company also owns GameChanger, a youth sports app for video streaming, scorekeeping, scheduling, and team communication. In September 2025, DICK'S acquired Foot Locker for about $2.4 billion, which added 2,000 owned and licensed sneaker stores around the world.

Over the past decade, DICK'S has become the industry's most important partner for leading athletic brands. It has added premium footwear decks to most of its stores, and as Nike, On, and others have narrowed their wholesale distribution, they now treat DICK'S as a priority partner. That access is hard for competitors to win back. We believe the management team, led by CEO Lauren Hobart and Executive Chairman Ed Stack, is long-term oriented and willing to reinvest from a position of strength. The clearest example is House of Sport, a 100,000-plus-square-foot store with outdoor turf fields, climbing walls, golf simulators, and batting cages. It turns the store into a destination where athletes test equipment, attend events, and play in leagues and clinics, not just a place to pick up gear.

Despite strong fundamentals in the core business, the stock fell sharply on the second quarter report due primarily from weakness in the Foot Locker business. We believe that provided a compelling entry point with shares trading at under 12 times 2027 P/E.

The Fund initiated a position in **Stevanato Group S.p.A.**, a family-owned supplier of glass containment for the health care industry. The company has been in business for 70 years and has relationships with more than 700 companies worldwide, including many of the world's largest pharmaceutical and biotechnology companies. Stevanato's products are an integral part of the drug product itself and are included as part of the regulatory filings required to approve drug product marketing and commercialization. Providing high-quality products with specificity, sensitivity, and consistency, coupled with extensive product validation data are fundamental drivers of customer loyalty. The quality and dependability of their drug containment and delivery solutions are critical to obtaining commercialization and marketing approval from regulatory agencies. As a result, it is often the case that drug product containment and delivery arrangements cannot be changed without amending the regulatory filing with the relevant agency. High switching costs and significant time delays are meaningful deterrents to a change in suppliers, which reinforce customer loyalty and strengthens customer retention.

We believe Stevanato will benefit from several secular trends, including the growth of injectable biologic medicines, the trend toward self-administration of medicines, the growth of GLP-1s, and a mix shift toward higher-priced, high-value solutions, such as ready-to-use pre-filled syringes, vials, and cartridges, which address the unique storage and packaging requirements for biologics. Over the past several years, Stevanato has been expanding manufacturing capacity to meet global demand for its high-value solutions, including construction of two new plants in Italy and one in Indiana. High-value solutions have expanded from 17% of revenue in 2019 to an estimated 47% to 48% of revenue in 2026. As high-value solutions grow to represent a larger share of Stevanato's revenue mix, and as production ramps at the new manufacturing facilities, we believe the company's margins will expand and cash flows will increase.

The Fund initiated a position in **On Holding AG**, a Swiss sportswear company founded in 2010 by David Allemann, Olivier Bernhard, and Caspar Coppetti. On designs and sells premium footwear, apparel, and accessories for running, outdoor, tennis, and all-day wear through wholesale partners, its own e-commerce, and a growing fleet of owned stores. On was originally known for its running shoes, but it has grown into a premium sportswear brand with credibility across performance, lifestyle, and apparel.

We believe On's management team is long-term oriented and disciplined in its expansion. The company enters new categories that it can disrupt with innovation. It validates product with athletes before scaling it, and it protects full-price demand. Tennis followed this playbook through the Roger Federer partnership, and tennis customers now have the highest lifetime value in the business. We expect the same approach to guide On's newly announced entries into soccer, with Kylian Mbappé, and golf.

We expect On to grow revenue at a high teens pace over the next three years. Growth should come from an expanding retail footprint, deeper penetration with its major wholesale partners, and rising brand awareness as On enters new categories. We also see room for margin expansion, with management targeting gross margin above 65% and EBITDA margin above 22% by 2029, which implies 20%-plus annual EBITDA growth.

Despite strong fundamentals and a long growth runway, the stock has been pressured this year by a promotional sportswear backdrop and concerns about near-term wholesale trends. We believe this has created a compelling entry point for long-term investors. Management appears to agree: the company recently announced a share buyback of up to $1 billion, its first meaningful return of capital. We see a path for shares to more than double over the next five years as management delivers its growth goals, with further upside if the market gives more credit to the quality of the business model.

We initiated a position in **Birkenstock Holding plc**, a German footwear company whose roots trace back to 1774. It designs, manufactures, and sells sandals, clogs, closed-toe shoes, and orthopedic and professional footwear through wholesale partners, its own e-commerce sites, and a growing fleet of owned stores. Unlike nearly every other footwear brand, Birkenstock is vertically integrated: about 95% of pairs are assembled in its own factories, giving it control over quality, IP, and supply. Birkenstock was long known as a "sandals brand," but closed-toe styles such as the Boston clog have grown at an average of more than 40% per year since fiscal year 2019 and reached 38% of the business in fiscal year 2025.

We believe Birkenstock's management team is long-term oriented and disciplined in how it grows. CEO Oliver Reichert runs a strategy of "relative scarcity," deliberately keeping supply below demand, managing wholesale allocation by door, channel, and calendar, and protecting full-price realization rather than chasing volume.

We expect Birkenstock to grow revenue at a low-to-mid-teens constant-currency pace over the next three years. Footwear pairs are targeted to grow approximately 10% per year with price/mix growing in the mid-single digits. Growth should come from faster growth in the Asia-Pacific region, deeper penetration within existing wholesale doors, and continued expansion of closed-toe styles. We expect EBITDA margins to remain over 30%, leading to earnings growing faster than revenue.

Despite strong fundamentals and a long growth runway, the stock has been pressured over the past year by currency translation and U.S. tariffs on its German-made product, some earnings volatility, and an overhang from L Catterton's August secondary sale. Shares trade at about 12 times consensus fiscal year 2027 EPS and roughly 7 times fiscal year 2027 EBITDA, which we believe is a compelling entry point for long-term investors.

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 September 30, 2026, our weighted average holding period was 17.9 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 Fund's 10 largest positions have a weighted average holding period of 18.1 years, ranging from a 4.1-year investment in **FIGS, Inc.** to an investment in **Choice Hotels International, Inc.** that is approaching 30 years. We have held 11 investments, representing 94.4% of the Fund's net assets, for more than 10 years. We have held 8 investments, representing 27.3% of the Fund's net assets, for less than 10 years. We believe that the two tables below quantify the merits of our long-term holding philosophy.

SMALL CAP

Top performing stocks owned more than 10 years

	Year Acquired	Cumulative Return Since Date Acquired (%)	Annualized Return Since Date Acquired (%)
IDEXX Laboratories, Inc.	2005	3,528.2	18.1
Arch Capital Group Ltd.	2002	2,897.5	14.9
Choice Hotels International, Inc.	1996	2,882.0	12.0
MSCI Inc.	2007	2,372.5	18.5
Primerica, Inc.	2010	1,575.4	18.6

The cohort of investments that we have held for more than 10 years earned a weighted average annualized return of 14.4% since we first purchased them. This exceeded the performance of the Fund's Benchmark by 5.5% 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	1,122.6	29.0
FIGS, Inc.	2022	36.4	7.9
On Holding AG	2026	10.3	10.3

The cohort of investments that we have held for fewer than 10 years has returned 18.9% annually on a weighted average basis since our initial purchase, exceeding the Benchmark by 10.2% annualized.

Portfolio Holdings

As of September 30, 2026, we owned 19 investments. The top 10 holdings represented 106.8% of the Fund's net assets (87.8% of total investments), which have been held for a minimum of four 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 15.7% 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 (%)
MSCI Inc.	2007	1.8	39.2	369.6	19.8
Arch Capital Group Ltd.	2002	0.4	31.5	367.0	19.7
Kinsale Capital Group, Inc.	2016	0.6	7.4	278.8	14.9
Choice Hotels International, Inc.	1996	0.4	4.6	215.3	11.5
FIGS, Inc.	2022	1.7	2.3	171.4	9.2
Gartner, Inc.	2007	2.3	11.8	154.3	8.3
FactSet Research Systems Inc.	2006	2.5	9.6	132.9	7.1
Red Rock Resorts, Inc.	2016	2.3	5.2	114.2	6.1
Guidewire Software, Inc.	2012	1.3	11.7	95.3	5.1
Morningstar, Inc.	2005	0.8	7.1	94.5	5.1

Thank you for joining us as fellow shareholders in Baron Generational Growth Fund. We appreciate the confidence you have shown in us, and 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 Portfolio includes reinvestment of dividends, net of withholding taxes, while the index(es) include reinvestment of dividends before taxes. Reinvestment of dividends positively impacts the performance results. The index(es) are unmanaged. Index performance is not Portfolio 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.

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, 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.

Risks: Securities issued by small-sized companies may be thinly traded and may be more difficult to sell during market downturns. Growth stocks can react differently to issuer, political, market and economic developments than the market as a whole and other types of stocks. Even though the Portfolio is diversified, it may establish significant positions where the Adviser has the greatest conviction. This could increase volatility of the Portfolio's returns. Single issuer risk is the possibility that factors specific to an issuer to which the Portfolio is exposed will affect the market prices of the issuer's securities and therefore the value of the Portfolio.

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. **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 (Russell 2000 Growth Index) is 1.00 by definition. **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. **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. **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

BAMCO, Inc. is an investment adviser registered with the U.S. Securities and Exchange Commission (SEC). Baron Capital, Inc. is a broker-dealer registered with the SEC and member of the Financial Industry Regulatory Authority, Inc. (FINRA).

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BARON CAPITAL

QUARTERLY LETTER | SEPTEMBER 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 down 7.69% (Institutional Shares) in the third quarter, but that was 1.70% ahead of the Russell 2000 Growth Index (the Index), which fell 9.39%. Year to date, the Fund is down 4.30% while the Index is up 10.71%. For comparison, the Russell 3000 Index, which measures the performance of the overall U.S. equity market, was up 1.40% this quarter and is up 12.42% year to date. The Fund was tracking positively after July and August both in absolute and relative terms, but September saw the Index, and our Fund, sell off as interest rates spiked.

Despite underperformance this year, the Fund has compounded at 9.46% per year since inception, 2.60% ahead of the Index's 6.86%.

The market was volatile and lopsided in the quarter. At the beginning of the quarter, the previously soaring AI and technology stocks declined sharply, because of extended valuation levels and concerns about the capital availability for the infrastructure build. Market leadership rotated, which we consider healthy and good for the Fund. Overlooked and laggard sectors, such as software and services stocks, acted well as the market broadened. High-quality small-cap stocks caught a bid.

The second half of the quarter was quite different, as macroeconomic development affected the market outlook. Tensions in the Middle East escalated, pushing oil prices above $100 per barrel for the first time since March. Inflation readings increased and remained well above the levels that the Federal Reserve is targeting. With the economy at full employment and GDP strong, the Fed decided to raise the Fed funds rate by 25 basis points, with anticipation of additional rate hikes to come. Interest rates continued to climb after the hike, with long-term Treasury yields approaching levels last seen in 2002. The 10-year Treasury yield added roughly 50 basis points for the month of September and over 100 basis points for the year.

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

	Fund Retail Shares[1,2]	Fund Institutional Shares[1,2,3]	Russell 2000 Growth Index[1]	Russell 3000 Index[1]
QTD[4]	(7.77)	(7.69)	(9.39)	1.40
YTD[4]	(4.50)	(4.30)	10.71	12.42
1 Year	(6.04)	(5.79)	12.05	15.13
3 Years	6.47	6.75	17.55	22.26
5 Years	(0.43)	(0.17)	4.72	12.64
10 Years	9.30	9.59	9.90	14.73
15 Years	10.78	11.07	11.94	15.27
Since Inception (9/30/1997)	9.29	9.46	6.86	9.35

The reaction to higher rates reversed the market trends. Investors worried that higher borrowing costs would slow the economy and weigh on equity valuations, triggering a sell-off that hit small-cap growth stocks especially hard. The Magnificent Seven and other AI-linked names returned to dominance and market breadth deteriorated.

The Fund's relative outperformance was the result of good performance of certain sectors. For the quarter, stock selection in Information Technology (IT) was a standout. Our IT holdings rose 7.16%, while the Index's IT sector stocks fell 12.81%, led by **Intapp, Inc.**, **Gartner, Inc.**, **Everforth, Inc.**, and **Guidewire Software, Inc.**, as software and services stocks recovered on earnings results and commentary that put to rest fears of a SaaS-apocalypse. Our stock selection in Financials and Health Care was also favorable, as we had some nice gainers amid a declining sector. **The Baldwin**

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.

Insurance Group, Inc. led our Financials stocks, and **Neogen Corp.**, **Hinge Health, Inc.**, and **RadNet, Inc.** performed well in Health Care. However, our Industrials and Consumer Discretionary stocks acted poorly, reacting negatively to higher rates or the sell-off in the AI trade. **Vertiv Holdings Co**, **Legence Corp.**, **Enpro Inc.**, and **Mirion Technologies, Inc.** were all marked down despite solid results and outlooks. Our aerospace & defense companies, **Karman Holdings Inc.** and **Applied Aerospace & Defense, Inc.**, also showed great growth and bright prospects, but declined on fears that mid-term elections could affect future defense budget allocations. Our overweight in Consumer Discretionary was also a relative drag, as higher rates and spiking gas prices weighed on sentiment, hurting **Red Rock Resorts, Inc.** and **Wingstop Inc.** Not owning Energy stocks cost us a little. Still, stock selection was the primary driver of the Fund's outperformance for the quarter.

The Fund is, and has been, underweight to Momentum and Beta. Both factors were out of favor this quarter, which helped our relative performance. Quality, by contrast, regained favor after a stretch of underperformance, which benefited the Fund given its higher-quality tilt. The Fund's bias toward larger-cap companies within the small-cap universe also proved advantageous.

Top contributors to performance for the quarter

	Contribution to Return (%)
Neogen Corp.	0.67
Intapp, Inc.	0.57
The Baldwin Insurance Group, Inc.	0.48
Gartner, Inc.	0.47
Everforth, Inc.	0.45

Neogen Corp. is a leading provider of food and animal safety products. Shares rose following better-than-expected fiscal fourth quarter results, including accelerating core organic growth, margin expansion, and the second-highest quarterly free cash flow in company history. Food Safety delivered its fastest growth since Neogen combined with 3M's Food Safety business. Preliminary fiscal 2027 guidance also came ahead of expectations, while management reiterated that the Petrifilm manufacturing transition remains on track and the Genomics sale is expected to close on schedule, reducing debt levels with the proceeds. We maintain long-term conviction that this management team can execute the final stages of the 3M Food Safety integration, and set up the business for durable, more profitable growth.

Intapp, Inc. is a vertical software platform serving professional and financial services firms. Shares rose on strong fiscal fourth-quarter results, with cloud annual recurring revenue (ARR) growing 29% year-over-year, subscription revenue rising 27%, cloud net revenue retention holding at 123%, and non-GAAP operating margin expanding to 22.5%. The company signed a record number of cloud migrations and provided fiscal 2027 guidance above consensus. Shares also benefited from a recovery in sentiment and valuation multiples across application software. Intapp's role is growing in compliance and conflicts management for major AI providers serving the legal industry, including Legora, Harvey, Anthropic, Microsoft, and OpenAI. We believe Intapp can scale to more than $1 billion in ARR by fiscal 2029, a 19% annual CAGR, while expanding profit margins.

The Baldwin Insurance Group, Inc. is a leading independent insurance distribution firm. Shares rose after the company announced on September 14 that it will be taken private by Sequence Holdings and Michael Dell's family office in an all-cash transaction at $32.50 per share, an 88% premium to the closing price on June 17, before media reports of a potential deal. We think this is a good outcome for shareholders. The Fund invested in the IPO in 2019 when its market cap was under $1 billion, and the shares have appreciated 94% since then. With an expected first quarter of 2027 close, and the stock trading close to its take-out value, we trimmed our position.

Other holdings that rose over 30% in the quarter but added less to overall returns were **Gartner, Inc.**, **Everforth, Inc.**, **Andersen Group Inc.**, **The Cheesecake Factory Incorporated**, and **Grid Dynamics Holdings, Inc.**

Top detractors from performance for the quarter

	Contribution to Return (%)
Vertiv Holdings Co	(2.10)
Red Rock Resorts, Inc.	(1.08)
JBT Marel Corporation	(0.83)
SiteOne Landscape Supply, Inc.	(0.75)
TransDigm Group Incorporated	(0.59)

Vertiv Holdings Co is a global leader in critical digital infrastructure and services for data centers, including electrical and thermal management equipment. Shares declined as second-quarter organic growth came in slightly below guidance, even as management raised its full-year outlook (31% organic growth). Broader weakness in AI infrastructure stocks added further pressure to the price. Vertiv is benefiting from the industry's shift toward modular solutions to alleviate field labor shortages, thanks to its broad product portfolio and large field service team. The company is also well positioned to support upcoming technology transitions, including liquid cooling and direct current architectures. We see meaningful long-term upside from strong organic growth, margin expansion, and complementary acquisitions, supported by a strong balance sheet.

Red Rock Resorts, Inc., an operator of regional casino resorts serving the Las Vegas locals market, detracted from performance as investors grew concerned that higher interest rates, inflation, and oil prices could slow market growth. Red Rock is gaining market share in its niche, as they continue to make significant investments to upgrade their existing properties. However, these investments are disrupting near-term results so reported profits this year are lower. We believe that Red Rock will earn high rates of return on these renovations and expansions. Management has successfully

opened one new property (Durango) that is doing exceptionally well and has a pipeline of many additional casinos in the planning phase. We are excited about the long-term prospects of more than doubling the EBITDA of the business, which can be accomplished using its free cash flow. The stock currently trades at a trough multiple of depressed earnings and we expect accelerating profits, so the setup is favorable.

JBT Marel Corporation provides equipment and systems for the food processing industry, with particular exposure to poultry. Shares fell following temporary facility consolidation issues related to the Marel acquisition, leaving sales short of second quarter expectations. We believe the production inefficiencies are temporary, and consolidation should support higher margins going forward. Management anticipates strong first-half 2026 bookings to continue through the remainder of the year and into 2027. JBT Marel is extremely cheap on 2026 estimates, and we think continued growth along with synergy realization leading to higher margins can drive upside in the shares.

Stocks that fell more than 30% in the quarter but had less impact on overall performance were **Applied Aerospace & Defense, Inc.**, **Legence Corp.**, **Wingstop Inc.**, **indie Semiconductor, Inc.**, and **Karman Holdings Inc.**

Portfolio Structure

As of September 30, 2026, the Fund had approximately $2.4 billion under management and owned 51 stocks. The Top 10 holdings accounted for 36.3% of the Fund's net assets.

Top 10 holdings

	Year Acquired	Quarter End Investment Value ($M)	Percent of Net Assets (%)
Vertiv Holdings Co	2019	144.8	6.1
Kinsale Capital Group, Inc.	2019	101.7	4.3
Guidewire Software, Inc.	2012	99.8	4.2
Red Rock Resorts, Inc.	2016	97.8	4.2
TransDigm Group Incorporated	2006	75.8	3.2
Cognex Corporation	2011	74.4	3.2
RadNet, Inc.	2025	68.9	2.9
SiteOne Landscape Supply, Inc.	2016	65.5	2.8
Neogen Corp.	2022	64.0	2.7
JBT Marel Corporation	2017	63.4	2.7

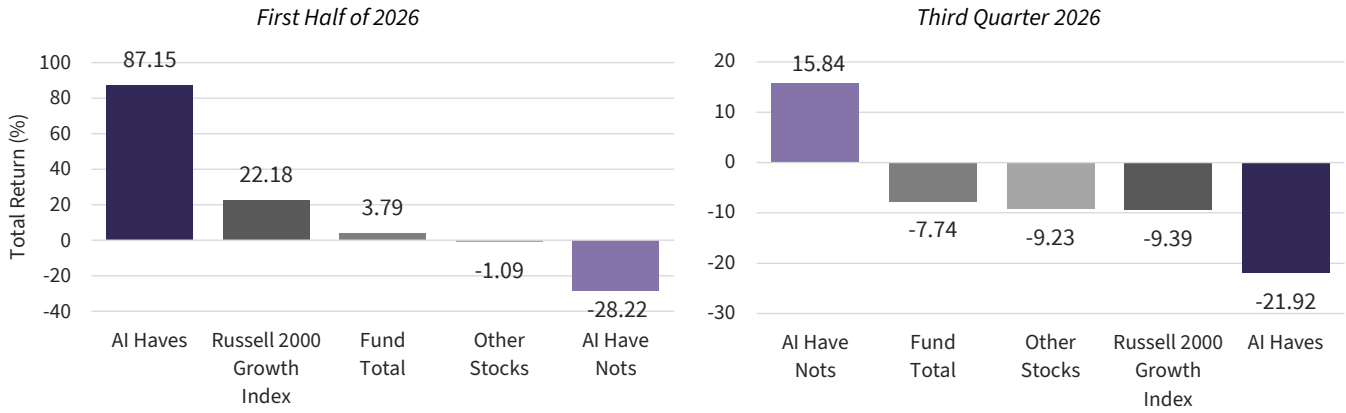
The Fund is primarily invested in five sectors: Industrials (30.7% of net assets versus 15.8% for the Index), IT (20.8% versus 20.0%), Consumer Discretionary (13.7% versus 8.7%), Health Care (13.1% versus 29.3%), and Financials (10.2% versus 9.7%). We are well overweight Industrials and Consumer Discretionary, roughly in line in IT and Financials, and meaningfully underweight Health Care because we do not own biotechnology stocks, which are 14.8% of the Index. We also own no Energy stocks, which are 5.6% of the Index. We build the Fund stock by stock, bottom up, and these weightings are the outcropping of our team's research to find the best investment opportunities for the long term. They are not a reflection of how we feel about near-term expectations for sectors or the pace of economic growth.

We remain committed to being long-term investors and holding onto our winners. 39% of our assets are invested in companies we have owned for more than 10 years and another 29% in stocks we have owned between 5 and 10 years. Those long-held positions, which make up 68% of the Fund, have compounded at 17.2% per year since we bought them, versus 9.5% for the Index. 33% of our assets are in stocks that have appreciated more than five times since we purchased them, including 16% that have appreciated more than ten times, and another 25% have more than doubled. That means 58% of the Fund's assets are in stocks that have at least doubled. We also continue to buy small and sell large. The positions we initiated or added to in the quarter had a weighted average market capitalization of $3.6 billion, squarely in the small-cap range, while the 18 positions we trimmed had a weighted average market capitalization of about $12.3 billion.

Stock performance this year has been heavily influenced by the market's perception of how AI will affect the future of individual companies. In our view, these judgments are often sweeping generalizations, and we frequently see things differently, a view we believe will play out over time. Still, these perceptions have driven large swings in stock prices and valuations during the year, so we would like to explain how they have affected our portfolio.

We have classified our holdings as "AI Haves," "AI Have Nots," and "Other." Our portfolio is built from the bottom up, one name at a time, through fundamental research. Yet, our holdings are increasingly being impacted by wide sweeping macro themes and trades, and less on a micro, company-specific basis.

The AI Trade Reverses: Performance of AI Haves and Have Nots in Baron Small Cap Fund



AI Haves consist of the following Barra industry groups: Semiconductors, Semiconductor Equipment, Communications Equipment, Computers Electronics, Electrical Equipment, and Construction and Engineering. **AI Have Nots** consist of the following Barra industry groups: Commercial and Professional Services, Diversified Financials, Health Care Equipment and Technology, Internet Software and IT Services, Real Estate, and Software.

Certain holdings were reclassified between categories at the portfolio manager's discretion.

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 MSCI Barra USSLOWL Risk Model.

The Fund returned 3.67% in the first half of this year on the strength of AI Haves. This group comprised 18.7% of the Fund on average and rose a remarkable 87%. These companies are beneficiaries of the AI build-out, including **Vertiv Holdings Co**, **Legence Corp.**, and **Enpro Inc.** (on the semiconductor side) and **JFrog Ltd.** (more written code is stimulating demand). Dragging down performance was the 19.7% of the portfolio that traded as if it were AI Have Nots, including companies tied to IT consulting (**Everforth, Inc.**, **Gartner, Inc.**, and **Grid Dynamics Holdings, Inc.**), application software (**PAR Technology Corporation**, **Intapp, Inc.**, **Guidewire Software, Inc.**), and services to corporate employers (**Bright Horizons Family Solutions, Inc.**). Together, these AI Have Nots fell 28.2% through June. Other stocks, which made up the remaining 60% of the Fund, declined 1.1%. As a reminder, the Index was exceptionally strong in the first half of the year, led by semiconductors and other AI infrastructure and energy beneficiaries with high measures of Momentum and Beta.

In the third quarter, those trends reversed, with semiconductors, momentum, and beta all trading lower. Our AI Haves, which averaged 18.8% of the Fund, were off 21.9%. Our AI Have Nots, with an average weight of 20.3%, were up 15.8%, as our software and employment service holdings rebounded. Strong company results and positive government data threw cold water on the thesis that these companies would be disintermediated by AI.

Many of our Other stocks declined in the third quarter on concerns about higher interest rates and fuel prices, which weighed on our housing-related investments and consumer names. We also saw weakness in our aerospace & defense names, as the ongoing Iran conflict could affect global air travel and the upcoming midterm elections could change the political landscape and defense budgets. This move lower was most evident in September, coinciding with the mid-September Fed rate decision, as the market narrowed and small caps suffered the largest declines.

Recent Activity

Top net purchases for the quarter

	Year Acquired	Quarter End Market Cap ($B)	Net Amount Purchased ($M)
Accelevation Holdings Corp.	2026	4.0	21.5
Mirion Technologies, Inc.	2025	3.5	7.6
Karman Holdings Inc.	2025	4.3	5.3
Applied Aerospace & Defense, Inc.	2026	2.1	5.2
Once Upon a Farm, PBC	2026	0.7	4.4

In the third quarter, we initiated one new position and added to seven existing holdings. The Fund initiated or increased positions with a weighted average market cap of $3.6 billion. On the last day of the quarter, we participated in the IPO of **Accelevation Holdings Corp.**

Accelevation designs, manufactures, and installs mission-critical infrastructure and power products for data centers. The company has grown from a single product generating $3 million in revenue in 2021 to what we believe will be close to $1 billion in revenue this year across multiple products serving the industry's biggest customers signifying just how rapidly the company has innovated and scaled production. Over the next several years, Accelevation will derive the majority of its revenue from its "SkyBridge" family of modular infrastructure systems, large customized pre-fabricated steel frame structures with wiring/liquid-cooling conveyance systems already attached that take expensive labor and complexity out of the field and into a controlled factory setting saving costs and accelerating timelines.

The company today is the basis of design for multiple Google, Oracle, and Microsoft data centers while also in the early innings of penetrating neocloud and colocation customers. They have more than 800 field service personnel that install their solutions, meaning there is truly one source of accountability to customers, an advantage versus peers who use traditional engineering, procurement, and construction (EPC) firms and contractors.

As of the end of the second quarter of 2026, Accelevation's backlog was $1.1 billion, and its quarterly annualized bookings were over $2.5 billion. Combined with growing demand for modular infrastructure and power products in data centers, this positions the company to sustain a rapid pace of growth in the coming years. We believe margins will improve over time as the company scales into its large manufacturing footprint, which can support more than $5 billion of revenue, continues to gain wallet share by launching new products, and expands into higher-margin commercial and industrial markets. With valuation under 8 times 2027 EBITDA for a company that could double its revenue in each of the next two years, we see meaningful upside in the stock.

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)
The Cheesecake Factory Incorporated	2001	1.3	5.5	44.6
The Baldwin Insurance Group, Inc.	2019	1.0	4.5	31.4
Planet Fitness, Inc.	2018	3.2	3.2	29.5
Hinge Health, Inc.	2025	0.9	7.8	22.1
Liberty Media Corporation - Liberty Formula One	2016	1.5	22.9	19.9

The Fund's largest sale was the full exit of **The Cheesecake Factory Incorporated**, which we first purchased in 2001 when it was a $1.3 billion company. With the stock rising 40% in the quarter and more than doubling this year, we felt the current valuation was finally reflecting the core brand's unique positioning and consistent results, as well as prospects for its fast-growing secondary brands, namely Flower Child. Over the 25 years (!) since our initial purchase, the stock returned 9.6% annualized, exceeding the return of the Index's Consumer Discretionary sector over that period, with outsized returns over the past three and five years.

In keeping with past practice, we trimmed **The Baldwin Insurance Group, Inc.** as the shares moved toward the take-private price to redeploy the proceeds to other investments with higher potential returns.

Outlook

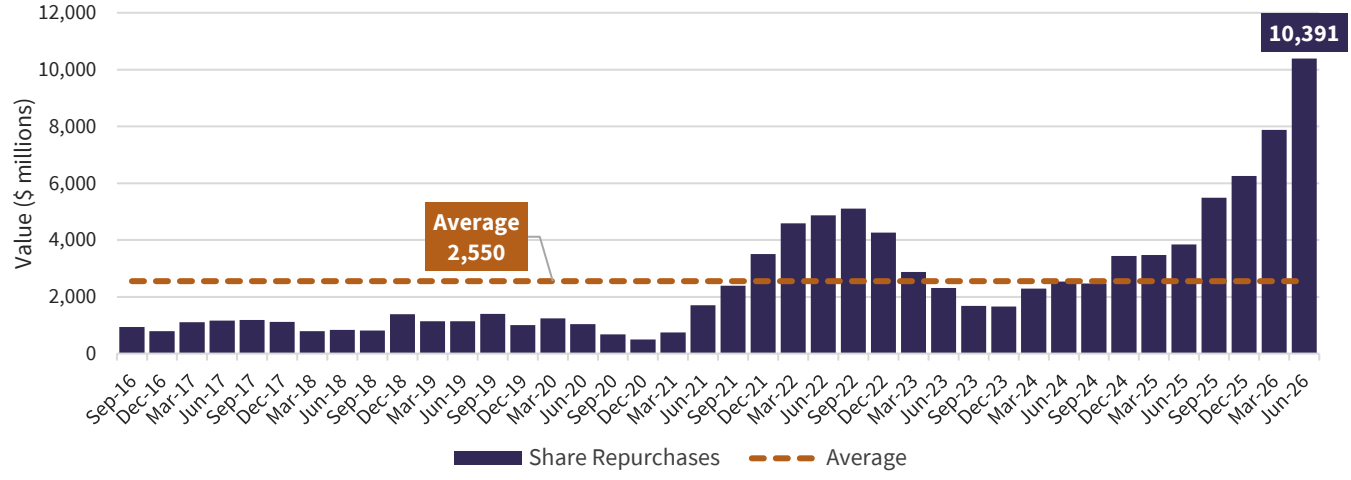
The market is off to a weak start in the fourth quarter. Geopolitical tensions remain elevated, energy prices are high, and interest rates have risen significantly, with investors expecting additional tightening from the Fed. AI stocks are under pressure, as AI frontier model developers face potential legal liability for future safety issues and the AI infrastructure buildout faces pressures from higher cost of capital.

We do not believe higher interest rates will cause a recession. Though there are pockets of weakness, the economy remains strong and resilient. For the most part, the businesses of our holdings remain strong, and we expect earnings to accelerate after a few years of slower-than-normal growth. Their stocks trade at cheap valuations, and we see the potential for outsized returns.

Small-cap stocks have been out of favor for years now, and we believe the pendulum will swing back. We also believe "High Quality" stocks will return to favor and outperform. The management teams of our holdings share this view, as the chart below, which shows heightened share repurchase activity, illustrates.

Baron Small Cap Fund

Rolling 1-Year Company Share Repurchase Activity Quarterly for Last 10 Years



Sources: Baron Capital and FactSet Fundamentals.

We continue to rely on our long-held approach of buying and holding exceptional small-cap companies for the long term. We have a strong investment team of more than 40 professionals focused on this effort. Although our process is presently out of favor, it has served us well for decades. We expect our holdings to deliver excellent results, which should translate into strong performance for their stocks and for the Fund.

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.

[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 Portfolio includes reinvestment of dividends, net of withholding taxes, while the index(es) include reinvestment of dividends before taxes. Reinvestment of dividends positively impacts the performance results. The index(es) are unmanaged. Index performance is not Portfolio performance. Investors cannot invest directly in an index.

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

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

[4] Not annualized.

Investors should consider the investment objectives, risks, 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.

Risks: Securities issued by small-sized companies may be thinly traded and may be more difficult to sell during market downturns. Growth stocks can react differently to issuer, political, market and economic developments than the market as a whole and other types of stocks. Even though the Portfolio is diversified, it may establish significant positions where the Adviser has the greatest conviction. This could increase volatility of the Portfolio's returns.

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

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

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

Beta explains common variation in stock returns due to different stock sensitivities to market or systematic risk that cannot be explained by the 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. **Momentum** captures the tendency of stocks with strong recent price performance to continue outperforming, and of weak performers to continue lagging. Positive exposure indicates high short/mid-term momentum (good recent performance). Negative exposure indicates low short/mid-term momentum (poor recent performance). **Operating Margin** is a company's profit for every dollar of sales after deducting production costs like wages and raw materials but before accounting for interest and taxes.

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

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BARON CAPITAL

QUARTERLY LETTER | SEPTEMBER 30, 2026

Baron Focused Growth Fund®

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



David Baron
Co-President
Portfolio Manager

Ron Baron
Founder
CEO
Portfolio Manager

Dear Baron Focused Growth Fund Shareholder,

Performance

Baron Focused Growth Fund (the Fund) had a tough third quarter declining 2.34% (Institutional Shares). However, this performance exceeded the Russell 2500 Growth Index (the Benchmark), which declined 10.35%. The quarter was hurt by concerns about increased capital spending on chips for AI usage and whether companies would eventually see a return on those investments. As a result, **Space Exploration Technologies Corp.** (SpaceX) as well as **Tesla, Inc.** saw their shares decline in the quarter. In addition, continued concerns about higher interest rates and inflation, and their impact on consumer spending, hurt many of our consumer stocks. These included **Birkenstock Holding plc**, **On Holding AG**, **Red Rock Resorts, Inc.**, and **Hyatt Hotels Corporation**.

These declines were partially offset by stronger performance in many of our software companies, whose fundamentals remained quite strong despite continued concerns that AI could disintermediate a meaningful part of their business. Quarterly stock strength was seen in companies such as **Guidewire Software, Inc.**, **Samsara Inc.**, and **FactSet Research Systems Inc.** These companies continue to grow at strong rates, adding new enterprises to their platforms with existing customers spending more on new products, as AI helps them innovate and introduce new tools that benefit their clients. Their clients rely on this software to operate their businesses and face very high switching costs, so none of these companies have experienced increasing churn rates. In fact, Guidewire indicated that its recent churn has been below historical trough levels despite the introduction of AI, a sign that its software is deeply embedded in customers' workflows and that customers cannot operate without access to the platform.

Annualized performance (%) for periods ended September 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]	(2.38)	(2.34)	(10.35)	1.40
YTD[5]	4.90	5.09	7.28	12.42
1 Year	17.77	18.06	7.63	15.13
3 Year	22.02	22.34	14.92	22.26
5 Year	10.88	11.17	3.46	12.64
10 Year	21.07	21.38	10.59	14.73
15 Year	17.59	17.89	12.43	15.27
Since Conversion (6/30/2008)	14.06	14.33	10.14	12.09
Since Inception (5/31/1996)	13.81	13.98	8.34	10.20

While the Fund is still slightly underperforming its Benchmark on a year-to-date basis, we continue to see opportunities throughout the portfolio. We believe many of our holdings are being ignored by investors despite strong growth prospects and returns on invested capital. As a result, many are trading at trough multiples or even lower, which we believe is irrational given the growth and cash flow they are generating. Many of these management teams are implementing larger share buyback programs, and we believe some of our investments remain prime takeover candidates for private equity or strategic buyers, given their valuations and continued strong growth prospects.

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 has agreed to waive and/or reimburse certain Funds' expenses, if necessary, pursuant to a contract expiring on August 29, 2037, 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 portfolio companies continue to maintain strong balance sheets, with many operating below their targeted leverage levels, giving them the capacity to borrow and buy back more stock should they choose.

When we see these share purchases, it gives us further confidence in our investment theses for these growth businesses and reinforces our belief that valuations remain attractive. For example, during the third quarter we increased our position in On as we believed its growth prospects and valuation remained attractive and management announced a billion dollar buyback program and the co-CEO's personally bought millions of dollars of additional stock, which further validated the purchase. We continue to keep the portfolio focused while being cognizant that positions are appropriately sized for risk in this concentrated Fund.

We believe this combination of strong recurring revenue growth, well-positioned balance sheets, and attractive valuations offers multiple avenues for potential returns. As a result, we continue to view the portfolio as compelling, with a favorable risk/reward profile.

We also believe these businesses have strong competitive advantages, underpenetrated growth opportunities ahead of them, and robust balance sheets to finance that growth.

In the near term, we continue to believe that inflation will remain at or below its historical range of 3% to 4% annualized, with interest rates approximating the rate of inflation, as has generally been the case since World War II. We believe that is a favorable environment for businesses growing significantly faster than inflation and faster than the 5% nominal annualized growth rate of the U.S. 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 less market risk. Over those periods, the Fund generated annualized outperformance of 742, 771, and 1,079 bps, respectively, with beta approximately 39%, 19%, and 7% below 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, achieved with favorable downside protection, are due to our research-based investment process and to the portfolio's high active share and low correlation with the market, which reflect how differentiated it is from its Benchmark. Our research enables us to identify and understand each business's competitive advantages, differentiation, long-term growth prospects, and management team, and it allows us to invest 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 performance table on page 1, the Fund has outperformed its Benchmark for all relevant periods except year to date, including since its inception on May 31, 1996. **Since its inception as a private partnership over 30 years ago, the Fund has increased 13.98% annually. This compares to an 8.34% annualized return for the Benchmark and a 10.20% annualized return for the Russell 3000 Index, which measures the performance of the broad U.S. equity market.**

Total returns by investment type for the quarter

	Percent of Net Assets (%)	Total Return (%)	Contribution to Return (%)
Core Growth	**19.9**	**4.08**	**1.25**
Gartner, Inc.	3.6	43.73	1.23
FIGS, Inc.	2.8	35.48	0.75
Guidewire Software, Inc.	3.1	15.84	0.61
Live Nation Entertainment, Inc.	0.0	(0.57)	(0.01)
IDEXX Laboratories, Inc.	2.7	(0.83)	0.03
Verisk Analytics, Inc.	2.1	(6.81)	(0.09)
On Holding AG	3.3	(16.50)	(0.38)
Birkenstock Holding plc	2.5	(24.74)	(0.89)
Financials	**17.9**	**3.10**	**0.55**
Morningstar, Inc.	2.4	22.16	0.51
FactSet Research Systems Inc.	3.3	17.61	0.56
Interactive Brokers Group, Inc.	4.1	(1.77)	(0.14)
MSCI Inc.	5.0	(3.47)	(0.25)
Arch Capital Group Ltd.	1.7	(4.88)	(0.08)
Jefferies Financial Group Inc.	1.3	(7.95)	(0.06)
Disruptive Growth	**46.5**	**(4.86)**	**(2.33)**
Shopify Inc.	5.9	29.83	1.47
Samsara Inc.	2.3	17.45	0.34
Spotify Technology S.A.	4.4	6.06	0.20
SiMa Technologies Inc.	0.2	0.02	0.00
Neuralink Corp.	0.1	0.00	0.00
TBC - The Boring Company	0.4	0.00	0.00
Space Exploration Technologies Corp.	27.4	(11.71)	(3.15)
Tesla, Inc.	5.7	(15.65)	(1.19)
Real/Irreplaceable Assets	**15.6**	**(9.33)**	**(1.52)**
Airbnb, Inc.	3.4	12.25	0.40
CoStar Group, Inc.	0.0	2.60	0.01
Vail Resorts, Inc.	2.6	0.64	0.10
Toll Brothers, Inc.	0.0	(6.70)	(0.04)
Choice Hotels International, Inc.	2.5	(6.92)	(0.17)
Las Vegas Sands Corporation	0.9	(17.90)	(0.29)
Hyatt Hotels Corporation	3.6	(18.16)	(0.79)
Red Rock Resorts, Inc.	2.6	(23.48)	(0.73)
Russell 2500 Growth Index		**(10.35)**	
Cash and Cash Equivalents	**0.0**	**—**	**0.00**
Fees	**—**	**(0.29)**	**(0.29)**
Total	**100.0***	**(2.33)****	**(2.33)****

** Individual weights may not sum to displayed total due to rounding.*
*** Represents the blended return of all share classes of the Fund.*
Sources: Baron Capital, FTSE Russell, and FactSet PA.

Global sportswear brand On declined 16.5% in the third quarter and detracted 38 bps from performance. The decline was due to an increased promotional environment across the industry which

SMALL-MID CAP

hurt sales of its running sneakers specifically in wholesale stores as the company held back on sell-through to stores in order not to have to discount its product and hurt the brand. However, the company's direct-to-consumer business remains quite strong and accelerated in the quarter to almost 35% growth. We believe this is a better indicator of the strength of the brand and a good forward indicator for its business. Management continues to expect to grow revenue at high-teens CAGR over the next three years through an increase in owned retail stores both domestically and abroad, which should help accelerate apparel sales, new sports such as soccer and golf, and innovation of existing franchises through its new LightSpray technology. We believe this could result in the company growing revenue at a 20% rate with earnings growing faster as margins expand. We believe the company's recent $1 billion stock authorization combined with recent insider purchases by the two co-CEO's are good indicators that the stock remains attractive and the company has a long runway for growth.

Shares of Las Vegas Locals casino operator Red Rock decreased 23.5% in the third quarter and hurt performance by 73 bps as investors grew concerned that higher interest rates, inflation, and oil prices could slow market growth. However, despite ongoing construction disruption, the market continues to grow at a low single-digit rate on an adjusted basis. Red Rock is gaining market share through ongoing property renovations while generating strong returns on invested capital. The company is deploying its significant cash flow into additional property investments to support future growth. Red Rock also maintains a strong balance sheet, which should improve further as new expansions come online through the remainder of 2026 and into 2027, supporting an acceleration in growth next year. The stock currently trades at a trough multiple, which we believe should expand as investors see growth reaccelerate.

Shares of global hotelier Hyatt declined 18.2% and hindered performance by 79 bps in the third quarter as investors grew concerned that higher oil prices, interest rates, and inflation could pressure consumers and travel budgets. However, consumer spending remains resilient, particularly on travel and experiences. Hyatt continues to grow units at a mid-single-digit rate, while revenue per available room is accelerating from low to mid-single-digit growth. We expect this to support margin and cash flow expansion, generating capital to reinvest in the business, pursue accretive tuck-in acquisitions, and increase share repurchases. Hyatt's strong investment-grade balance sheet provides additional flexibility to fund growth or allocate more capital to buybacks if management believes the stock price does not reflect its underlying value. The stock continues to trade at a significant discount to peers despite a similar mix of fee-for-service business. We believe this discount should narrow as investors see the continued growth and resilience of its business model.

These declines were partially offset by stronger performance in our recurring revenue software companies, whose businesses continued to grow in the quarter despite rising adoption of AI, as the technology is helping these companies accelerate growth instead of taking share from them.

Property and casualty (P&C) insurance software vendor Guidewire increased 15.8% in the third quarter and contributed 61 bps to performance. The company continues to win new insurance companies to its cloud platform after a multi-year transition period while churn rates are now below historically trough levels despite continued concerns about AI displacement. 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 InsuranceSuite 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 600 bps in its most recently reported quarter. We believe Guidewire can become 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 while generating margins above 40%.

Samsara, a developer of internet-connected sensor systems for physical operations, increased 17.5% in the third quarter and contributed 34 bps to performance. The company continues to see strong demand for its sensor-based tools as it adds new customers to its platform while getting existing subscribers to buy more products and expand Samsara's tools across their fleets. As a result, the company is increasing its inventory to meet new demand, which is hurting current cash flow but is fully expected to reaccelerate next year. Samsara's core physical operations customers in construction, field services, utilities, and transportation are all experiencing a growth resurgence in their own demand, benefitting from U.S. trends like the data center build out, public infrastructure spend, and recovering transportation activity. Meanwhile, their cost of goods continues to increase at higher rates than inflation, which increases the urgency for these companies to buy new cost-savings products from Samsara like its Connected Asset Maintenance and Asset Tags. These products once implemented can save businesses on average $8 for every $1 they spend with Samsara. We believe this is a strong return for customers operating in low-margin field service businesses. We see continued strong revenue growth in the years to come with margins set to further increase as the business scales.

Shares of FactSet, a leading provider of investment management tools, increased 17.6% and helped performance by 56 bps in the quarter. The increase was due to subsiding industry-wide AI fears as the company continues to win large deals and upgrade existing customers with new AI products. This is giving the company enhanced pricing power and helping margins and cash flow while accelerating share buybacks. They had one of their best quarters of new sales ever and indicated they are benefiting from AI through revenue enhancements, pricing uptakes, and cost containments instead of being hurt by it. However, despite these strong results, the stock's valuation continues to contract. While we believe it's currently impossible to disprove the negative AI case, we believe the company's moat around trust, brand, and distribution is deeper than most investors realize. FactSet is deeply embedded in customer workflows, making them a logical partner through

which many customers will leverage AI in a highly regulated end-market. As a result, we believe their ability to both normalize and consolidate vast amounts of data is underappreciated. We retain our belief that FactSet is an attractive company due to its large addressable market, consistent execution on both new product development and financial results with robust free cash flow generation.

Top contributors to performance for the quarter

	Year Acquired	Market Cap When Acquired ($B)	Quarter End Market Cap ($B)	Total Return (%)	Contribution to Return (%)
Shopify Inc.	2022	43.9	190.6	29.83	1.47
Gartner, Inc.	2026	11.2	11.8	43.73	1.23
FIGS, Inc.	2022	1.5	2.3	35.48	0.75
Guidewire Software, Inc.	2013	2.7	11.7	15.84	0.61
FactSet Research Systems Inc.	2008	2.5	9.6	17.61	0.56

Shopify Inc., a leading commerce platform for merchants of all sizes, contributed to performance. Second-quarter results marked another quarter of exceptional execution, with gross merchandise volume (GMV) rising 32% year-over-year to $116 billion and revenue increasing 34%. This represented the fifth consecutive quarter of 30%-plus growth across GMV, revenue, gross profit, operating income, and free cash flow. Merchant solutions revenue grew 37% year-over-year on higher payments penetration, while operating income increased 68% and free cash flow margin expanded to 18% from 16%. Growth was broad-based across merchant sizes, geographies, and channels, with business-to-business GMV up 76% and offline GMV up 32%. Third-quarter guidance for low-30% revenue growth and further operating expense leverage exceeded expectations. We retain conviction in Shopify as a durable compounder and believe its two decades of proprietary merchant and buyer data position the company as a key beneficiary as commerce shifts toward AI-driven discovery and agentic checkout.

Shares of syndicated research provider **Gartner, Inc.** rallied amid multiple expansion across information services stocks. We believe Gartner's contract value growth is poised to reaccelerate as the company enhances its product offering, retrains its sales force, and benefits from easier comparisons in its public sector end market. We also view Gartner as an underappreciated beneficiary of AI, as organizations increasingly seek guidance on the risks and opportunities presented by the technology. In addition, we expect earnings and free cash flow to grow meaningfully faster than revenue as Gartner expands margins and returns excess capital through share repurchases. Management is on pace to deploy nearly $2 billion of free cash flow toward share repurchases this year, which we estimate could reduce the company's share count by roughly 15% to 20%.

FIGS, Inc., a direct-to-consumer health care apparel brand, contributed to performance following a strong second quarter. Net revenue grew 28.8% year-over-year, driven by higher order volumes and average order value. Growth was broad-based, with scrubwear revenue up 26.5%, non-scrubwear up 40.3%, and international sales up 67%. Active customers increased 13% to approximately 3.1 million, while revenue per active customer reached a record high. Profitability also improved, with adjusted EBITDA margin expanding 570 basis points to 18.6%, reflecting full-price selling, lower returns, and expense leverage. Management raised its full-year revenue growth outlook to approximately 20% from the 14% to 16% range. We retain strong conviction in FIGS' business model and the company's ability to gain market share in the attractive global health care apparel industry.

Top detractors from 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	2,047.6	(11.71)	(3.15)
Tesla, Inc.	2014	31.2	1,401.3	(15.65)	(1.19)
Birkenstock Holding plc	2023	7.6	5.4	(24.74)	(0.89)
Hyatt Hotels Corporation	2009	4.2	15.0	(18.16)	(0.79)
Red Rock Resorts, Inc.	2017	2.6	5.2	(23.48)	(0.73)

Space Exploration Technologies Corp. develops and launches advanced rockets, satellites, and spacecraft, with the long-term goal of making humanity multi-planetary. The stock detracted from performance as shares pulled back from highs reached after the initial public offering, despite strong underlying fundamentals. We remain long-term shareholders and believe the company is in the early stages of a multi-decade growth opportunity. SpaceX's first public-company results reinforced our conviction, with revenue nearly doubling year-over-year and losses narrowing sharply on high incremental margins. Growth was driven by rapidly scaling, multibillion-dollar compute-hosting deals with AI leaders, including Anthropic and Google, alongside Starlink momentum. Management guided to a robust $100 billion annualized revenue run rate by year-end 2026 and up to five times more compute exiting 2027, well above Street expectations. SpaceX also closed its acquisition of Cursor, a premier enterprise AI-powered coding platform, accelerated product development with Grok Bot and more advanced Grok models, and progressed Starship toward full reusability.

Tesla, Inc. manufactures electric vehicles, solar products, and energy storage solutions and develops real-world AI technologies. Shares fell as record second-quarter revenue and deliveries were overshadowed by near-term profit pressure from increased investment in key opportunities across autonomy, robotics, and AI chips. As Tesla funds this ambitious multi-year investment cycle, investors are also seeking clearer evidence of robotaxi scaling. We see momentum across the business, with improving automotive demand and accelerating Full Self-Driving (FSD) adoption. The active base reached a record 1.48 million, up 56% year-over-year, with 55% of North American deliveries now including FSD.

Unsupervised robotaxi miles are compounding rapidly, with an impeccable safety record across more than one million miles. Cybercab production is ramping, and given the importance of scaling robotaxis safely, we believe Tesla is right to take a deliberate approach to execution. The next-generation AI5 inference chip will also play a central role in the Optimus program. Together, these developments reinforce the robust long-term physical AI opportunity, despite a lengthy path to realizing it.

Premium footwear brand **Birkenstock Holding plc** detracted from performance as macroeconomic concerns and broader weakness across the footwear industry weighed on shares, with investors selling the category regardless of company-specific execution. Despite the share price decline, fundamentals remain strong. Fiscal third-quarter revenue rose 15% year-over-year in constant currency, with double-digit growth across every region and channel, and management raised its full-year revenue outlook. The company continues to expand its store base and direct-to-consumer business while managing wholesale supply to protect brand scarcity. We believe the market is mispricing Birkenstock and retain strong conviction in its durable brand equity and long-term earnings power.

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 less correlated businesses to reduce portfolio risk while potentially generating strong excess returns over time. We believe this strategy is an effective way to manage risk and grow the purchasing power of your savings. While there will always be market volatility, we believe a portfolio built this way can reduce it, as evidenced by the Fund being approximately 80% as volatile as the Benchmark since inception. This is due to the Portfolio being balanced across four groups of businesses:

- **High-growth disruptive investments (47% of net assets)** that can potentially generate revenue growth of 20% to 30%.
- **Core double-digit revenue growers (20%)** that are more mature in their lifecycle and tend to generate earnings growth while using excess cash for dividend increases, share buybacks, and additional investment to accelerate growth further.
- **Financials businesses (18%)** that include data-driven providers of financial information with recurring revenue and earnings, given how embedded their products are in customers' workflows.
- **Real, irreplaceable assets (16%)** that trade at significant discounts to replacement cost and could attract private equity or strategic buyers.

As of September 30, 2026, the Fund owned 27 investments. From a quality standpoint, the Fund's investments have generally stronger historical 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. Its weightings differ significantly from those of the Benchmark, which is why the Fund's active share exceeds 98%. It is nothing like the Benchmark! For example, the Fund is heavily weighted to Consumer Discretionary businesses, with 29.9% of net assets in this sector versus 9.5% 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. Together, these sectors represent 8.9% of the Benchmark. The Fund also has lower exposure to Health Care, at 2.8% versus 25.9% for the Benchmark. The performance of many Health Care stocks can change quickly due to exogenous events or binary outcomes (e.g., biotechnology and pharmaceuticals), so we tend to limit 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. IDEXX has benefited from the increase in pet ownership during the COVID pandemic, especially as those 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.	27.4	2017	5,664.3
Shopify Inc.	5.9	2022	326.0
Tesla, Inc.	5.7	2014	2,025.4
Spotify Technology S.A.	4.4	2020	103.7
Samsara Inc.	2.3	2025	11.8
TBC - The Boring Company	0.4	2026	0.0
SiMa Technologies Inc.	0.2	2026	0.0
Neuralink Corp.	0.1	2025	0.0

Disruptive Growth firms accounted for 46.5% of the Fund's net assets. On current metrics, these businesses may appear expensive; however, we think they will continue to grow significantly and, if we are correct, they have the potential to generate exceptional returns over time. Examples of these companies include electric vehicle leader **Tesla, Inc.**, commercial satellite and launch company, **Space Exploration Technologies Corp.**, and e-commerce platform provider **Shopify Inc.** These companies all have large underpenetrated addressable markets, are well financed with significant equity stakes by these founder-led companies, giving us further conviction in our investment.

Core Growth Investments

	Percent of Net Assets (%)	Year Acquired	Cumulative Return Since Date Acquired (%)
Gartner, Inc.	3.5	2026	17.6
On Holding AG	3.1	2023	(7.1)
Guidewire Software, Inc.	3.0	2013	208.5
FIGS, Inc.	2.9	2022	51.3
IDEXX Laboratories, Inc.	2.9	2022	18.3
Birkenstock Holding plc	2.7	2023	(19.4)
Verisk Analytics, Inc.	1.9	2022	(0.2)

Core Growth investments, steady growers that continually invest in their businesses for growth and return excess cash to shareholders, represented 19.9% 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.

Financials Investments

	Percent of Net Assets (%)	Year Acquired	Cumulative Return Since Date Acquired (%)
MSCI Inc.	5.0	2021	(12.8)
Interactive Brokers Group, Inc.	4.1	2023	335.1
FactSet Research Systems Inc.	3.3	2008	543.8
Morningstar, Inc.	2.4	2026	13.1
Arch Capital Group Ltd.	1.7	2003	2,567.4
Jefferies Financial Group Inc.	1.3	2023	64.7

Financials investments accounted for 17.9% 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	3.6	2009	486.6
Airbnb, Inc.	3.4	2024	40.1
Vail Resorts, Inc.	2.6	2013	216.0
Red Rock Resorts, Inc.	2.6	2017	197.5
Choice Hotels International, Inc.	2.5	2010	423.2
Las Vegas Sands Corporation	0.9	2023	(11.8)

Companies that own what we believe are **Real/Irreplaceable Assets** represent 15.6% 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 on what we believe they would sell for to a private equity or strategic investor.

Portfolio Holdings

As of September 30, 2026, the Fund's top 10 holdings represented 66.5% 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.**, **Shopify Inc.**, **Tesla, Inc.**, **MSCI Inc.**, and **Spotify Technology S.A.**, 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	2,047.6	1,398.9	27.4
Shopify Inc.	2022	43.9	190.6	302.9	5.9
Tesla, Inc.	2014	31.2	1,401.3	291.6	5.7
MSCI Inc.	2021	53.9	39.2	253.3	5.0
Spotify Technology S.A.	2020	45.4	100.3	223.7	4.4
Interactive Brokers Group, Inc.	2023	33.8	145.9	209.7	4.1
Hyatt Hotels Corporation	2009	4.2	15.0	185.9	3.6
Gartner, Inc.	2026	11.2	11.8	181.9	3.6
Airbnb, Inc.	2024	73.6	96.2	172.4	3.4
FactSet Research Systems Inc.	2008	2.5	9.6	169.9	3.3

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 Portfolio includes reinvestment of dividends, net of withholding taxes, while the index(es) include reinvestment of dividends before taxes. Reinvestment of dividends positively impacts the performance results. The index(es) are unmanaged. Index performance is not Portfolio 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, 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.

Risks: Securities issued by small and medium-sized companies may be thinly traded and may be more difficult to sell during market downturns. The Portfolio is non-diversified, which means it will likely have a greater percentage of its assets in a single issuer than a diversified portfolio. Single issuer risk is the possibility that factors specific to an issuer to which the Portfolio is exposed will affect the market prices of the issuer's securities and therefore the value of the Portfolio.

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.

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

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).

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

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BARON CAPITAL

QUARTERLY LETTER | SEPTEMBER 30, 2026

Baron SMID Cap ETF™

Ticker: BCSM



Randy Gwirtzman
Portfolio Manager

Laird Bieger
Portfolio Manager

Dear Baron SMID Cap ETF Shareholder,

Performance

The Baron SMID Cap ETF (the Fund) had a solid relative performance rebound in the third quarter. The Fund declined 2.87% (NAV) while the Russell 2500 Growth Index (the Benchmark) fell 10.35%, resulting in outperformance of 7.48%. For the year-to-date period ended September 30, 2026, the Fund was up 0.44%, trailing the Benchmark's gain of 7.28% by 6.84%. Of that nine-month underperformance, just under 4% was attributable to style-related headwinds from Momentum (-2.66%) and Beta (-1.28%). In other words, our relative performance was hurt mainly because we do not invest based on short-term market factors or styles. We believe the momentum phase of the market, in which investors bought AI-related names almost exclusively and at essentially any price, is moderating, which should favor our style of long-term fundamental investing. We began to see this in the third quarter, when the Momentum and Beta factors reversed and aided the Fund's relative performance by about 3% (Momentum +2.58% and Beta +0.44%).

As we noted in our letter last quarter, the momentum that had sustained the "AI winners" trade through the first half of the year was bound to slow. The likely catalysts were a combination of higher interest rates, concerns about delays in the construction of AI data centers (which affect the entire AI infrastructure supply chain), and high valuations. Together, these dampened what had been an unrelenting momentum-driven market. The semiconductors sub-industry in the Benchmark, one of the hottest in the first half of 2026, was down 17.9% in the quarter, and semiconductor materials & equipment fell 23.4%. We are underweight these sub-industries. A number of other AI-driven sub-industries where we have limited to no exposure also fell meaningfully, including electronic components (-19.7%), electronic manufacturing services (-26.8%), electronic equipment & instruments (-20.2%), communications equipment (-21.2%), and technology hardware storage & peripherals (-22.7%).

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

	ETF Market Price[1,2]	ETF NAV[1,2]	Russell 2500 Growth Index[1]	Russell 3000 Index[1]
QTD	(2.66)	(2.87)	(10.35)	1.40
YTD	0.33	0.44	7.28	12.42
Since Inception (12/12/2025)	(1.21)	(1.44)	4.82	12.49

The market also recognized that software companies vary widely in quality, and that AI-generated code cannot, by itself, displace every existing software company. In our first-quarter 2026 letter, we wrote that software is:

> "an industry where we believe our particular investments are fundamentally misclassified as AI losers... We believe that there are four main categories of software that will co-exist with large language models (LLMs). They include: (1) companies that generate and use deterministic data (only available to the private enterprises, and NOT available to LLMs); (2) highly integrated vertical software providers with extreme domain expertise; (3) companies that combine 'atoms and electrons' where the solution needs physical products combined with software; and (4) companies whose software requires regulatory approval such as health care software needing FDA approval."

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.

Pursuant to the Fund's unitary management fee structure, BAMCO, Inc. ("BAMCO" or the "Adviser") will pay all expenses of the Fund, except for portfolio transaction costs, interest and dividend expense, acquired fund fees and expenses, fees and expenses related to filing foreign tax reclaims, line of credit expenses, and extraordinary expenses.

Our overweight to the software cohort paid off in the third quarter. The Fund's software holdings rose nearly 28%, far ahead of the 3.8% return of software in the Benchmark, and contributed 3.85% to the Fund's return, reflecting the quality of our stock selection. Software stocks that meaningfully contributed in the quarter included **Rubrik, Inc.**, a data backup and resilience company (deterministic data), which added 1.35% to the Fund's third-quarter return; **Netskope, Inc.**, a zero trust network and application access company (atoms and electrons), which added 0.93%; **Dynatrace, Inc.**, a network software and infrastructure observability company (highly integrated/deterministic data), added 0.80%; and **Samsara Inc.**, an atoms and electrons company that uses software and sensors on vehicles to monitor driver safety and route logistics, which added 0.46%.

Health Care was also a significant contributor. The Fund's Health Care holdings rose approximately 16% in the quarter, adding 2.68% to the Fund's return, compared with a negative 0.67% contribution for the Benchmark. Life sciences tools & services finally got some wind in its sails as fundamentals appear to be on track for meaningful improvement. Standouts in this sub-industry included **Tempus AI, Inc.**, a cancer diagnostics and AI driven data analytics company, which added 1.31%; **Repligen Corporation**, a provider of equipment used to manufacture biologic drugs, which added 0.75%; **Illumina, Inc.**, the leading provider of gene sequencing equipment, which contributed 0.67%; and **Stevanato Group S.p.A.**, which provides specialized glass and autoinjectors used with the latest biologic drugs, including GLP-1 weight loss formulations, added 0.24%.

Consumer Discretionary hurt returns by 1.18%, as higher fuel prices and interest rates are weighing on consumer confidence and spending, especially among middle- to lower-income consumers.

Industrials was our worst performing sector, detracting 6.17% from performance. The weakness was driven mostly by aerospace & defense (-3.30%) and, to a lesser extent, electrical components & equipment (-0.74%, largely due to the AI trade reversal), building products (-0.71%, as elevated mortgage rates dampened housing activity and new home construction), and environmental & facilities services (-0.57%, partly consumer related).

We are constructive on the aerospace & defense sub-industry for several reasons.

Defense. First, we believe that while the market is rightly concerned about defense budgets in general, it is overly discounting the effect of a Democrat-led sweep of Congress. We think budgets will rise regardless of the composition of Congress. Moreover, our investments are geared toward areas of the budget that are set to grow rapidly, including missile defense, space, unmanned vehicles, and hypersonics. Our defense companies trade at inexpensive valuations, and we think defense stocks could rebound sharply after the November elections.

Aerospace. Aerospace is being hurt by high fuel prices and instability related to the conflicts in the Middle East, specifically activity in the Strait of Hormuz and the Bab al-Mandab Strait in the Red Sea area. Within this sub-industry, the key long-term factors to follow are new aircraft build demand (the original equipment manufacturer, or OEM, revenue side of the sub-industry), and revenue passenger kilometers (RPKs) flown and aircraft retirements (the aftermarket revenue side). On the OEM side, the International Air Transport Association estimates a backlog of over 18,000 aircraft on order books, likely six to ten years' worth of production. While delivered revenue could vary from year to year, the OEM side looks very healthy. On the aftermarket side, negative RPK growth is exceedingly rare. In the 25 years we have followed the sub-industry, it has happened only three times: after the September 11 terrorist attacks in 2001, after the 2008 global financial crisis, and during the COVID lockdowns of 2020. Rebounds tend to occur very quickly, and over the long run the aircraft aftermarket is a very profitable growth business. With a massive backlog in new aircraft (underproduction), existing aircraft will be flown longer, leading to more maintenance and aftermarket parts needs.

Top contributors to performance for the quarter

	Contribution to Return (%)
Rubrik, Inc.	1.35
Tempus AI, Inc.	1.31
Netskope, Inc.	0.93
Dynatrace, Inc.	0.80
Repligen Corporation	0.75

Shares of **Rubrik, Inc.**, a cybersecurity and data resilience platform, contributed to performance as a rising tide in cybersecurity spending lifted the name. A string of high-profile agentic AI security incidents this year has pushed cyber resilience and data recovery to the top of CIO and CISO priority lists, and Rubrik, with a platform that unifies backup, identity, and recovery to enable rapid recovery from breaches, is a direct beneficiary of that budget shift. This theme was validated in the company's fiscal second quarter results, where net new subscription annual recurring revenue (ARR) reaccelerated to 35% year-over-year growth, roughly 27% above consensus, while subscription ARR contribution margin expanded to 14% from 9.4% a year ago. Management raised full-year guidance across every metric by more than the size of the quarterly beat. We maintain high conviction in Rubrik's long-term prospects as enterprises continue to prioritize resilience alongside prevention.

Tempus AI, Inc. is an intelligent diagnostics and health care data company with two synergistic business units: Genomics Testing and Data Solutions. The data generated from Tempus' diagnostic tests enhances its data business, as Tempus combines its genomics data with clinical patient data from its oncology partners, to generate an enormous proprietary multimodal dataset. Shares were up meaningfully in the quarter on earnings and full-year guidance that beat consensus. Management was very bullish about the data business, noting a very strong biopharmaceutical pipeline. It also acquired Personalis, Inc., a company that specializes in MRD (minimal residual disease) testing to track cancer recurrence. MRD

testing is a large market and fits nicely into the Tempus testing and data portfolio in our estimation.

Shares of **Netskope, Inc.**, which secures enterprise traffic to cloud and AI applications, contributed to performance in the quarter. Demand across network security inflected as CISOs and CIOs prioritized modernizing their networking and security stacks for agentic AI traffic, which multiplies machine-to-machine transactions, widens the attack surface, and lowers the cost of attack. We believe Netskope is well positioned for that shift, operating a private cloud network across more than 120 data centers that inspects traffic in real time with a latency advantage that matters more as agents proliferate. The backdrop showed up in results: ARR grew 27% year-over-year, revenue growth accelerated to 29% year-over-year, net new ARR returned to growth, and operating margin improved 11 percentage points year-over-year, prompting a full-year guidance raise. We retain conviction given this architectural differentiation and early traction in AI security.

Top detractors from performance for the quarter

	Contribution to Return (%)
Axon Enterprise, Inc.	(0.85)
Forgent Power Solutions, Inc.	(0.79)
Mercury Systems, Inc.	(0.75)
Loar Holdings Inc.	(0.73)
Coherent Corp.	(0.73)

Axon Enterprise, Inc. is a public safety technology company best known for its TASER conducted energy devices, body-worn cameras, and cloud-based software for evidence management and law enforcement operations. Shares declined despite a good second quarter, as investors questioned how heavily the company's free cash flow guidance is weighted toward the second half of the year. We do not expect this to be an issue heading into third quarter earnings. A few weeks later, the company issued convertible debt, which raised dilution concerns. Overall, the fundamentals continue to look very strong, and we believe the shares can re-rate as the company executes.

Forgent Power Solutions, Inc. is a leading manufacturer of electrical distribution equipment for data centers, the power grid, and industrial applications. The company specializes in low- and medium-voltage equipment and focuses on custom, "engineered-to-order" products, which make up more than 90% of revenue. Larger competitors generally concentrate on higher-voltage and standard products. The stock declined during the quarter as sentiment turned against the broader AI infrastructure group, even though Forgent reported results and guidance well ahead of market expectations. Bookings reached $1.5 billion in the quarter, far above its current revenue run-rate.

Forgent is taking share by offering customized products with industry-leading lead times, and it is only beginning to tap its opportunity, having just signed its first master service agreement with a hyperscale customer. The company has invested heavily in capacity and people to support future growth. Given strong demand, its planned manufacturing footprint has grown to $5.8 billion, up from prior levels. We expect many years of strong growth and margin expansion as Forgent grows into that footprint.

Mercury Systems, Inc. is a technology company that supplies processing subsystems, ruggedized electronics, and mission-critical components to aerospace and defense prime contractors and the U.S. government. The company's shares declined amid increasingly negative sentiment toward the defense sector, driven by concerns about the implications of a potential change in congressional control following the mid-term elections. Mercury has exposure to key national defense programs, including missile defense systems such as Patriot, electronic warfare systems, and ruggedized, high-speed data processing systems. We believe the company is positioned for accelerated growth for the foreseeable future as the programs it supports ramp production considerably over the next few years.

Portfolio Structure

Top 10 holdings

	Year Acquired	Quarter End Investment Value ($M)	Percent of Net Assets (%)
Rubrik, Inc.	2025	1.7	4.8
Dynatrace, Inc.	2025	1.3	3.5
Samsara Inc.	2025	1.2	3.4
Tempus AI, Inc.	2025	1.0	2.9
Axon Enterprise, Inc.	2025	1.0	2.9
Repligen Corporation	2025	1.0	2.8
Guidewire Software, Inc.	2025	1.0	2.7
Netskope, Inc.	2025	0.9	2.6
Loar Holdings Inc.	2025	0.9	2.4
argenx SE	2025	0.8	2.4

The top 10 holdings in the Fund represented 30.4% of net assets. We expect the top 10 holdings to represent about 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)
Madison Air Solutions Corporation	2026	14.6	901.4
Spotify Technology S.A.	2026	100.3	679.4
Jersey Mike's Subs Inc.	2026	5.4	666.7
Harrow, Inc.	2026	1.2	585.2
CAVA Group, Inc.	2026	6.3	573.5

We initiated a position in **Madison Air Solutions Corporation**, a leading HVAC manufacturer that came public earlier this year. The company generates high single-digit organic revenue growth,

industry-leading EBITDA margins (in the high 20s), and excellent free cash flow. Most of its revenue is tied to commercial HVAC, including a sizable data center cooling business. In August, the company reported a robust $2.9 billion order backlog and a 1.3 times book-to-bill ratio, illustrating the strong fundamental tailwinds the company is experiencing.

Also in August, the company announced a $5.4 billion transformative acquisition of German airflow provider ebm-papst for around 15 times EBITDA. We believe the acquisition is a perfect fit, as ebm's electronically commutated motor (ECM) fan technology is a fast-growing but underpenetrated part of the HVAC ecosystem, and we believe ebm can grow organically at a high single-digit rate given its attractive end-market exposure. That said, ebm's EBITDA margins are below those of the core Madison Air business, and that, combined with an equity raise to finance the deal, led to a steep sell-off in the shares.

We think the sell-off is overdone. The Madison Air team has a strong track record of integrating acquisitions and rapidly improving target margins. Management has discussed roughly 25% EBITDA margins for the entire business by 2029, which implies they can get target margins up from 12% to 19% by 2029, in line with previous integrations. Contrary to the market's reaction, we believe the Madison Air/ebm combination has created a stronger, faster-growing HVAC compounder that can become a much larger company over time.

During the quarter, 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. Its advantages include unmatched global scale, the deepest personalization engine in audio (now powered by a proprietary Large Taste Model fed by 3.4 trillion daily taste signals), product specialization, and a two-sided network connecting listeners with artists and creators. Its share of global paid subscribers is more than double that of the nearest competitor. Scale funds better personalization, which drives engagement and retention, which strengthens Spotify's hand with record labels and its appeal to advertisers.

Spotify has recently shown that its model can deliver high margins and robust cash flow. In 2025, gross margin reached a record 32.0% in the quarter, operating income rose to €2.2 billion at a 13% margin (from 9% a year earlier), and free cash flow grew 27% year-over-year to €2.9 billion. We believe it is still early in a durable monetization and margin expansion story. Spotify has raised U.S. prices three times in four years with minimal churn while expanding into higher margin podcasts and audiobooks. It plans to add offerings such as "Reserved" concert ticket access, fitness content, and AI creation tools. The most ambitious is Studio, the first standalone app in its 20-year history. Studio is a media player for the generative age that connects (with permission) to a user's calendar, inbox, notes, and feeds to generate personalized audio saved directly to their Spotify library. Spotify brings the distribution and daily engagement to scale it quickly. At the current valuation, upside from new TAMs such as Studio and Fitness is effectively a free call option.

At its May 2026 Investor Day, management set 2030 targets of a mid-teens revenue CAGR, 35% to 40% gross margin, and an operating margin above 20%, with longer-term ambitions of 1 billion subscribers and $100 billion in revenue. With mid-teens revenue growth compounding on expanding margins, we expect earnings and free cash flow to grow more than 20% annually for the foreseeable future.

During the quarter, we initiated a position in **Jersey Mike's Subs Inc.**, a franchisor of fast casual, submarine-style sandwich restaurants. It is one of the largest and fastest-growing limited-service restaurant brands in the U.S., with nearly 3,400 stores across all 50 states and Canada, nearly all franchised. The system generated $4.3 billion in sales in 2025, and its loyalty program has more than 12 million members.

Jersey Mike's pairs a premium, made-to-order product with one of the simplest and most efficient operating models in quick service. Subs are made in view of guests on a standardized 14-foot line, supported by a distribution model for core ingredients, and a hot grill menu (including Philly cheesesteaks) differentiates it from other sub chains. The brand ranked number one in quick-service customer satisfaction in the American Customer Satisfaction Index for 2026 and has 90% aided brand awareness, both rare for a chain of its size. The store format reinforces the advantage: new units are small (1,200 to 1,400 square feet), need no drive-thru, and cost about $515,000 to build. With average unit volumes of $1.4 million, franchisees earned a 2.6 times sales-to-investment ratio and roughly 42% cash-on-cash returns in fiscal 2025. A strong owner-operator culture, including about 360 hours of franchisee training and existing owners accounting for more than 90% of the development pipeline, together with a $200 million national ad fund, would be very difficult for a competitor to replicate at scale.

We expect systemwide sales to keep growing at a double-digit pace over the next several years, following an 18% annual growth rate from 2021 to 2025. Growth should come from 8% to 10% annual unit growth toward a long-term potential of 7,500 U.S. and 15,000 global stores, positive same-store sales (20 consecutive years, 3.2% in 2025), and average unit volumes that have compounded at roughly 6% a year since 2006. As a capital-light franchisor, the business generates adjusted EBITDA margins above 50%, with capital expenditures of just $4 million in the first half of 2026. We believe the shares are very attractively priced and offer the opportunity for strong appreciation from here.

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 ($K)
Natera, Inc.	2025	31.7	38.0	566.5
Wynn Resorts, Limited	2025	13.1	8.1	539.8
SiteOne Landscape Supply, Inc.	2025	5.7	4.3	470.5
Datadog, Inc.	2026	46.9	98.6	463.8
Shake Shack Inc.	2026	4.4	2.6	463.7

Natera, Inc. is a diagnostics company that provides tests in oncology, women's health/non-invasive pre-natal testing and organ health. We view the company as a leader in many of its testing areas, including oncology, where its Signatera personalized blood test for cancer recurrence assessment, monitoring and treatment response is growing rapidly. We sold the investment as we viewed valuation to be extreme on even a long-term basis but would revisit it at more appropriate valuation levels.

We exited our position in **Wynn Resorts, Limited**, an operator of hotel and casino resorts, in order to initiate a new position in **Texas Roadhouse, Inc.**, a casual dining restaurant operator.

We sold our position in **SiteOne Landscape Supply, Inc.**, a distributor of landscape supplies, to buy **Madison Air Solutions Corporation**, as discussed above.

Outlook

We are very excited about the prospects for all of our portfolio investments. In particular, we believe that our aerospace investments should recapture lost multiples once conditions normalize in the Middle East. And our defense investments (which are particularly undervalued) should rebound once the air clears after the mid-term elections in November. Finally, we think that the sell-off in consumer stocks is overdone, and that we are in a unique period in which to invest in high growth, high-quality consumer companies trading at trough valuations.

Thank you for investing with 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 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 Portfolio includes reinvestment of dividends, net of withholding taxes, while the index(es) include reinvestment of dividends before taxes. Reinvestment of dividends positively impacts the performance results. The index(es) are unmanaged. Index performance is not Portfolio 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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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. **Momentum** captures the tendency of stocks with strong recent price performance to continue outperforming, and of weak performers to continue lagging. Positive exposure indicates high short/mid-term momentum (good recent performance). Negative exposure indicates low short/mid-term momentum (poor recent performance). **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. **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.

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BARON CAPITAL

QUARTERLY LETTER | SEPTEMBER 30, 2026

Baron Asset Fund®

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



Andrew Peck
Portfolio Manager

Dear Baron Asset Fund Shareholder,

Performance

During the quarter, markets contended with the first Federal Reserve rate hike since 2023, stubborn inflation, higher oil prices, and ongoing geopolitical tensions. Against this backdrop, U.S. equities delivered mixed results. July saw investors rotate away from high-momentum AI and technology stocks followed by a two-month period when these same stocks recovered. Market leadership narrowed sharply toward large-cap technology and AI-linked names, driving large-cap growth indexes to end the period slightly higher while small-cap and mid-cap growth indexes ended lower.

Baron Asset Fund (the Fund) declined 6.22% (Institutional Shares) in the third quarter, performing similarly to the Russell Midcap Growth Index (the Index), which fell 5.84%. The quarter marked a sharp reversal of the market conditions that predominated during the first half of the year. The so-called "AI winners" cohort that had powered the Index higher in recent quarters, including semiconductor, data center, and power companies, sold off. Software and other higher-quality, lower-beta businesses led amid heightened market volatility.

According to MSCI's Barra factor attribution, style factors were a substantial tailwind to the Fund's performance for the first time in several quarters. The Fund's persistent underexposure to Momentum and Beta paid off as both factors reversed, and its larger-cap positioning within the mid-cap universe added further value. Many of the Fund's software and services holdings also performed well, helping partly offset stock-specific weakness associated with the Fund's large position in rocket, satellite, and spacecraft manufacturer **Space Exploration Technologies Corp.** (SpaceX).

From a sector perspective, Industrials contributed approximately 170 basis points of relative gains, driven by strong stock selection and lower exposure to this lagging sector. Notable declines in aerospace & defense and construction & engineering stocks pressured the Index's Industrials. The Fund's Industrials holdings held up better, thanks largely to double-digit gains from financial software and services provider **SS&C Technologies Holdings, Inc.** and defense and government consulting firm **Booz Allen Hamilton Holding Corporation**. Both companies delivered solid fundamental results and benefited from the broader rebound in software, information services, and consulting stocks as concerns about AI disruption eased.

Solid stock selection in Health Care and Real Estate also added value, led by life science tools manufacturer **Mettler-Toledo International Inc.** and senior housing REIT **Welltower Inc.** As discussed below, Mettler-Toledo's stock performed well as a result of strong second quarter results and a raised full-year outlook. Welltower posted modest gains during the quarter despite a challenging backdrop in which most real estate securities declined,

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

	Fund Retail Shares[1,2]	Fund Institutional Shares[1,2,3]	Russell Midcap Growth Index[1]	Russell 3000 Index[1]
QTD[5]	(6.28)	(6.22)	(5.84)	1.40
YTD[5]	2.66	2.86	1.01	12.42
1 Year	10.69	10.97	(2.73)	15.13
3 Years	11.22	11.50	15.36	22.26
5 Years	2.15	2.41	4.92	12.64
10 Years	10.78	11.06	11.86	14.73
15 Years	12.26	12.56	13.17	15.27
Since Inception (6/12/1987)	11.00	11.12	10.27[4]	10.76

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 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.

extending its strong performance from the first half of the year. The company continued to execute well, delivering robust cash flow growth driven by strong occupancy gains, healthy rent growth, and ongoing margin expansion, all of which reflect powerful demographic tailwinds supporting demand for senior housing.

The Fund also benefited from being overexposed to Financials, one of the better performing sectors in the Index, as well as its lack of or lower exposure to the lagging Consumer Discretionary and Utilities sectors. Together, these contributed nearly 150 basis points of relative gains. In addition, several of the Fund's holdings that had sold off meaningfully earlier in the year based on fears of AI-driven business model disruption staged partial recoveries. These included syndicated research provider **Gartner, Inc.**, application software vendors **Guidewire Software, Inc.** and **Veeva Systems Inc.**, and financial data and analytics firm **FactSet Research Systems Inc**.

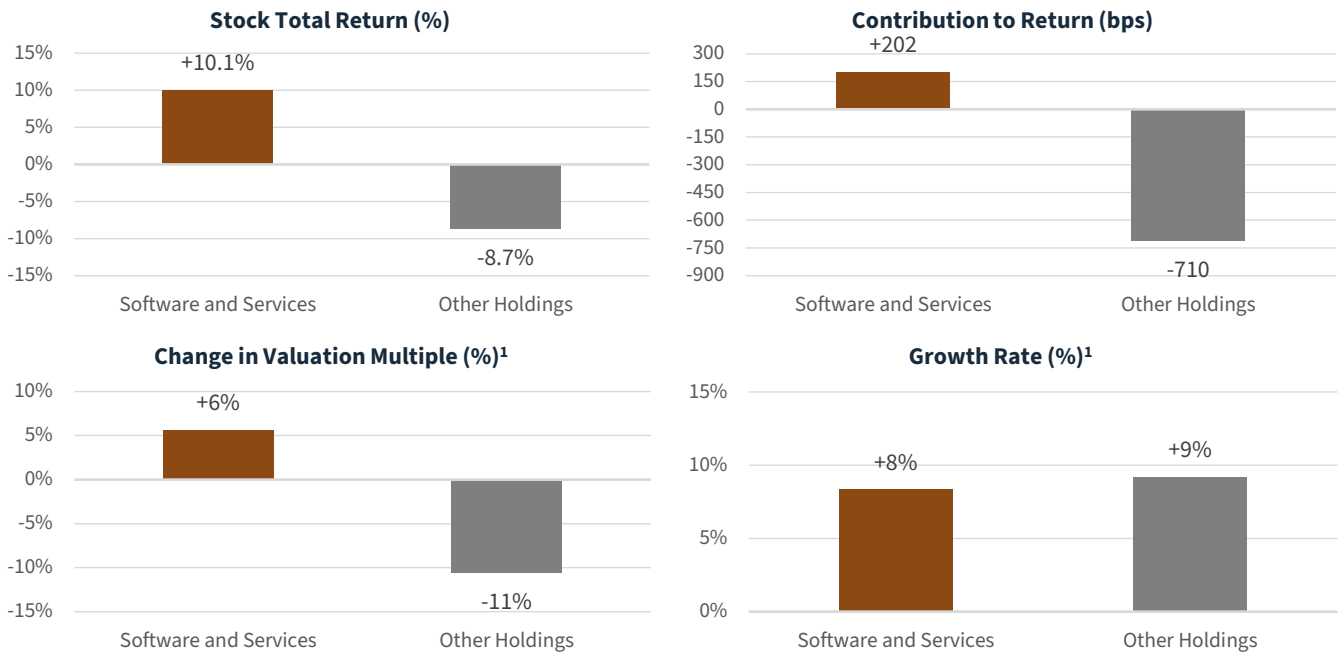
Partly offsetting these gains was the Fund's overexposure to the lagging Communication Services sector through its sizable position in SpaceX, which detracted approximately 160 basis points from relative performance. As discussed below, we remain confident in SpaceX's long-term prospects. Underexposure to Information Technology (IT) and Energy, two of the best performing sectors in the Index, also proved costly, detracting more than 170 basis points from relative results.

In last quarter's letter, we discussed how multiple contraction across the software and services group was the main driver of recent underperformance, overshadowing improving business fundamentals. That shifted in the September quarter, as the Fund's software and services stocks rebounded after a period of disappointing performance. The group, which includes Veeva, Gartner, **Procore Technologies, Inc.**, SS&C, FactSet, Samsara Inc., and Guidewire, appreciated by double digits and contributed more than 200 basis points, driven by a combination of accelerating growth and multiple expansion.

The Fund nonetheless declined for the quarter because of weakness in the Other group. SpaceX's pullback, along with multiple contraction among many of the Fund's AI infrastructure and power beneficiaries, including **Forgent Power Solutions, Inc.**, **Vertiv Holdings Co**, **Cerebras Systems Inc.**, **Quanta Services, Inc.**, and **Amphenol Corporation**, weighed on performance. Encouragingly, these losses stemmed from multiple compression rather than fundamental issues.

Baron Asset Fund - Software and Services Rebounded on Improving Growth and Multiple Expansion, Cushioning Losses from Other Holdings

Third Quarter 2026 Performance Drivers



Software and Services added 202 basis points, offsetting 28% of the drag from Other Holdings.

Returns: Fund -6.22% vs. Russell Midcap Growth Index -5.84%

[1] Change in valuation multiple and growth rate for the Other holdings group exclude SpaceX, given its outsized percentages. Including SpaceX, the group's change in valuation multiple was -35% and its growth rate was +74%.

Growth is based on the fundamental item used to value each company; it is not a uniform revenue or earnings metric. Group returns, valuation changes and growth are weighted calculations; they are not an additive return bridge. Some quarterly purchases and sales are excluded. The residual is unassigned; cash, fees, and omitted holdings may contribute.

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

MID CAP

Top contributors to performance for the quarter

	Year Acquired	Contribution to Return (%)
Gartner, Inc.	2007	0.84
Mettler-Toledo International Inc.	2008	0.62
Guidewire Software, Inc.	2013	0.46
Veeva Systems Inc.	2017	0.42
Repligen Corporation	2025	0.35

We believe that shares of syndicated research provider **Gartner, Inc.** rallied as investors began to appreciate the valuation disconnect in beaten down information services stocks. We believe that the growth rate of Gartner's contract value is poised to reaccelerate as the company enhances its product offerings, retrains its sales force, and benefits from easier comparisons in its public sector end market. We also view Gartner as an underappreciated beneficiary of AI, as organizations increasingly seek guidance from trusted third-parties in navigating the risks and opportunities presented by AI technologies. In addition, we expect the company's earnings and free cash flow to grow meaningfully faster than its revenue as Gartner expands margins and returns excess capital through share repurchases. Management is on pace to deploy nearly $2 billion of free cash flow toward share repurchases this year, which we estimate could reduce the company's share count by roughly 15% to 20%.

Mettler-Toledo International Inc. is a leading provider of precision instruments and services used in research and development, quality control, and manufacturing processes across the life sciences, food, and chemicals industries. The stock contributed to performance following strong second-quarter results and a raised full-year outlook. Local-currency sales grew 6%, exceeding prior guidance of 3%, supported by better-than-expected growth in China and strength across other emerging markets. Earnings per share also exceeded sell-side estimates. In addition, positive commentary on business trends from life sciences tools peers, including Thermo Fisher Scientific and Agilent, contributed to Mettler-Toledo's share price appreciation. We think the company is well positioned to benefit from several positive trends, including life sciences investment in China and new U.S. plant construction by biopharmaceutical companies. Over the long term, we believe Mettler-Toledo should generate mid-teens or better annual earnings-per-share (EPS) growth.

Shares of property and casualty insurance software vendor **Guidewire Software, Inc.** rallied as investors began to appreciate the valuation disconnect in beaten down software stocks. Guidewire's InsuranceSuite platform serves as the core system of record for insurance carriers, functioning as the single source of truth for policies, claims, premiums, and payments. Given the complexity, highly regulated nature, and digital format of insurance policies, we believe this system is particularly critical and valuable. We think the core-system opportunity alone represents nearly $20 billion of annual recurring revenue (ARR). In our view, AI will meaningfully expand this opportunity by enabling automation and intelligence on top of the company's existing platform. 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 AI-driven productivity gains, which should help the company grow faster while reducing its operating costs.

Top detractors from performance for the quarter

	Year Acquired	Contribution to Return (%)
Space Exploration Technologies Corp.	2020	(4.01)
Vertiv Holdings Co	2025	(0.63)
Hyatt Hotels Corporation	2009	(0.45)
Fair Isaac Corporation	2020	(0.44)
Quanta Services, Inc.	2023	(0.42)

Space Exploration Technologies Corp. develops and launches advanced rockets, satellites, and spacecraft, with the long-term goal of making humanity multi-planetary. The stock detracted from performance as shares pulled back from highs reached after its initial public offering, despite strong underlying business fundamentals. We remain long-term shareholders and believe the company is in the early stages of a multi-decade growth opportunity. SpaceX's first results as a public company reinforced our conviction, with revenue nearly doubling year-over-year and losses narrowing sharply on high incremental margins. Growth was driven by rapidly scaling, multibillion-dollar compute-hosting deals with AI leaders, including Anthropic and Google, alongside momentum in its Starlink Internet connectivity business. Management guided to a robust $100 billion annualized revenue run rate by year-end 2026 and up to five times more compute exiting 2027, well above Street expectations. SpaceX also closed its acquisition of Cursor, a premier enterprise AI-powered coding platform, accelerated product development with Grok Bot and more advanced Grok models, and progressed toward full reusability of its Starship rocket.

Vertiv Holdings Co is a global leader in critical digital infrastructure for data centers, including electrical and thermal management equipment and related services. Shares declined as second quarter organic growth came in slightly below guidance, even as management raised its full-year outlook, with broader weakness in AI infrastructure stocks adding pressure. Vertiv is benefiting from the industry's shift toward modular solutions to alleviate field labor shortages, thanks to its broad product portfolio and large field service team. The company is also well positioned to support upcoming technology transitions, including liquid cooling and direct current architectures. We see meaningful long-term upside from strong organic growth, margin expansion, and complementary acquisitions, supported by a strong balance sheet.

Global hotelier **Hyatt Hotels Corporation** detracted from performance as investors grew concerned that higher oil prices, interest rates, and inflation could pressure consumers and travel budgets. Nevertheless, consumer spending remains resilient, particularly on travel and experiences. Hyatt continues to grow new units at a mid-single-digit rate, while revenue per available room is accelerating from low- to mid-single-digit growth. We expect these trends to support margin and cash flow expansion, generating capital to reinvest in the business, pursue accretive tuck-in acquisitions, and increase share repurchases. Hyatt's strong balance sheet provides additional flexibility to fund growth or to allocate more capital to share buybacks. The stock continues to trade at a significant discount to its public hotel peers despite a similar mix of attractive fee-for-service business. We believe this discount should narrow as investors see continued growth in the business.

Portfolio Structure

As of September 30, 2026, the Fund held 50 positions. The Fund's 10 largest holdings represented 62.0% of net assets, and the 20 largest represented 76.7%. The Fund's largest weighting was in the Communication Services sector at 31.7% of net assets. This sector includes our investment in SpaceX. The Fund held 16.6% of its net assets in the IT sector, which includes application software companies, electronic components businesses, and IT consulting firms. The Fund held 14.5% of its net assets in the Industrials sector, which includes investments in research & consulting companies, construction and engineering firms, electrical components & equipment businesses, and aerospace & defense contractors. The Fund held 11.8% of its net assets in Health Care, which includes investments in life sciences tools & services companies and health care equipment businesses. The Fund also had significant weightings in Financials at 10.7% and Consumer Discretionary at 6.1%.

As the table above shows, the Fund's largest investments have mostly been owned for significant periods, with 7 of the 10 largest holdings held 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	2,047.6	1,077.4	30.5
Amphenol Corporation	2019	26.2	207.9	173.4	4.9
Mettler-Toledo International Inc.	2008	2.4	30.3	135.5	3.8
Arch Capital Group Ltd.	2003	0.9	31.5	133.8	3.8
IDEXX Laboratories, Inc.	2006	2.5	41.1	130.1	3.7
Quanta Services, Inc.	2023	21.8	96.6	126.3	3.6
Guidewire Software, Inc.	2013	2.8	11.7	120.5	3.4
Verisk Analytics, Inc.	2009	4.0	21.8	112.9	3.2
Gartner, Inc.	2007	2.9	11.8	98.1	2.8
The Charles Schwab Corporation	1992	1.0	169.0	84.9	2.4

Recent Activity

Top net purchases for the quarter

	Quarter End Market Cap ($B)	Net Amount Purchased ($M)
Rubrik, Inc.	24.3	18.5
Edwards Lifesciences Corporation	49.8	17.3
Charles River Laboratories International, Inc.	14.1	14.1
Airbnb, Inc.	96.2	2.2
Samsara Inc.	22.3	1.2

We initiated a position in **Rubrik, Inc.**, which provides cyber resilience software that backs up an organization's data and user identities and restores them quickly and cleanly after a ransomware attack or breach. The company's founding insight was that legacy backup products, built decades ago to recover from equipment failures and natural disasters, were poorly suited to an era in which attackers deliberately destroy or encrypt backup copies before demanding a ransom. Rubrik instead designed its platform on the assumption that breaches are inevitable. Its backup copies cannot be altered or deleted, and the platform continuously analyzes its history of changes to identify threats and the last uncompromised point to which a customer can safely return.

Rubrik's approach has enabled the company to steadily gain market share from incumbent software vendors. It now includes more than 40% of the Fortune 500 as customers and generates approximately $1.7 billion of subscription ARR, which is growing more than 30% a year.

We believe the spread of AI makes Rubrik's platform more essential. Increasingly capable AI models are making cyberattacks cheaper, faster, and more sophisticated, compressing the time between intrusion and damage from months to minutes and elevating recovery to a board-level priority. AI is also multiplying the data that companies must protect and introducing a new class of risk. Autonomous AI agents can modify or delete corporate data at machine speed.

Rubrik's Agent Cloud product monitors these agents and can surgically reverse their harmful actions, and it has already won its first paying customers. The company has a strong record of turning new products into meaningful businesses, most recently identity recovery, which surpassed $50 million of ARR roughly a year after launch. More than half of ARR now comes from products beyond its original on-premise backup offering. With penetration still in the low teens among large enterprises and existing customers increasing their spending by roughly 20% a year, we see a long runway for growth. As the business scales, we estimate free cash flow margins to expand toward management's long-term target of 25% or more, which should bode well for the stock long term.

Charles River Laboratories International, Inc. is a leading provider of outsourced "pre-clinical" drug development services: the research models, toxicology studies, and quality-control testing that a therapeutic drug requires on its path toward human trials. About 60% of the company's revenue comes from its Discovery and Safety Assessment (DSA) segment, which runs the GLP toxicology studies that regulators demand before a drug can enter clinical trials. Charles River holds roughly one-third of the outsourced in vivo safety assessment market, supports around 1,500 Investigational New Drug programs a year, and has worked on more than 80% of recent FDA-approved drugs.

Another roughly 20% of revenues are in its Research Models and Services segment, which breeds the mice and animals used in early-stage research. The remaining 20% or so is Manufacturing Solutions: endotoxin and microbial testing, as well as biologics lot-release testing. Both are written into validated manufacturing processes and regulatory filings, making it difficult for clients to switch vendors.

Charles River suffered nearly three years of organic revenue decline as biotechnology funding dried up, and this cycle is now turning. In its most recent quarter, Charles River posted its first organic growth since late 2023. The net book-to-bill ratio in its key DSA segment reached 1.19 times, the highest level in nearly four years. The pharmaceutical industry has long under-invested in its early-stage drug development pipeline, and Charles River is benefitting as that pipeline is replenished. Management has also simplified Charles River's portfolio, divesting assets to focus on its core business.

Management recently committed to a meaningful acceleration in Charles River's organic revenue growth of 5% to 7% through 2030, ongoing operating margin expansion, and low double-digit compounded EPS growth. We view these goals as achievable, and perhaps conservative. Management itself described their targets as having "no moonshots," and they exclude any benefit from AI.

We believe that AI is more likely to prove a tailwind than a threat to Charles River's business. AI is emerging as a potentially transformative technology assisting in identifying potential candidates in the drug discovery process. We expect Charles River to remain integral to validating that expanding pipeline of potential new drugs. In June, Charles River became the partner for TuneLab, a platform Eli Lilly built to allow other drug developers to use its AI models. Charles River's role is to run standardized animal safety testing for participating companies, generating the kind of clean, consistent data these models need to learn from. We believe that the largest constraint on drug research successfully integrating AI is data, not algorithms. We expect researchers to conduct additional experiments to supplement their own data, and this increased activity should be a multi-year tailwind of demand for Charles River's services.

We continued to build our position in **Edwards Lifesciences Corporation**, a leading manufacturer of heart valve replacement and repair products. We discussed the company in detail last quarter.

Top net sales for the quarter

	Quarter End Market Cap or Market Cap When Sold ($B)	Net Amount Sold ($M)
Space Exploration Technologies Corp.	2,047.6	128.9
Amphenol Corporation	207.9	48.5
Quanta Services, Inc.	96.6	36.1
The Cooper Companies, Inc.	10.5	22.5
DraftKings Inc.	10.5	18.5

We reduced our position in **Space Exploration Technologies Corp.**, which remains an outsized holding in the Fund. As discussed last quarter, we remain quite optimistic about the company's future prospects in multiple very large and growing markets, including rocket launches, voice and internet connectivity through its Starlink satellite network, AI models, and space-based AI infrastructure. The Fund's shares in SpaceX are subject to a staggered lockup that extends through August 2027, and we intend to continue reducing our holdings over time. We also reduced our holdings in two stocks that have performed well in 2026, both beneficiaries of the massive ongoing investment into AI data centers—**Amphenol Corporation**, which makes various interconnect, sensor and antenna solutions, and **Quanta Services, Inc.**, a specialty contractor focused on electrical generation and infrastructure. We exited positions in two companies that failed to meet our growth expectations—contact lens manufacturer **The Cooper Companies, Inc.** and online sports betting firm **DraftKings Inc.**

Outlook

As discussed last quarter, recent Index returns have been disproportionately driven by a narrow group of stocks deemed to be long-term winners in an AI-driven transformation of the global economy. Many investors have been chasing stock momentum and intriguing stories without paying sufficient attention to these businesses' extended valuations and possible long-term competitive risks.

In contrast, we believe that many of the Fund's holdings—in areas including software, IT consulting, business services, real estate brokerage, insurance brokerage, and wealth management—have been improperly penalized. We believe that investors' concerns are overstated about looming AI-driven disruption to these companies' business models and profitability. We believe this sell-off has indiscriminately punished many high-quality, competitively advantaged businesses.

We are encouraged that several of these stocks performed better this quarter. Nevertheless, many still trade at or near historically low valuation levels, even though their ongoing financial results demonstrate these businesses' resilience. We remain optimistic that these strong results—and stock price appreciation—will continue. We believe the market will continue to recognize that these companies are utilizing AI in ways that should continually improve their products, lower their cost structures and enhance, rather than undermine, their competitive positions.

Our **Space Exploration Technologies Corp.** investment exposes the Fund to the long-term growth of AI, as well as several other large, dynamic markets. The Fund expects to remain a significant investor in SpaceX. But, as the lockup on its holdings expires, the Fund will manage its position size. We will balance our enthusiasm for SpaceX's business prospects against the Fund's objective to remain appropriately diversified among securities and industry sectors, as well as its mid-cap growth investment mandate.

We remain frustrated by the absolute and relative performance of mid-cap growth stocks. The Russell Midcap Growth Index has dramatically underperformed the Russell 1000 Growth Index, the primary large-cap growth index, during the past decade, and the divergence between these indexes continues to become more pronounced. Over the past five years, for example, mid-cap growth has trailed large-cap growth by nearly 900 basis points annualized.

Based on rolling five-year returns for the two indexes, mid-cap growth's relative underperformance is currently at approximately the 99th percentile of historical results. We believe this period of nearly unprecedented underperformance is unlikely to persist, which makes this an attractive time to invest in fast-growing, competitively advantaged, well-managed mid-cap businesses.

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 Portfolio includes reinvestment of dividends, net of withholding taxes, while the index(es) include reinvestment of dividends before taxes. Reinvestment of dividends positively impacts the performance results. The index(es) are unmanaged. Index performance is not Portfolio 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 September 30, 2026.

[5] Not annualized.

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.

Risks: Securities issued by medium-sized companies may be thinly traded and may be more difficult to sell during market downturns. Even though the Portfolio is diversified, it may establish significant positions where the Adviser has the greatest conviction. This could increase volatility of the Portfolio's returns. Single issuer risk is the possibility that factors specific to an issuer to which the Portfolio is exposed will affect the market prices of the issuer's securities and therefore the value of the Portfolio.

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. **Momentum** captures the tendency of stocks with strong recent price performance to continue outperforming, and of weak performers to continue lagging. Positive exposure indicates high short/mid-term momentum (good recent performance). Negative exposure indicates low short/mid-term momentum (poor recent performance). **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. **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.

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

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BARON CAPITAL

QUARTERLY LETTER | SEPTEMBER 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 in-line quarter.

Baron Durable Advantage Fund (the Fund) gained 2.2% (Institutional Shares) during the third quarter, compared to the 2.3% gain for the S&P 500 Index (the Index), the Fund's benchmark.

Year to date, the Fund is up 5.7%, compared to the 12.8% gain for the Index.

At first glance, the Index's 2.3% gain and the Fund's 2.2% return look rather uneventful. It was anything but. The Fed raised interest rates for the first time in three years, and the 10-year Treasury yield reached 5.3%, its highest level since *2002*. Developments in the Middle East (think oil prices), Russia – Ukraine (think oil prices), trade wars and inflation, AI build out and AI "bubble" debate, and of course the endless stream of X and Truth Social posts – drove considerable amount of activity.

The third quarter opened with a sell-off in AI buildout stocks, triggered by a confluence of rumors, news, and events. The Situational Awareness hedge fund that held large, leveraged bets on semiconductors and AI infrastructure stocks had collapsed. Unconfirmed rumors that **Meta** was considering renting out some of its AI compute caused the talking heads to speculate that Meta's internal AI demand had weakened. Data showing that open-source models were gaining token share from the frontier companies' proprietary LLMs, which was accompanied by token price declines. Widely circulated speculation that Anthropic and OpenAI's growth was decelerating culminated in a leak that Anthropic had reached $65 billion of annual recurring revenue (ARR) in July[4], adding "only" $18 billion in two months – roughly a Texas Instruments' worth of revenues. Obviously disappointing, eye-roll emoji.

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

	Fund Retail Shares[1,2]	Fund Institutional Shares[1,2]	S&P 500 Index[1]
QTD[3]	2.15	2.23	2.30
YTD[3]	5.48	5.70	12.75
1 Year	8.22	8.49	15.74
3 Years	21.00	21.30	22.89
5 Years	13.45	13.74	13.79
Since Inception (12/29/2017)	15.36	15.64	14.59

By the end of July, semiconductors, which had grown to 16.6% of the Index, fell 8.4%; semiconductor materials & equipment dropped 32.5%, and electronic components declined 27.7%. Some of the biggest darlings of the first six months, such as Micron, Sandisk, Corning, and **Lam Research**, declined anywhere from the high 20% to mid-40% range. AI-buildout-related Industrials sub-industries also sold off sharply with construction machinery & heavy transportation equipment down 16.5% and heavy electrical equipment 15.7% lower. Despite these declines, the Index ended July down just 0.1% as a result of a 12.6% gain for the Energy sector, a 6.2% rise for Financials, and a 4.9% advance by the Magnificent Seven.

The AI-buildout sell-off abruptly ended in August as strong earnings from hyperscalers, neoclouds, and semiconductor companies did not disappoint. Hyperscalers reported *accelerating growth at massive scale* with their cloud revenue run-rate rising 50% year-on-year to $420 billion[5]. Neoclouds reported signing

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 has agreed to waive and/or reimburse certain Funds' expenses, if necessary, pursuant to a contract expiring on August 29, 2037, 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.

LARGE CAP

deals at *rising* (rather than declining) *prices*, with shorter payback periods and higher ROI. CoreWeave (which we do NOT own) secured a contract to rent its six-year-old Ampere GPUs through 2029, while Nebius (which we own in our Global Opportunity Fund®) disclosed price increases for both old and new GPUs as demand continued to strengthen. This momentum continued in September. **NVIDIA** reported $96 billion in revenue, with growth accelerating to 106% year-on-year, a broader customer base, and growing content per GW. The company also guided to 70% growth for next fiscal year, significantly above expectations noting that supply constraints prevented an even higher outlook! **Broadcom** likewise reported strong results with 86% year-on-year revenue growth and projected that its AI business would double next fiscal year and then double again the year after! We have not seen this kind of growth… profitable growth… at scale… before. Ever!

The Index's valuation multiple as measured by P/E[6] declined from 20.2x to 19.3x during the third quarter, implying that earnings growth accounted for over 100% of its 2.3% return. Year to date, the multiple declined from 22x to 19x, while year-on-year EPS growth accelerated from 13.9% in the fourth quarter of 2025 to 28.9% and 52.2% in the first and second quarters of 2026, respectively.[7] Earnings exceeded market expectations by 16.4% and 25.8% in those quarters, compared with an average beat of roughly 8% over the past decade. Third quarter EPS growth is expected to reach 29.6% or about 37% assuming an average beat. A beat in the 16% to 25% range, similar to the first half of 2026, would bring those growth rates closer to 2021-2022 levels, when the market benefited from the COVID recovery and massive fiscal stimulus.

AI was the primary driver of earnings growth. NVIDIA, which averaged 7.9% of the Index in the third quarter, grew second-quarter EPS 111.8% year-on-year. **Microsoft**, at 5.2%, increased EPS 29.9%. **Amazon**, at 3.8%, grew EPS 242% (its 43% operating-income growth is a better measure because it excludes gains on its investment in Anthropic). **Alphabet**, at 5.6%, increased EPS 294%, while operating income grew 30%, excluding gains on Anthropic and SpaceX. Broadcom, at 2.7%, grew EPS 96.4%.

There was not much insight to be had from a performance attribution standpoint, which is not surprising in an in-line quarter. Favorable stock selection added 62bps, but was offset by a 70bps drag from sector allocation. We added value in Communication Services (Meta +28.8%), Consumer Discretionary (Amazon +4.5%), Financials (**CME Group** +19.2%), and Real Estate, while not owning any Utilities, which was the worst sector in the Index, added 32bps. All of that was offset by poor performance of our holdings in Information Technology (IT) (-135bps), while not owning Energy stocks, the best performing sector in the Index (+17.2%), detracted an additional 45bps.

From a stock-specific perspective, the Fund ended the quarter with 13 contributors against 16 detractors. Microsoft, Meta, and NVIDIA contributed over 100bps each to absolute returns. We did not have any large detractors, although **Taiwan Semiconductor Manufacturing Company** (TSMC) and Lam Research cost us approximately 50bps each.

We believe AI will transform all industries and companies over time. For now, the biggest beneficiaries fall into three groups: companies *involved in the AI buildout*, including the semiconductor value chain and relevant industrial businesses; companies *operating AI factories*, such as cloud providers; and companies *already using AI to create real-world value at scale* in their core businesses. Our AI buildout investments include NVIDIA, Broadcom, TSMC, **Monolithic Power Systems**, **Amphenol**, Lam Research, and **Quanta Services**. Among cloud providers, we own the big three: Microsoft, Amazon, and Alphabet. Digital advertising illustrates the third group, as seen in the accelerating core businesses of Meta and Google, and Amazon's advertising segment.

The correlations within "themes" continue to converge, especially anything related to AI. The market's herd-like behavior is causing entire sectors to go in and out of favor seemingly overnight. Meta is looking into renting out some of its AI infrastructure? They must have excess capacity or see declining demand. Sell! SpaceX announces large AI hosting deals with ROI payback of less than 12 months at much higher prices than previously heard of – Buy! Open-source models gaining market share? Sell! Sell! Hyperscalers reporting accelerating growth at massive scale – cloud revenue run rate accelerated to 50% growth in the second quarter to $420 billion[5] - Buy! Buy! Anthropic announces that third quarter revenues were $16.8 billion, up around 12 times from last year. This is a company that started selling *anything* less than three years ago. Think about this for a moment… The number disappointed investors because second quarter's revenues of $11.5 billion were up about 14 times and the company's revenue growth at "only" 12 times, has decelerated. Sell! Sell! Sell!

Sarcasm notwithstanding, *in the early stages of disruptive change high volatility is neither unusual nor unjustified*! During the steep parts of technological disruption S-curves **small changes to key inputs, create large changes in actual/eventual outcomes**. It is far more difficult to predict the ultimate winners and losers in the early stages when uncertainty is at its highest. The world is becoming more capital intensive and asset heavy. According to Coatue, AI data centers capex as a percent of GDP, has already exceeded the peak build out for Railroads in the early 1900s, Oil & Gas pipelines in the 70s and 80s, Fiber in the late 90s, and Shale gas in the 2010s. So, the stakes are high and rising. Like in the butterfly effect, because the range of outcomes is the widest during the early parts of a paradigm shift any change, no matter how small or seemingly immaterial, must be assessed by investors with a healthy dose of humility and a realization that the future is inherently uncertain.

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 rate of return of 15.6% (net of all fees and expenses) – 105bps 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) 55% and 62% of the time, 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 80% and 84% of the time, respectively, while on a five-year rolling basis, the Fund outperformed 93% 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 outperformed the Index an astounding… 2% of the time!

Percentage of time Fund outperformed benchmark and peers over different time periods from inception through 9/30/2026

Rolling Return Period	1 Month	3 Months	1 Year	3 Years	5 Years
Fund Outperformance vs. S&P 500 Index	53%	55%	55%	80%	93%
Fund Outperformance vs. Morningstar Large Growth Category Average	50%	54%	62%	84%	100%
Morningstar Large Growth Category Average vs. S&P 500 Index	58%	54%	57%	41%	2%

The performance data quoted represents past performance. Current performance may be lower or higher than the performance data quoted.
Unless otherwise noted, all performance calculations are based on the Institutional Shares.
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 (%)
Microsoft Corporation	3,808.6	1.74
Meta Platforms, Inc.	1,847.4	1.30
NVIDIA Corporation	5,504.0	1.15
Amazon.com, Inc.	2,687.4	0.38
CME Group, Inc.	94.2	0.36

Software leader **Microsoft Corporation** contributed to performance with shares up 37.8%, recovering from their decline to start the year (shares are now up 7.4% year-to-date) driven by the broader recovery in software stocks during the quarter and buoyed by its strong quarterly results and the outlook management has provided. The company reported June quarter year-on-year revenue, operating income, and EPS growth of 18%, 18%, and 32% (+23% excluding one-offs), respectively. Growth was broad-based though Cloud in general and AI in particular were again the highlights – Microsoft Cloud, which now represents nearly two-thirds of total revenues, grew 27% year-on-year, and Azure growth accelerated to +43% year-on-year, as management was able to increase effective supply via efficiency gains and process improvements. Microsoft also reported strong growth in Foundry, its enterprise AI platform for building and running AI applications and agents, with a doubling of revenues year-on-year as it now has over 100,000 customers using the service. The company also reached 30 million co-pilot seats, with net seat additions doubling sequentially. Lastly, the company continues to see AI demand outpacing supply and is therefore rapidly adding AI capacity, having added 1GW in the last quarter and remaining on track to double capacity through 2027. We believe Microsoft remains well positioned over the medium to long term to benefit from the diffusion of AI across the economy as it provides a broad and deep offering across its infrastructure and application stack.

Shares of **Meta Platforms, Inc.**, the owner of Facebook, Instagram, WhatsApp, and Threads, contributed during the quarter, rising 28.8%. Second quarter results showed the core ad engine is getting stronger: U.S. advertising revenue growth accelerated to 31% as new AI ranking and recommendation models lifted conversions, and Advantage+, its AI-driven ad suite, passed $75 billion in annual revenue run-rate. The bigger catalyst came in September with the launch of Muse, Meta's personal AI agent, which reached No. 1 on the U.S. App Store within days. At its conference, Meta Connect, the company introduced real-time voice, a Mac app with computer use, and commerce partners including Stripe, Shopify, PayPal, Walmart and Best Buy, so that Muse can complete purchases. This further strengthened Meta's positioning and added new potential avenues for monetization, while also improving its contextual understanding of users, which should further advance Meta's ability to match the right ad to the right user at the right time. Meta also brought Muse to its smart glasses and to Charm, a new handheld device. We believe current earnings understate Meta's earnings power as it invests ahead of revenue, and we retain strong conviction that its data, compute, distribution and founder leadership will make it a leader in consumer AI. We also believe AI will remain a tailwind for Meta's core business, helping the company sustain a long duration of growth.

NVIDIA Corporation is a global leader in accelerated computing designing the semiconductors, software, networking, and systems used to build and deploy AI. Shares rose 14.3% during the quarter, gaining ground even amid a broader sell-off in semiconductor stocks. NVIDIA reported another excellent quarter with revenue growth accelerating to over 100% year-on-year at a massive scale of $96 billion, with the company guiding to 70% revenue growth for next fiscal year, far ahead of analyst expectations. Notably, management characterized this outlook as supply-constrained, with customers' own forecasts pointing to a growth rate of approximately 100% year-on-year. Demand has also broadened, with customers beyond the largest hyperscalers, from sovereign AI and neoclouds to enterprises, now accounting for nearly half of data center revenue and growing faster than hyperscalers (though hyperscalers also continue to grow rapidly). In addition, each new platform captures more revenue per gigawatt as NVIDIA sells central processing units, networking, and inference systems alongside its graphics processing units and as each generation provides a higher throughput of tokens per MW of power. We retain conviction in NVIDIA as a core long-term holding. We continue to view its rapid innovation velocity, full-stack platform, extreme co-design capabilities, software, eco-system and supply chain management, as durable advantages that support continued growth in earnings power over time as AI adoption diffuses across the economy.

Top detractors from performance for the quarter

	Quarter End Market Cap ($B)	Contribution to Return (%)
Lam Research Corporation	411.1	(0.51)
Taiwan Semiconductor Manufacturing Company Limited	2,366.0	(0.50)
TransDigm Group Incorporated	59.8	(0.37)
HEICO Corporation	36.0	(0.36)
Broadcom Inc.	1,676.5	(0.36)

Lam Research Corporation is a leading global supplier of semiconductor wafer fabrication equipment, specializing in etch, deposition, and clean technologies used in the manufacturing of semiconductors. Shares of Lam declined 24.3% in the quarter along with the broader sell-off in shares of companies benefiting from the AI buildout as investors became increasingly concerned of a possible air pocket in the buildout. This, despite the company reporting strong quarterly results underlined by accelerating revenue and operating income growth to 30% and 41%, year-on-year, respectively, guiding for further acceleration into next quarter with revenue growth of over 50%. Management also reported having an "*unprecedented long-term demand visibility*" as a result of AI-related demand, which is driving new fab project announcements by Lam's customers with capacity expansion on top of technology node transitions. We remain shareholders and believe that Lam is well positioned 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.

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 corrected 4.3% during the quarter as a result of the broader correction in AI buildout stocks and as investors took profits after the stock's strong first half performance. Additionally, investor focus shifted to near-term headwinds in the shape of increasing capex and a potential margin dilution from the steep ramp of TSMC's 2-nanometer node. Despite these concerns, underlying business performance remained strong. Second quarter net income rose nearly 80% year-over-year on very strong gross margins, and management raised its full-year outlook to dollar revenue growth of slightly above 40%. We retain conviction in TSMC as a core long-term holding and view its near-monopoly positioning in leading-edge chip manufacturing, pricing power, deep and diverse customer relationships, ability to innovate rapidly as chip complexity continues to rise, and its economies of scale as durable competitive advantages that support a long duration of growth.

TransDigm Group Incorporated designs, manufactures, and supplies highly engineered aerospace components, systems, and subsystems used on nearly all commercial and military aircraft worldwide. Shares declined 18.7% as negative sentiment toward the aerospace aftermarket grew, with fuel prices remaining elevated due to the Iran war. We retain long-term conviction in the stock as the company remains a leader in an attractive industry, with secular growth tailwinds driven by expanding global access to travel, pricing power as aerospace after-market parts represent a small fraction of its customer's cost basis and yet are critical, and robust long-term M&A opportunities in a fragmented industry. Moreover, TransDigm has de-rated to a below-peer multiple despite having what we believe is the industry's strongest pricing engine, which should support above-peer growth at leading margins even if industry conditions soften. The company has also worked through recent company-specific destocking issues which should support volumes.

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 September 30, 2026, our top 10 positions represented 64.5% of the Fund's net assets, the top 20 represented 87.6%, and we exited the quarter with 29 investments.

IT and Financials represented 64.8% of the Fund, while Communication Services, Consumer Discretionary, Industrials, Real Estate, and Health Care represented another 33.1%, with the remaining 2.1% held in Consumer Staples (**Costco**) and cash.

Top 10 holdings

	Quarter End Market Cap ($B)	Quarter End Investment Value ($M)	Percent of Net Assets (%)
NVIDIA Corporation	5,504.0	52.2	10.0
Taiwan Semiconductor Manufacturing Company Limited	2,366.0	51.1	9.7
Amazon.com, Inc.	2,687.4	37.6	7.2
Alphabet Inc.	4,188.2	36.9	7.0
Microsoft Corporation	3,808.6	32.6	6.2
Meta Platforms, Inc.	1,847.4	31.5	6.0
Monolithic Power Systems, Inc.	66.2	27.4	5.2
Broadcom Inc.	1,676.5	27.1	5.2
Visa Inc.	670.9	23.3	4.5
Welltower Inc.	165.9	18.5	3.5

Recent Activity

During the third quarter, we took advantage of market volatility to add to our position in the leading energy-focused specialty contracting company **Quanta Services**, as well as to the etch and deposition focused semiconductor equipment manufacturer **Lam Research**.

We exited the stub position in **Mobility Global**, which was spun out during the quarter by **S&P Global**. We also slightly reduced eight existing investments: **LPL Financial**, **Amazon**, **Alphabet**, **Apollo Global Management**, **Blackstone**, **Moody's**, **Mastercard**, and **TSMC**.

Top net purchases for the quarter

	Quarter End Market Cap ($B)	Net Amount Purchased ($M)
Quanta Services, Inc.	96.6	1.2
Lam Research Corporation	411.1	0.8

We took advantage of the stock price volatility to add to our investment in **Quanta Services, Inc.**, a leading specialty contracting company that provides comprehensive engineering, procurement, construction and repair, and maintenance services for electric and gas utilities, renewable energy projects, telecom projects, and other types of infrastructure. While its stock has been volatile, the company continued reporting outstanding quarterly results. Q2 results saw the business accelerate meaningfully across all key metrics with management citing broad-based strength across its segments, service lines, and end markets. Management raised guidance significantly across the board and now expects 39% revenue, 44% adjusted EBITDA, and 55% adjusted EPS growth at the midpoints this year. The comments on the multi-year outlook were very bullish as well, with management saying that some of the biggest growth drivers, such as the high-voltage transmission and power generation buildouts, are almost entirely still ahead and point to continued stacking of growth for years to come. Despite the recent stock volatility, Quanta's business continues to be set up for growth to accelerate compared to historical levels.

We believe that Quanta is well positioned to benefit from strong secular tailwinds due to increasing demand for energy-related infrastructure. While the growth of AI data centers and the resulting increase in load (electricity demand) is certainly a material part of the story, additional growth tailwinds include investments in modernization and grid resilience, electrification and the energy transition, industrial reshoring, and continued investment in communications infrastructure. The utility capex cycle is accelerating through at least the end of the decade, which should lead to strong and consistent growth for years to come.

During the quarter, we also added to our investment in **Lam Research Corporation**, a leading global supplier of semiconductor wafer fabrication equipment. While the stock has been volatile in the quarter, driven by the changing investor attitudes towards stocks that are benefiting from the AI buildout, our investment in Lam is driven by its long-term competitive positioning and the robust secular tailwinds we expect it to benefit from. These include the growing demand for semiconductors due to electrification trends in general and AI in particular; the accelerating demand for memory and storage as a result of agentic AI increasingly becoming viable for long-horizon tasks, which lead to both an expanding key-value-cache (requiring more memory and storage) and a greater demand for high bandwidth memory (as more internal tokens are generated for every external, customer-facing token); and 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.

Top net sales for the quarter

	Quarter End Market Cap ($B)	Net Amount Sold ($M)
LPL Financial Holdings Inc.	24.1	4.5
Amazon.com, Inc.	2,687.4	2.7
Alphabet Inc.	4,188.2	2.6
Apollo Global Management, Inc.	68.5	1.1
Blackstone Inc.	139.1	1.0

Outlook

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

"Successful investing is about managing risk, not avoiding it." — Benjamin Graham

Baron Durable Advantage Fund takes a unique approach to GARP, or quality growth investing. Whereas many of our peers blend aggressive growth companies with value stocks, we focus exclusively on the middle – the highest quality durable compounders. This approach is expected to lag when either of the extremes drives the Index, so our struggles to keep pace in the fourth year of a bull market are not entirely surprising. This year, that challenge is compounded by the widest outperformance of value stocks over growth stocks, as measured by the Russell 1000 Value and Russell 1000 Growth Indexes, respectively, since 2022.

As we enter the last quarter of 2026, we find ourselves in an environment where headlines are dominated by macro and AI. Elections, geopolitics, price of oil, inflation, and interest rates will undoubtedly influence the direction of the market and the prices of the companies we own over the short term. However, as long-term investors, we remain purposefully indifferent to the macro prognostications that occupy so much of the financial media's attention. Our focus remains squarely on identifying and investing in high quality, competitively advantaged, well-managed businesses over full market cycles. In other words, for the long term. It is different with respect to AI where, if we zoom out, the current debate can be viewed as a "*Big Boom versus the Doom and Gloom.*" No investor, regardless of time horizon, can be indifferent to this one. We are squarely and committedly on the side of the Big Boom! We believe we are in the early stages of one of the biggest technological and economic transformations we have witnessed in our careers and perhaps in all human history. We further believe the benefits will be tangible, visible, and enormous. But they will not come in a straight line, and investors will have to deal with

significant volatility along the way. We do not know what is priced in or how the market would react to the events in the short term as they unfold. We do not know where the S&P 500 Index will trade a month or a quarter from now. However, we own a portfolio of great businesses that we expect will create and realize a lot of value from this transformation over long periods of time.

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

The Fund's weighted average multiple declined 6.1% during the quarter and is down 17.4% year-to-date (excluding the recent IPO of Arxis). This implies that over 100% of the Fund's gain in the quarter and year-to-date was attributable to fundamentals, which bodes well for prospective returns. Fundamentals also improved as weighted-average revenue expectations for 2026 rose 2.6% during the quarter and 11.2% year-to-date, while operating income expectations increased 3.8% and 14.5%, respectively.

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. We intentionally avoid the lower quality businesses that may benefit from a temporary regulatory or macro tailwind, as well as the high-flying growth stocks that benefit from the narrative de jour. 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. It 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. 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 **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. 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 Portfolio includes reinvestment of dividends, net of withholding taxes, while the index(es) include reinvestment of dividends before taxes. Reinvestment of dividends positively impacts the performance results. The index(es) are unmanaged. Index performance is not Portfolio performance. Investors cannot invest directly in an index.

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

[3] Not annualized.

[4] https://www.cnbc.com/2026/08/17/anthropic-says-annualized-revenue-climbed-to-65-billion-in-july.html

[5] Annualized revenues for the cloud businesses of Amazon, Alphabet, Microsoft, and Oracle for the second quarter.

[6] As measured by P/E on next 12 months of EPS as estimated by FactSet

[7] https://advantage.factset.com/hubfs/Website/Resources%20Section/Research%20Desk/Earnings%20Insight/EarningsInsight_100926.pdf

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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.

Risks: Securities issued by large-sized companies may cause the Portfolio to underperform other investments during periods when the Portfolio's securities are out of favor. Even though the Portfolio is diversified, it may establish significant positions where the Adviser has the greatest conviction. This could increase volatility of the Portfolio's returns.

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.

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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. **EPS Growth Rate (3-5-year forecast)** indicates the long term forecasted EPS growth of the companies in the portfolio, calculated using the weighted average of the available 3-to-5 year forecasted growth rates for each of the stocks in the portfolio provided by FactSet Estimates. The EPS Growth rate does not forecast the Fund's performance. **Free Cash Flow (FCF)** represents the cash that a company generates after accounting for cash outflows to support operations and maintain its capital assets. **Price/Earnings Ratio or P/E** (next 12-months): is a valuation ratio of a company's current share price compared to its mean forecasted 4 quarter sum earnings per share over the next twelve months. If a company's EPS estimate is negative, it is excluded from the portfolio-level calculation. **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.

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BARON CAPITAL

QUARTERLY LETTER | SEPTEMBER 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 another great quarter.

Baron Fifth Avenue Growth Fund (the Fund) gained 6.6% (Institutional Shares) during the third quarter, outperforming the 0.9% gain of the Russell 1000 Growth Index (R1KG) and the 2.3% gain of the S&P 500 Index (SPX), the Fund's benchmarks.

Year to date, the Fund is up 19.0% compared to gains of 6.3% and 12.8% for the Fund's benchmarks, respectively.

Despite the heightened volatility, the markets continued to grind higher, eking out a modest gain in the quarter. The Fund "behaved" particularly well during this time, accomplishing a rare feat of outperforming both on the way down and on the way up, with strong absolute and relative returns. We booked a solid 6.6% gain, generating 5.6% excess return over the Russell 1000 Growth Index, the Fund's primary benchmark.

The third quarter opened with a sell-off in AI buildout stocks, triggered by a confluence of rumors, news, and events. The Situational Awareness hedge fund that held large, leveraged bets on semiconductors and AI infrastructure stocks had collapsed. Unconfirmed rumors that **Meta** was considering renting out some of its AI compute caused the talking heads to speculate that Meta's internal AI demand had weakened. Data showing that open-source models were gaining token share from the frontier companies' proprietary LLMs was accompanied by token price declines. Widely circulated speculation that Anthropic and OpenAI's growth was decelerating culminated in a leak that Anthropic had reached $65 billion of annual recurring revenue (ARR) in July[5], adding "only" $18 billion in two months – roughly a Texas Instruments' worth of revenues. Obviously disappointing, eye-roll emoji.

Annualized performance (%) for periods ended September 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]	6.50	6.55	0.92	2.30
YTD[4]	18.84	19.04	6.30	12.75
1 Year	22.70	23.00	7.50	15.74
3 Years	31.32	31.59	24.26	22.89
5 Years	8.52	8.77	13.66	13.79
10 Years	16.10	16.38	18.16	15.33
15 Years	16.26	16.55	17.64	15.68
Since Inception (4/30/2004)	11.04	11.25	12.61	11.09

By the end of July, semiconductors, which had become a chunky 28% of the Index, had fallen 7.0%, semiconductor materials & equipment stocks dropped 32.8%, and electronic components securities declined 27.0%. Some of the biggest darlings of the first six months such as Micron, Sandisk, Corning, and Lam Research declined anywhere from the high 20% to mid-40% range. AI-buildout related Industrials stocks also saw a sharp sell-off, turning the biggest winners from the first half into major laggards. GE Vernova, Bloom Energy, and Caterpillar saw their stocks decline from the mid-teens to low-30% range. Fast money investors also sold **SpaceX**, which fell 36.6% in July after a successful IPO in June.

Despite a large position in SpaceX (our second largest active weight), the Fund declined just 3.9% in July, outperforming the R1KG's 4.8% drop. This was largely due to the continued rebound

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 has agreed to waive and/or reimburse certain Funds' expenses, if necessary, pursuant to a contract expiring on August 29, 2037, 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.

LARGE CAP

in our software holdings **Cloudflare**, **Samsara**, and **Snowflake**, each of which posted double-digit gains in July as the early 2026's SaaSPocalypse faded into a distant memory. **Amazon** also rallied sharply after posting great quarterly results with accelerating revenue growth that reached 20% year-on-year, driven by 37% growth in AWS, it's fastest in 18 quarters (when it was half the size), with operating income growth of 43% and expanding margins.

The AI-buildout sell-off abruptly ended in August as strong earnings from hyperscalers, neoclouds, and semiconductor companies did not disappoint. Hyperscalers reported *accelerating growth at massive scale* with their cloud revenue run-rate rising 50% year-on-year to $420 billion[6]. Neoclouds reported signing deals at *rising* (rather than declining) *prices*, with shorter payback periods and higher ROI. CoreWeave (which we do NOT own) secured a contract to rent its six-year-old Ampere GPUs through 2029, while Nebius (which we own in our Global Opportunity Fund) disclosed price increases for both old and new GPUs as demand continued to strengthen. This momentum continued in September. **NVIDIA** reported $96 billion in revenue, with growth accelerating to 106% year-on-year, a broader customer base, and growing content per GW. The company also guided to 70% growth for next fiscal year, significantly above expectations noting that supply constraints prevented an even higher outlook! **Broadcom** likewise reported strong results with 86% year-on-year revenue growth, and projected that its AI business would double next fiscal year and then double again the year after! We have not seen this kind of growth… profitable growth… at scale… before. Ever!

The Fund also outperformed in August, gaining 6.4%, compared to the 3.7% gain for the R1KG. SpaceX led the recovery, rising 32.6% after strong quarterly results, with revenues that nearly doubled year-on-year, adjusted EBITDA that nearly tripled, accelerating the pace of its AI buildout as ROI continues to improve. September proved to be a strong month as well, with the Fund returning 4.3%, outperforming the R1KG's 2.2% gain.

For the third quarter overall, stock selection accounted for 476bps of the Fund's 561bps of outperformance, while sector allocation contributed 86bps. Information Technology (IT) was our strongest sector, adding 277bps entirely through stock selection. The leading sub-industries were systems software, led by **CrowdStrike**, Cloudflare, and Snowflake; semiconductor materials & equipment, where our holding **ASML** fell just 8.8% versus the R1KG sub-industry's 28.2% decline; and internet services & infrastructure, supported by **Shopify**'s 29.9% gain. Together, these three sub-industries contributed 326bps of outperformance. Stock selection was also strong in Health Care, where **Illumina** rose 55.8%, and Consumer Discretionary, where Amazon and **MercadoLibre** gained while the Index sector fell 11.1%. Not owning investments in Industrials, Consumer Staples, Utilities, or Real Estate, all of which declined in the quarter, added another 178bps to relative returns. Communication Services partially offset these gains, costing 21bps as Meta's 28.8% rise was not enough to offset the 11.7% decline for SpaceX.

From an absolute, stock-specific perspective, the Fund had 16 contributors against 11 detractors. Similarly to last quarter we had many big winners with 9 investments generating over 50bps each, including NVIDIA, Cloudflare, Meta, CrowdStrike, Shopify, and Illumina, which contributed over 100bps each. SpaceX and **Tesla** were the only meaningful detractors, costing us 210bps combined.

During the quarter, we traveled to the Bay Area to meet with public and private software and semiconductor companies, VC and PE firms, and a variety of industry practitioners that are involved in the AI buildout across energy, construction, and financing. These trips are always a good source of data from a wider group of industry participants. The main purpose is to seek disconfirming evidence, test our own assumptions and hypotheses, and to broaden and sharpen our industry perspectives. It is clear that at this early stage of the AI S-curve what we do not know far outweighs what we do. Nevertheless, we came away with several important observations:

- **Demand for AI tokens remains robust and is accelerating.** Strong token demand was the most consistent theme in our conversations. Companies are seeing Jevons paradox in action – as the price per intelligence task declines, AI adoption accelerates. According to research by epoch.ai[7], the cost for a given level of intelligence has fallen by a factor of 13 each year since 2023 – a rate 4x faster than DNA sequencing, 6x faster than compute, 18x faster than lithium batteries, and 54x faster than electricity! Companies of all sizes described sharply increasing token consumption as the price per token declined. These accounts align with the rapid growth reported by hyperscalers and the doubling of token consumption volumes now, approximately every eight weeks[8].
- **Near-term data center construction delays are a growing risk, but the growing deployment costs and complexity help guard against an overbuild as a self-correcting mechanism.** The unprecedented scale of the buildout requires coordination across permitting and local politics, power equipment, utilities, construction, skilled labor, capital, servers, memory, networking, and more. The range of outcomes on the amount of GWs brought online over the next several years remains very wide. Our discussions reinforced the value of companies that can execute real-world, large-scale buildout projects, such as SpaceX, and those with substantial installed AI capacity, including Meta, Amazon, and increasingly SpaceX. If supply grows slower than expected, the widening gap between demand and supply will increase the value of each available GW, while reducing the risk of an overbuild. Slower terrestrial capacity growth would also make SpaceX's development of *orbital compute* more important. This reinforced a part of our theses that we articulated in the last quarterly letter:

  "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."

- **Open weight models' adoption is growing.** As their capabilities meet more use cases, companies are adopting multiple models rather than standardizing on one. Many are post-training open models on proprietary data to protect their IP and improve efficiency for their specific/custom needs. We continue to expect both frontier and open-weight models to serve distinct use cases. In our view, the adoption of open-weight models will likely benefit AI infrastructure and its picks-and-shovels providers as these models still need AI servers to generate tokens, while avoiding frontier providers' higher margins lowers the cost per intelligence task and further supports Jevons paradox.
- **AI-native startups are growing at an unprecedented pace.** While many investors are familiar with the extraordinary growth rates of Anthropic and OpenAI, we came away with greater appreciation of the diffusion of AI, even at this early stage. AI unicorns including Sierra, ElevenLabs, Cognition, Legora, Harvey, Lovable, and Vercel are growing at triple-digit rates on revenue bases of hundreds of millions of dollars. These companies are reaching $100 million, $200 million, $400 million, and $1 billion revenue milestones faster than any SaaS companies we have seen before.

For much of the past three years, investor sentiment has swung between two extremes: "AI is a bubble with no ROI" and "AI is so powerful that software is dead and labor will be disrupted." These rapid shifts, compounded by the early stage of the AI S-curve, have fueled significant volatility, with correlations across entire stock groups approaching 1, at either extreme. For bottom-up fundamental investors who operate as long-term owners of businesses this has created real and substantive opportunities: buying systems software and cybersecurity companies in late 2025 and early 2026, buying AI stocks during the early-2025 DeepSeek scare, or holding Meta when the prevailing narrative declared it dead. This is how our process, when executed well, can add value and generate alpha during the periods of extreme volatility and stress.

Top contributors to performance for the quarter

	Quarter End Market Cap ($B)	Contribution to Return (%)
NVIDIA Corporation	5,504.0	1.83
Cloudflare, Inc.	123.8	1.46
Meta Platforms, Inc.	1,847.4	1.40
CrowdStrike Holdings, Inc.	271.1	1.18
Shopify Inc.	190.6	1.17

NVIDIA Corporation is a global leader in accelerated computing designing the semiconductors, software, networking, and systems used to build and deploy AI. Shares rose 14.3% during the quarter, gaining ground even amid a broader sell-off in semiconductor stocks. NVIDIA reported another excellent quarter with revenue growth accelerating to over 100% year-on-year at a massive scale of $96 billion, with the company guiding to 70% revenue growth for next fiscal year, far ahead of analyst expectations. Notably, management characterized this outlook as supply-constrained, with customers' own forecasts pointing to a growth rate of approximately 100% year-on-year. Demand has also broadened, with customers beyond the largest hyperscalers, from sovereign AI and neoclouds to enterprises, now accounting for nearly half of data center revenue and growing faster than hyperscalers (though hyperscalers also continue to grow rapidly). In addition, each new platform captures more revenue per gigawatt as NVIDIA sells central processing units, networking, and inference systems alongside its graphics processing units and as each generation provides a higher throughput of tokens per MW of power. We retain conviction in NVIDIA as a core long-term holding. We continue to view its rapid innovation velocity, full-stack platform, extreme co-design capabilities, software, eco-system and supply chain management, as durable advantages that support continued growth in earnings power over time as AI adoption diffuses across the economy.

Shares of **Cloudflare, Inc.**, which operates one of the world's largest networks, delivering security, performance, and developer solutions, rose 41.5% during the quarter as investors increasingly view the company as foundational infrastructure for the agentic internet. In the second quarter, more than half of the traffic across Cloudflare's network was non-human for the first time, and the company is building the controls, developer tools, and payment rails to secure and monetize that shift. A broader cybersecurity recovery added a tailwind, as new AI-enabled threats heightened urgency among security buyers with partners reporting a broad-based acceleration across Cloudflare's portfolio. The company also reported strong growth in fundamentals: revenue growth accelerated to 36% year-on-year, large customers grew 27% with record net additions, and nearly two million developers joined its Workers platform in the quarter alone. We believe Cloudflare's scale and network architecture give it a durable advantage as AI agents reshape how the internet is being used. We remain confident in the long-term opportunity while remaining mindful of valuation following the stock's substantial appreciation.

Shares of **Meta Platforms, Inc.**, the owner of Facebook, Instagram, WhatsApp, and Threads, contributed during the quarter, rising 28.8%. Second quarter results showed the core ad engine is getting stronger: U.S. advertising revenue growth accelerated to 31% as new AI ranking and recommendation models lifted conversions, and Advantage+, its AI-driven ad suite, passed $75 billion in annual revenue run-rate. The bigger catalyst came in September with the launch of Muse, Meta's personal AI agent, which reached No. 1 on the U.S. App Store within days. At its conference, Meta Connect, the company introduced real-time voice, a Mac app with computer use, and commerce partners including Stripe, Shopify, PayPal, Walmart and Best Buy, so that Muse can complete purchases. This further strengthened Meta's positioning and added new potential avenues for monetization, while also improving its contextual understanding of users, which should further advance Meta's ability to match the right ad to the right user at the right time. Meta also brought Muse to its smart glasses and to Charm, a new handheld device. We believe current earnings understate Meta's earnings power as it invests ahead of revenue, and we

retain strong conviction that its data, compute, distribution and founder leadership will make it a leader in consumer AI. We also believe AI will remain a tailwind for Meta's core business, helping the company sustain a long duration of growth.

Top detractors from performance for the quarter

	Quarter End Market Cap ($B)	Contribution to Return (%)
Space Exploration Technologies Corp.	2,047.6	(1.38)
Tesla, Inc.	1,401.3	(0.72)
Taiwan Semiconductor Manufacturing Company Limited	2,366.0	(0.45)
ASML Holding N.V.	701.9	(0.44)
Alphabet Inc.	4,188.2	(0.16)

Space Exploration Technologies Corp. (SpaceX) develops and launches advanced rockets, satellites, and spacecraft, with the long-term goal of making humanity multi-planetary. The stock detracted from performance as shares pulled back 11.7%, despite strong underlying fundamentals. We remain long-term shareholders and believe the company is in the early stages of a multi-decade growth opportunity. SpaceX's first public-company results reinforced our conviction, with revenue nearly doubling year-over-year and losses narrowing sharply on high incremental margins. Growth was driven by rapidly scaling, multibillion-dollar compute-hosting deals with AI leaders, including Anthropic and Google, alongside Starlink momentum. Management guided to a robust $100 billion annualized revenue run rate by year-end 2026 and forecasted up to five times more AI compute capacity exiting 2027, well above Street expectations. SpaceX also closed its acquisition of Cursor, a premier enterprise AI-powered coding platform, accelerated product development with Grok Bot and more advanced Grok models, and progressed Starship toward full reusability.

Tesla, Inc. manufactures electric vehicles, solar products, and energy storage solutions and develops real-world AI technologies. Shares fell 15.6% as record second quarter revenue and deliveries were overshadowed by near-term profit pressure from increased investment in key opportunities across autonomy, robotics, and AI. While Tesla is funding this ambitious multi-year investment cycle, investors are anxious to see faster robotaxi scaling. We see momentum across the business, with improving automotive demand and accelerating Full Self-Driving (FSD) adoption. The active base reached a record 1.48 million, up 56% year-over-year, with 55% of North American deliveries now including FSD. Unsupervised robotaxi miles are compounding rapidly, with an impeccable safety record across more than one million miles. Cybercab production is ramping, and given the importance of scaling robotaxis safely, we believe Tesla is right to take a deliberate approach to execution. The next-generation AI5 inference chip will also play a central role in the Optimus program. Together, these developments reinforce the robust long-term physical AI opportunity ahead, supporting our conviction to remain shareholders.

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 corrected 4.3% during the quarter as a result of the broader correction in AI buildout stocks and as investors took profits after the stock's strong first half performance. Additionally, investor focus shifted to near-term headwinds in the shape of increasing capex and a potential margin dilution from the steep ramp of TSMC's 2-nanometer node. Despite these concerns, underlying business performance remained strong. Second quarter net income rose nearly 80% year-over-year on a very strong gross margin, and management raised its full-year outlook to dollar revenue growth of slightly above 40%. We retain conviction in TSMC as a core long-term holding and view its near-monopoly positioning in leading-edge chip manufacturing, pricing power, deep and diverse customer relationships, ability to innovate rapidly as chip complexity continues to rise, and its economies of scale as durable competitive advantages that support a long duration of growth.

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 September 30, 2026, the top 10 holdings represented 66.3% of the Fund's net assets, and the top 20 represented 92.8%. We exited the quarter with 26 investments, one less than we had at the end of last quarter.

As of the end of the quarter, IT and Communication Services represented 75.2% of the Fund's net assets. Consumer Discretionary, Health Care, and Financials accounted for 24.1%, while the remaining 0.7% was held in cash.

Top 10 holdings

	Quarter End Market Cap ($B)	Quarter End Investment Value ($M)	Percent of Net Assets (%)
NVIDIA Corporation	5,504.0	117.5	14.0
Space Exploration Technologies Corp.	2,047.6	72.2	8.6
Amazon.com, Inc.	2,687.4	70.8	8.5
Taiwan Semiconductor Manufacturing Company Limited	2,366.0	63.7	7.6
Alphabet Inc.	4,188.2	53.1	6.3
Meta Platforms, Inc.	1,847.4	51.7	6.2
Shopify Inc.	190.6	39.5	4.7
Cloudflare, Inc.	123.8	29.2	3.5
Datadog, Inc.	98.6	28.6	3.4
CrowdStrike Holdings, Inc.	271.1	28.2	3.4

Recent Activity

During the third quarter, we continued to build our newer positions in the electrical component supplier, **Amphenol**, the pharmaceutical giant, **Eli Lilly**, and the fast-inference AI infrastructure provider, **Cerebras**.

To fund these purchases, we sold our stub position in the Korean e-commerce platform, **Coupang**. We also trimmed several existing software holdings, **Cloudflare**, **Datadog**, and **CrowdStrike**, as their recent strong stock performance partially pulled forward future returns. For the same reason, we also slightly reduced our position in the leading DNA sequencing platform, **Illumina**.

Top net purchases for the quarter

	Quarter End Market Cap ($B)	Net Amount Purchased ($M)
Amphenol Corporation	207.9	6.3
Eli Lilly and Company	1,089.2	3.0
Cerebras Systems Inc.	42.2	1.5

We continued building our position in **Amphenol Corporation** during the third quarter after initiating it earlier in 2026. As a reminder, Amphenol is a leading provider of mission-critical interconnect, sensor, and antenna solutions across a diverse set of end markets from IT Datacom to Industrial, Communications, Automotive, Defense, Commercial Aerospace, and Mobile Devices. While stock price volatility remains elevated driven both by the broader investor sentiment around the AI buildout and by the more specific sentiment around the future value of copper versus optical architectures for AI, the company continues executing at a high level. Second quarter revenues of $8.76 billion were up 55% year-on-year (30% organic growth), which was over $0.5 billion above its guidance. Growth was led by IT Datacom, which was up 89% (63% organic), but all other end markets were up 10% or more organically, showing that Amphenol is not just an AI story. Margins were also exceptionally strong with adjusted EBIT margin of 29.8% (+415bps year-on-year). The company also reported a very strong book-to-bill ratio of over 1.2 times and provided an outlook for the next quarter that was well ahead of expectations, calling for 50% to 52% year-on-year revenue growth. The company also noted that CommScope's AI-related business has doubled under Amphenol's ownership already (and with significant synergies still ahead), which reduces the risk around the copper versus optical debate. We continue to believe the market underestimates Amphenol's long-standing ability to innovate and adapt across cycles and end markets and have therefore continued scaling our position.

We also continued to add to **Eli Lilly and Company** in the third quarter. Lilly is best known for its GIP/GLP-1 medications for diabetes and obesity. Although awareness and adoption of these medications have grown rapidly in the past few years, the market remains vastly underpenetrated. In the U.S. alone, based on Baron Capital internal research analysis, we estimate that 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 grow, 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 also view Lilly as a clear leader in GLP-1s as evidenced by continued market share gains, which have now reached more than 60% in the U.S. and nearly 55% internationally. Lilly continues executing at a high level with second quarter revenues of $23 billion, up 48% year-on-year, ahead of expectations by over $2 billion, driven by strength in GLP-1, which prompted the company to increase its annual revenue and operating margin guidance.

Lastly, we continued to slowly build our position in the fast AI inference provider, **Cerebras Systems Inc.**, after participating in the company's IPO in the previous quarter. We took advantage of the stock price volatility, which was caused by broader investor concerns over the durability of the AI buildout as well as the limited supply the company currently faces, which has created short-term margin headwinds. We believe that fast token generation will become increasingly important, especially for agentic AI, where many internal tokens are generated for every external, customer-facing token. 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. We believe customers will be willing to pay higher prices for faster tokens, as can be evident by the higher price charged by OpenAI for its recently announced, fast-inference service – 'Ultrafast', which is priced at a 6x multiple compared to regular speed, for an 8x speed up.

We believe there is a long runway for growth in AI inference in general, and agentic AI in particular underpinned by the continued rapid progress on the Pareto frontier of AI intelligence versus price, with a rapid model release cadence, while the cost per a given level of performance is dropping faster than other transformative technologies in history. As agentic AI adoption grows and latency becomes increasingly important, we expect Cerebras' solution to become more valuable to customers.

Top net sales for the quarter

	Quarter End Market Cap or Market Cap When Sold ($B)	Net Amount Sold ($M)
Cloudflare, Inc.	123.8	13.4
Datadog, Inc.	98.6	6.7
CrowdStrike Holdings, Inc.	271.1	5.3
Coupang, Inc.	24.9	5.3
Illumina, Inc.	41.3	1.8

Outlook

"The lesson. Stock prices don't always tell you how businesses are doing. They just tell you what you can buy and sell stock for at a given day and a given moment. Not always accurate. In fact, frequently inaccurate. Our business based upon figuring out what a business will be worth in five or 10 years. And buying at a big discount from that level. That's how come we've been so incredibly successful." – Ron Baron in an email to the Firm's research staff on October 8, 2026.

We have often written in the past that in our view the competitive advantage of successful long-term investors is not rooted in access to better information or in their capacity to perform more sophisticated financial analysis. It is their *ability to remain patient through the bouts of market volatility*. We think it is not only normal but is a function of human nature. We extrapolate recent trends far into the future and feel invincible near market peaks and helpless near market bottoms. Sometimes, optimism becomes euphoria while fear turns into panic. Volatility can be thought of as a price successful investors pay for the possibility of generating long-term excess returns.

As we are writing this letter, the market is selling off, with the "AI trade" or the perceived beneficiaries of AI getting hit particularly hard. Investors are concerned with the spiking debt yields of neoclouds and recent disclosures by Anthropic that the torrid pace of its growth in revenues and ARR has slowed down. The geopolitical uncertainty remains elevated with the price of oil exceeding $100 once again and the 10-year Treasury yield hovering around 5.3%. There is a broad consensus that the Fed will continue to raise interest rates, which is a headwind to equities and in particular to growth equities, for obvious reasons.

Having said and acknowledged all that… we continue to be incredibly optimistic about the long-term prospects for AI and for the Space Economy. Some years ago, we took a deep dive into **NVIDIA** and wrote to you how *"we have never seen a company like it!"* In the last quarterly letter, we took a deep dive into **SpaceX** (we have owned it for years) and described it as *"THE company with N=1!"* because in our 30-plus years of professional capital allocation experience we have never seen a company like it. After spending six hours listening to the management of Anthropic at their October investor day and getting a first look at their financials – we can unequivocally state – we have never seen a company like it!

We do not know how or when the wars with Iran and Russia-Ukraine will end, but we believe that they will and that the price of oil will normalize and stabilize at significantly lower levels. We do not know what the Fed is going to do but we do know that technological advancements are deflationary in nature and we believe that progress in AI is real, material, and sustainable, and that it will lead to meaningful improvements in productivity and likely accelerate global GDP growth. More importantly, we believe that the quality of our portfolio companies today is the highest it's ever been. While corrections, pullbacks, and even bear markets are par for the course, we do NOT see an AI bubble. "Air pockets," supply constraints, and rising interest rates can all cause stock prices to compress, but in our view, comparisons to the internet bubble of 1999 do not hold water, and even unlike 2021, we do not view our stocks as expensive compared to the strength in their fundamentals.

Each quarter, we review the Fund's weighted-average valuation multiple and consensus forecasts for 2026 revenues and operating income[9]. In the third quarter, the multiple declined by 6.1%, or 2.2% excluding SpaceX. Year to date, the multiple contracted 7.0%, excluding the recent IPOs SpaceX and Cerebras. These declines imply that fundamentals accounted for over 100% of the Fund's gains for both periods, which often bodes well for prospective returns. Fundamentals also improved as 2026 weighted average revenue forecasts rose 4.8% during the quarter and 12.3% year to date, while operating income forecasts increased 4.2% and 15.5%, respectively. Every GICS sector except for Health Care saw multiple contraction during the quarter, yet revenue forecasts rose in every sector and remarkably, in every sub-industry. Operating income forecasts also increased across all sectors and all but one sub-sector, where lower expectations for Tesla's operating income weighed on the outlook. We also compared our companies' current valuation multiples with their five-year averages. At quarter-end, the portfolio's weighted-average multiple was *12.6% 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 remain optimistic about the long-term prospects of the companies in which we are invested and continue to search for new ideas and investment opportunities. We remain patient, investing only when we believe a company's price is attractive relative to its 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] https://www.cnbc.com/2026/08/17/anthropic-says-annualized-revenue-climbed-to-65-billion-in-july.html

[6] Annualized revenues for the cloud businesses of Amazon, Alphabet, Microsoft and Oracle for the second quarter

[7] https://epoch.ai/publications/the-plunging-price-of-thought#key-takeaways

[8] https://openrouter.ai/rankings#top-models

[9] 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 (exclude IPOs which did not have estimates for one of the time periods in the analysis). 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: Securities issued by large-sized companies may cause the Portfolio to underperform other investments during periods when the Portfolio's securities are out of favor. Growth stocks can react differently to issuer, political, market and economic developments than the market as a whole and other types of stocks. Even though the Portfolio is diversified, it may establish significant positions where the Adviser has the greatest conviction. This could increase volatility of the Portfolio's returns.

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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Alpha measures the difference between a fund's actual returns and its expected performance, given its level of risk as measured by beta. EBITDA, short for earnings before interest, taxes, depreciation, and amortization, is an alternate measure of profitability to net income. It's used to assess a company's profitability and financial performance. 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. **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.

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BARON CAPITAL

QUARTERLY LETTER | SEPTEMBER 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) had a tough third quarter, declining 3.99% (NAV) and trailing the Russell 3000 Growth Index (the Benchmark), which increased 0.45%. The quarter was hurt by concerns about increased capital spending on chips for AI usage and whether companies would eventually see a return on those investments. As a result, **Space Exploration Technologies Corp.** (SpaceX) and **Tesla, Inc.** saw their shares decline in the quarter. In addition, continued concerns about higher interest rates and inflation, and their impact on consumer spending levels, hurt many of our consumer stocks. These included **Birkenstock Holding plc**, **On Holding AG**, **Red Rock Resorts, Inc.**, and **Hyatt Hotels Corporation**.

These declines were partially offset by stronger performance in many of our software companies, whose fundamentals remained quite strong despite continued concerns that AI could disintermediate a meaningful part of their business. Quarterly stock strength was seen in companies such as **Guidewire Software, Inc.**, **Morningstar, Inc.**, and **FactSet Research Systems Inc.** These companies continue to grow at strong rates, adding new enterprises to their platforms with existing customers spending more on new products, as AI helps them innovate and introduce new tools that benefit their clients. Their clients rely on this software to operate their businesses and face very high switching costs, so none of these companies have experienced increasing churn rates. In fact, Guidewire indicated that its recent churn has been below historical trough levels despite the introduction of AI, a sign that its software is deeply embedded in customers' workflows and that customers cannot operate without access to the platform.

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

	ETF Market Price[1,2]	ETF NAV[1,2]	Russell 3000 Growth Index[1]	Russell 3000 Index[1]
QTD	(3.98)	(3.99)	0.45	1.40
YTD	(6.31)	(6.01)	6.36	12.42
Since Inception (12/12/2025)	(6.65)	(6.70)	6.77	12.49

Despite the year-to-date underperformance, we continue to see opportunities throughout the portfolio. We believe many of our holdings are being ignored by investors despite strong growth prospects and returns on invested capital. As a result, many are trading at trough multiples or even lower, which we believe is irrational given the growth and cash flow they are generating. Many of these management teams are implementing larger share buyback programs, and we believe some of our investments remain prime takeover candidates for private equity or strategic buyers, given their valuations and continued strong growth prospects.

Our portfolio companies continue to maintain strong balance sheets, with many operating below their targeted leverage levels, giving them the capacity to borrow and buy back more stock should they choose.

When we see these share purchases, it gives us further confidence in our investment theses for these growth businesses and reinforces our belief that valuations remain attractive. We continue

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.

Pursuant to the Fund's unitary management fee structure, BAMCO, Inc. ("BAMCO" or the "Adviser") will pay all expenses of the Fund, except for portfolio transaction costs, interest and dividend expense, acquired fund fees and expenses, fees and expenses related to filing foreign tax reclaims, line of credit expenses, and extraordinary expenses.

to keep the portfolio focused while being cognizant that positions are appropriately sized for risk in this concentrated Fund.

We believe this combination of strong recurring revenue growth, well-positioned balance sheets, and attractive valuations offers multiple avenues for potential returns. As a result, we continue to view the portfolio as compelling, with a favorable risk/reward profile.

We also believe these businesses have strong competitive advantages, underpenetrated growth opportunities ahead of them, and robust balance sheets to finance that growth.

In the near term, we continue to believe that inflation will remain at or below its historical range of 3% to 4% annualized, with interest rates approximating the rate of inflation, as has generally been the case since World War II. We believe that is a favorable environment for businesses growing significantly faster than inflation and faster than the 5% nominal annualized growth rate of the U.S. economy last year, according to the Bureau of Economic Analysis.

We continue to believe the Fund should generate significant excess returns over time with less market risk. This is due to the portfolio being balanced across four groups of businesses:

- **High-growth disruptive investments (56% of net assets)** that can potentially generate revenue growth of 20% to 30%.
- **Financials businesses (19%)** that include data-driven providers of financial information with recurring revenue and earnings, given how embedded their products are in customers' workflows.
- **Core double-digit revenue growers (13%)** that are more mature in their lifecycle and tend to generate earnings growth while using excess cash for dividend increases, share buybacks, and additional investment to accelerate growth further.
- **Real, irreplaceable assets (10%)** that trade at significant discounts to replacement cost and could attract private equity or strategic buyers.

ALL CAP

Total returns by investment type for the quarter

	Percent of Net Assets (%)	Total Return (%)	Contribution to Return (%)
Financials	**18.8**	**4.11**	**0.86**
Morningstar, Inc.	2.4	22.17	0.52
FactSet Research Systems Inc.	2.6	17.76	0.47
The Charles Schwab Corporation	3.4	6.24	0.33
Interactive Brokers Group, Inc.	3.6	(1.77)	(0.14)
Kinsale Capital Group, Inc.	0.9	(2.08)	0.00
MSCI Inc.	4.3	(3.47)	(0.24)
Arch Capital Group Ltd.	1.7	(4.84)	(0.09)

Total returns by investment type for the quarter (continued)

	Percent of Net Assets (%)	Total Return (%)	Contribution to Return (%)
Core Growth	**13.5**	**1.55**	**0.53**
FIGS, Inc.	4.5	35.48	1.31
Guidewire Software, Inc.	1.7	15.87	0.31
Verisk Analytics, Inc.	—	0.44	0.14
IDEXX Laboratories, Inc.	1.7	(0.81)	0.00
Live Nation Entertainment, Inc.	—	(3.87)	(0.03)
HEICO Corporation	2.1	(11.43)	(0.22)
On Holding AG	1.7	(16.41)	(0.33)
Birkenstock Holding plc	1.7	(24.68)	(0.65)
Russell 3000 Growth Index		**0.45**	
Disruptive Growth	**56.2**	**(7.79)**	**(3.74)**
Shopify Inc.	4.1	29.86	1.07
Spotify Technology S.A.	2.8	6.14	0.15
Space Exploration Technologies Corp.	40.7	(11.71)	(2.77)
Tesla, Inc.	8.6	(15.65)	(2.20)
Real/Irreplaceable Assets	**10.4**	**(11.50)**	**(1.39)**
Airbnb, Inc.	2.1	12.26	0.30
Vail Resorts, Inc.	—	1.76	0.05
Choice Hotels International, Inc.	2.2	(6.88)	(0.16)
Hyatt Hotels Corporation	3.7	(18.13)	(0.86)
Red Rock Resorts, Inc.	2.4	(23.49)	(0.72)
Cash and Cash Equivalents	**1.1**	—	**0.00**
Fees	—	**(0.26)**	**(0.26)**
Total	**100.0***	**(3.99)**	**(3.99)**

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

Premium footwear brand Birkenstock declined 24.7% in the third quarter, detracting 65 bps from performance. Macroeconomic concerns and broader weakness across the footwear industry weighed on shares, with investors selling the category regardless of company-specific execution. Despite the share price decline, fundamentals remain strong. Fiscal third-quarter revenue rose 15% year-over-year in constant currency, with double-digit growth across every region and channel, and management raised its full-year revenue outlook. The company continues to expand its store base and direct-to-consumer business while managing wholesale supply to protect brand scarcity. We believe the market is mispricing Birkenstock and retain strong conviction in its durable brand equity and long-term earnings power.

Global sportswear brand On fell 16.4% in the third quarter and detracted 33 bps from performance. The decline was due to an increased promotional environment across the industry which hurt sales of its running sneakers specifically in wholesale stores as the company held back on sell-through to stores in order not to have to discount its product and hurt the brand. However, the company's direct-to-consumer business remains quite strong and accelerated in the quarter to almost 35% growth. We believe this is a better indicator of the strength of the brand and a good forward indicator for its business. Management continues to expect to grow revenue at a high teens CAGR over the next three years through an increase in owned retail stores both domestically and abroad, which should help accelerate apparel sales, new sports such as soccer and golf, and innovation of existing franchises through its new LightSpray technology. We believe this could result in the company growing revenue at a 20% rate with earnings growing faster as margins expand. We believe the company's recent $1 billion stock authorization combined with recent insider purchases by the two co-CEOs are good indicators that the stock remains attractive and the company has a long runway for growth.

Shares of Las Vegas Locals casino operator Red Rock Resorts decreased 23.5% in the third quarter and hurt performance by 72 bps as investors grew concerned that higher interest rates, inflation, and oil prices could slow market growth. However, despite ongoing construction disruption, the market continues to grow at a low-single-digit rate on an adjusted basis. Red Rock is gaining market share through ongoing property renovations while generating strong returns on invested capital. The company is deploying its significant cash flow into additional property investments to support future growth. Red Rock also maintains a strong balance sheet, which should improve further as new expansions come online through the remainder of 2026 and into 2027, supporting an acceleration in growth next year. The stock currently trades at a trough multiple, which we believe should expand as investors see growth reaccelerate.

These declines were partially offset by stronger performance in our recurring revenue software companies, whose businesses continued to grow in the quarter despite rising adoption of AI, as the technology is helping these companies accelerate growth instead of taking share from them.

Property and casualty (P&C) insurance software vendor Guidewire increased 15.9% in the third quarter and contributed 31 bps to performance. The company continues to win new insurance companies to its cloud platform after a multi-year transition period while churn rates are now below historically trough levels despite continued concerns about AI displacement. 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 InsuranceSuite 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 600 bps in its most recently reported quarter. We believe Guidewire can become 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 while generating margins above 40%.

Shares of FactSet, a leading provider of investment management tools, increased 17.8% and helped performance by 47 bps in the quarter. The increase was due to subsiding industry-wide AI fears as the company continues to win large deals and upgrade existing customers with new AI products. This is giving the company enhanced pricing power and helping margins and cash flow while accelerating share buybacks. They had one of their best quarters of new sales ever and indicated they are benefiting from AI through revenue enhancements, pricing uptakes, and cost containments instead of being hurt by it. However, despite these strong results, the stock's valuation continues to contract. While we believe it's currently impossible to disprove the negative AI case, we believe the company's moat around trust, brand, and distribution is deeper than most investors realize. FactSet is deeply embedded in customer workflows, making them a logical partner through which many customers will leverage AI in a highly regulated end-market. As a result, we believe their ability to both normalize and consolidate vast amounts of data is underappreciated. We retain our belief that FactSet is an attractive company due to its large addressable market, consistent execution on both new product development and financial results with robust free cash flow generation.

Top contributors to performance for the quarter

	Year Acquired	Market Cap When Acquired ($B)	Quarter End Market Cap ($B)	Total Return (%)	Contribution to Return (%)
FIGS, Inc.	2026	1.7	2.3	35.48	1.31
Shopify Inc.	2025	213.8	190.6	29.86	1.07
Morningstar, Inc.	2026	6.6	7.1	22.17	0.52
FactSet Research Systems Inc.	2025	10.9	9.6	17.76	0.47
The Charles Schwab Corporation	2025	176.7	169.0	6.24	0.33

FIGS, Inc., a direct-to-consumer health care apparel brand, contributed to performance following a strong second quarter. Net revenue grew 28.8% year-over-year, driven by higher order volumes and average order value. Growth was broad-based, with scrubwear revenue up 26.5%, non-scrubwear up 40.3%, and international sales up 67%. Active customers increased 13% to approximately 3.1 million, while revenue per active customer reached a record high. Profitability also improved, with adjusted EBITDA margin expanding 570 bps to 18.6%, reflecting full-price selling, lower returns, and expense leverage. Management raised its full-year revenue growth outlook to approximately 20% from the 14% to 16% range. We retain strong conviction in FIGS' business model and the company's ability to gain market share in the attractive global health care apparel industry.

Shopify Inc., a leading commerce platform for merchants of all sizes, contributed to performance. Second-quarter results marked another quarter of exceptional execution, with gross merchandise volume (GMV) rising 32% year-over-year to $116 billion and revenue increasing 34%. This represented the fifth consecutive quarter of 30%-plus growth across GMV, revenue, gross profit, operating income, and free cash flow. Merchant solutions revenue grew 37% year-over-year on higher payments penetration, while operating income increased 68% and free cash flow margin expanded to 18% from 16%. Growth was broad-based across merchant sizes, geographies, and channels, with business-to-business GMV up 76% and offline GMV up 32%. Third-quarter guidance for low-30% revenue growth and further operating expense leverage exceeded expectations. We retain conviction in Shopify as a durable compounder and believe its two decades of proprietary merchant and buyer data position the company as a key beneficiary as commerce shifts toward AI-driven discovery and agentic checkout.

Shares of **Morningstar, Inc.**, a leading provider of independent investment research, data, and analytics, contributed to performance during the quarter. The company's results were solid, with revenue and earnings exceeding expectations, organic revenue growth of 6.8%, and continued share repurchases. The larger driver of the outperformance was market-driven: the overhang that had weighed on the shares earlier in the year, reflecting concerns about the potential for AI to disrupt data and research businesses, eased over the quarter, and investors renewed their appreciation for the quality and durability of Morningstar's franchises. We continue to view Morningstar as a collection of high-quality, hard-to-replicate data businesses with durable growth, and we retain our conviction and remain long-term holders.

Top detractors from 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	2,047.6	(11.71)	(2.77)
Tesla, Inc.	2025	1,526.4	1,401.3	(15.65)	(2.20)
Hyatt Hotels Corporation	2025	15.3	15.0	(18.13)	(0.86)
Red Rock Resorts, Inc.	2025	6.5	5.2	(23.49)	(0.72)
Birkenstock Holding plc	2026	7.6	5.4	(24.68)	(0.65)

Space Exploration Technologies Corp. develops and launches advanced rockets, satellites, and spacecraft, with the long-term goal of making humanity multi-planetary. The stock detracted from performance as shares pulled back from highs reached after the initial public offering, despite strong underlying fundamentals. We remain long-term shareholders and believe the company is in the early stages of a multi-decade growth opportunity. SpaceX's first public-company results reinforced our conviction, with revenue nearly doubling year-over-year and losses narrowing sharply on high incremental margins. Growth was driven by rapidly scaling, multibillion-dollar compute-hosting deals with AI leaders, including Anthropic and Google, alongside Starlink momentum. Management guided to a robust $100 billion annualized revenue run rate by year-end 2026 and up to five times more compute exiting 2027, well above Street expectations. SpaceX also closed its acquisition of Cursor, a premier enterprise AI-powered coding platform, accelerated product development with Grok Bot and more advanced Grok models, and progressed Starship toward full reusability.

Tesla, Inc. manufactures electric vehicles, solar products, and energy storage solutions and develops real-world AI technologies. Shares fell as record second-quarter revenue and deliveries were overshadowed by near-term profit pressure from increased investment in key opportunities across autonomy, robotics, and AI chips. As Tesla funds this ambitious multi-year investment cycle, investors are also seeking clearer evidence of robotaxi scaling. We see momentum across the business, with improving automotive demand and accelerating Full Self-Driving (FSD) adoption. The active base reached a record 1.48 million, up 56% year-over-year, with 55% of North American deliveries now including FSD. Unsupervised robotaxi miles are compounding rapidly, with an impeccable safety record across more than one million miles. Cybercab production is ramping, and given the importance of scaling robotaxis safely, we believe Tesla is right to take a deliberate approach to execution. The next-generation AI5 inference chip will also play a central role in the Optimus program. Together, these developments reinforce the robust long-term physical AI opportunity, despite a lengthy path to realizing it.

Global hotelier **Hyatt Hotels Corporation** detracted from performance as investors grew concerned that higher oil prices, interest rates, and inflation could pressure consumers and travel budgets. However, consumer spending remains resilient, particularly on travel and experiences. Hyatt continues to grow units at a mid-single-digit rate, while revenue per available room is accelerating from low- to mid-single-digit growth. We expect this to support margin and cash flow expansion, generating capital to reinvest in the business, pursue accretive tuck-in acquisitions, and increase share repurchases. Hyatt's strong balance sheet provides additional flexibility to fund growth or allocate more capital to buybacks if management believes the stock price does not reflect its underlying value. The stock continues to trade at a significant discount to peers despite a similar mix of fee-for-service business. We believe this discount should narrow as investors see continued growth in the business.

Portfolio Structure

We are steadfast in our commitment to long-term investing in competitively advantaged, growth businesses. We run a balanced portfolio of less correlated businesses in an effort 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 September 30, 2026, the Fund owned 21 investments. We believe these companies share several qualities: strong long-term sales growth and margins, and the potential to double earnings and cash flow over the next four to five years. Many generate recurring revenue with low churn, which gives them greater visibility into future growth and meaningful pricing power. Many are also reinvesting aggressively to accelerate growth further. That spending weighs on current margins, but we believe it should earn strong returns on invested capital and drive faster growth in the years ahead.

While focused, the Fund is diversified by sector. As of September 30, 2026, approximately 90% of net assets were invested in Communication Services, Consumer Discretionary, and Financials, each overweight by double-digit percentage points relative to the Benchmark. The Fund's weightings differ significantly from those of the Benchmark, which is why its active share exceeds 96%. For example, the Fund is heavily weighted to Consumer Discretionary businesses, with 27.0% of its net assets in the sector versus 7.3% for the Benchmark. The Fund has no exposure to Energy, Materials, Consumer Staples, or Utilities. We believe companies in these sectors can be cyclical, tied 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 6.4% for the Benchmark. The performance of many Health Care stocks can change quickly due to exogenous events or binary outcomes (e.g., biotechnology and pharmaceuticals), so we tend to limit 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. IDEXX has benefited from the increase in pet ownership during the COVID pandemic, especially as those 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.	40.7	2025	72.0
Tesla, Inc.	8.6	2025	(22.7)
Shopify Inc.	4.1	2025	(9.7)
Spotify Technology S.A.	2.8	2025	(18.5)

Disruptive Growth firms accounted for 56.2% of the Fund's net assets. On current metrics, these businesses may appear expensive; however, we think they will continue to grow significantly and, if we are correct, they have the potential to generate exceptional returns over time. Examples of these companies include electric vehicle leader **Tesla, Inc.**, commercial satellite and launch company, **Space Exploration Technologies Corp.**, and audio streaming service provider **Spotify Technology S.A.** These companies all have large underpenetrated addressable markets and are well financed with significant equity stakes by these founder-led companies, giving us further conviction in our investment.

Financials Investments

	Percent of Net Assets (%)	Year Acquired	Cumulative Return Since Date Acquired (%)
MSCI Inc.	4.3	2025	(1.2)
Interactive Brokers Group, Inc.	3.6	2025	33.6
The Charles Schwab Corporation	3.4	2025	2.1
FactSet Research Systems Inc.	2.6	2025	(6.4)
Morningstar, Inc.	2.4	2026	12.6
Arch Capital Group Ltd.	1.7	2025	(1.7)
Kinsale Capital Group, Inc.	0.9	2025	(17.5)

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.**

Core Growth Investments

	Percent of Net Assets (%)	Year Acquired	Cumulative Return Since Date Acquired (%)
FIGS, Inc.	4.5	2026	32.3
HEICO Corporation	2.1	2025	(2.3)
Birkenstock Holding plc	1.7	2026	(21.6)
IDEXX Laboratories, Inc.	1.7	2025	(25.5)
Guidewire Software, Inc.	1.7	2025	(30.5)
On Holding AG	1.7	2025	(39.3)

Core Growth investments, steady growers that continually invest in their businesses for growth and return excess cash-flow to shareholders, represented 13.5% 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.

Investments with Real/Irreplaceable Assets

	Percent of Net Assets (%)	Year Acquired	Cumulative Return Since Date Acquired (%)
Hyatt Hotels Corporation	3.7	2025	(1.6)
Red Rock Resorts, Inc.	2.4	2025	(16.0)
Choice Hotels International, Inc.	2.2	2025	13.1
Airbnb, Inc.	2.1	2025	21.9

Companies that own what we believe are **Real/Irreplaceable Assets** represent 10.4% of net assets. 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 September 30, 2026, the Fund's top 10 holdings represented 78.4% 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.**, **FIGS, Inc.**, **MSCI Inc.**, and **Shopify Inc.**, 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	2,047.6	136.5	40.7
Tesla, Inc.	2025	1,526.4	1,401.3	29.0	8.6
FIGS, Inc.	2026	1.7	2.3	15.3	4.5
MSCI Inc.	2025	41.4	39.2	14.4	4.3
Shopify Inc.	2025	213.8	190.6	13.8	4.1
Hyatt Hotels Corporation	2025	15.3	15.0	12.5	3.7
Interactive Brokers Group, Inc.	2025	109.1	145.9	12.0	3.6
The Charles Schwab Corporation	2025	176.7	169.0	11.5	3.4
Spotify Technology S.A.	2025	124.6	100.3	9.6	2.8
FactSet Research Systems Inc.	2025	10.9	9.6	8.8	2.6

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
Founder
CEO
Portfolio Manager



David Baron
Co-President
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] 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 Portfolio includes reinvestment of dividends, net of withholding taxes, while the index(es) include reinvestment of dividends before taxes. Reinvestment of dividends positively impacts the performance results. The index(es) are unmanaged. Index performance is not Portfolio 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 Portfolio is non-diversified, which means it will likely have a greater percentage of its assets in a single issuer than a diversified portfolio. Single issuer risk is the possibility that factors specific to an issuer to which the Portfolio is exposed will affect the market prices of the issuer's securities and therefore the value of the Portfolio. The Portfolio may invest in different companies that have certain persons in common, including the CEO or other person or persons fundamental to the success of the company. As a result, the Portfolio may be exposed to risks associated with an individual which may be greater than would be the case if measured only by investments on a per company basis.

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.

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

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BARON CAPITAL

QUARTERLY LETTER | SEPTEMBER 30, 2026

Baron Opportunity Fund®

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



Michael Lippert
Head of Technology Research
Portfolio Manager

ALL CAP

Dear Baron Opportunity Fund Shareholder,

Performance

During a volatile third quarter, Baron Opportunity Fund (the Fund) held its ground, rising 0.77% (Institutional Shares) and slightly outperforming the Russell 3000 Growth Index (the Benchmark), which gained 0.45%, while trailing the S&P 500 Index, which increased 2.30%. Year to date, the Fund has gained 16.69%, well ahead of the Benchmark's 6.36% and the S&P 500 Index's 12.75%.

Review and Outlook

Market Backdrop

U.S. equities delivered a mixed but ultimately positive third quarter. A sharp rotation away from AI and technology stocks in July gave way to a two-month recovery, and the S&P 500 and NASDAQ Composite Indexes reached new all-time highs despite rising interest rates, persistent inflation concerns, and geopolitical uncertainty. The Federal Reserve raised rates in September for the first time since 2023, and the 30-year Treasury yield climbed to its highest level since 2002. Gains were uneven: the S&P 500 and NASDAQ rose, while the Dow Jones Industrial Average and the small-company Russell 2000 Index declined, and market leadership narrowed toward the largest technology and AI-related companies as the quarter progressed.

In July, investors shifted their focus from the strength of AI demand to the timing of returns on massive capital spending. Semiconductor stocks fell by double digits on concerns about spending by the large cloud providers, open-source competition, and expanding memory supply, while money flowed into overlooked areas such as software, where valuations had fallen to multi-year lows. Over the final two months, strong corporate earnings, capped by blowout results from **NVIDIA Corporation,** restored confidence that demand for AI computing remains durable and exceeds supply. The Fed's rate hike weighed on stocks most sensitive to the economy and interest rates, while technology proved largely insulated, lifting the Magnificent Seven to record highs by quarter end.

Energy was the top-performing sector in the Benchmark by a wide margin, as a supply disruption in the Strait of Hormuz, which the International Energy Agency called the largest in the history of the global oil market, pushed oil back above $100 per barrel. Health Care, Information Technology (IT), and Communication Services also outperformed. Within IT, cybersecurity stocks benefited as companies stepped up spending in response to geopolitical threats and AI-enabled attacks, and application software rebounded sharply as solid results eased fears that AI would erode incumbents' pricing power and displace their platforms.

Annualized performance (%) for periods ended September 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]	0.70	0.77	0.45	2.30
YTD[4]	16.47	16.69	6.36	12.75
1 Year	21.78	22.09	7.58	15.74
3 Years	30.81	31.14	23.84	22.89
5 Years	11.34	11.62	13.11	13.79
10 Years	21.51	21.82	17.62	15.33
15 Years	17.82	18.12	17.26	15.68
Since Inception (2/29/2000)	10.74	10.93	8.09	8.67

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 has agreed to waive and/or reimburse certain Funds' expenses, if necessary, pursuant to a contract expiring on August 29, 2037, 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

We manage the Fund with an unwavering focus on powerful secular growth trends that disrupt industries and create sustained, profitable growth opportunities. We believe transformative innovation 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.

The Fund's resilience in the quarter came despite an almost 12% pullback in the shares of its largest holding, **Space Exploration Technologies Corp.** (SpaceX), the space launch, satellite broadband, and AI infrastructure leader, from its post-IPO highs (see below). The Fund's relative performance was strongest in the Industrials, Health Care, and IT sectors. In Industrials, fuel-cell innovator **Bloom Energy Corporation** performed well, while public safety technology leader **Axon Enterprise, Inc.** and data center power equipment manufacturer **Forgent Power Solutions, Inc.** both detracted. The Fund also benefited from being underweight this lagging sector, which was pressured by weakness in aerospace & defense. In Health Care, AI-powered heart disease diagnostics innovator **Heartflow, Inc.** was a strong absolute and relative contributor. In the IT sector, several of our application and systems software investments performed particularly well, including **Rubrik, Inc.** (cloud data security leader), **Snowflake Inc.** (cloud data platform pioneer), **Cloudflare, Inc.** (connectivity cloud and network security leader), **Shopify Inc.** (commerce platform leader), and **Samsara Inc.** (connected operations and physical AI platform leader). In contrast, automotive semiconductor innovator **indie Semiconductor, Inc.** was a notable detractor. The Fund's relative performance was weakest in the Communication Services and Utilities sectors, driven by declines in the shares of SpaceX in the former and **Fervo Energy Company** (geothermal energy innovator) in the latter.

AI Update

Over nearly four years, we have experienced the first waves of the most significant disruption to the global economy since the Industrial Revolution. With the "ChatGPT moment" of late November 2022, the world took its first toddling steps into the age of machine intelligence. Until then, virtually all work and economic activity depended upon human, biological intelligence. That monopoly is ending. For the first time in history, we can manufacture intelligence. In this section, I will attempt to address the inflection in AI's usefulness in 2026, the scale of the opportunity it opens, and the debates behind the recent market volatility.

The Inflections of 2026

A Really Useful Engine

On the main stage of the Baron Investment Conference last November, I emphasized that our research focus was on the utility and value of AI. I recalled a podcast with prominent AI researcher Andrej Karpathy, whose argument that developers should build "useful things," not "AI animals," struck me. I chuckled because it captured what I believed would drive AI's adoption across the economy—and reminded me of Thomas the Tank Engine, a childhood favorite of my oldest son. In Thomas's world, the highest praise for a locomotive was to be called "a really useful engine." Our research asked whether AI could earn that distinction by improving productivity, cutting costs, accelerating innovation, and generating incremental revenue—and whether the curve of that value over time would be steep enough to give the AI cycle a long runway. In 2026, AI became a really useful engine.

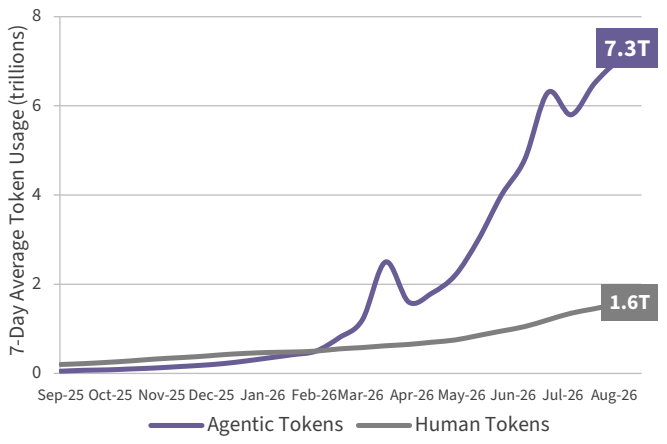
As NVIDIA CEO Jensen Huang has said repeatedly since the company's August earnings call, "AI has become useful." In his telling, AI has gone from unprofitable and not useful to doing real work that is productive and profitable. We have moved from the age of computing, when software sat passively waiting for a person to engage it, to the age of agentic machine intelligence, when AI actively and autonomously plans, acts, and completes work on our behalf.

The catalyst was Anthropic's release of Claude Opus 4.5 last November—the first model that could handle jobs lasting hours rather than seconds. It could break tasks into steps, work across software and the web, check its output, and deliver finished work at one-third of its predecessor's price. OpenAI and Google followed within months, making 2026 the year agents became products. Anthropic's Claude Code, designed for software engineers, was joined in January by Cowork, its counterpart for office workers. In August, SpaceX's Grok Bot introduced agents that log into your applications and keep working after you close your laptop. Today's frontier models—Anthropic's Fable, OpenAI's Astra, and Google's Argon—were built to plan and execute work alongside people, rather than wait for questions like a chatbot.

Token Use Explosion

The adoption of agentic AI has set off an explosion in token consumption and the demand for compute. Agents consume compute very differently than people do. A person types a few hundred words into a chat box; an agent reads, writes, calls tools, and checks its work thousands of times per task, around the clock. Jensen Huang estimates that an agent can require 15 to 100 times the compute of a person using AI, depending on the problem. Recent data from OpenRouter supports this view: agentic token usage has grown roughly 14-fold over the past seven months, far outpacing human usage.

Token demand: 7-day average token use
September 2025 to August 2026



Source: OpenRouter data via Evercore ISI (Mark Lipacis, Semis & Semi Cap Research)

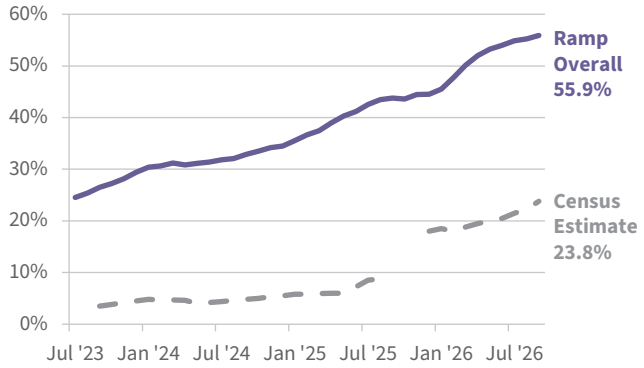
Meanwhile, the price of intelligence keeps falling, and what matters most is not just the price of a token but the cost of completing a task. Opus 4.5 launched at a price two-thirds below its predecessor's, and Anthropic says each new model generation completes a given task 25% to 75% more cheaply than the last. Some see deflation. We see Jevons' paradox: make something useful cheaper, and people use far more of it. Model providers have seen the pattern repeat after each price cut: revenue dips briefly, then climbs past its prior level within a few months as usage outruns the lower price.

Monetization at Unprecedented Speed

The monetization of AI is unprecedented. Jensen Huang calls Anthropic and OpenAI the two fastest-growing technology companies in history. OpenAI began 2026 with about $20 billion of annualized revenue and told investors in October that its September run rate was approaching $50 billion. Anthropic's third quarter revenue was widely reported to be $16.8 billion, which annualizes to roughly $67 billion, more than 10 times its level a year ago. Together, the two labs are running at roughly $120 billion annualized, up about six-fold in a year. For perspective, Salesforce needed about 20 years to reach $30 billion of annual revenue.

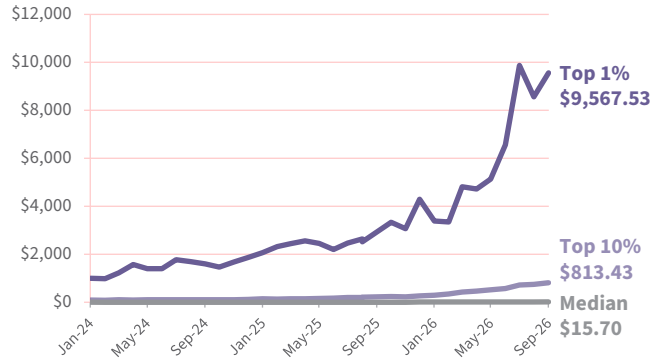
The driver is the enterprise. Customers that started with chatbot pilots are now running agents on long, multi-step work, and both labs report their largest customers spending multiples of what they spent a year ago. Still, AI remains a sliver of corporate spending, which is why we believe the runway is measured in years. Anthropic recently disclosed that more than half of the Fortune 500 spend over $100,000 a year on Claude, yet Claude represents just 0.1% of those companies' combined expenses, and less than 1% even for its top 10 Fortune 500 customers. Ramp's AI Index shows that 55.9% of businesses now pay for AI models, subscriptions, or APIs, far above the 23.8% reported by the Census Bureau's Business Trends and Outlook Survey, yet the median monthly AI spend per employee is only $15.70, versus $813 for the top 10% of companies.

Share of businesses with spending on AI models, subscriptions, tokens, and APIs



Source: Ramp AI Index, business spend data from Ramp includes corporate card and invoice / ACH payments. Census estimate from Census Business Trends and Outlook Survey.

Monthly AI spend per employee



Source: Ramp AI Index, business spend data from Ramp includes corporate card and invoice / ACH payments. AI spend includes LLM subscriptions, coding agent subscriptions, API tokens, and GPU cloud and infrastructure spend.

Insatiable Demand for Compute

The surge in demand for agentic intelligence has become a surge in demand for compute. As Jensen explained: "AI agents…use an enormous amount of compute." NVIDIA's data center compute business grew 117% in its fiscal second quarter to $89 billion, and the company guided growth of at least 70% in 2027, a figure Jensen says is limited by supply, not demand. **Broadcom Inc.**'s AI semiconductor revenue rose more than 221% in its fiscal third quarter to $16.7 billion, and management guided the business to triple again in the fiscal fourth quarter, and to double in 2027, to $115 billion, and again in 2028, to $230 billion. The cloud providers are seeing it too. In the June quarter, Amazon Web Services (AWS), Microsoft Azure, Google Cloud, and Oracle together grew revenue about 50% year-over-year, the fifth consecutive quarter of acceleration and an extraordinary feat at roughly $420 billion of annualized revenue, and their combined contracted backlog reached about $2.3 trillion. SpaceX, the newest cloud provider and the Fund's largest holding, reported third quarter AI segment revenue of $7.6 billion, up more than eight-fold from a year ago. On its recent earnings call, SpaceX confirmed that it expects to exit 2026 at $100 billion of annual recurring revenue (ARR),[5] that it was confident in bringing an incremental 10 gigawatts of compute online in 2027, and that this expansion "implie[d]" that SpaceX's ARR could end 2027 "somewhere between $500 billion and $1 trillion." On a recent podcast, **Amazon.com, Inc.**'s CEO Andy Jassy noted that AWS's AI business reached a run rate of more than $25 billion in the first three years of the generative AI wave, versus roughly $300 million at the same stage of AWS itself, several hundred times faster.

Every one of these management teams said demand exceeds supply and expects that to persist into 2027, and beyond. On a recent podcast, Jensen Huang explained that NVIDIA allocates customers far less than they want, and that every customer would buy more if NVIDIA could deliver more, "by far." Andy Jassy declared: "2026 is obviously at this point sold out. 2027 is largely sold out... A good chunk of 2028 is sold out." Even at roughly $220 billion of capital spending this year, he said, Amazon is "leaving meaningful demand on the table…There's just incredible demand

right now." SpaceX's CFO Bret Johnsen announced on the recent earnings call that "[a]t current pricing, new compute deployments are generating a payback of less than a year." Elon Musk added that "even old computers like [NVIDIA's] H100s [are] renting for more than they rented when they were new," that "we're going to face a shortage of super intelligence compute, and that shortage is going to remain for a long time," and that "it's not impossible that we will have a six-month payback period for compute next year." Every graphics processing unit (GPU) that can be built, shipped, and plugged in is being used. Unlike the dark fiber of the dot-com era, there are no dark GPUs.

Returns on AI Investments

During the internet and cloud eras, leading technology companies were viewed as "capital light," and investors nearly forgot how access returns on invested capital (ROIC). Search, software, and social networks scaled on code and network effects. Even pre-AI cloud computing, technology's most capital-intensive subsector in technology, generated demonstrably strong returns: we estimate AWS's average ROIC exceeded 30% from 2017 through 2021. AI flipped the technology space on its head. AI is capital intensive, requiring huge capital investments to build AI factories to manufacture intelligence and generate tokens. Amazon, Google, **Meta Platforms, Inc.**, and Microsoft plan combined AI capex of about $725 billion in 2026, up 77% from $410 billion in 2025. We now project total hyperscaler capex will exceed $1 trillion in 2027. Deploying capital on this scale ahead of revenue understandably worries investors. A key market question is whether AI revenue will justify this unprecedented buildout.

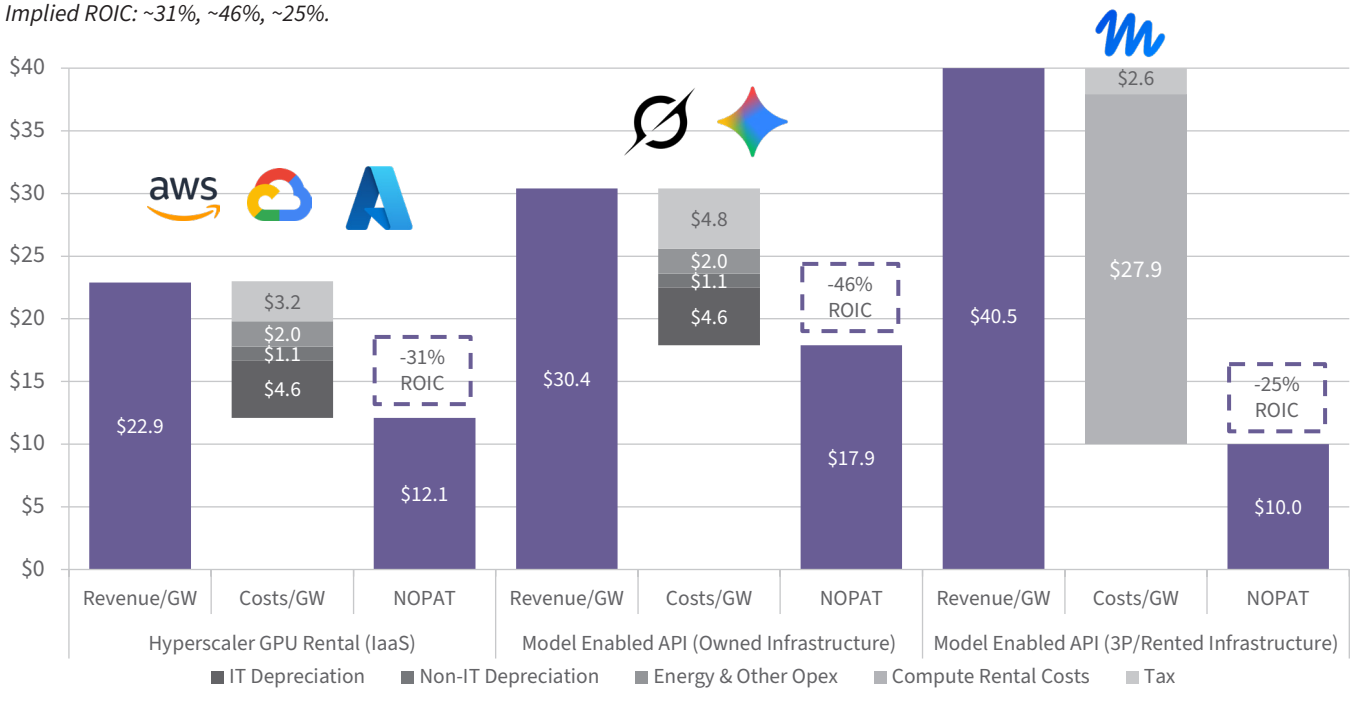
We are asking this question too and are tracking it from the ground up. We analyze the cost of a gigawatt of compute and the revenue each watt generates. We measure the incremental revenue, gross profit, operating income, and cash flow produced by each dollar of capex.

On Amazon's second-quarter call, CEO Andy Jassy laid out the economics clearly. An AI data center involves two capital cycles. The first, land, power, and the building shell, costs roughly $15 billion per gigawatt, is spent about two years before revenue, and lasts 30 years or more. The second, IT hardware (compute, memory, and networking), costs $35 billion to $45 billion per gigawatt and is bought only months before it goes into service, against visible demand. Servers break even in a little under three years and last five to six, and most AI capacity is contracted for five years or more. The capital most at risk of obsolescence, in other words, is committed last. Jassy expects AI returns to track those of the original cloud business. SpaceX, which rents compute on short-term contracts, reports paybacks of less than a year and sees a path to six months next year, because, as Elon Musk puts it, better models yield "more useful intelligence per watt," so the value of compute should rise over time, not fall.

In studies published recently, Morgan Stanley (MS) showed that after-tax ROIC were quite attractive across the AI industry. For cloud service providers renting compute capacity, MS calculated ROIC at around 31%; for model builders serving intelligence through owned infrastructure, MS calculated ROIC of around 46%; and for model builders serving intelligence on rented infrastructure, MS calculated ROIC of around 25%.

We Present 3 Frameworks Detailing GenAI ROIC of 25-50%

We estimate ROIC across 3 different monetization vectors including: 1) Hyperscaler renting out GPU/compute capacity, 2) Model builders serving their API through their own, internal infrastructure and 3) Model builders serving their API through 3P infrastructure. Implied ROIC: ~31%, ~46%, ~25%.



Source: Morgan Stanley Equity Research note titled "We Present 3 Frameworks Detailing GenAI ROIC of 25-50%", published on July 27, 2026.

Our own work suggests these payback-frameworks are credible. Because capital spending comes before revenue, trailing returns will look depressed while capacity is being built. That is why we focus on unit economics: cost and revenue per watt, server payback, and contract mix. On those measures, we believe the best operators are building assets that will earn attractive returns for years to come. Jensen Huang stresses that tokens are now profitable, and Anthropic's recent disclosure supports him: the company spent about $2.51 on compute and infrastructure for every dollar of revenue in early 2025, but only about 48 cents by mid-2026.

Usefulness Showing Up in Results

AI is also making existing businesses earn more. At Meta, better AI-driven ad ranking helped North American advertising growth accelerate for a second straight quarter, to 33%, with the average price per ad up 14%. At **Spotify Technology S.A.**, AI coding tools roughly doubled engineering output, which translated into what co-CEO Gustav Söderström called a "very significant acceleration" in shipping new features, with headcount flat. Those features are paying off: Spotify's AI-powered taste model is driving double-digit growth in music discovery and is on track to add billions of listening hours a year.

Our Take on the Debates: History Rhymes and Econ 101

AI skeptics concede that demand today is unprecedented; they ask what comes next. Predicting the future often depends on drawing the right lessons from the past, and investors frequently face a tension between past precedents and the claim that "this time is different." Our take, frankly, includes a little of both. The debates are complex, spanning AI monetization, the risk of over-building, ROIC, capital availability, supply constraints, but in our view they reduce to Econ 101: the laws of supply and demand, and particularly demand. That is why a comment by Jensen Huang at GTC Berlin resonated with us: "Without demand, nothing is resolvable; with demand, everything will be resolvable."

The crux, then, is the sustainability of demand, which turns on the slope of the curve we described at the outset: the value of AI's usefulness over time. As long as AI grows more useful, it should generate economic value that exceeds the cost to provide it. Positive returns drive adoption and diffusion through the economy; adoption drives AI revenue; and returns that outweigh the risks keep the investment funded by business cash flows and the capital markets. If that curve is steep enough, we believe the AI cycle has a long runway. The bear case rests on a single link in that chain: what if demand slows? It is the right link to test, because with exponential growth, even a slight change in the rate produces a very different outcome. To answer it, we turn to history, mindful of the saying often attributed to Mark Twain: "History doesn't repeat itself, but it often rhymes."

Sustainability of Demand: This Time It Is Different

As detailed above, there is little debate about today's demand. Every GPU that can be built, shipped, and plugged in is being used; unlike the dark fiber of the dot-com era, there are no dark GPUs. Even older generations, such as NVIDIA's H100, rent for higher hourly prices than a year ago. Yet every great infrastructure build, the skeptics argue, from the railroads to the fiber networks of the internet boom, has ended in oversupply and a crash, so this one will too.

We believe the mechanics of this build are different. In the 1800s, railroad track had to be laid long before passengers and cargo filled the trains. In the 1990s, dark fiber was laid years before the applications, devices, last-mile bandwidth, and users existed to light it up. Most people did not yet own a computer, 14.4 kbps dial-up modems were painfully slow, and the internet had no installed base. Generative AI faced almost none of that friction. It arrived instantly through smartphones and web browsers already in billions of hands. Anyone who could type a text message could use it, and adopting it was often a single click. That is why AI has been adopted faster than any technology in history: ChatGPT reached 100 million users within about two months of its launch, and more than a billion people now use AI applications every week.

Nor are builders deploying capital years ahead of demand. As we noted above, Amazon's CEO explained that cloud providers buy data center IT hardware only months before it goes into service, and SpaceX's short-term contracts are renewing at higher prices and its new compute is paying back in under a year. In this buildout, the capital most at risk of obsolescence is committed last, against visible and contracted demand.[6]

Skeptics will say the executives we quoted earlier are talking their books, and the telecom executives of the late 1990s were bullish, too. The difference is that today's leaders are reporting indisputable facts: sold-out capacity, signed contracts, and rising prices. And they are backing their words with hundreds of billions of dollars of their shareholders' capital and with their own credibility, in the form of public guidance. The bears' expectation of an inevitable reversal is just a forecast. So, whom should investors believe: the skeptics, or the people writing the checks? We believe the people writing the checks see something the skeptics underestimate: the size of the prize.

The Size of the Demand Prize: A Precedent from the Industrial Revolution

The mechanics of the AI build differ from those of the railroads and the internet, but its scale rhymes with something far larger: the Industrial Revolution. Before it, nearly all work depended upon muscle. By most estimates, human and animal muscle provided more than 90% of the world's mechanical work in 1800; by 1950, machines provided more than 80%.[7] The shift took roughly 150 years, with the steep part of the curve lasting about a century.[8] Today, virtually all knowledge work, and the direction of much physical work, depends on human, biological intelligence. As we noted at the outset, that monopoly is ending: for the first time, we can manufacture useful intelligence.

That is why we believe AI's ultimate addressable market is the work done by human intelligence itself.[9] As the table below shows, labor income represents roughly half of the global economy, and knowledge work alone, an estimated $42 trillion to $50 trillion a year by 2030, is about five times what the world spends on all information technology.

The Prize: The Global Economy in 2030 (estimated)

Category	Share of Global GDP	$ Amount
Global GDP	**100%**	**$150 trillion**
Labor income	**52%**	**$78 trillion**
Knowledge work	28–34%	$42–50 trillion
Physical work	18–24%	$27–35 trillion
Global IT spending*	6%	$9 trillion

* IT spending is shown for comparison and is not additive to the categories above.

Sources: Baron Capital estimates based on International Monetary Fund, International Labour Organization, and other sources. Figures are approximate.

Skeptics have criticized the addressable markets cited by SpaceX, $26.5 trillion for AI in its IPO filing, and by Anthropic, who values global knowledge work at more than $40 trillion, because they are derived from the wages paid to people doing jobs that AI might someday replace. We think that is exactly the right way to size the opportunity, because it has happened before: machines took share from organic muscle, and machine intelligence will take share from organic intelligence. The steep part of the Industrial Revolution took roughly a century. AI is diffusing at a breakneck pace. We believe it is highly likely that AI will capture or augment a significant share of the work done by human intelligence over the next 10 to 20 years.

Capital Supply: The Markets Are Open

Financing is a concern we watch closely. Credit has become more expensive this year, as larger U.S. government deficits compete with ever-larger AI investments for capital and the Federal Reserve has raised rates. But the markets are open, and high-quality companies are getting deals done at scale. Meta raised about $37.5 billion of common stock and mandatory convertible preferred, upsizing the common offering on strong demand. SpaceX committed to a roughly $40 billion lease of next-generation NVIDIA GPUs with investors led by Apollo and Goldman Sachs, the largest committed GPU financing to date. NVIDIA has partnered with six of the world's largest infrastructure investors on platforms expected to raise more than $500 billion of long-term capital for the AI labs. Major banks and Blackstone have committed $63 billion to fund Broadcom-designed compute for Anthropic, which filed publicly for what may be the largest IPO in history. Notably, SpaceX's lenders are underwriting GPUs over roughly five years, hardly the behavior of investors who view them as rapidly depreciating assets.

Spreads have widened, but mostly for weaker borrowers. As MS Research describes it, the market is showing a quality divide, not a closure: most AI-related issuance is tied to high-quality hyperscalers and semiconductor companies, while lower-quality borrowers, including some neoclouds, pay more and may need support from partners. Even assuming no growth in operating income and another $400 billion of new bonds at 7%, MS estimates the strongest hyperscalers would still cover their interest expense about 12 times over in 2027.

There is a great deal of cash in the system. On FactSet consensus estimates, 12 leading AI semiconductor, memory, and hyperscale companies are expected to generate roughly $5.5 trillion of operating cash flow in 2027 and 2028 combined, more than one prominent estimate of $5.3 trillion of global data center spending over the same two years.[10]

Consensus Cash from Operations, 2027–2028*

Company Type	CY2027E	CY2028E	2027–28 Total
AI semiconductors and memory	$1,293	$1,663	$2,956
Hyperscalers and SpaceX	$1,116	$1,450	$2,567
Total, 12 companies	**$2,409**	**$3,113**	**$5,522**

* Whole-company figure; FactSet does not publish cash-from-operations estimates at the division level.

Source: FactSet consensus mean estimates. Non-December fiscal years (NVIDIA, Broadcom, Micron, Microsoft, and Oracle) calendarized by weighting overlapping fiscal-year estimates by months. Totals may not sum due to rounding.

Of course, not all that cash will go to fund AI capacity expansion, and supplier support for some financings, such as Broadcom's residual value guarantees, bears watching. But this build is anchored by highly profitable companies, a very different foundation from the debt-fueled telecom build of the late 1990s, and we are comfortable that capital will be available to fund it.

Power Supply: A Key Bottleneck

Power is harder to come by. The leading AI builders agree that the gating factor is no longer chips but electricity and the physical buildout of data centers. Jensen Huang cites land, permitting, power generation, skilled construction labor, and local moratoriums as among the biggest obstacles to the gigawatts now planned, and Elon Musk says the limit on deploying AI is "more in power and cooling and infrastructure than it is in chips."

As with capital, we expect the highest-quality players to secure the power they need, and increasingly they are doing so "behind the meter": generating electricity on site, with turbines, reciprocating engines, fuel cells, and batteries, rather than waiting years for a grid connection. Behind-the-meter power is faster, and it also eases a growing political concern that data centers drive up electricity bills for households and other businesses.

The leaders are moving quickly. SpaceX is building its own power generation, casting its own turbine blades to bypass a 12- to 18-month industry backlog, and has set an ambitious goal of adding roughly 20 gigawatts of power and cooling infrastructure in 2027. Bloom Energy, a Fund holding, shows how fast onsite power can move: for Nebius in New Jersey, approvals came within three months of signing, and the first block of power two months after that. Bloom Energy's fuel cells are clean, quiet, and use little water, and its customers now extend from hyperscalers to utilities, the U.S. Army, and international markets. Bloom Energy grew revenue 138% last quarter. And the search for power is global: as Jensen Huang puts it, if data centers aren't built in the U.S., "every country in the world will love for it to be built out there." Smaller developers will face longer queues and higher costs. The leaders, we believe, will get their power, in the U.S. and around the world.

A Really Useful Engine

We remain disciplined. We separate the signal from the noise, take the debates seriously, and keep our eyes on the slope of the curve. The evidence says demand is outrunning supply, and capital and power are available for those best positioned to use them. The prize–the work done by human intelligence–is the largest in economic history. History rhymes. This time, it is not dark fiber. It is the Industrial Revolution, and AI has become a really useful engine.

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

- AI
- Semiconductors and semiconductor equipment
- Cloud computing
- Software-as-a-service
- Digital media/entertainment/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 third quarter we initiated or added to the following positions:

- Power generation and energy infrastructure: **Bloom Energy Corporation** and **Forgent Power Solutions, Inc**.
- Application software: **ServiceNow, Inc.** and **Palantir Technologies Inc.**
- Semiconductors and semiconductor equipment: **Advanced Micro Devices, Inc.**, **Lam Research Corporation**, **Micron Technology, Inc.**, and **SiMa Technologies Inc.**
- Footwear and athletic apparel: **On Holding AG**
- Networking and optical equipment: **Lumentum Holdings Inc.**, **Coherent Corp.**, and **Arista Networks, Inc.**

Top Contributors and Detractors

Top contributors to performance for the quarter

	Contribution to Return (%)
NVIDIA Corporation	1.70
Meta Platforms, Inc.	0.75
Snowflake Inc.	0.57
Heartflow, Inc.	0.55
Cloudflare, Inc.	0.55

Shares of **NVIDIA Corporation**, the leading provider of accelerated computing platforms for AI, contributed to performance. As discussed in our AI update, demand is shifting toward inference and agentic workloads, and NVIDIA's full-stack platform, spanning accelerators, CPUs, networking, and software, is well suited to that shift. Its scale is also an advantage in the supply chain, where its purchasing power with **Taiwan Semiconductor Manufacturing Company Limited**, memory suppliers, and packaging partners secures priority access to the industry's most constrained components. With its Vera Rubin platform now in full production, NVIDIA introduced a containerized

"AI factory" design that can bring pre-integrated racks online in about a month, rather than four to five months, once power is available. With each gigawatt generating roughly $40 billion of annual revenue, by management's estimate, that speed is worth billions of dollars to customers. NVIDIA remains the Fund's second largest holding, and we retain strong conviction in its role as the leading enabler of the AI buildout.

Shares of **Meta Platforms, Inc.** contributed to performance. Meta continued to show AI investment translating directly into financial results with its core business accelerating because of AI, not in spite of it.. Third quarter revenue grew 26% to $64.6 billion, and U.S. and Canada advertising growth accelerated for a second straight quarter, to 33%, as AI-driven improvements to content recommendation and ad ranking lifted the average price per ad 14%. Equally exciting is the progress beyond the core. In September, Meta launched Muse, a personal AI agent that acts on a user's behalf rather than simply answering questions. Muse reached more than 10 million setups in the U.S. and Canada in about six weeks, and more than a quarter of active users are already shopping through it, with average purchases above $200. A global launch, limited for now by available compute, would put Muse in front of the more than 3.6 billion people who use Meta's apps daily. Muse is free for most users today, but CEO Mark Zuckerberg expects to monetize it sooner than Meta's usual build-then-monetize playbook, through commerce fees and subscriptions. Meta's models have also narrowed the gap with the frontier labs, a sign of improving execution under its reorganized AI group. We believe Muse could become Meta's next major platform, and we remain confident in the company's long-term growth.

Shares of **Snowflake Inc.**, a cloud data platform for enterprise analytics, contributed to performance as its agentic AI products gained adoption. Snowflake is embedding AI throughout its platform, led by Cortex Code, an agentic coding tool, and CoWork, its agentic workspace, which help customers onboard data faster and use AI with strong governance and a choice of models. These products are broadening adoption across users and functions while deepening consumption in new and existing accounts. The flywheel showed up in results: product revenue growth accelerated for a third straight quarter, to 37% year-over-year in the fiscal second quarter, with roughly half the acceleration driven by AI products, alongside best-in-class net retention and strong new-customer momentum. Management raised full-year product revenue guidance by more than the quarter's outperformance and increased operating margins, aided by its own internal use of AI. We believe Snowflake is becoming a critical infrastructure layer for enterprise AI.

Top detractors from performance for the quarter

	Contribution to Return (%)
Space Exploration Technologies Corp.	(2.52)
Tesla, Inc.	(0.89)
Fervo Energy Company	(0.53)
Forgent Power Solutions, Inc.	(0.53)
indie Semiconductor, Inc.	(0.49)

Shares of **Space Exploration Technologies Corp.** detracted, pulling back from their post-IPO highs despite very strong fundamentals, before rebounding a bit in October. SpaceX develops and launches advanced rockets, satellites, and spacecraft, and builds AI software and infrastructure, with the long-term goal of making humanity multiplanetary. Its first earnings report as a public company, in August, showed revenue nearly doubling year-over-year and sharply narrower losses, driven by rapidly scaling compute-hosting deals with AI leaders including Anthropic and Google, alongside continued Starlink growth. Its third quarter report in October was stronger still, with revenue up 161% and the company's first quarter of positive net income, and, as discussed above, management expects to exit 2026 at a $100 billion annual revenue run rate. The acquisition of Cursor is accelerating product innovation, including the viral Grok Bot, and Starship completed its first orbital and first revenue-generating flight, launching Starlink V3 satellites into operational orbit. SpaceX sits at the center of two defining secular trends, the commercialization of space and the buildout of AI infrastructure. It remains the Fund's largest holding, and we believe it is in the early days of a multi-decade growth opportunity.

Shares of **Tesla, Inc.**, which makes electric vehicles, energy storage, and solar products and develops real-world AI, were a detractor in the quarter before rebounding in October. Record second quarter revenue and deliveries, reported in July, were overshadowed by near-term profit pressure as the company leaned into its largest future opportunities in autonomy, robotics, and AI chips, and the market wanted clearer proof that robotaxi can scale. Tesla's third quarter report in October provided some of that proof. Unsupervised robotaxi miles grew from about 380,000 in late July to roughly 3.2 million by late October, with zero crashes involving injury, airbag deployment, or a pedestrian or cyclist, and 75% of new vehicles sold in North America now include Full Self-Driving, up from 55% a quarter earlier. Automotive demand is the strongest in four years, energy storage is nearly sold out through 2027 on data center demand, and free cash flow turned positive as capex came in below plan. Cybercab is entering volume production, and the next-generation AI5 inference chip anchors the Optimus program. We believe Tesla gets one real shot to scale robotaxi safely, so its deliberate, safety-first approach is the right call, even if it tests investor patience. The long-term physical AI opportunity remains robust.

Fervo Energy Company is the market leader in enhanced geothermal systems, which adapt horizontal drilling and hydraulic fracturing techniques from the oil and gas industry to unlock geothermal resources and drive down costs. Geothermal offers always-on baseload power with low operating costs and no emissions but has historically been limited by geography and costly dry wells. Shares declined during the quarter as rising interest rates, a modest reduction in 2027 guidance, and broader weakness in alternative and clean energy stocks weighed on sentiment, particularly given that the company is not expected to generate significant revenue or earnings until near the end of the decade. Even so, Fervo's first plant remains on track to generate electricity this year and the company continues to expand its portfolio of contracted power purchase agreements. We believe these developments support meaningful long-term upside.

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 third quarter, the largest market cap holding in the Fund was $5.5 trillion and the smallest was $500 million. The median market cap of the Fund was $110.1 billion, and the weighted average market cap was $1.7 trillion.

To end the quarter, the Fund had $2.2 billion of assets under management. We had investments in 50 unique companies. The Fund's top 10 positions accounted for 59.5% of net assets.

Top 10 holdings

	Quarter End Market Cap ($B)	Quarter End Investment Value ($M)	Percent of Net Assets (%)
Space Exploration Technologies Corp.	2,047.6	355.8	16.4
NVIDIA Corporation	5,504.0	278.0	12.9
Broadcom Inc.	1,676.5	102.2	4.7
Amazon.com, Inc.	2,687.4	101.9	4.7
Alphabet Inc.	4,188.2	90.9	4.2
Tesla, Inc.	1,401.3	83.5	3.9
Meta Platforms, Inc.	1,847.4	76.7	3.5
Spotify Technology S.A.	100.3	72.6	3.4
Eli Lilly and Company	1,089.2	69.6	3.2
Taiwan Semiconductor Manufacturing Company Limited	2,366.0	55.7	2.6

Recent Activity

Top net purchases for the quarter

	Quarter End Market Cap ($B)	Net Amount Purchased ($M)
Bloom Energy Corporation	81.6	12.1
ServiceNow, Inc.	138.6	11.9
Advanced Micro Devices, Inc.	998.7	11.0
Lam Research Corporation	411.1	10.6
Micron Technology, Inc.	1,202.9	10.2

During the quarter, we initiated a position in **Bloom Energy Corporation**, the market leader in solid oxide fuel cells. Bloom Energy's fuel cells generate electricity through a chemical process rather than combustion, making them more efficient and lower-emitting than traditional natural gas generation. As discussed above, data center developers facing scarce grid power and multi-year backlogs at gas turbine and engine manufacturers are increasingly turning to onsite power, and Bloom Energy offers pricing competitive with or better than alternatives and some of the shortest lead times in the industry. The company already has several marquee data center orders, including more than 2 gigawatts for Oracle's Project Jupiter, and is expanding manufacturing capacity from about 2 gigawatts at the end of this year toward 5 gigawatts and beyond. Given its capital-light model, we believe margins will expand meaningfully as Bloom Energy grows into that capacity, driving strong earnings growth in the years ahead.

During the quarter, we reestablished a position in software leader **ServiceNow, Inc.**, a former long-term holding whose cloud platform automates and digitizes enterprise workflows. Investor fears that AI will disrupt application software had pushed the stock to a valuation we found attractive for the core business alone, with the AI opportunity as potential upside. So far, we have not seen material degradation in the business: retention remains exceptionally high, large-deal activity is healthy, and AI annual contract value surpassed $1 billion in the quarter. Because ServiceNow's software is woven deeply into mission-critical workflows, with broad visibility into customers' systems, we believe it is well placed to orchestrate AI agents across the enterprise. While that opportunity is still being proven out, early traction is encouraging, and we believe ServiceNow can emerge as a larger, more profitable company in the AI era.

During the quarter, we reestablished a position in **Advanced Micro Devices, Inc.** (AMD), a leading designer of semiconductors for computers and data centers. We see two growth opportunities. First, AI agents are expanding the market for central processing units (CPUs), the general-purpose chips that run computers and servers. When an agent completes a task, it must plan the steps, call software tools, pass information between AI models, and interact with a company's other systems, and that work runs on CPUs. As agents spread, we believe CPUs are becoming a secular growth market, with AMD, a leading designer of data center CPUs, positioned as a clear beneficiary. AMD's data center CPU revenue grew more than 70% year-over-year, demand is outpacing supply, and management expects growth of more than 70% again in 2027. Second, AMD is emerging as a credible alternative to NVIDIA in AI accelerators, the specialized chips that train and run AI models, with major commitments from OpenAI, Meta, and Anthropic. Management expects AMD's data center revenue to more than double in 2027.

Top net sales for the quarter

	Quarter End Market Cap ($B)	Net Amount Sold ($M)
Amazon.com, Inc.	2,687.4	16.8
Broadcom Inc.	1,676.5	11.2
Datadog, Inc.	98.6	10.8
Hinge Health, Inc.	7.8	8.8
Snowflake Inc.	119.8	8.6

These sales were small trims of position sizes to fund the initiations and additions set out in the Review and Outlook section 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

† 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® 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 Portfolio includes reinvestment of dividends, net of withholding taxes, while the index(es) include reinvestment of dividends before taxes. Reinvestment of dividends positively impacts the performance results. The index(es) are unmanaged. Index performance is not Portfolio 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] Defined as annualized revenue based on the month of December.

[6] Some critics also characterize GPUs as "rapidly depreciating, high-obsolescence-risk assets." The market data say otherwise. Venture firm Andreessen Horowitz (a16z) recently posted a report showing rising GPU rental prices, including NVIDIA H100's up 25% year to date, H200's up 160%, and B200's up 120%. Silicon Data's index of H100 rental prices (a chip that shipped in 2022) rose from $2.00 per GPU-hour in December 2025 to $2.88 in late October, an increase of roughly 44%.

[7] U.S. agriculture is a case in point. The share of American workers on farms fell from about 75% in 1800 to 41% in 1900, about 4% in 1970, and under 2% by 2000, even as farm output rose dramatically. Machines took over the work.

[8] Vaclav Smil, *Energy and Civilization* (2017) and *How the World Really Works* (2022); Maddison Project Database (2023). Figures are approximate.

[9] As a former practicing lawyer, I can attest that much legal work, research, review, drafting, and analysis, is exactly the kind of cognitive work AI now does well. Legal services represent roughly $1 trillion of annual spending, of which only about 4% goes to software and 96% to human labor. Legora, an AI-native legal platform in which we recently invested, believes software's share will rise to 20% to 30%, a massive increase in a single profession. Because demand for legal work far exceeds lawyers' capacity, cheaper legal work should mean more legal work, not merely cheaper lawyers. There is no incumbent in AI-driven legal workflows, and the same logic extends to tax, audit, compliance, and the rest of professional services.

[10] AI semiconductors and memory companies: NVIDIA, Broadcom, AMD, Micron, SK hynix, and Samsung Electronics. Hyperscalers and SpaceX: SpaceX, Amazon, Microsoft, Meta, Alphabet, and Oracle.

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.

Risks: Securities issued by small and medium-sized companies may be thinly traded and may be more difficult to sell during market downturns. Growth stocks can react differently to issuer, political, market and economic developments than the market as a whole and other types of stocks. Even though the Portfolio is diversified, it may establish significant positions where the Adviser has the greatest conviction. This could increase volatility of the Portfolio's returns. 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.

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

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

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

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. **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. **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. **Return 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

BAMCO, Inc. is an investment adviser registered with the U.S. Securities and Exchange Commission (SEC). Baron Capital, Inc. is a broker-dealer registered with the SEC and member of the Financial Industry Regulatory Authority, Inc. (FINRA).

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BARON CAPITAL

QUARTERLY LETTER | SEPTEMBER 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) declined 4.36% (Institutional Shares) in the third quarter. The Fund's result exceeded that of its benchmark, the Russell Midcap Growth Index (the Index), which fell 5.84%. The large-cap dominated Russell 3000 Index (the Market Index) gained 1.40% in the quarter, a result driven primarily by the largest technology companies. Year to date, the Fund has gained 5.59%, outpacing the Index's return of 1.01%, but trailing the Market Index return of 12.42%.

The Fund's performance continues to be exceptional over longer time periods. The Fund has returned 25.72% over the trailing one-year period, compared to the Index's decline of 2.73% and the Market Index's return of 15.13%. It is ranked in the 6th 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 17.59% has exceeded the Index's return by 6.23% per year. We are very proud of these achievements, and long-term investors have been rewarded.

Annualized performance (%) for periods ended September 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]	(4.41)	(4.36)	(5.84)	1.40
YTD[5]	5.39	5.59	1.01	12.42
1 Year	25.41	25.72	(2.73)	15.13
3 Years	23.58	23.89	15.36	22.26
5 Years	11.34	11.62	4.92	12.64
10 Years	24.20	24.53	11.86	14.73
15 Years	21.73	22.06	13.17	15.27
Since Conversion (4/30/2003)	17.36	17.59	11.36	11.54
Since Inception (1/31/1992)	15.59	15.74	10.02	10.81

ALL CAP

As of September 30, 2026, the Morningstar Large Growth Category consisted of 1,049, 914, and 744 share classes for the 1-, 5-, and 10-year periods. Morningstar ranked Baron Partners Fund® Institutional Shares in the 6th, 43rd, 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 has agreed to waive and/or reimburse certain Funds' expenses, if necessary, pursuant to a contract expiring on August 29, 2037, 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.

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 September 30, 2026, we held 24 investments, down from 28 at the end of June as we exited several small positions. The median market capitalization of these growth companies was $13.4 billion. The top 10 positions represented 76.6% of total investments. Leverage was 9.6%.

Total returns by investment type for the quarter

	Percent of Total Investments (%)	Total Return (%)	Contribution to Return (%)
Financials	**19.1**	**4.32**	**0.88**
Morningstar, Inc.	2.3	22.16	0.43
FactSet Research Systems Inc.	3.7	17.79	0.58
The Charles Schwab Corporation	4.7	6.21	0.34
Kinsale Capital Group, Inc.	2.1	(2.08)	(0.01)
MSCI Inc.	4.6	(3.48)	(0.27)
Arch Capital Group Ltd.	3.6	(4.83)	(0.20)
Core Growth	**13.5**	**2.23**	**0.60**
Gartner, Inc.	3.4	43.76	1.25
Guidewire Software, Inc.	3.0	15.86	0.49
IDEXX Laboratories, Inc.	2.7	(0.84)	(0.02)
Eli Lilly and Company	0.0	(3.22)	(0.02)
Verisk Analytics, Inc.	1.9	(6.37)	(0.14)
HEICO Corporation	0.5	(13.74)	(0.07)
On Holding AG	1.7	(15.95)	(0.33)
Birkenstock Holding plc	1.5	(24.68)	(0.57)
Russell Midcap Growth Index		**(5.84)**	
Disruptive Growth	**56.3**	**(6.16)**	**(3.85)**
Moderna, Inc.	1.7	173.94	0.96
Shopify Inc.	5.7	29.96	1.41
Figma, Inc.	0.0	23.70	0.13
Spotify Technology S.A.	3.9	6.15	0.17
Alphabet Inc.	0.0	(2.55)	0.00
Amazon.com, Inc.	0.0	(4.22)	(0.01)
Space Exploration Technologies Corp.	35.7	(11.71)	(3.55)
Tesla, Inc.	14.7	(15.64)	(2.96)

Total returns by investment type for the quarter

	Percent of Total Investments (%)	Total Return (%)	Contribution to Return (%)
Real/Irreplaceable Assets	**11.2**	**(11.48)**	**(1.61)**
Vail Resorts, Inc.	2.1	0.77	0.04
CoStar Group, Inc.	1.8	(4.33)	(0.01)
Choice Hotels International, Inc.	2.4	(6.92)	(0.18)
Gaming and Leisure Properties, Inc.	0.2	(13.34)	(0.06)
Hyatt Hotels Corporation	4.0	(18.13)	(0.88)
Red Rock Resorts, Inc.	1.8	(23.49)	(0.53)
Fees	**0.0**	**(0.39)**	**(0.39)**
Total	**100.0***	**(4.37)****	**(4.37)****

* *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.

This quarter, the Fund's relative outperformance came from the categories that held back results in the second quarter. Financials returned 4.32% and Core Growth returned 2.23%, both well ahead of the Index's 5.84% decline. Disruptive Growth declined 6.16%, roughly in line with the Index, as exceptional gains from **Shopify Inc.** (up 29.96%) and **Moderna, Inc.** (up 173.94%) were offset by declines in **Space Exploration Technologies Corp.** (SpaceX) and **Tesla, Inc.** Real/Irreplaceable Assets declined 11.48%. This category is heavily dominated by consumer-oriented hotel and lodging businesses. Investors are concerned that higher oil prices, interest rates, and inflation could pressure consumer and travel spending. **Hyatt Hotels Corporation**, **Red Rock Resorts, Inc.**, **Gaming and Leisure Properties, Inc.**, and **Choice Hotels International, Inc.** were all impacted. This same narrative hampered returns in many of our Core Growth consumer companies like **On Holding AG** and **Birkenstock Holding plc**.

Challenged Holdings: Retaining Conviction Is Paying Off

Last quarter, we wrote that several of our Core Growth and Financials holdings were being penalized by investor fears that they would be disrupted by AI or that heavy reinvestment would pressure near-term earnings. We said we believed this perception was divorced from the fundamental reality, and that when such issues are resolved or sentiment shifts, these stocks should perform well. That shift appears to be beginning. In the quarter, stocks that had been perceived as AI "losers" rebounded sharply. **Gartner, Inc.** rose 43.76%, **Morningstar, Inc.** rose 22.16%, **FactSet Research Systems Inc.** rose 17.79%, and **Guidewire Software, Inc.** rose 15.86%. Together, these four holdings contributed 275 basis points to the Fund's relative return, more than the Fund's entire margin of outperformance versus the Index for the quarter.

FactSet shares rose following fiscal third-quarter results, with organic revenue and annual subscription value (ASV) growth both reaccelerating and FactSet completing its largest-ever quarterly share repurchase. Shares advanced again following fiscal fourth-quarter results, with record organic ASV, guidance for a return to margin expansion in fiscal 2027, and AI solutions bookings that more than doubled during the year. We retain long-term conviction in FactSet given its large addressable market, consistent execution across both new product development and financial results, and robust free cash flow generation.

Shares of property and casualty (P&C) insurance software vendor Guidewire rallied as software multiples expanded. Guidewire's InsuranceSuite platform serves as the core system of record for insurance carriers, functioning as the single source of truth for policies, claims, premiums, and payments. Given the complexity, highly regulated nature, and digital format of insurance policies, we believe this system is particularly critical and valuable. We think the core-system opportunity alone represents nearly $20 billion of annual recurring revenue potential. In our view, AI will meaningfully expand this opportunity by enabling automation and intelligence on top of the platform. 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 AI-driven productivity gains, which should help the company grow faster while reducing costs.

A Volatile Quarter for Disruptive Growth

The third quarter had substantial and sudden market shifts. In July, investors rotated sharply away from high-momentum and speculative AI and technology stocks. The Fund's key two largest holdings, SpaceX and Tesla, pulled back 36.57% and 26.01%, respectively. These same stocks then rebounded 32.59% and 18.23% in August as AI-linked stocks recovered.

This experience illustrates why we believe it is important for the Fund to be constructed in this manner. The concentrated but categorically diversified structure of the portfolio allowed the Fund to weather a difficult quarter for our largest Disruptive Growth holdings, as our Core Growth and Financials holdings recovered.

Top Contributors and Detractors 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 (%)
Shopify Inc.	2026	177.6	190.6	29.96	1.41
Gartner, Inc.	2013	5.7	11.8	43.76	1.25
Moderna, Inc.	2026	20.2	76.9	173.94	0.96
FactSet Research Systems Inc.	2007	2.7	9.6	17.79	0.58
Guidewire Software, Inc.	2017	6.0	11.7	15.86	0.49

Shopify Inc., a leading commerce platform for merchants of all sizes, contributed to performance. Second quarter results marked another quarter of exceptional execution, with gross merchandise volume (GMV) rising 32% year-over-year to $116 billion and revenue increasing 34%. This was the fifth consecutive quarter of 30%-plus growth across GMV, revenue, gross profit, operating income, and free cash flow. Merchant solutions revenue grew 37% on higher payments penetration, operating income increased 68%, and free cash flow margin expanded to 18% from 16%. Growth was broad-based across merchant sizes, geographies, and channels, with business-to-business GMV up 76% and offline GMV up 32%. Third-quarter guidance for revenue growth in the low 30% range and further operating expense leverage exceeded expectations. We retain conviction in Shopify as a durable compounder and believe its two decades of proprietary merchant and buyer data position the company as a key beneficiary as commerce shifts toward AI-driven discovery and agentic checkout.

Shares of syndicated research provider **Gartner, Inc.** rallied amid multiple expansion across information services stocks. We believe Gartner's contract value growth is poised to reaccelerate as the company enhances its product offering, retrains its sales force, and benefits from easier comparisons in its public sector end market. We also view Gartner as an underappreciated beneficiary of AI, as organizations increasingly seek guidance on the risks and opportunities presented by the technology. In addition, we expect earnings and free cash flow to grow meaningfully faster than revenue as Gartner expands margins and returns excess capital through share repurchases. Management is on pace to deploy nearly $2 billion of free cash flow toward share repurchases this year, which we estimate could reduce the company's share count by roughly 15% to 20%.

Moderna, Inc. is a biotechnology company developing mRNA-based vaccines and therapeutics across infectious disease and oncology. Shares rose sharply during the quarter. Moderna's personalized cancer vaccine, developed with Merck, met key endpoints in a Phase 3 melanoma trial, a milestone the market viewed as validation of the broader neoantigen oncology platform. We retain long-term conviction in Moderna given its established mRNA manufacturing base, disciplined cost structure following recent workforce reductions, and expanding late-stage oncology pipeline. Together, we believe these strengths support a path to durable, diversified growth beyond the company's legacy COVID franchise.

Top detractors from 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	2,047.6	(11.71)	(3.55)
Tesla, Inc.	2014	21.9	1,401.3	(15.64)	(2.96)
Hyatt Hotels Corporation	2009	4.2	15.0	(18.13)	(0.88)
Birkenstock Holding plc	2023	7.6	5.4	(24.68)	(0.57)
Red Rock Resorts, Inc.	2017	2.9	5.2	(23.49)	(0.53)

Space Exploration Technologies Corp. develops and launches advanced rockets, satellites, and spacecraft, with the long-term goal of making humanity multi-planetary. The stock declined 11.71% in the quarter as shares pulled back from highs reached after the initial public offering, despite strong underlying fundamentals. SpaceX's first results as a public company reinforced our conviction, with revenue nearly doubling year-over-year and losses narrowing sharply on high incremental margins. Growth was driven by rapidly scaling, multibillion-dollar compute-hosting deals with AI leaders, including Anthropic and Google, alongside Starlink momentum. Management guided to a $100 billion annualized revenue run rate by year-end 2026 and up to five times more compute exiting 2027, well above Street expectations. SpaceX also closed its acquisition of Cursor, a premier enterprise AI-powered coding platform, accelerated product development with Grok Bot and more advanced Grok models, and progressed Starship toward full reusability. We started accumulating SpaceX shares in 2017 when the company was valued at approximately $21.6 billion. The Fund's position is currently worth approximately $5.6 billion. We remain long-term shareholders and believe the company is in the early stages of a multi-decade growth opportunity.

Tesla, Inc. manufactures electric vehicles, solar products, and energy storage solutions and develops real-world AI technologies. Shares fell 15.64% as record second quarter revenue and deliveries were overshadowed by near-term profit pressure from increased investment in autonomy, robotics, and AI chips. As Tesla funds this ambitious multi-year investment cycle, investors are also seeking clearer evidence of robotaxi scaling. We see momentum across the business as automotive demand improves, and Full Self-Driving (FSD) adoption accelerates. The active FSD base reached a record 1.48 million, up 56% year-over-year, with 55% of North American deliveries now including FSD. Unsupervised robotaxi miles are compounding rapidly, with an impeccable safety record across more than one million miles. Cybercab production is ramping, and given the importance of scaling robotaxis safely, we believe Tesla is right to take a deliberate approach to execution. The next-generation AI5 inference chip will also play a central role in the Optimus program. Together, these developments reinforce the robust long-term physical AI opportunity, despite a lengthy path to realizing it.

Global hotelier **Hyatt Hotels Corporation** detracted from performance as investors grew concerned that higher oil prices, interest rates, and inflation could pressure consumers and travel budgets. However, consumer spending remains resilient, particularly on travel and experiences. Hyatt continues to grow units at a mid-single-digit rate, while revenue per available room is accelerating from low to mid-single-digit growth. We expect this to support margin and cash flow expansion, generating capital to reinvest in the business, pursue accretive tuck-in acquisitions, and increase share repurchases. Hyatt's strong balance sheet provides additional flexibility to fund growth or allocate more capital to buybacks if management believes the stock price does not reflect its underlying value. The stock continues to trade at a significant discount to peers despite a similar mix of fee-for-service business. We believe this discount should narrow as investors see continued growth in the business.

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.

The long-term absolute and relative performance of the Fund has been very good. The Fund has returned 17.59% annualized since conversion to a mutual fund on April 30, 2003, exceeding the Index by 6.23% per year. Those relative results have come largely from alpha. Since inception, annualized alpha has been 5.79 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 27.91% compared to the Index's annualized return of 14.96%. The Russell 3000 Index had an annual return of 21.16% 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 9/30/2026		Since Inception 1/31/1992 to 9/30/2026	
	Annualized Return (%)	Value of $10,000	Annualized Return (%)	Value of $10,000
Baron Partners Fund (Institutional Shares)	27.91	25,171	15.74	1,589,835
Russell Midcap Growth Index	14.96	16,867	10.02	273,649
Russell 3000 Index	21.16	20,538	10.81	351,381

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 $1,589,835 on September 30, 2026. That same $10,000 hypothetical investment in a fund designed to track the Index would now be worth $273,649, 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	2,047.6	5,572.5	32.6
Tesla, Inc.	2014	21.9	1,401.3	2,290.3	13.4
Shopify Inc.	2026	177.6	190.6	894.5	5.2
The Charles Schwab Corporation	1992	1.0	169.0	732.2	4.3
MSCI Inc.	2018	12.5	39.2	714.4	4.2
Hyatt Hotels Corporation	2009	4.2	15.0	621.5	3.6
Spotify Technology S.A.	2020	22.6	100.3	612.9	3.6
FactSet Research Systems Inc.	2007	2.7	9.6	570.3	3.3
Arch Capital Group Ltd.	2002	0.6	31.5	566.4	3.3
Gartner, Inc.	2013	5.7	11.8	533.6	3.1

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 Portfolio includes reinvestment of dividends, net of withholding taxes, while the index(es) include reinvestment of dividends before taxes. Reinvestment of dividends positively impacts the performance results. The index(es) are unmanaged. Index performance is not Portfolio 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 Portfolio is non-diversified, which means it will likely have a greater percentage of its assets in a single issuer than a diversified portfolio. Single issuer risk is the possibility that factors specific to an issuer to which the Portfolio is exposed will affect the market prices of the issuer's securities and therefore the value of the Portfolio. The Portfolio may invest in different companies that have certain persons in common, including the CEO or other person or persons fundamental to the success of the company. As a result, the Portfolio may be exposed to risks associated with an individual which may be greater than would be the case if measured only by investments on a per company basis.

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.

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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. **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. **Gross Merchandise Volume (GMV)** is the total value of merchandise sold over a given period. **Annual Subscription Value (ASV)** represents the forward-looking revenue for the next twelve months from all subscription services currently supplied to clients.

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BARON CAPITAL

QUARTERLY LETTER | SEPTEMBER 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) declined 3.39% (Institutional Shares) during the third quarter of 2026, while its primary benchmark, the MSCI Emerging Markets Index (the Benchmark), retreated 0.37%. The MSCI Emerging Markets IMI Growth Index (the Proxy Benchmark) declined 3.10% for the quarter. The Fund underperformed the Benchmark while performing roughly in line with the Proxy Benchmark during a quarter in which rising energy prices and a breakout in global bond yields favored value and commodity-oriented stocks over growth, evidenced by the MSCI Emerging Markets IMI Value Index outperforming the comparable Growth Index by 577 basis points.

In our view, the prevailing catalysts giving direction to markets were the increasingly pervasive influence of AI, which is now "crowding out" credit, economic resources and public attention well beyond equity portfolios; the resumption of hostilities with Iran alongside an escalating Russia/Ukraine war; and a resulting breakout in nominal and real bond yields, which we believe is the critical variable for equity returns in the near term. While we are never comfortable trailing our Benchmark, we suspect the recent historic rise in yields is likely overdone, while any reduction in energy risk premium, for which the upcoming U.S. mid-term elections could prove a trigger, would in our view drive a healthy mean reversion in relative returns. Further, just days into the new quarter, a surprise swing to the right in Brazil's elections delivered a potentially significant new catalyst that we believe could help sustain emerging markets (EM) equity outperformance. As always, we remain optimistic that our fundamental, theme-driven, and bottom-up approach can continue to deliver solid results over the long term.

Annualized performance (%) for periods ended September 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]	(3.46)	(3.39)	(0.37)	(3.10)
YTD[3]	15.89	16.10	23.38	19.18
1 Year	14.35	14.64	29.22	22.75
3 Years	20.01	20.31	24.09	22.87
5 Years	4.39	4.67	8.94	6.90
10 Years	6.84	7.11	9.09	9.00
15 Years	7.20	7.47	7.03	7.68
Since Inception (12/31/2010)	5.59	5.85	5.02	5.53

For the third quarter of 2026, we underperformed the Benchmark, while performing similarly to our all-cap EM growth Proxy Benchmark. From a sector or theme perspective, poor stock selection effect in the Information Technology sector, primarily attributable to a few investments in our semiconductors/AI (**Montage Technology Co., Ltd.**, **Taiwan Semiconductor Manufacturing Company Limited**, and **Samsung Electronics Co., Ltd.**) theme, was the largest detractor from relative performance this quarter. In addition, adverse stock selection in Financials, owing to a handful of holdings in our India wealth management/consumer finance (**Bajaj Finance Limited**, **Nippon Life India Asset Management Limited**, and **Cholamandalam Investment and Finance Company Limited**) theme, was also a notable drag

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 has agreed to waive and/or reimburse certain Funds' expenses, if necessary, pursuant to a contract expiring on August 29, 2037, 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.

on relative results. Lastly, our overweight positioning together with weak stock selection effect in Industrials, driven by select positions in our sustainability/ESG (C**ontemporary Amperex Technology Co., Limited** and **Ceres Power Holdings plc**), global security/supply chain diversification (**Cummins India Limited**), and China value-added (**Jiangsu Hengli Hydraulic Co., Ltd.**) themes, also weighed on relative performance. Partially offsetting the above was favorable allocation effect combined with good stock selection in the Health Care sector (**Divi's Laboratories Limited**, **WuXi AppTec Co., Ltd.**, and **Zai Lab Limited**).

From a country perspective, adverse allocation effect together with weak stock selection in Taiwan was the largest detractor to relative performance this quarter (though a good portion of this was related to mark-to-market pricing relative to the Benchmark pricing in real time). In addition, poor stock selection effect in China and our overweight positioning in India were also notable drags on relative results. Partly offsetting the above was favorable allocation effect in Russia, which added the most to relative performance. During the quarter, we opportunistically monetized our stub position in **Sberbank of Russia PJSC** that had previously been marked down to near-zero in the aftermath of the Ukraine war. Lastly, solid stock selection in Mexico and positive allocation effect combined with good stock selection in Greece also bolstered relative results. We retain our long-term conviction in our India holdings, which in our view, are attractively valued at current market prices and have recently entered an earnings upgrade cycle. Forward-looking economic indicators have turned favorable in India with the recent implementation of government fiscal reforms and monetary stimulus measures. Despite the ongoing Middle East conflict and elevated energy prices, India's real GDP growth continues to sustain above 7% with bank credit currently growing nearly 20% year-over-year, further supporting economic activity and consumer spending.

NON-U.S./GLOBAL

Top contributors to performance for the quarter

	Contribution to Return (%)
Divi's Laboratories Limited	0.50
Sberbank of Russia PJSC	0.48
WuXi AppTec Co., Ltd.	0.38
ISC Co., Ltd.	0.37
Piraeus Bank S.A.	0.32

Divi's Laboratories Limited is a leading global manufacturer of active pharmaceutical ingredients (APIs) and intermediates. The stock contributed to performance, driven by stronger-than-expected quarterly revenue and profit and supported by shipments of GLP-1 API validation batches. In our view, the company is a key beneficiary of global supply chain realignment as innovator and generic customers diversify API sourcing away from China. We are encouraged that Divi's has been onboarded by large global pharmaceutical companies as a supplier of complex intermediates and custom-manufactured peptides for oral and injectable GLP-1 therapies. 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 encouraged by the company's commitment to capacity expansion and sustained focus on research and development. We retain conviction and expect Divi's to deliver mid-teens compounded revenue growth and 20% earnings growth over the next three to five years.

Shares of **Sberbank of Russia PJSC** contributed to performance during the quarter. Following Russia's invasion of Ukraine in 2022, the U.S. Treasury placed Sberbank under full blocking sanctions, which prohibited U.S. investors from transacting in the shares and left them effectively untradeable. As a result, the Fund's position had been marked at close to zero. During the quarter, a path to liquidity emerged when select financial institutions obtained specific licenses from the U.S. Treasury's Office of Foreign Assets Control (OFAC), together with approval from Russian regulators, to sell Sberbank shares held by foreign investors to non-sanctioned buyers. We took advantage of this opportunity to sell our shares, realizing proceeds well above the position's carrying value, which added to the Fund's performance.

WuXi AppTec Co., Ltd. is China's leading contract research, development, and manufacturing organization (CRDMO) for small-molecule and peptide drugs. Shares rose after the company reported strong first-half results in early August and nearly doubled its full-year revenue growth guidance, raising the range to 35% to 39%. Results were supported by the largest sequential backlog addition on record and 40% growth in new orders. Small-molecule development and manufacturing grew 73%, driven by increasing drug-manufacturing complexity, while the peptide business continued to scale into the obesity supply chain. Roughly 80% of new late-stage projects originated from WuXi's earlier-stage work, providing further evidence that its follow-the-molecule strategy continues to work as intended. Separately, a federal court blocked enforcement of the U.S. Department of Defense's "Chinese military company" designation that had weighed on shares, finding WuXi likely to succeed on the merits. We remain shareholders and continue to view WuXi as one of the best ways to gain exposure to the structural growth of outsourced drug chemistry.

Top detractors from performance for the quarter

	Contribution to Return (%)
SK hynix Inc.	(2.00)
Samsung Electronics Co., Ltd.	(0.88)
Montage Technology Co., Ltd.	(0.87)
Contemporary Amperex Technology Co., Limited	(0.30)
SK Square Co., Ltd.	(0.28)

South Korean semiconductor company **SK hynix Inc.** is a leading manufacturer of advanced memory chips. Shares declined sharply amid a broader sell-off in memory stocks as second-quarter results missed lofty forecasts, even as revenue more than tripled year-over-year and operating margin reached a record 76%. The shortfall was partly due to shipments of HBM4 high-bandwidth memory for AI chips slipping into later quarters. Management

responded by launching a 40 trillion won share buyback and cancellation program in August and pledging to return more than half of cumulative free cash flow through 2027, with long-term agreements with around 10 key customers adding revenue visibility. We retain long-term conviction in SK hynix given its position as the current leader in high-bandwidth memory, large net cash position, and growing base of contracted customers.

Samsung Electronics Co., Ltd. is the world's largest memory-chip maker, with major smartphone, display, and contract-manufacturing businesses. After a historic run, memory stocks bore the brunt of the quarter's AI sell-off, with Samsung shares falling as the market debut of a fast-growing Chinese memory maker added to concerns about the outlook for memory pricing. Despite the share price decline, Samsung reported the most profitable quarter in its history. Second-quarter operating profit rose roughly 19-fold year-over-year, driven almost entirely by the chip division, while Samsung scaled up sales of its HBM4 high-bandwidth memory for AI processors and shipped the industry's first samples of next-generation HBM4E. Management expects the memory shortage to persist through 2028 and plans to place most capacity under long-term contracts, providing greater revenue visibility. We retain conviction in Samsung as a core long-term holding, viewing its leadership in advanced memory and increasingly contracted revenue base as durable advantages supporting multi-year earnings growth.

Chinese chip-design company **Montage Technology Co., Ltd.** is the world's largest supplier of memory-interface chips, which enable high-speed communication between server processors and memory. Shares fell due to a company-specific overhang despite continued fundamental strength. In July, South Korean prosecutors opened an investigation into suspected price coordination involving Montage and two competitors. Montage said it is cooperating fully, and no charges have been filed. Meanwhile, the business continued to accelerate, with first-half revenue growing 27% year-over-year and second-quarter revenue increasing 33%, ahead of expectations. Rising adoption of DDR5, the latest generation of server memory, lifted shipments of newer-generation memory-interface chips, while emerging products supporting high-speed server connectivity and data movement continued to gain traction. Alongside these positive developments, the company proposed a share buyback. We retain long-term conviction and continue to view Montage's leading market share, rising interconnect content per AI server, and broadening product portfolio as durable advantages supporting multi-year earnings growth.

Portfolio Structure

Top 10 holdings

	Percent of Net Assets (%)
Taiwan Semiconductor Manufacturing Company Limited	16.3
Samsung Electronics Co., Ltd.	7.3
SK hynix Inc.	5.6
Tencent Holdings Limited	2.8
Alibaba Group Holding Limited	2.0
Bajaj Finance Limited	1.9
Divi's Laboratories Limited	1.8
ISC Co., Ltd.	1.8
Grupo Mexico, S.A.B. de C.V.	1.7
Piraeus Bank S.A.	1.5

Fund investments in countries

	Percent of Net Assets (%)
Taiwan	22.5
India	20.9
Korea	20.8
China	17.7
Brazil	5.6
Mexico	1.7
Greece	1.5
South Africa	1.4
Argentina	1.2
Peru	1.1
United States	0.7
Hungary	0.7
Spain	0.6
United Kingdom	0.5
Philippines	0.5
Saudi Arabia	0.5
Thailand	0.4
Chile	0.3
Cash and Cash Equivalents	1.4
Total	**100.0***

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

Recent Activity

During the third 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 semiconductors/AI theme by initiating a position in **MediaTek Inc.**, the world's largest supplier of consumer and mobile system-on-chips. The company is undergoing a vector change in its growth trajectory as it transforms into one of the leading custom silicon partners for AI data centers. As AI workloads mature, the largest buyers increasingly require silicon designed around their proprietary workloads rather than a general-purpose merchant graphics processing unit. MediaTek sizes the market for this custom silicon, known as application-specific integrated circuits (ASICs), at approximately $70 billion to $80 billion by 2027, and expects to garner 15% to 20% market share. Designing ASICs demands exactly the capabilities MediaTek has spent decades building for its core business: leading-edge process expertise, high-speed interface and serializer/deserializer related intellectual property born out of its connectivity heritage, and a design centric organization that can tape out complex chips efficiently and at cost. That combination is rare. Two U.S. players have dominated the ASIC market globally, and a major U.S. cloud provider, widely reported to be Google, has anointed MediaTek as the credible third. MediaTek's first accelerator for this customer enters production in the fourth quarter, and management expects more than $2 billion of data center revenue this year, with a second, more powerful chip reaching volume production in early 2028. Management also expects the ASIC business to lift operating margins as it scales. Beyond the AI data center, the company also stands to benefit from the proliferation of AI on mobile devices, smart TVs, smart homes, and autonomous mobility related applications.

During the quarter, adding to our global security/supply chain diversification theme, we accumulated positions in **Zijin Gold International Company Limited** and **Data Patterns (India) Limited**. Zijin Gold, the overseas gold mining subsidiary of China's Zijin Mining Group, operates mines across South America, Central Asia, Africa, and Australia. We are positive on gold prices, as central banks continue to diversify reserves and geopolitical tensions keep demand for safe-haven assets elevated, and we also expect a decline in real yields. Zijin Gold has a strong track record of acquiring distressed or underperforming mines and turning them around, as it did in Colombia, Guyana, and Suriname. We attribute that success to an in-house ecosystem spanning exploration, engineering, construction, and refining, along with faster decision-making than other state-owned peers and Western miners. Upgrades at five key operating sites should lift production to 67 to 70 metric tons by 2028 from 47 metric tons in 2025, and management targets 100 tons by 2030 through tuck-in acquisitions in existing operating regions. Zijin Gold's all-in sustaining cost of roughly $1,700 per ounce in the first half of 2026 leaves wide margins at current gold prices of above $4,000 per ounce, with underlying unit costs declining 3% year-over-year excluding higher gold-linked royalties. Management also underwrites new projects at conservative gold prices, and the company has a strong balance sheet with net cash. Gold-related equities can be volatile even in a rising gold market, so we favor miners with visible production growth and dependable execution. We believe Zijin Gold offers both, which bodes well for long-term shareholder returns.

Data Patterns is 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 Data Patterns' 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 the company to deliver above 20% compound earnings growth over the next three to five years.

We added to several of our existing positions during the quarter, including **Divi's Laboratories Limited**, **Prio S.A.**, **Astra Microwave Products Limited**, **Vista Energy, S.A.B. de C.V.**, **Godrej Properties Limited**, **HD Hyundai Marine Solution Co., Ltd.**, **Ceres Power Holdings plc**, **Nu Holdings Ltd.**, and **China Mengniu Dairy Company Limited**.

During the quarter, we also exited several positions including **SK Square Co., Ltd.**, **Kotak Mahindra Bank Limited**, **Banco Bradesco S.A.**, **Tencent Music Entertainment Group**, **Sberbank of Russia PJSC**, **Reliance Industries Limited**, **S.F. Holding Co., Ltd.**, **The Japan Steel Works, Ltd.**, **HD Hyundai Heavy Industries Co., Ltd.**, and **Tata Communications Limited**, as we continue our endeavor to allocate capital to our highest-convictions ideas.

Outlook

The third quarter of 2026 proved a period of consolidation for EM equities, with the Benchmark finishing roughly flat following an exceptionally strong first half. In our view, the prevailing catalysts giving direction to markets were the increasingly pervasive influence of AI, the resumption of hostilities with Iran alongside an escalating Russia/Ukraine war, and a resulting breakout in global bond yields. Just days into the new quarter, a surprise swing to the right in Brazil's elections offered a potentially significant new catalyst for the asset class.

AI remained front and center, though in our view the impact is shifting from a market phenomenon to a regulatory and macroeconomic one. As we noted last quarter, AI fever has "crowded out" many attractive industries, stocks, and even entire countries; this crowding out now extends well beyond equity portfolios. AI-related investment is estimated to account for a quarter to a third of U.S. GDP growth this year, competing with the broader economy for capital, power, memory/compute, and skilled labor. Morgan Stanley estimates that AI-related debt issuance is on pace to approach $570 billion this year, more than double last year's pace—a meaningful new source of duration supply which in our view is helping drive bond yields higher. We remain convinced of AI's transformative potential, and EM remains the principal supplier of leading-edge logic, memory, and other critical components necessary to deliver compute capacity. However, when a single theme represents this much of economic growth, credit demand, market weight, and investor and public attention, we believe it is wise to remain onguard with respect to the various emerging political, regulatory, and commercial developments that could temper market enthusiasm, while also prioritizing prudent portfolio diversification in the near term.

Regarding geopolitics, last quarter we cautioned that risk premium and oil prices might not fall as far or as fast as anticipated following the cease-fire between the U.S. and Iran. Indeed, hostilities resumed in July, and Iran's de facto closure of the Strait of Hormuz and a retaliatory U.S. blockade remain in place, while Brent again hovers near $100 per barrel. Meanwhile, Ukraine's campaign against Russian refining has cut processing to its lowest level since 2005, halting Russian fuel exports and tightening global diesel markets. The result, in our view, is an unsustainable equilibrium of "neither war nor peace," with energy anxiety feeding directly into inflation expectations and bond yields. We suspect the November 3 U.S. mid-term elections could likely prove a trigger for resolution. The Administration's sensitivity to energy prices is evident in President Trump's public pressure on Ukraine to halt refinery strikes, as well as his signal that renewed action against Iran is possible after the vote. Meanwhile, Trump's leverage may soon diminish should the anticipated shift in Congressional balance manifest—arguing for a resolution sooner than later. Whether through negotiation or escalation, a reduction in energy risk premium would be a meaningful positive for EM and growth equities in general, and in our view, would likely trigger some mean reversion in relative performance.

This brings us to what we believe is the critical variable for equity returns in the near term: the breakout in nominal and real bond yields. In our year end letter, we suggested 2026 could represent a major test of Fed independence. After months of merely threatening the will to do what is necessary, Fed Chairman Warsh has gestured at orthodoxy over accommodation, raising rates in September for the first time since 2023—in our view as a result of the year-to-date inflationary impact of the Iran war and, to a lesser extent, tariffs. Meanwhile, the U.S. 10-year Treasury yield has breached its 20-year resistance to reach 5.3%. The move has been driven predominantly by real yields, now approaching 3%, while measures of breakeven inflation remain contained. In other words, markets are pricing not an untethering of longer-term inflation expectations but a structurally higher cost of capital, which challenges equity valuations broadly, and long-duration growth assets in particular. Should energy prices ease post-election or should circumstances slow or defer the growth in capital investment related to AI data center development, we would expect yields to retrace meaningfully, broadening market participation and driving a healthy mean-reversion in relative returns. For now, we are watching the bond market closely as we suspect the recent historic rise in yields is likely overdone.

Finally, a word on Brazil, where the first round of elections delivered a genuine surprise. Senator Flávio Bolsonaro topped President Lula da Silva by roughly 47% to 45%, confounding pre-election polls, while right-of-center candidates also outperformed and gained a host of governorships and Senate seats. The Ibovespa Index rallied roughly 8% to a record high on the result, and while the October 25 presidential runoff remains, a Lula victory is highly unlikely, while the breadth of the rightward swing suggests that Brazil's fiscal challenge will more than likely moderate. Readers may recall that in our December 2024 letter, we pointed to increasing odds of a regime change in 2026, which we believed would likely trigger a major reduction in risk premium and substantial upside for Brazil's currency and equities, a scenario that now appears solidly in view. With real policy rates among the highest in the world, a credible fiscal anchor could unlock a substantial easing cycle, with Brazil equities among the most levered to declining rates. We believe Brazil, and Latin America more broadly, is well positioned to help sustain EM equity outperformance.

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 MSCI Index(es) and the Portfolio include reinvestment of dividends, net of foreign withholding taxes, which positively impact the performance results. The index(es) are unmanaged. Index performance is not Portfolio 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, 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.

Risks: 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. Securities issued by small and medium-sized companies may be thinly traded and may be more difficult to sell during market downturns. Even though the Portfolio is diversified, it may establish significant positions where the Adviser has the greatest conviction. This could increase volatility of the Portfolio's returns.

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

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BARON CAPITAL

QUARTERLY LETTER | SEPTEMBER 30, 2026

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 (the Fund) lost 1.2% (NAV) during the third quarter, compared to the 1.6% gain for the MSCI ACWI Index (the Index), the Fund's benchmark.

Year to date, the Fund gained 3.2%, compared to the 13.0% gain for the Index.

While a 1.6% gain for the Index may seem uneventful, a great deal was happening beneath the surface, including significant developments in AI, Fed policy, the bond market, and the energy market, along with the usual stream of posts on X and Truth Social.

At the start of the year, if someone had told an investor that instead of two to three Fed rate cuts, we'll get a hike with another one expected by year end, that a war in Iran will start and the one between Russia and Ukraine will show no signs of slowing down, driving oil prices to around $100 per barrel, and that the 10-year Treasury yield will rise by around 100bps – that investor would probably sell everything and take a vacation and would be precisely wrong, missing the Index's double-digit gain. Even perfect foresight isn't enough to predict stock performance, which requires anticipating the marginal buy-side investor's expectations - what is priced in and what isn't and the weight or importance investors assign to each piece of information.

The third quarter began with a sell-off in AI built-out-related stocks, as several rumors, news reports, and events converged over a short period of time. These included the collapse of the Situational Awareness hedge fund that had large, leveraged bets on semiconductors and AI infrastructure stocks; rumors that **Meta** might rent out some of its AI compute (which bears interpreted as weakening internal demand for Meta's AI); and data showing

Cumulative performance (%) for periods ended September 30, 2026

	ETF Market Price[1,2]	ETF NAV[1,2]	MSCI ACWI Index[1]
QTD	(0.69)	(1.22)	1.60
YTD	3.30	3.16	13.03
Since Inception (12/12/2025)	5.04	4.37	13.73

that open-source models were gaining market share from frontier model companies[3]. Falling token prices[4] were attributed to greater competition between the frontier models and the open-source models rather than companies passing price reductions on to customers to stimulate demand. Rumors also suggested that Anthropic and OpenAI's growth was decelerating as Anthropic's annual recurring revenue (ARR)[5] hit $65 billion in July, growing by "only" $18 billion in two months (they added a Texas Instruments in revenues between May and July!).

When it was all said and done, semiconductors, which had grown to 14.0% of the Index, dropped 10.3% in July, semiconductor materials & equipment dropped 25.3%, and electronic components declined 27.7%. First-half darlings such as Micron, SK hynix, Corning, and Lam Research declined anywhere between high 20s and mid-40s percent. AI-buildout related Industrials sub-industries including construction machinery & heavy transportation equipment and heavy electrical equipment also posted double-digit declines. AI heavy markets Taiwan and Korea dropped 5.4% and 17.1%, respectively. Despite these declines, the Index ended July flat, supported by strength in Energy (+12.3%), Financials (+6.4%),

NON-U.S./GLOBAL

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.

Pursuant to the Fund's unitary management fee structure, BAMCO, Inc. ("BAMCO" or the "Adviser") will pay all expenses of the Fund, except for portfolio transaction costs, interest and dividend expense, acquired fund fees and expenses, fees and expenses related to filing foreign tax reclaims, line of credit expenses, and extraordinary expenses.

and the Magnificent Seven (+4.8%). Microsoft led the Magnificent Seven higher as it recovered alongside software, and **Amazon** rebounded as its cloud business continued to accelerate.

The AI-buildout sell-off ended abruptly in August, as hyperscalers, neoclouds, and semiconductor companies delivered strong earnings reports. Hyperscalers reported accelerating growth, with cloud revenue run-rate rising 50% year-on-year at a massive scale of $420 billion[6] *rising* – not falling – prices, with shorter payback periods and higher ROIs. CoreWeave signed a deal to rent out its six-year-old *Ampere* GPUs through 2029, while Nebius disclosed it raised the prices of both old and new GPUs as demand continued to strengthen. September was more of the same. **NVIDIA** reported $96 billion in revenue, with growth accelerating to 106% year-on-year, with a broadening customer base, and a growing content per GW. They also guided to 70% revenue growth for next fiscal year, significantly above expectations telling investors that supply constraints prevented an even higher forecast! **Broadcom** reported similarly strong results with 86% year-on-year revenue growth, and guided their AI business to *double* next fiscal year and then *double again* the year after. And all along, GPU rental prices continued to rise even as token prices continue to fall, suggesting that demand for compute remains robust (Jevon's paradox playing out)[7].

As we explained in recent letters, we take a unique approach to 'GARP' or quality growth investing. Rather than trying to blend aggressive/early-stage growth companies with value stocks, we aim for the middle and invest only in the highest quality durable compounders. This approach is likely to lag when the Index is driven by either of the extremes, so our struggle to keep pace in the fourth year of a bull market is not terribly surprising. This year, this is also compounded by the widest outperformance of value stocks (as measured by Russell 1000 Value Index) compared to growth stocks (as measured by Russell 1000 Growth Index) since 2022. Over the long term, we believe quality wins – and that a portfolio of the highest quality global leaders, capable of compounding earnings for many years – will outperform. Periods of underperformance, such as this one, create opportunities to buy high-quality companies at a discount.

From a performance attribution standpoint, the Fund underperformed by 279bps in the quarter, driven by 186bps of unfavorable stock selection and 93bps due to sector allocation. Information Technology (IT) was the Fund's worst sector, responsible for 165bps of underperformance. Not owning Microsoft and Apple accounted for 149bps of that, with the rest attributable to not owning any fast-growing software companies that have been some of the biggest winners this quarter, as their stocks continued recovering from the SaaSPocalypse of early 2026. Industrials was our second worst sector, responsible for another 65bps primarily because aerospace & defense holdings **TransDigm** and **HEICO**, saw their valuation multiples contract despite continued strong fundamental performance, as investors are increasingly concerned about the lingering effects of the higher energy prices. Not owning Energy stocks, by far the best sector in the Index this quarter (+14.7%), cost us an additional 46bps. On the other side of the ledger, Health Care was the Fund's top sector, contributing 31bps to relative results, supported by the recovery in the leading life-sciences tools provider **Thermo Fisher Scientific** and the continued strength in the drug packaging provider **Stevanato**, since our purchase earlier this year. Avoiding Utilities and owning senior housing REIT **Welltower** (Real Estate), contributed 36bps combined to relative results.

From a stock-specific and an absolute performance basis, the Fund had 16 contributors and 26 detractors. NVIDIA, Meta, and **CME Group** each added at least 50bps, while Thermo Fisher Scientific and Amazon contributed over 30bps each. Gaming-focused advertising platform **AppLovin** was our largest detractor, costing 60bps, while **ASML**, TransDigm, and **Brookfield** detracted between 45 and 47bps each. The declines were all due to a contraction in their valuation multiples, even as fundamentals remain resilient.

We believe AI will transform all industries and businesses over time. At this stage, the biggest beneficiaries are companies that are *involved in the AI buildout*. In the Fund, we own NVIDIA, Broadcom, **Taiwan Semiconductor**, **Monolithic Power Systems**, **Amphenol**, ASML, **Ajinomoto**, **Atlas Copco**, **Samsung**, and **Quanta Services**. Next, we own companies that *operate AI factories* such as the cloud players Amazon and **Alphabet**; followed by companies that are already benefiting from AI in their core business where it has become good enough to create real world value at scale. Digital advertising is a prime example, as the core businesses of Meta and Google and the advertising segments of Amazon and **MercadoLibre** all posted strong growth. AppLovin also grew rapidly as improvements to its AI model enhanced ad performance over time.

We believe investors **should be** focused on **the durability of AI-driven growth**. Yet, it seems too often they are focused on trying to **predict the next air pocket instead**. Clearly, at this early stage of the AI S-curve, the range of outcomes for any particular month, quarter or year is wide and depends on a whole host of factors that are hard, if not impossible to predict. Unfortunately, this difficulty doesn't deter investors who are myopically focused on figuring out the short-term dynamics in the market, from pricing of tokens, to spot prices of GPUs, to Anthropic and OpenAI's monthly ARR numbers. Then they sell AI-related stocks when the data seems to fall short of "expectations." Does anyone really believe that in 10 years, the ultimate success of AI will depend on whether Anthropic or OpenAI grew 10% faster or slower in July or August of 2026? As disruptive technologies climb the steep part of their S-curves, the likelihood that the marginal buy-side expectations rise above actual progress from time to time is high, which will lead to air pockets and sell-offs (also known as the technological hype cycle). We therefore believe **investors should expect a choppy road ahead. We would be surprised otherwise.**

We spend no time trying to predict air pockets. We believe that over the long term, our performance will reflect the compounding growth in the fundamentals of our businesses – therefore we continue to focus on the n – the durability of growth rather than the g, the growth rate, or the e, expectations. To find companies with a large n, we focus on businesses that are leaders in their industries, companies that are unlikely to be disrupted by new technologies or competitors. We seek companies that are adaptable to change,

that solve critical problems for their customers. These qualities foster customer loyalty and pricing power, enabling these companies to earn high and durable returns on invested capital.

Top contributors to performance for the quarter

	Quarter End Market Cap ($B)	Contribution to Return (%)
NVIDIA Corporation	5,504.0	0.87
Meta Platforms, Inc.	1,847.4	0.81
CME Group, Inc.	94.2	0.56
Thermo Fisher Scientific Inc.	249.6	0.44
Amazon.com, Inc.	2,687.4	0.31

NVIDIA Corporation is a global leader in accelerated computing designing the semiconductors, software, networking, and systems used to build and deploy AI. Shares rose 14.3% during the quarter, gaining ground despite a broader sell-off in semiconductor stocks. NVIDIA reported another excellent quarter with revenue growth accelerating to over 100% year-on-year at a massive scale of $96 billion, with the company guiding to 70% revenue growth for next fiscal year, far ahead of analyst expectations. Notably, management characterized this outlook as supply-constrained, with customers' own forecasts pointing to a growth rate of approximately 100% year-on-year. Demand has also broadened, with customers beyond the largest hyperscalers, from sovereign AI and neoclouds to enterprises, now accounting for nearly half of data center revenue and growing faster than hyperscalers (though hyperscalers also continue to grow rapidly). In addition, each new platform captures more revenue per gigawatt as NVIDIA sells CPUs, networking, and inference systems alongside its GPUs and as each generation provides a higher throughput of tokens per MW of power. We retain conviction in NVIDIA as a core long-term holding. We continue to view its rapid innovation velocity, full-stack platform, extreme co-design capabilities, software, eco-system and supply chain management, as durable advantages that support continued growth in earnings power over time as AI adoption diffuses across the economy.

Shares of **Meta Platforms, Inc.**, the owner of Facebook, Instagram, WhatsApp, and Threads, contributed during the quarter, rising 28.8%. Second-quarter results showed the core ad engine is getting stronger: U.S. advertising revenue growth accelerated to 31% as new AI ranking and recommendation models lifted conversions, and Advantage+, its AI-driven ad suite, passed $75 billion in annual revenue run-rate. The bigger catalyst came in September with the launch of Muse, Meta's personal AI agent, which reached No. 1 on the U.S. App Store within days. At its conference, Meta Connect, the company introduced real-time voice, a Mac app with computer use, and commerce partners including Stripe, Shopify, PayPal, Walmart and Best Buy, so that Muse can complete purchases. This further strengthened Meta's positioning and added new potential avenues for monetization, while also improving its contextual understanding of users, which should further advance Meta's ability to match the right ad to the right user at the right time. Meta also brought Muse to its smart glasses and to Charm, a new handheld device. We believe current earnings understate Meta's earnings power as it invests ahead of revenue, and we retain strong conviction that its data, compute, distribution and founder leadership will make it a leader in consumer AI. We also believe AI will remain a tailwind for Meta's core business, helping the company sustain a long duration of growth.

CME Group, Inc. operates the world's largest and most diversified derivatives marketplace. Shares rose 19.4% during the quarter as global macroeconomic uncertainty and elevated market volatility drove record trading activity. Third quarter average daily volume reached an all-time high for the period of 29.4 million contracts, up 16% from a year earlier. Investor concerns about perpetual futures have eased as the products seem to appeal mainly to retail speculators and pose little competitive threat to the institutional-grade risk management tools CME provides. We continue to own the stock because we believe that CME has durable competitive advantages and is well positioned to benefit from rising adoption of exchange-traded derivatives and periodic volatility spikes.

Top detractors from performance for the quarter

	Quarter End Market Cap ($B)	Contribution to Return (%)
AppLovin Corporation	97.2	(0.60)
ASML Holding N.V.	701.9	(0.47)
TransDigm Group Incorporated	59.8	(0.45)
Brookfield Corporation	90.1	(0.45)
Taiwan Semiconductor Manufacturing Company Limited	2,366.0	(0.36)

AppLovin Corporation, an AI-driven advertising platform for mobile apps and e-commerce, detracted from performance during the quarter as shares declined 43.6%. While second quarter revenue grew 53% year-over-year to $1.92 billion and adjusted EBITDA grew 58% at an 84% margin, revenue fell slightly short of consensus expectations. Slower-than-expected improvements to its Axon ad model and delays involving its generative AI video creative tool, along with concerns over intensifying competition from Unity, and several analyst downgrades further pressured the stock. We believe the setback is timing related rather than a sign of a fundamental change in the model. AppLovin opened its self-serve Ads Manager to all advertisers in late June, with the third quarter representing the first full quarter of broad availability and guidance implying continued strong growth. Our conviction in AppLovin's long-term opportunity remains intact, supported by the model's performance in gaming, a significant upside optionality in e-commerce, and the company's durable competitive moats as the leading gaming-focused advertising platform.

ASML Holding N.V. is a Dutch semiconductor equipment company that manufactures lithography machines used to print circuits onto silicon wafers and is the only provider of extreme ultraviolet (EUV) systems needed for the most advanced chips. Shares fell 8.8% during the quarter despite strong underlying business performance. Second quarter sales of €9.3 billion accelerated to 21% year-on-year growth, coming above expectations, while gross

margins of 54% also beat guidance. Moreover, management raised its full-year outlook for the second time this year to revenues of €43-45 billion, and the company said it is already close to securing all the EUV orders it needs for 2027, supporting plans for meaningful capacity expansion. Still, shares were caught in the quarter's broad de-rating of AI hardware and fell further in September when leading AI developers called for a more deliberate pace of frontier-model development, raising questions about how quickly AI spending will translate into chip-factory equipment orders. We retain conviction in ASML as a core long-term holding, viewing its EUV monopoly, with deep order visibility, and a growing installed-base business as durable advantages that support multi-year earnings power.

TransDigm Group Incorporated designs, manufactures, and supplies highly engineered aerospace components, systems, and subsystems used on nearly all commercial and military aircraft worldwide. Shares declined 18.7% as negative sentiment toward the aerospace aftermarket grew, with fuel prices remaining elevated due to the Iran war. We retain long-term conviction in the stock as the company remains a leader in an attractive industry, with secular growth tailwinds driven by expanding global access to travel; pricing power as aerospace after-market parts represent a small fraction of its customers' cost basis and yet are critical; and robust long-term M&A opportunities in a fragmented industry. Moreover, TransDigm has de-rated to a below-peer multiple despite having what we believe is the industry's strongest pricing engine, which should support above-peer growth at leading margins even if industry conditions soften. The company has also worked through recent company-specific destocking issues which should support volumes.

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 September 30, 2026, the top 10 holdings represented 52.2% of the Fund's net assets, and the top 20 represented 75.5%. We exited the quarter with 39 investments, down from 40 at the end of the second quarter.

IT and Financials represented 51.8% of the Fund, while Consumer Discretionary, Communication Services, Industrials, Health Care, and Real Estate represented another 45.4%, with the remaining 2.8% held in Consumer Staples (**Ajinomoto**) and cash.

Top 10 holdings

	Quarter End Market Cap ($B)	Quarter End Investment Value ($K)	Percent of Net Assets (%)
Taiwan Semiconductor Manufacturing Company Limited	2,366.0	814.8	8.4
NVIDIA Corporation	5,504.0	712.5	7.4
Amazon.com, Inc.	2,687.4	627.6	6.5
Visa Inc.	670.9	548.7	5.7
Alphabet Inc.	4,188.2	513.5	5.3
ASML Holding N.V.	701.9	460.2	4.8
Meta Platforms, Inc.	1,847.4	366.2	3.8
S&P Global Inc.	119.1	351.1	3.6
CME Group, Inc.	94.2	343.7	3.6
Eli Lilly and Company	1,089.2	298.5	3.1

Fund investments in countries

	Percent of Net Assets (%)
United States	61.0
Taiwan	8.4
Netherlands	4.8
Sweden	4.7
Canada	4.5
Japan	4.1
Italy	2.9
Korea	2.0
Brazil	1.9
France	1.6
China	1.6
Argentina	1.4
India	1.0
Cash and Cash Equivalents	0.2
Total	**100.0***

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

Recent Activity

During the third quarter, we initiated a new position in the leading Indian non-bank financial company, **Bajaj Finance**.

We also took advantage of stock price volatility in the leading derivatives marketplace, **CME Group**, to add to our position. We got the opportunity to add following the sell-off in the stock earlier in the summer, as a result of investor concerns over emerging competition from crypto-native "perpetual futures," which we viewed were unjustified.

To finance these purchases, we exited three stub investments: **LVMH**, **INNIO**, and **Mobility Global** (the recent spin-off from S&P Global), which together accounted 0.67% of average assets in the period. We also slightly reduced our existing position in **KKR**.

Top net purchases for the quarter

	Quarter End Market Cap ($B)	Net Amount Purchased ($K)
Bajaj Finance Limited	62.3	117.0
CME Group, Inc.	94.2	19.8

During the third quarter, we initiated a new position in **Bajaj Finance Limited**. Bajaj is India's largest non-bank financial company, with a loan book of approximately $60 billion spanning consumer durables financing, personal loans, small- and medium-sized enterprise loans, mortgages, and commercial lending, serving approximately 130 million customers across the country. We believe that Bajaj would benefit from a long duration of growth as India's economy continues to evolve and progress, as its debt markets becomes more mature and as the company's prudent, data-driven, and anti-cyclical risk-taking enables it to gain share in a growing market over many years while maintaining a conservative balance sheet.

India's credit market is still at an early stage of development. According to the Reserve Bank of India, household debt is about 46% of GDP, well behind the U.S. at 70% (IMF) and major emerging economies such as China at roughly 59%, Malaysia at 70%, and Thailand at 87%. Even after compounding at over 30% annually for more than a decade, Bajaj's loan book still represents less than 3% of India's total credit market. In our view, Bajaj is well positioned to benefit from rising demand for consumer financial services, including mortgages, personal loans, and credit cards.

We believe Bajaj's data analytics platform is a key competitive advantage. Built on over two decades of proprietary data from lending to first-time borrowers and cross-selling, it underpins strong risk-adjusted underwriting, servicing, and collecting, which drives its high returns on equity. We are encouraged by management's focus on positioning Bajaj as a "FinAI" company, with AI deployed across underwriting, servicing, and collections to drive both increased operating efficiency as well as incremental loan growth via cross selling and better customer acquisition.

Bajaj also differentiates itself through a "risk-first" strategy, explicitly prioritizing its ambition to be India's lowest-risk lender over chasing market share at any cost. The company maintains a forward-looking risk framework with dynamic underwriting standards, targeting early-stage delinquency thresholds at just 30% to 40% of broader industry levels. This conservative approach is evidenced by management's willingness to prune segments, such as deliberately slowing micro, small and medium enterprises growth or existing small-ticket business loans, in order to maintain a resilient balance sheet with superior asset quality across cycles, and a consistent 20% return on equity (ROE). We expect Bajaj to compound earnings at attractive double-digit rates for years to come as the company gains market share in a growing industry, benefiting from secular growth tailwinds.

Top net sales for the quarter

	Quarter End Market Cap or Market Cap When Sold ($B)	Net Amount Sold ($K)
LVMH Moet Hennessy Louis Vuitton SE	262.5	115.7
KKR & Co. Inc.	82.0	13.0
INNIO N.V.	13.8	7.7

Outlook

"The lesson. Stock prices don't always tell you how businesses are doing. They just tell you what you can buy and sell stock for at a given day and a given moment. Not always accurate. In fact, frequently inaccurate. Our business based upon figuring out what a business will be worth in five or 10 years. And buying at a big discount from that level. That's how come we've been so incredibly successful." – Ron Baron in an email to the firm's research staff on October 8, 2026.

As we write this letter, the 10-year Treasury yield is hovering around 5.1%, after briefly rising above 5.3%, and stocks related to the AI buildout are selling-off again. The PHLX Semiconductor Sector Index™ (SOX) ended the week of October 12 with its eighth consecutive daily decline, its longest losing streak since October 2018. The 15.7% drawdown[8] has taken it back only to its mid-September levels. Renewed investor fears that the AI buildout is about to hit an air pocket are driving this fresh sell-off, reflected in widening credit default swap spreads (protection against default) and bond yields for companies involved in the buildout.

Will this also prove to be a short-lived correction like the one in July or will this prove to be the air pocket bears have been betting on? What if this is the air pocket? What would be the impact on the AI buildout if capital becomes scarcer and more costly? What would the impact be on our stocks in that scenario?

And so, while we find the near-term incredibly hard to predict, we offer several observations that might be helpful for the Fund's investors:

- All else being equal, higher rates are a headwind to equities. Future cash flows are discounted to the present using a higher rate; required returns on projects rise as financing them is more costly; and the opportunity cost increases as a risk-free investment now yields higher returns.
- But because the intrinsic value of a business is determined by the spread between the Return on Invested Capital (ROIC) and the Cost of Capital, if the cost of capital rises, having a high and rising ROIC becomes that much more important.
- The Fund holds a collection of the highest quality businesses with high returns on invested capital – these businesses benefit from entrenched competitive positioning, they are resilient to disruptive change, they have pricing power and low financial leverage. We therefore expect their fundamentals (as measured by revenues, earnings or free cash flow) to be resilient in almost all scenarios. As of the end of the third quarter, the Fund's ROE was 32.8%, compared to 20.7% for the

Index. This despite having a significantly lower leverage than the Index (with Debt to Equity of 53% compared to 85.9% for the Index).

- An AI air pocket caused by supply constraints – i.e. slow data-center construction, delays in power availability, costly or unavailable capital, and so on – would serve as a self-correcting mechanism against the possibility of an over-build, reducing the risks of an eventual bubble. We believe that existing data centers with available power would likely become more valuable which should be a tailwind for our cloud providers **Amazon**, **Tencent**, and **Alphabet** as well as to **Meta** – which together account for 17.2% of the Fund. A large majority of the portfolio is also invested in companies whose stocks have derated as investors rotated into AI stocks. We expect these investments (think **S&P Global**, **CME Group**, **MSCI**, **LPL**, **TransDigm**, **Hermes**, etc.), to serve as a ballast for the portfolio if the reverse were to happen.
- A demand-driven air pocket would likely be more significant. But bear in mind that our businesses' fundamentals have been accelerating while the Fund's performance has lagged, making valuations increasingly more attractive. At the end of the third quarter, our companies' weighted average multiple[9] was **17.6% below their five-year average**.

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, once again, in the third quarter even as valuation multiples have declined, suggesting investors are getting more valuable businesses at more attractive prices today, than three months ago.

The Fund's weighted average multiple declined by 7.8% in the quarter, and it is now down 15.5% year to date. This means that over 100% of the Fund's quarterly decline was due to multiple contraction (while fundamentals improved), and over 100% of the Fund's gain year to date is attributable to fundamentals. We believe this bodes well for prospective returns. Weighted average 2026 revenue expectations rose 2.6% during the quarter and 10.9% year to date, while operating income expectations increased 3.5% and 14.4%, respectively[10].

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 Index(es) and the Portfolio include reinvestment of dividends, net of foreign withholding taxes, which positively impact the performance results. The index(es) are unmanaged. Index performance is not Portfolio 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] https://openrouter.ai/rankings#market-share
[4] https://x.com/Silicon_Data/status/2084965297715335444
[5] https://www.cnbc.com/2026/08/17/anthropic-says-annualized-revenue-climbed-to-65-billion-in-july.html
[6] Annualized revenues for the cloud businesses of Amazon, Alphabet, Microsoft and Oracle for the second quarter
[7] https://x.com/silicondata/status/2111822720753373261?s=20
[8] https://www.investors.com/news/technology/chip-stocks-continue-downward-streak-pricing-in-a-crash/
[9] We calculate the average 5-year multiple for each stock held in the portfolio at the end of the third quarter. We use a P/E multiple for most stocks (on next 12 months of EPS as measured by FactSet consensus). We use a P/FRE multiple for the alternative asset manager, KKR, a P/FFO multiple for Welltower and an EV/Revenue for Coupang (as it has been reinvesting its profits). We exclude Brookfield which is valued on a sum-of-the-parts. 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.
[10] We excluded Coupang from the calculation as its operating income has hovered around breakeven for 2026, making changes in percentage terms not meaningful.

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: 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 issued by small and medium-sized companies may be thinly traded and may be more difficult to sell during market downturns. The Portfolio is non-diversified, which means it will likely have a greater percentage of its assets in a single issuer than a diversified portfolio.

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.

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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The **Philadelphia Semiconductor Sector Index (SOX)** is a capitalization-weighted index composed of 30 semiconductor companies.

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. **Return on equity (ROE)** is a financial performance ratio that measures how effectively a company uses shareholders' equity to generate net income. **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. **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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BARON CAPITAL

QUARTERLY LETTER | SEPTEMBER 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 a good quarter.

Baron Global Opportunity Fund (the Fund) gained 3.3% (Institutional Shares), outperforming the 1.6% gain for the MSCI ACWI Index (the Index), and the 0.5% decline for the MSCI ACWI Growth Index, the Fund's benchmarks.

Year to date, the Fund is up 24.6% compared to gains of 13.0% and 10.1% for the benchmarks, respectively.

Our last quarterly letter was primarily focused on covering two subjects: our high conviction in our investment in **SpaceX**, and why we believed the Fund was so much more than just SpaceX. Had we known that our largest holding – 20.2% of the Fund at the start of the quarter – would experience an 11.7% decline while the Index gained, we would have expected a difficult quarter. We would have been wrong. SpaceX's fall, costing the Fund 269bps in the quarter, was squarely within the range of expected outcomes. Outperforming when our largest position was down double digits – was not. Though tempting, we do not think of it as evidence of the latter, but rather more as a fortuitous exception. Either way, we are happy with how it worked out.

On the surface, the Index's 1.6% return and the Fund's 3.3% gain might suggest a fairly uneventful quarter. It was anything, but. In fact, we can hardly remember the last uneventful quarter, and we do not expect one any time soon. The Fed raised interest rates for the first time in 3 years, and the 10-year Treasury yield (the risk-free rate) reached 5.3%, its highest level since *2002*. Developments in the Middle East (think oil prices), Russia – Ukraine (think oil prices), trade wars and inflation, AI buildout and AI "bubble" debate, and

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

	Fund Retail Shares[1,2]	Fund Institutional Shares[1,2]	MSCI ACWI Index[1]	MSCI ACWI Growth Index[1]
QTD[3]	3.25	3.32	1.60	(0.46)
YTD[3]	24.36	24.61	13.03	10.08
1 Year	32.41	32.74	16.75	13.20
3 Years	31.87	32.12	21.73	23.59
5 Years	3.14	3.36	11.57	11.24
10 Years	15.48	15.73	12.38	14.45
Since Inception (4/30/2012)	13.58	13.83	10.98	12.65

of course the endless stream of X and Truth Social posts – the news continues to be delivered via a firehose!

Briefly on performance attribution.

Stock selection contributed 75bps while sector allocation added 97bps, combining to deliver 172bps of outperformance relative to the benchmark. Information Technology (IT) was our best performing sector, contributing 444bps to relative returns, with 369bps from stock selection – as our stocks gained 13.4% on average, compared to 4.4% for IT stocks in the Index. The systems software and internet services & infrastructure sub-industries drove 458bps of outperformance. We also benefited from strong stock selection in Health Care, as our holdings rose 26.3% compared to 3.7% for Health Care stocks in the Index, contributing additional 131bps to relative returns. This strong performance was

NON-U.S./GLOBAL

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 has agreed to waive and/or reimburse certain Funds' expenses, if necessary, pursuant to a contract expiring on August 29, 2037, 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.

partially offset by poor stock selection in Communication Services (SpaceX), Industrials, and Financials, which cost the Fund 486bps combined. Not having investments in Energy, the best performing sector in the Index, up 14.7%, cost us 46bps, which was more than offset by not owning any stocks in Utilities, Consumer Staples, and Real Estate.

From a geographical perspective, developed markets contributed 268bps to relative performance despite our 12.8% underweight, due entirely to strong stock selection. The U.S. contributed 178bps, while Canada (think **Shopify**) added 144bps. This was partially offset by emerging markets which detracted 74bps, primarily due to underperformance in Taiwan, Korea, and Brazil. In Taiwan, **Taiwan Semiconductor Manufacturing Company** (TSMC) fell 4.2% as investors took profits in AI beneficiaries. In Korea, **Coupang** continued to face short-term challenges stemming from the late-2025 security breach. In Brazil, **Nu** declined amid concerns about the potential impact of October's elections on Brazilian consumers. By early October, following the first-round election results, Nu had more than recovered its third-quarter losses.

At the stock level, we ended the quarter with 19 contributors against 21 detractors. This was a good example of a strong slugging percentage overpowering a poor batting average to deliver the Fund's 3.3% gain. Although fewer than half of our holdings contributed, our winners had a greater impact than our losers. Shopify, **Cloudflare**, and **CrowdStrike** added over 100bps each to absolute returns, while NVIDIA just missed, adding 99bps. **Illumina**, **Snowflake**, **Heartflow**, **Zscaler**, **Netskope**, and **Eternal** contributed over 50bps each. On the other side of the ledger, SpaceX detracted 269bps, while **Forgent**, **Loar**, and Coupang cost over 50bps, each. For all four of these companies, over 100% of the decline is attributable to multiple contraction, while their fundamentals continued to strengthen. We do not believe these declines will result in permanent losses of capital.

We believe more volatility is on Tap

Remember the "SaaSpocalypse" earlier this year with software stocks down 20% to 30%? We suffered through a 4.8% drawdown in the first quarter and struggled to explain the underperformance. In the Outlook section of that shareholder letter, we described how despite challenging stock performance these companies continued to report strong fundamental results. *"Across our portfolio – from Snowflake to CrowdStrike, Cloudflare to Shopify,* ***Amazon*** *to* ***Datadog*** *– the companies we own are reporting positive early data points on how AI is likely to be transformational for their businesses."* Well… it took a few months for SaasPocalypse to turn into SaasUtopia (pronounced saas-topia, and yes, we made it up). The IGV software index is up nearly 50% from its April lows, while the SaaS-heavy EMCLOUD ETF is up approximately 85% from the same time, and the software stocks mentioned above are up even more. On the other side of the spectrum, the perceived beneficiaries of the AI buildout that were the main drivers behind market performance through the first half of the year, corrected sharply during the third quarter. The three sub-industries of semiconductors, semiconductor materials & equipment, and electronic components – which drove 68% of the Index's return in the first half despite accounting for only 14.5% of its average weight – recorded double-digit declines in July, driven by shifting narratives and investor rotations.

The correlations within "themes" continue to converge, especially anything related to AI. The market's herd-like behavior is causing entire sectors to go in and out of favor seemingly overnight. Meta is looking into renting out some of its AI infrastructure? They must have excess capacity or see declining demand. Sell! SpaceX announces large AI hosting deals with ROI payback of less than 12 months at much higher prices than previously heard of – Buy! Open-source models gaining market share? Sell! Sell! Hyperscalers reporting accelerating growth at massive scale – cloud revenue run rate accelerated to 50% growth in the second quarter to $420 billion[4] - Buy! Buy! Anthropic announces that third quarter revenues were $16.8 billion, up around 12x from last year. This is a company that started selling *anything* less than three years ago. Think about this for a moment… the number disappointed investors because second quarter's revenues of $11.5 billion were up about 14x and the company's revenue growth at "only" 12x, has decelerated. Sell! Sell! Sell!

Sarcasm notwithstanding, *in the early stages of disruptive change, high volatility is neither unusual nor unjustified!* During the steep parts of technological disruption, S-curves **small changes to key inputs create large changes in actual/eventual outcomes**. It is far more difficult to predict the ultimate winners and losers in the early stages when uncertainty is at its highest. The world is becoming more capital intensive and asset heavy. According to Coatue[5], AI data centers capex as a percent of GDP, has already exceeded the peak build out for Railroads in the early 1900s, Oil & Gas pipelines in the 70s and 80s, Fiber in the late 90s, and Shale gas in 2010s. So, the stakes are high and rising. Like in the butterfly effect, because the range of outcomes is the widest during the early parts of a paradigm shift any change, no matter how small or seemingly immaterial, must be assessed by investors with a healthy dose of humility and a realization that the future is inherently uncertain.

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 32.1% annualized return over the past three years, which compares favorably to 21.7% return for the Index and 18.0% return for the Morningstar Global Large-Stock Growth Category Average (the Peer Group) ranking it in the 3rd percentile.

We believe that 10.4% annualized excess return over the Index and 14.2% annualized excess return over the Peer Group were a direct result of a challenging performance in the prior two years and are not sustainable. The longer-term, 10-year performance (which includes the 2021–2022 period), also remains strong with a 15.7% annualized return compared to 12.4% for the Index and 11.8% for the Peer Group, ranking it similarly in the 3rd percentile. The excess annualized returns of 3.4% and 3.9%, respectively, are more in line with our long-term stated goal of generating 300-400bps of alpha over the Index and Peer Group average over full market cycles, although there can be no assurance that we will achieve our goal. Since the Fund's inception in April 2012, the Fund has outperformed the Index and its Peer Group by 2.9% and 3.5% per year, respectively.

Top contributors to performance for the quarter

	Quarter End Market Cap ($B)	Contribution to Return (%)
Shopify Inc.	190.6	1.65
Cloudflare, Inc.	123.8	1.41
CrowdStrike Holdings, Inc.	271.1	1.26
NVIDIA Corporation	5,504.0	0.99
Illumina, Inc.	41.3	0.83

Shopify Inc., a leading commerce platform for merchants of all sizes, contributed to performance with the stock up 29.9%. Second quarter results marked another quarter of exceptional execution, with gross merchandise volume (GMV) rising 32% year-over-year to $116 billion and revenue increasing 34%. This represented the fifth consecutive quarter of 30%-plus growth across GMV, revenue, gross profit, operating income, and free cash flow. Merchant solutions revenue grew 37% year-over-year on higher payments penetration, while operating income increased 68% and free cash flow margin expanded to 18% from 16%. Growth was broad-based across merchant sizes, geographies, and channels, with business-to-business GMV up 76% and offline GMV up 32%. Third quarter guidance for low 30% revenue growth and further operating expense leverage exceeded expectations. We retain conviction in Shopify and believe its two decades of proprietary merchant and buyer data position the company as a key beneficiary as AI-driven discovery and agentic checkout take on a bigger role in commerce over time.

Shares of **Cloudflare, Inc.**, which operates one of the world's largest networks, delivering security, performance, and developer services, rose 41.6% during the quarter as investors increasingly view the company as foundational infrastructure for the agentic internet. In the second quarter, more than half of the traffic across Cloudflare's network was non-human for the first time, and the company is building the controls, developer tools, and payment rails to secure and monetize that shift. A broader cybersecurity recovery added a tailwind, as new AI-enabled threats heightened urgency among security buyers and partners reported broad-based acceleration across Cloudflare's portfolio. The company also reported strong growth in fundamentals: revenue growth accelerated to 36% year-on-year, large customers grew 27% with record net additions, and nearly two million developers joined its Workers platform in the quarter alone. We believe Cloudflare's scale and network architecture give it a durable advantage as AI agents reshape how the internet is used, and we remain confident in the long-term opportunity while remaining mindful of valuation following the stock's substantial appreciation.

Leading cloud-native cybersecurity platform **CrowdStrike Holdings, Inc.** contributed to performance with the stock increasing 38.1%. The rapid progress in AI cyber capabilities, underscored by several high-profile incidents in which AI agents escaped their testing environments and breached live corporate systems, has made cyber defense a board-level priority and is driving committed cybersecurity spending. CrowdStrike sits at the center of this demand, securing the endpoints, clouds, and identities where AI is increasingly created and consumed. With modules across every major security category and a trusted brand, the company is also benefiting from a structural consolidation of spending away from point products and legacy antivirus vendors. We believe this contributed to the strongest quarter in CrowdStrike's history as a public company. Annual recurring revenue (ARR), net new ARR, and revenue growth all accelerated, with net new ARR increasing 51% year-over-year and management raising its full-year net new ARR growth outlook by 630bps. We retain conviction in CrowdStrike's long-term opportunity while remaining mindful of valuation following the stock's substantial appreciation.

As of September 30, 2026, the Morningstar Global Large-Stock Growth Category consisted of 293, 274, and 201 share classes for the 1-, 5-, and 10-year periods. Morningstar ranked Baron Global Opportunity Fund Institutional Share Class in the 1st, 79th, and 3rd percentiles, respectively.

Since inception rankings include all share classes of funds in the Morningstar Global Large-Stock 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 Global Large-Stock 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.

Top detractors from performance for the quarter

	Quarter End Market Cap ($B)	Contribution to Return (%)
Space Exploration Technologies Corp.	2,047.6	(2.69)
Forgent Power Solutions, Inc.	11.4	(0.67)
Loar Holdings Inc.	5.8	(0.61)
Coupang, Inc.	24.9	(0.51)
ASML Holding N.V.	701.9	(0.43)

Space Exploration Technologies Corp. (SpaceX) develops and launches advanced rockets, satellites, and spacecraft, with the long-term goal of making humanity multi-planetary. The stock detracted from performance as shares pulled back 11.7%, despite strong underlying fundamentals. We remain long-term shareholders and believe the company is in the early stages of a multi-decade growth opportunity. SpaceX's first public-company results reinforced our conviction, with revenue nearly doubling year-over-year and losses narrowing sharply on high incremental margins. Growth was driven by rapidly scaling, multibillion-dollar compute-hosting deals with AI leaders, including Anthropic and Google, alongside Starlink momentum. Management guided to a robust $100 billion annualized revenue run rate by year-end 2026 and forecasted up to five times more computing capacity exiting 2027, well above Street expectations. SpaceX also closed its acquisition of Cursor, a premier enterprise AI-powered coding platform, accelerated product development with Grok Bot and more advanced Grok models, and progressed Starship toward full reusability.

Forgent Power Solutions, Inc. is a leading manufacturer of electrical distribution equipment used in data centers, the power grid, and industrial applications. The company specializes in low- and medium-voltage electrical equipment, with more than 90% of revenue derived from custom, engineered-to-order products, while larger competitors tend to focus on higher-voltage and more standardized offerings. Shares fell 33.0% as sentiment weakened across the AI infrastructure market, despite financial results and guidance that beat expectations. Bookings reached $1.5 billion during the quarter, significantly exceeding the company's current quarterly revenue run rate of roughly $0.5 billion, driving an exceptional 3.25 times book to bill ratio. Forgent is gaining market share through its ability to offer customized products with industry-leading lead times and remains in the early stages of its opportunity, having recently signed its first master services agreement with a hyperscale customer. The company has invested heavily in capacity and personnel to support future growth. Given the strength of demand, Forgent has increased its planned manufacturing footprint to $5.8 billion, supporting our view that the company has many years of growth and margin expansion ahead.

Loar Holdings Inc. is a specialized aerospace components manufacturer focused on highly engineered, mission-critical products. Shares declined 23.7% amid growing negative sentiment toward the aerospace aftermarket as elevated fuel prices related to the Iran War weighed on investor outlook, despite continued strong fundamental results, with revenue growth of 39% year-on-year (12% organic) and adjusted EBITDA margins reaching 40.5% (up 220bps year-on-year). The company has also raised its annual guidance on all key metrics – revenues, adjusted EBITDA, and adjusted EPS. We remain shareholders and expect solid fundamental performance going forward, supported by latent pricing power and a strong new product pipeline. The company has not fully utilized its pricing power in stronger market conditions, providing flexibility in a more challenging environment, if it were to materialize. We also expect new product growth to accelerate as customers increasingly seek out leading suppliers to solve complex problems.

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 September 30, 2026, the top 10 positions represented 58.0% of the Fund's net assets, and the top 20 represented 81.8%. We ended the third quarter with 39 investments, although the top 30 represented 94.6% of the Fund.

Our investments in the IT, Communication Services and Consumer Discretionary represented 80.6% of the Fund's net assets, while Health Care, Financials, and Industrials sectors, as classified by GICS, represented another 17.1%. Cash accounted for the remaining 2.2%.

Our investments in non-U.S. companies represented 38.8% of the Fund, of which 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.	2,047.6	225.3	16.8
NVIDIA Corporation	5,504.0	99.8	7.5
Shopify Inc.	190.6	88.1	6.6
Taiwan Semiconductor Manufacturing Company Limited	2,366.0	72.3	5.4
Amazon.com, Inc.	2,687.4	63.9	4.8
MercadoLibre, Inc.	87.6	51.4	3.8
ASML Holding N.V.	701.9	47.5	3.6
Datadog, Inc.	98.6	42.7	3.2
Nu Holdings Ltd.	61.2	42.7	3.2
CrowdStrike Holdings, Inc.	271.1	41.9	3.1

Fund investments in countries

	Percent of Net Assets (%)
United States	59.0
Netherlands	8.0
Canada	6.6
Taiwan	5.4
India	5.0
Argentina	3.8
Brazil	3.2
Korea	2.9
China	2.4
Spain	0.9
United Kingdom	0.5
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 quarter, we initiated a new position in the optical networking solutions provider, **Coherent**.

We also took advantage of stock price volatility to add to several existing positions including: the Latin-American neobank, **Nu**, the fast-inference AI infrastructure provider, **Cerebras**, the Chinese data center infrastructure provider **GDS**, the neocloud, **Nebius**, the AI-based heart-disease diagnostics solutions provider, **Heartflow** and the leading semiconductor manufacturer, **TSMC**.

We have exited six stub positions during the quarter – **Alphabet**, **Adyen**, **InPost**, **Afya**, **INNIO**, and **Taboola.com**. These six holdings represented an average combined weight of 1.3% of the Fund over the quarter.

We also reduced five existing positions: **SpaceX**, which continues to be our highest conviction investment and the largest holding in the portfolio, and the four software companies— **Cloudflare**, **CrowdStrike**, **Datadog**, and **Netskope** – whose valuations had become more demanding following a period of strong share price appreciation.

Top net purchases for the quarter

	Quarter End Market Cap ($B)	Net Amount Purchased ($M)
Coherent Corp.	56.4	13.1
Nu Holdings Ltd.	61.2	6.0
Cerebras Systems Inc.	42.2	3.0
GDS Holdings Limited	6.3	2.2
Nebius Group N.V.	67.9	2.2

We initiated a new position in **Coherent Corp.**, a leading designer, developer, and manufacturer of optical networking solutions to the data center and industrial markets. Coherent sells lasers, transceivers, and other optical devices used to convert electrical signals to light (and vice versa) and transmit data across a network.

As AI models become larger, more intelligent, are trained on more data and work with longer context windows (process more information at any given time - especially with reasoning models and agentic AI), they are no longer able to be trained on or inferred on a single GPU, requiring multiple GPUs to be connected together, which increases the need for fast connectivity. These dynamics together with the slowdown in Moore's law (which means that single-chip performance gains have slowed down) make AI not only a chip optimization problem but a whole data center optimization problem as models run across multiple GPUs simultaneously with some workloads running on whole data centers of tens and hundreds of thousands of GPUs working in tandem.

Decades of progress in transistor scaling, data types, and architecture have pushed compute performance up by orders of magnitude, yet the performance of moving data, measured in bandwidth and latency, has not kept up. Since AI has become a data center-scale problem, the ability to move data quickly, securely, with high bandwidth and low latency, has become a key focus area in building AI infrastructure.

The innovation in the networking stack is now happening across every tier of the communication hierarchy – between dies within a chip package, between processor and HBM (High Bandwidth Memory), between processor packages (CPU and GPU), between servers, between servers and more distant memory subsystems, and even between data centers. But however clever the innovation at each layer is, the physical medium carrying the data eventually becomes the binding constraint. This is why photonics have become increasingly critical to the AI infrastructure buildout – as it enables moving data at the speed of light and with less signal loss over high frequencies.

As AI frontier models become larger, and require more GPUs to train on, the number of connections grows at a multiple of the growth in the number of GPUs, as every GPU has to talk to every other GPU with larger clusters demanding ever more pluggable optics in a 'Scale Out' network to connect GPU servers across a data center. Next came 'Scale-Across', connecting multiple data centers through optical fiber. As we look out over the coming years, we expect additional growth drivers to materialize: 'Scale Up' (connecting GPUs and processors inside the AI server rack) is expected to increasingly shift to optical connectivity over time as speeds increase; and Optical Circuit Switches (OCS) which handle a range of networking functions within the data center while keeping the signals within the optical domain without moving back and forth into electrical. Further out, scale in, connecting dies or memory optically within a single package, becomes essential to the next generation of systems.

Historically, Coherent's growth has been driven by pluggable devices (transceivers), a less differentiated business, where growth was driven mostly due to a growing overall demand in the industry. The next phases of growth—scale-across, scale-up, OCS, and scale-in—require a range of highly specialized photonics components that are difficult to manufacture, with only two

companies globally possessing the requisite expertise, Coherent among them. As these growth drivers materialize and become a larger part of the mix, we expect the company's competitive advantages to become more apparent, which will also help drive margins higher. Coherent also carries the broadest technology portfolio in the industry, allowing it to serve customers with different architectural designs and across the infrastructure stack.

Beyond its leading technology, we believe Coherent's vertical integration creates a competitive advantage, engineering the materials, fabricating the components, and assembling the finished devices and systems. It is both the leader in gallium arsenide Vertical-Cavity Surface-Emitting Laser transceivers, the data center standard, and the leader and largest producer of indium phosphide Electron-Absorption Modulated Laser and Continuous Wave transceivers, which are critical for high-speed transmission. It has also been qualified into co-packaged optics, and OCS solutions. Its manufacturing is also well diversified geographically with facilities in Germany, Malaysia, Vietnam, the Philippines, the U.K., Switzerland, the U.S., and China, an advantage in today's geopolitical environment, and lastly, it has built a new 6-inch wafer manufacturing facility, which would enable it to produce more lasers, at lower unit cost.

With a large and rapidly growing addressable market opportunity and competitive advantages that are becoming stronger over time, we believe Coherent is well positioned for sustained growth over a long period of time.

Top net sales for the quarter

	Quarter End Market Cap or Market Cap When Sold ($B)	Net Amount Sold ($M)
Alphabet Inc.	4,112.3	31.3
Space Exploration Technologies Corp.	2,047.6	21.1
Cloudflare, Inc.	123.8	20.1
CrowdStrike Holdings, Inc.	271.1	19.6
Adyen N.V.	27.8	12.0

Outlook

"The lesson. Stock prices don't always tell you how businesses are doing. They just tell you what you can buy and sell stock for at a given day and a given moment. Not always accurate. In fact, frequently inaccurate. Our business based upon figuring out what a business will be worth in five or 10 years. And buying at a big discount from that level. That's how come we've been so incredibly successful." – Ron Baron in an email to the Firm's research staff on October 8, 2026.

As we are writing this letter, the market is selling off, with the "AI trade" or the perceived beneficiaries of AI getting hit particularly hard. Investors are concerned with the spiking debt yields of neoclouds and recent disclosures by Anthropic that the torrid pace of its growth in revenues and ARR has slowed down. The geopolitical uncertainty remains elevated with the price of oil exceeding $100 once again and the 10-year treasury yield hovering around 5.3%. There is a broad consensus that the Fed will continue to raise interest rates, which is a clear headwind to equities and in particular to growth equities, for obvious reasons.

Having said and acknowledged all that… we continue to be incredibly optimistic about the long-term prospects for AI and for the Space Economy. Some years ago, we took a deep dive into **NVIDIA** and wrote to you how "*we have never seen a company like it!*" In the last quarterly letter, we took a deep dive into **SpaceX** (we have owned it for years) and described it as *"THE company with N=1!"* because in our 30-plus years of professional capital allocation experience we have never seen a company like it. After spending six hours listening to the management of Anthropic at their October investor day and getting a first look at their financials – we can unequivocally state – we have never seen a company like it!

We do not know how or when the wars with Iran and Russia-Ukraine will end, but we believe that they will and that the price of oil will normalize and stabilize at significantly lower levels. We do not know what the Fed is going to do but we do know that technological advancements are deflationary in nature and we believe that progress in AI is real, material, and sustainable, and that it will lead to meaningful improvements in productivity and likely accelerate global GDP growth. More importantly, we believe that the quality of our portfolio companies today is the highest it's ever been. While corrections, pullbacks, and even bear markets are par for the course, we do NOT see an AI bubble. "Air pockets," supply constraints, rising interest rates can all cause stock prices to compress, but in our view, comparisons to the internet bubble of 1999 do not hold water, and even unlike 2021, we do not view our stocks as expensive compared to the strength in their fundamentals.

As we do every quarter, we analyzed the change in the weighted average multiple of the Fund[6] and the weighted average change in consensus expectations for 2026 (for revenues and operating income). The weighted average multiple for the Fund declined by 9.2% in the third quarter (8.2% of that due to SpaceX) and is down 4.1% year-to-date – this despite the Fund appreciating 24.6% year-to-date, which implies that over 100% of the Fund's performance was due to growth in fundamentals, while on average, our stocks have become more attractive to own. As to fundamentals[7], weighted average revenue expectations increased by 6.3% during the third quarter (and are up 11.1% year-to-date) and operating income expectations increased by 3.4% (and are up 11.7% year-to-date). We also analyzed the current valuation multiples for our companies and compared them to the average valuation multiples over the last five years[8]. The weighted average multiple for the portfolio at the end of the quarter was *19.3% 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 present.

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 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] Annualized revenues for the cloud businesses of Amazon, Alphabet, Microsoft and Oracle for the second quarter

[5] https://www.coatue.com/blog/perspective/public-markets-update-2026-10-07

[6] We calculate the change in multiples, by using a P/E multiple for every stock for which the starting P/E was below 100 times. 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 datacenter 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 IPO of DPC.

[7] We calculate the weighted average change in revenues and operating income based on the change in Factset consensus expectations for calendar year 2026. We calculate the weighted average using end of period weights. We exclude outliers (where the change in expectations was unusually high due to near-breakeven operating income) and recent IPOs (which did not have consensus expectations for one of the two periods) and normalize the weighted average accordingly.

[8] For companies that went public during the last 5 years, we compare the current multiple to the average multiple since the company's IPO. We 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 <100x (and Ev/Rev otherwise), except for GDS, for which we used an EV/EBITDA multiple. We calculated a weighted average based on the quarter-end weights.

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, 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.

NON-U.S./GLOBAL

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, resulting in greater share price volatility. Even though the Portfolio is diversified, it may establish significant positions where the Adviser has the greatest conviction. This could increase volatility of the Portfolio's returns. Single issuer risk is the possibility that factors specific to an issuer to which the Portfolio is exposed will affect the market prices of the issuer's securities and therefore the value of the Portfolio.

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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Alpha measures the difference between a fund's actual returns and its expected performance, given its level of risk as measured by beta. 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. **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 | SEPTEMBER 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) declined 2.95% (Institutional Shares) during the third quarter of 2026, while its relevant benchmark, the MSCI AC Asia ex Japan/India Linked Index (the Linked Benchmark), was down 5.61%. As a reminder to investors, effective September 1, 2024, the legacy 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 7.24% on an annualized basis and ranked as one of the best performing India dedicated strategies by Morningstar during the period (2nd percentile). Year to date (as of September 30, 2026), the Fund is also highly ranked with top decile performance.

Annualized performance (%) for periods ended September 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]	(2.87)	(2.95)	(5.61)	(5.61)	(0.37)
YTD[3]	(2.97)	(2.84)	(14.94)	(14.94)	23.38
1 Year	(2.63)	(2.43)	(10.87)	(10.87)	29.22
Since Conversion (9/1/2024)	(3.67)	(3.44)	(10.68)	(10.68)	25.95
3 Years	6.30	6.54	(2.04)	2.80	24.09
5 Years	(3.12)	(2.88)	(5.78)	1.50	8.94
Since Inception (7/30/2021)	(2.33)	(2.10)	(5.96)	3.63	8.33

NON-U.S./GLOBAL

As of September 30, 2026, the Morningstar India Equity Category consisted of 35, 34, and 30 share classes for the YTD, 1-Year, and since conversion (September 1, 2024) periods. Morningstar ranked Baron India Fund Institutional Share Class in the 8th, 13th, and 2nd percentiles, respectively. On an absolute basis, Morningstar ranked Baron India Fund Institutional Share Class as the 5th, 6th, and 2nd best performing share class in its Category, for the YTD, 1-Year, and since conversion (September 1, 2024) periods, respectively.
Since conversion 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 has agreed to waive and/or reimburse certain Funds' expenses, if necessary, pursuant to a contract expiring on August 29, 2037, 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.

For the third quarter, we comfortably outperformed our MSCI India Index, generating 266 basis points of relative outperformance. We are equally pleased with our year-to-date results, having outperformed the MSCI India Index by 12.10% during a period characterized by heightened market volatility and geopolitical uncertainty. 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 to 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 underperformed emerging market (EM) peers during the third quarter, owing to a re-escalation of the conflict in West Asia that drove Brent crude prices up by more than 40% during the period. An inflationary energy environment remains a near-term overhang, given that India imports over 85% of its oil requirements. In addition, the U.S. Federal Reserve's first interest rate hike in over three years, alongside a spike in global bond yields, weighed on EM equities. **On a more positive note, despite the ongoing West Asia crisis, underlying economic fundamentals in India are improving. Real GDP grew 7.8% in the June quarter, domestic auto volumes are up more than 25% year-to-date, and bank credit continues to grow at over 18% year-over-year.** Another key catalyst we are closely monitoring is the durability of the multi-trillion-dollar global AI capex cycle, particularly as funding challenges emerge in a rising-rate environment, public backlash against data center rollouts grows in local communities, and calls within the industry to recalibrate the pace of frontier AI model development become more widespread, driven in part by security risks highlighted by recent agentic AI misadventures. With the MSCI India Index trading below 19 times one-year forward price-to-earnings as of quarter end, or approximately two standard deviations below its five-year average, we believe forward-looking risk-adjusted returns have become "extremely attractive." This is particularly true as investor enthusiasm for the AI theme begins to moderate and/or an eventual resolution of the Iran war leads to a normalization of energy prices.

From a sector or theme perspective, strong stock selection effect in the Industrials sector, driven by a few holdings in our Make in India/supply chain diversification (**Precision Wires India Limited**, **KSH International Limited**, and **INOX India Limited**) theme, was the largest contributor to relative performance during the quarter. In addition, our material overweight together with solid stock selection effect in the Health Care sector, primarily attributable to our investment in **Divi's Laboratories Limited**, as part of our Make in India/supply chain diversification theme, was also a notable contributor to relative results. We believe Divi's is entering a multi-year earnings growth cycle as it transforms into a global contract development and manufacturing organization (CDMO) for peptide-based therapeutics. By utilizing a vertically integrated business model, the company positions itself as a strategic, cost-effective alternative to Chinese CDMOs that currently dominate the market. Lastly, favorable allocation effect combined with good stock selection in Information Technology, owing to select positions in our national security (**Centum Electronics Limited** and **Aditya Infotech Limited**) theme, also bolstered performance during the quarter. Partly offsetting the above, adverse stock selection effect in the Financials sector (**Kotak Mahindra Bank Limited**, **Cholamandalam Investment and Finance Company Limited**, and **Nuvama Wealth Management Limited**) detracted the most from relative performance. Negative allocation effect together with weak stock selection in Utilities and Materials also weighed on relative results.

Top contributors to performance for the quarter

	Contribution to Return (%)
Divi's Laboratories Limited	1.52
Precision Wires India Limited	1.07
Centum Electronics Limited	0.65
Eternal Limited	0.54
KSH International Limited	0.11

Divi's Laboratories Limited is a leading global manufacturer of active pharmaceutical ingredients (APIs) and intermediates. The stock contributed to performance, driven by stronger-than-expected quarterly revenue and profit, supported by shipments of GLP-1 API validation batches. In our view, the company is a key beneficiary of global supply chain realignment as innovator and generic customers diversify API sourcing away from China. We are encouraged that Divi's has been onboarded by large global pharmaceutical companies as a supplier of complex intermediates and custom-manufactured peptides for oral and injectable GLP-1 therapies. 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 encouraged by the company's commitment to capacity expansion and sustained focus on research and development. We retain conviction and believe Divi's to deliver mid-teens compounded revenue growth and 20% earnings growth over the next three to five years.

Shares of **Precision Wires India Limited** contributed to performance during the quarter. Precision Wires is the largest manufacturer of enameled copper winding wire in India, with roughly 30% market share. Its products, which are critical inputs for power transformers, generators, and electric motors, are supplied to the automotive, aerospace and defense, power, electronics, home appliance, and infrastructure end markets. The company's shares rose on strong sales growth and profitability. We believe Precision Wires is well positioned to benefit from India's power-sector upcycle, as accelerated power generation capacity additions should drive sustained demand for winding wire. Growth in India's electric vehicle (EV) market should also support rising demand for EV-grade winding wire, reinforcing our expectation that the company can deliver 15% to 20% compounded annual revenue growth over the next three to five years. Over the long term, we think Precision Wires will continue to benefit from its original equipment manufacturer (OEM) relationships, scale of operations, and strong innovation capabilities.

Shares of **Centum Electronics Limited** contributed to performance during the quarter. Centum is a leading electronics manufacturing services provider in India, offering design and manufacturing solutions for mission-critical applications across the defense, aerospace, industrial, and automotive industries. The shares rose on robust quarterly results. We remain investors, as 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 tax incentives and manufacturing infrastructure. In addition, amid escalating global geopolitical tensions, we see further upside from India's accelerated efforts to indigenize the design and production of defense equipment, which should benefit electronic system providers like Centum. We expect Centum to deliver about 25% compounded annual growth in both revenue and EBITDA over the next three to five years.

Top detractors from performance for the quarter

	Contribution to Return (%)
HDFC Bank Limited	(0.64)
Bajaj Finance Limited	(0.52)
Max Healthcare Institute Limited	(0.44)
Acutaas Chemicals Limited	(0.44)
Cummins India Limited	(0.39)

HDFC Bank Limited is India's largest private-sector bank, offering retail and commercial banking, lending, deposit, payments, and wealth management services through a broad branch and digital network across the country. The company's shares declined during the quarter as investors focused on weaker-than-expected profitability, leadership uncertainty, and a broader selloff in Indian equities. Results for the quarter ended June 30, 2026, showed further sequential compression in net interest margin as funding costs remained elevated, raising questions about profitability despite healthy loan growth. Sentiment deteriorated further after CEO Sashidhar Jagdishan decided not to seek reappointment, adding uncertainty around leadership and strategy at a time when the bank was already navigating the unexpected resignation of its chairman. These company-specific issues were compounded by foreign investor outflows and a sharp September decline in Indian equities, driven largely by macro headwinds from higher global oil prices. The October 1, 2026 announcement of Anup Bagchi as the new CEO should mitigate some of these headwinds. Mr. Bagchi is a well-respected industry veteran with more than 30 years of experience at ICICI. We continue to view HDFC Bank as a solid long-term investment in India's structural financial penetration story, supported by its strong franchise, deposit base, and broad distribution network.

Shares of **Bajaj Finance Limited**, a leading non-bank financial company in India, declined due to two key headwinds. A proposal from the Insurance Regulatory and Development Authority of India (IRDAI) to revise insurance commission structures weighed on the stock given Bajaj's exposure to insurance distribution, while the company's planned equity capital raise through a Qualified Institutional Placement (QIP) raised dilution concerns. We retain conviction in Bajaj given its best-in-class management team, robust long-term growth outlook, and conservative risk management framework. We believe the company is well positioned to benefit from growing demand for consumer financial services, including mortgages, personal loans, credit card loans, and related products.

Shares of **Max Healthcare Institute Limited** detracted from performance during the quarter. Max Healthcare is a leading hospital chain in India, operating more than 6,000 beds across a network of 21 healthcare facilities. The shares declined after the Supreme Court recommended the government to scrutinize medicine and consumables prices, raising concerns about profitability across the hospital industry. We remain investors. Under the leadership of CEO and restructuring specialist Abhay Soi, management has focused on cost optimization at mature facilities, improving profitability at greenfield projects, and realizing synergies at recently acquired hospitals. These efforts have helped Max Healthcare stand out among peers with best-in-class EBITDA margins, average revenue per occupied bed, and return on invested capital. We are optimistic about the multi-year growth opportunity in Indian hospital services and retain conviction in Max Healthcare as a key beneficiary of ongoing industry consolidation. We expect the company to more than double EBITDA and sustain mid-teens revenue growth over the next three to five years.

Portfolio Structure

Top 10 holdings

	Percent of Net Assets (%)
Divi's Laboratories Limited	8.8
Bajaj Finance Limited	7.3
Precision Wires India Limited	6.9
Eternal Limited	4.4
InterGlobe Aviation Limited	4.1
Bharat Electronics Limited	3.9
Centum Electronics Limited	3.9
ICICI Bank Limited	3.8
Kirloskar Oil Engines Limited	3.7
HDFC Bank Limited	3.7

Fund investments in GICS sectors

	Percent of Net Assets (%)
Industrials	29.3
Financials	24.1
Health Care	19.4
Consumer Discretionary	11.0
Information Technology	8.4
Utilities	3.7
Communication Services	2.2
Materials	2.0
Consumer Staples	1.5
Cash and Cash Equivalents	(1.7)
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 September 30, 2026, we held 40 positions with our 10 largest investments comprising 50.6% of net assets.

Our principal investment themes with respective weightings (as of September 30, 2026) are as follows:

- **Make in India/Supply Chain Diversification (29.0% of net assets):** *Tectonic shifts in geopolitics are accelerating supply chain diversification (ex-China); significant opportunity for Indian players to gain market share in global supply chains*
- **Consumer Finance (18.7%):** *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 (16.4%):** *Economic reforms are accelerating formalization leading to market share gains for organized, branded players across various industries*
- **National Security (15.2%):** *Rising global conflicts and recent military skirmishes with neighboring countries are leading India to accelerate defense spending, with an increased focus on domestic manufacturing*
- **Power Reforms (10.4%):** *Market friendly reforms along with growing demand for electricity in India (real estate, manufacturing, data centers, AC penetration) is necessitating a multi-year investment cycle in power generation and transmission*
- **Digitization (6.6%):** *India's rising middle class and growing smartphone penetration, with more than 700 million smartphone users, are creating significant opportunities across e-commerce, food tech, digital streaming, and fintech*
- **Financialization of Savings (5.4%):** *Structural shift in household savings from gold/real estate into financial products such as equities/mutual funds/life insurance savings policies; capital market proxies along with asset managers/life insurers to benefit*

We also segment the portfolio based on a S-curve analysis to serve as a form of risk management framework with respective weightings (as of September 30, 2026) as follows:

- **Phase 1 (28.2% of net assets):** ***"Under the Radar" or in "Investment Mode"*** *– a phase of market mispricing/time arbitrage and an opportunity for significant alpha generation as these businesses enter Phase 2*
- **Phase 2 (18.7%):** ***"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 (47.7%):** ***"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 (7.1%):** ***"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 third quarter, we added a few new investments to existing themes while also rebalancing weights of some 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 **Laurus Labs Limited**, **Sona BLW Precision Forgings Limited** (Sona Comstar), and **Sudeep Pharma Limited**. Laurus Labs is a leading pharmaceutical and biotechnology company in India, providing integrated development and manufacturing services across the drug lifecycle. The company is the largest manufacturer of generic anti-retroviral APIs globally[4], supplying approximately one-third of the global HIV population. Leveraging its integrated development and manufacturing capabilities, Laurus Labs is actively migrating its product mix from generic APIs toward high-margin CDMO services, with revenue contribution of the vertical increasing from 13% in fiscal year 2019 to 31% in 2026. As Laurus Labs works toward its internal target of over 50% CDMO revenue mix by 2030, we believe the company will continue to show improvement in

profitability and enjoy better revenue visibility as CDMO entails long-term contracts. In our view, the company's ongoing capacity expansion provides additional comfort to growth in the medium term, as investments are contingent on firm customer backlogs. As new capacity becomes operational, Laurus Labs will further diversify its product lines across several high-value segments, including peptides, antibody-drug conjugates, fermentation, and cell and gene therapy, setting the stage for longer-term growth. We expect Laurus Labs to deliver 15% to 20% compounded revenue growth and 20% to 25% compounded earnings growth over the next three to five years.

Sona Comstar is one of India's leading auto component manufacturers, supplying driveline systems and components to global OEMs, with a legacy business in differential gears and starter motors. The company is a dominant player in the domestic market, garnering 55% to 60% market share in differential gears for passenger vehicles and 80% to 90% share in commercial vehicles.[5] Globally, it supplies to seven of the world's top ten passenger vehicle OEMs, three of the top ten EV OEMs, and three of the world's top ten two-wheeler OEMs. We are encouraged by the company's diversification strategy, with an expanding traction motor business and a recently acquired railway division which reduces revenue volatility associated with EV demand. We are also excited by the recently announced landmark partnership with Denso—the world's second-largest auto component manufacturer—to form two India-based JVs, which bridges Sona Comstar's gap in high-value electric powertrain systems, meaningfully expands its addressable market, and opens access to Toyota and Suzuki's India supply chains. Additionally, the company's newly established Robotics and Physical AI segment adds long-term earnings optionality, given Sona Comstar's rare ability as an ex-China supplier to provide complete actuator assemblies for humanoid robots. Based on our estimates, we expect Sona Comstar to deliver 15% to 20% compounded revenue growth and 20% to 25% compounded earnings growth over the next three to five years.

Sudeep Pharma is a manufacturer of high-purity mineral-based excipients and specialty ingredients, serving over 1,000 customers globally across the pharmaceutical, food, and nutrition industries, including marquee clients such as Pfizer, Merck, and Danone. The company is uniquely positioned as the first and only Indian manufacturer with USFDA certification for mineral-based ingredients, and one of only nine companies globally with European CEP certification for calcium carbonate.[6] Leveraging this technical expertise, Sudeep Pharma is actively migrating its product mix from conventional mineral-based excipients toward higher-value specialty ingredients, including micronutrient premixes and differentiated delivery formats such as encapsulated, liposomal, spray-dried, and granulated ingredients, driving an improvement in profitability. We are also excited by the company's expansion into the global EV and energy storage system supply chains as a vendor of battery-grade iron phosphate, a critical precursor for the fast-growing lithium iron phosphate (LFP) batteries. China currently dominates global LFP precursor material production, accounting for nearly 100% of global supply. In our view, Sudeep Pharma is a key beneficiary of the structural "China Plus One" shift, as global manufacturers seek to diversify their sourcing away from China toward alternative suppliers. We estimate Sudeep Pharma to deliver over 20% compounded EBITDA growth over the next three to five years.

During the quarter, we also increased exposure to our formalization of the economy theme by accumulating a position in **Lenskart Solutions Limited**, a technology-driven manufacturer and retailer of prescription eyeglasses and sunglasses, with a network of over 2,700 retail stores in India and over 700 outlets internationally. Underpinning the business is a vertically integrated manufacturing operation spanning frames and lenses, as well as dedicated logistics infrastructure, which together enable next-day deliveries across over 50 cities in India. Lenskart is India's largest omnichannel eyewear retailer with 8% to 10% market share, in an industry that remains highly fragmented, with small, unorganized opticians commanding over 75% market share.[7] In our view, Lenskart is a key beneficiary of the ongoing structural shift in Indian eyewear from unorganized to branded retail and is well positioned to gain share from informal players driven by its superior product quality, consistency, and value proposition. We are encouraged by management's ambition to expand its domestic store network to 10,000 locations, supported by the company's proprietary site-selection technology. We also expect Lenskart to deliver improving profitability, driven by manufacturing capacity expansion that reduces dependence on imported components, operating leverage through technology such as remote optometry, and a product mix shift toward premium frames and lenses. We expect Lenskart to deliver 20% to 25% compounded revenue growth and above 30% compounded EBITDA growth over the next three to five years.

Finally, we added to several of our existing positions during the quarter, most notably **Divi's Laboratories Limited**, **Eternal Limited**, **Bajaj Finance Limited**, **Astra Microwave Products Limited**, **InterGlobe Aviation Limited**, **Aditya Infotech Limited**, and **Titan Company Limited**.

During the quarter, we also exited positions in **Kotak Mahindra Bank Limited**, **SBI Life Insurance Company Limited**, **GMR Power and Urban Infra Limited**, and **Amber Enterprises India Limited**, due to uncertainties over durability of earnings growth and/or competitive positioning going forward.

Outlook

As we enter the final stretch of 2026, we are increasingly convinced that markets are moving past "peak optimism" surrounding the AI theme, while Indian equities are coincidentally on the cusp of entering a new phase of market leadership. As we write this letter, shares of CoreWeave, a leading neocloud operator with significant debt-fueled investments in AI data centers, have corrected more than 40% over the past six months, with its 2032 bonds trading below 80, a level typically considered distressed. While we are in no way suggesting that the AI capex cycle is coming to an abrupt end, we do expect global allocators to begin diversifying their portfolios, which have likely become "AI heavy" over the past

three to four years given the almost one-way direction of market appreciation since OpenAI first publicly released ChatGPT in November 2022.

This phenomenon helps explain India's historic underperformance over the past two years, with the MSCI India Index trailing the MSCI Emerging Markets Index by approximately 74%, or over 35% annualized, during the period. Unlike Korea and Taiwan, India has limited exposure to companies such as Taiwan Semiconductor Manufacturing Company, SK hynix, and Samsung Electronics—all large constituents in the MSCI Emerging Markets Index—which have disproportionately benefited from the multi-trillion-dollar AI capex cycle. **As funding challenges emerge in a rising-rate environment, public backlash against data center rollouts grows in local communities, and calls within the industry to recalibrate the pace of frontier AI model development due to security risks become more widespread, we believe the cycle is turning in India's favor.**

The recent re-escalation of the conflict in West Asia, which has driven Brent crude prices up by more than 40% since June, remains a near-term overhang for Indian equities. While we cannot predict geopolitical outcomes, we expect rising bond yields—which increase the cost of servicing U.S. government debt and home mortgages—and mounting economic pressures on U.S. consumers, particularly from elevated gasoline prices, to eventually lead to a diplomatic resolution of the West Asia crisis. Despite the ongoing conflict, on-the-ground economic fundamentals in India are improving: real GDP grew 7.8% in the June quarter, domestic auto volumes are up more than 25% year-to-date, and bank credit continues to grow at nearly 20% year-over-year. **With forward-looking economic indicators turning favorable, we believe Indian equities are in the early innings of an earnings upgrade cycle, which should further support our view of India's favorable risk-adjusted return potential going forward.**

A key pushback we have typically heard from prospective investors is, "We really like India, but it is too expensive." With the MSCI India Index trading below 19 times one-year forward price-to-earnings as of quarter-end, **or approximately two standard deviations below its five-year average, we view current valuations as extremely attractive**, particularly as earnings begin to inflect and investor enthusiasm for the AI theme begins to moderate, as discussed above. Ironically, when Indian equities peaked in September 2024, valuations were two standard deviations above the five-year average, and earnings were entering a period of downward revisions. The current environment is quite the opposite.

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 Index(es) and the Portfolio include reinvestment of dividends, net of foreign withholding taxes, which positively impact the performance results. The index(es) are unmanaged. Index performance is not Portfolio 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] Jefferies Research 07/26/2026: Laurus Labs is the largest manufacturer of generic ARV API in the world.

[5] Sona Comstar company presentation 07/23/2026 slide 36 "Market Shares for Differential Gears and Starter Motors."

[6] Sona Comstar company presentation 07/23/2026 slide 36 "Market Shares for Differential Gears and Starter Motors," 1 of 9 Companies Globally with European CEP Certification for Calcium Carbonate.

[7] Lenskart Solutions Prospectus 11/10/2025: we operate in an eyewear market that remains highly fragmented, with ~77% of India's prescription eyeglasses market (in value terms) being led by small, unorganised opticians, as of Financial Year 2025 CLSA Research 6/2/2026: With only a 3.5% share of physical outlets, Lenskart has managed to take its value share to 8.2% in 2025.

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BARON CAPITAL

QUARTERLY LETTER | SEPTEMBER 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) declined 0.59% (Institutional Shares) during the third quarter of 2026, while its primary benchmark, the MSCI ACWI ex USA Index (the Benchmark), gained 0.48%. The MSCI ACWI ex USA IMI Growth Index (the Proxy Benchmark) declined 2.11% for the quarter. The Fund performed similarly to the Benchmark while outperforming the Proxy Benchmark during a quarter in which rising energy prices and a breakout in global bond yields favored value and commodity-oriented stocks over growth, evidenced by the MSCI ACWI ex USA IMI Value Index outperforming the comparable Growth Index by 566 basis points for the quarter, and now by 746 basis points for the year-to-date period.

In our view, the prevailing catalysts giving direction to markets were the increasingly pervasive influence of AI, which is now "crowding out" credit, resources and attention well beyond equity portfolios; the resumption of hostilities with Iran alongside an escalating Russia/Ukraine war; and a resulting breakout in nominal and real bond yields, which we believe is the critical variable for equity returns in the near term. While we are never comfortable trailing our core Benchmark, we are pleased to comfortably exceed the growth Proxy Benchmark and Morningstar Foreign Large Growth Category* (the Peer Group). Further, we suspect the recent historic rise in yields is likely overdone, while any reduction in energy risk premium, for which the upcoming U.S. mid-term elections could prove a trigger, would in our view drive a healthy mean reversion in relative returns. As always, we remain optimistic that our fundamental, theme-driven, and bottom-up approach can continue to deliver solid results over the long term.

Annualized performance (%) for periods ended September 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]	(0.65)	(0.59)	0.48	(2.11)
YTD[4]	12.03	12.22	14.22	10.13
1 Year	8.65	8.90	20.00	12.81
3 Years	14.91	15.21	20.54	17.23
5 Years	1.85	2.11	9.55	5.28
10 Years	7.88	8.15	9.25	8.25
15 Years	8.41	8.68	8.17	8.04
Since Inception (12/31/2008)	9.37	9.64	8.49	8.55

In the third quarter of 2026, we underperformed the Benchmark, while outperforming our all-cap international growth Proxy Benchmark and the Peer Group. From a sector or theme perspective, adverse stock selection effect in the Materials sectors, primarily attributable to select holdings (**Linde plc**, **Lynas Rare Earths Limited**, and **AMG Critical Materials N.V.**) across a few themes, was the largest detractor from relative performance during the quarter. In addition, poor stock selection in Industrials, owing to a handful of positions in our global security (**OHB SE** and **Cummins India Limited**), sustainability/ESG (**Ceres Power Holdings plc** and **Contemporary Amperex Technology Co., Limited**), and semiconductors/AI (**INNIO N.V.**) themes, was also a

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 has agreed to waive and/or reimburse certain Funds' expenses, if necessary, pursuant to a contract expiring on August 29, 2037, 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.

notable drag on relative results. Largely offsetting the above, solid stock selection effect in Health Care (**Agilent Technologies, Inc.**, **Divi's Laboratories Limited**, and **Zai Lab Limited**) and Financials (**Mitsubishi UFJ Financial Group, Inc.** (MUFG), **Japan Exchange Group, Inc.**, and **Piraeus Bank S.A.**) contributed to relative performance during the quarter. Finally, favorable allocation effect together with good stock selection in the Information Technology sector (**Centum Electronics Limited**, **ISC Co., Ltd.**, **Shopify Inc.**, **HPSP Co., Ltd.**, and **Palo Alto Networks, Inc.**) also bolstered relative results.

From a country perspective, adverse stock selection effect in China, the U.K., Germany, and Japan detracted the most from relative performance during the quarter. In addition, our overweight positioning in the Netherlands and weak stock selection in Taiwan also weighed on performance. Partly offsetting the above was solid stock selection in France, which was the largest contributor to relative results. Lastly, favorable allocation effect in Korea, the U.S., and Greece also bolstered performance.

Top contributors to performance for the quarter

	Contribution to Return (%)
Agilent Technologies, Inc.	0.45
Mitsubishi UFJ Financial Group, Inc.	0.36
Piraeus Bank S.A.	0.31
Japan Exchange Group, Inc.	0.30
Centum Electronics Limited	0.28

Agilent Technologies, Inc. is a global provider of instruments, software, consumables, and services spanning life sciences, diagnostics, and applied chemical laboratories. Its shares outperformed during the quarter after fiscal third-quarter results handily beat expectations and the company raised its full-year guidance. Biopharmaceutical spending was strong, GLP-1-related demand is growing, and a broad slate of new products exceeded expectations. Orders tied to pharmaceutical reshoring also began arriving ahead of schedule. We retain conviction in Agilent, as its large installed base, expanding margins, and diversified launch cadence position it to compound through the life sciences tools recovery.

Shares of **Mitsubishi UFJ Financial Group, Inc.** extended their gains in the third quarter of 2026 as investors grew more confident that Japan's move toward normalized interest rates is producing stronger, more sustainable earnings for the bank. Fiscal first-quarter profit jumped 48% year over year to ¥809 billion, beating expectations, and the domestic loan spread widened from 0.95% to 1.15% on higher rates and healthy loan demand. Results were further lifted by a ¥222 billion contribution from MUFG's stake in Morgan Stanley, along with higher trading revenue and asset management fees. Anticipation of additional rate hikes strengthened the outlook for loan margins, and the solid quarter helped MUFG participate in the broader rally in Japanese bank stocks. We continue to find MUFG attractive, as further rate normalization and improving loan demand should drive additional margin expansion and earnings growth.

Shares of **Piraeus Bank S.A.** rose during the third quarter of 2026, significantly outperforming the Greek bank sector average, driven by strong fundamentals, credit rating upgrades, and an index reclassification. On July 29, the bank reported record first-half 2026 net profit and a 16% return on tangible book value, with better-than-expected net interest margin and accelerating loan growth. Management responded by raising its 2026 net interest income guidance. Investment-grade ratings from all major rating agencies supported confidence in the bank's financial profile and drove further gains in the stock during July. A second leg of the rally followed in September, when Stoxx's reclassification of Greece as a developed market took effect, leading to Piraeus's inclusion in the STOXX® Europe 600 Index. This structural demand catalyst attracted substantial passive and active fund inflows. Together, these developments built on an already favorable backdrop of accelerating earnings momentum, an improving credit profile, and a growing capacity to deliver shareholder returns.

Top detractors from performance for the quarter

	Contribution to Return (%)
SK hynix Inc.	(0.68)
Tokyo Electron Limited	(0.63)
Montage Technology Co., Ltd.	(0.45)
Samsung Electronics Co., Ltd.	(0.35)
Universal Music Group N.V.	(0.34)

South Korean semiconductor company **SK hynix Inc.** is a leading manufacturer of advanced memory chips. Shares declined sharply amid a broader sell-off in memory stocks as second-quarter results missed lofty forecasts, even as revenue more than tripled year-over-year and operating margin reached a record 76%. The shortfall was partly due to shipments of HBM4 high-bandwidth memory for AI chips slipping into later quarters. Management responded by launching a 40 trillion won share buyback and cancellation program in August and pledging to return more than half of cumulative free cash flow through 2027, with long-term agreements with around 10 key customers adding revenue visibility. We retain long-term conviction in SK hynix given its position as the current leader in high-bandwidth memory, large net cash position, and growing base of contracted customers.

Tokyo Electron Limited is a Japanese company that makes the equipment chip factories use to manufacture semiconductors, with leading positions in deposition, etch, and cleaning tools. Its shares detracted from performance during the quarter, as chip-equipment makers proved among the most sensitive to any doubt about the durability of AI spending. The company's own results argued the opposite. Fiscal first-quarter sales and gross profit reached records, management raised its outlook for the wafer-fab-equipment market on AI data center demand, and the company declared a record interim dividend while continuing a sizable share buyback. Even so, the shares were swept into a sharp late-July sell-off in Japanese AI stocks ahead of big-tech earnings, and chip-equipment stocks globally came under renewed pressure in September amid calls to pace the development of frontier AI. We

retain conviction in Tokyo Electron as a core long-term holding. We view its exposure to advanced-logic and high-bandwidth memory process intensity, together with strong capital returns, as durable advantages that support multi-year earnings power.

Chinese chip-design company **Montage Technology Co., Ltd.** is the world's largest supplier of memory-interface chips, which enable high-speed communication between server processors and memory. Shares fell due to a company-specific overhang despite continued fundamental strength. In July, South Korean prosecutors opened an investigation into suspected price coordination involving Montage and two competitors. Montage said it is cooperating fully, and no charges have been filed. Meanwhile, the business continued to accelerate, with first-half revenue growing 27% year-over-year and second-quarter revenue increasing 33%, ahead of expectations. Rising adoption of DDR5, the latest generation of server memory, lifted shipments of newer-generation memory-interface chips, while emerging products supporting high-speed server connectivity and data movement continued to gain traction. Alongside these positive developments, the company proposed a share buyback. We retain long-term conviction and continue to view Montage's leading market share, rising interconnect content per AI server, and broadening product portfolio as durable advantages supporting multi-year earnings growth.

Portfolio Structure

Top 10 holdings in developed countries

	Percent of Net Assets (%)
argenx SE	3.6
BNP Paribas S.A.	2.9
TotalEnergies SE	2.4
Keyence Corporation	2.2
Arch Capital Group Ltd.	2.1
Japan Exchange Group, Inc.	2.0
Agilent Technologies, Inc.	1.9
Linde Plc	1.9
Euronext N.V.	1.9
Tokyo Electron Limited	1.9

Top five holdings in emerging countries

	Percent of Net Assets (%)
Taiwan Semiconductor Manufacturing Company Limited	6.1
Samsung Electronics Co., Ltd.	2.4
SK hynix Inc.	1.8
Piraeus Bank S.A.	1.5
Centum Electronics Limited	1.5

Fund investments in developed markets

	Percent of Net Assets (%)
Japan	14.7
France	12.1
United States	7.6
Netherlands	5.5
United Kingdom	4.5
Canada	4.3
Sweden	2.9
Switzerland	2.7
Germany	2.6
Ireland	1.8
Spain	1.8
Finland	1.2
Italy	1.1
Israel	0.4
Australia	0.3
Total	**63.5***

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

Fund investments in emerging markets

	Percent of Net Assets (%)
India	9.3
Taiwan	7.4
Korea	6.8
China	5.5
Greece	1.5
Brazil	1.3
Argentina[1]	0.9
Peru	0.8
Chile	0.2
Total	**33.7***

[1] *Argentina is considered a Standalone Market and is not included in the MSCI Emerging Markets Index or MSCI Frontier Markets Index.*

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

Recent Activity

During the third 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 **Bachem Holding AG**, a Switzerland-headquartered contract development and manufacturing organization (CDMO) specializing in the development and manufacture of synthetic peptide and oligonucleotide active pharmaceutical ingredients. The company serves leading global

pharmaceutical and biotechnology companies, including Eli Lilly and Novo Nordisk. In our view, Bachem is a key beneficiary of the structural growth in peptide drug demand, driven by continued GLP-1 penetration, a shift toward higher-dosage therapies including oral formulations and dual-/triple-agonists, and the development of non-GLP-1 blockbuster peptide drugs—for example in autoimmune and oncology—which require substantially higher peptide dosages. As U.S. tariff uncertainty and biosecurity concerns around Chinese CDMOs prompt originators to reshore or friend-shore peptide production, Bachem's combination of Swiss manufacturing heritage and U.S. domestic facilities positions it as a natural beneficiary to gain market share. We are also encouraged by the company's ongoing capacity expansion to nearly triple its production by 2030, backed by long-term minimum revenue commitment contracts and prepayments, which provide strong visibility into topline growth over the medium term. Based on our estimates, we believe Bachem could deliver revenue growth of approximately 20% per year and EBITDA growth of 20% to 25% per year, on a compounded basis, over the next three to five years.

Adding to our digitization theme, we accumulated a position in **Shopify Inc.**, a software services provider that offers e-commerce capabilities for millions of businesses, from first-time entrepreneurs to established brands, across multiple platforms, including online, in stores, on social media, and increasingly through AI agents. Storefront, checkout, payments, shipping, and financing all run on one platform, so a merchant can launch in a day and scale their business with lower operational friction. We view Shopify as the operating system for entrepreneurship at a time when the barriers to starting a brand have collapsed. Because Shopify earns a share of what its merchants sell, it grows as its best merchants grow, and successful merchants tend to stay; retention rises with customer size, and the cohort of merchants that joined in early 2015 now generates multiples of the quarterly sales it did at the start. In our view, contrary to current market perception, AI is increasingly becoming a tailwind for business growth as AI shopping assistants recommend products based on fit rather than advertising budgets, which favors Shopify's long tail of independent brands. In addition, Shopify's catalog is now available inside leading AI agents, including OpenAI's ChatGPT and Meta's newly launched Muse. We see a long runway for growth as more merchants adopt Shopify Payments (already used on 68% of gross merchandise value), international sales expand, larger enterprises move onto the platform in weeks rather than years, and newer business-to-business and in-store offerings scale. Together with continued margin expansion, we expect durable growth in free cash flow, which bodes well for long-term shareholder returns.

During the quarter, we initiated positions in **Neste Oyj** and **Golar LNG Limited** as part of our sustainability/ESG and global security themes. Neste is the world's leading producer of renewable diesel and sustainable aviation fuel (SAF). The company hydrotreats waste and residue fats and oils, such as used cooking oil and animal fat, into drop-in fuels that run in existing engines and fueling infrastructure without modification. Its proprietary refining technology can process a wide range of lower quality waste and residue feedstocks, with its complex refineries located across Finland, the Netherlands, Singapore, and California. Neste, which began as a traditional oil refiner, now generates nearly half of its revenue and over 70% of its EBITDA from renewable products. Tightening regulation continues to lift demand. Germany's adoption of stricter EU renewable fuel legislation should add roughly 1.5 million tons of renewable diesel demand in 2026, which is being further boosted by higher U.S. biofuel mandates. Renewable diesel is priced off fossil diesel, so Neste has also benefited from tight diesel markets after the closure of the Strait of Hormuz pushed up energy prices. As a result, renewable product margins more than tripled year-over-year to a record in the second quarter of 2026. The company's Rotterdam expansion, which is expected to ramp up in mid-2027, will more than double that site's production footprint, lifting the company's total SAF capacity to 2.2 million tons. We believe Neste's scale and diversified waste feedstock supply chain give it a unique cost advantage over smaller producers, and we expect earnings to grow sustainably as Rotterdam scales and European SAF mandates step up.

Golar is a pioneer in floating liquefied natural gas (FLNG) production. FLNG vessels turn natural gas into liquefied natural gas (LNG) at sea, letting resource owners monetize stranded and flared gas without costly onshore terminals. Since we last owned the stock, Golar has exited its legacy shipping and power businesses to become a pure-play FLNG company. Following the disruption of LNG exports through the Strait of Hormuz, buyers in Europe and Asia are seeking a third source of supply beyond the U.S. Gulf Coast and the Middle East. We believe Golar offers the fastest route to that supply, since it converts existing LNG carriers into FLNG vessels, delivering new liquefaction capacity faster and at meaningfully lower cost than newbuild alternatives. The company has also locked up capacity at the only two shipyards with FLNG conversion experience, while competing newbuild yards cannot deliver before 2031. Argentina is emerging as one such source, and Golar's two vessels there will start liquefying gas from the Vaca Muerta shale formation in 2027 and 2028 under 20-year charters that also pay more when LNG prices rise. In August 2026, Golar ordered a fourth vessel for delivery in 2029, years ahead of any competing unit, and we expect Golar to charter it on attractive financial terms. We believe the share price ascribes little value to the fourth vessel and beyond or to the underlying commodity upside. We expect Golar's share of liquefaction capacity to grow roughly sixfold between 2026 and 2030 as these vessels come online, driving about a fivefold increase in earnings per share.

We also added to our semiconductor/AI theme by building a position in **MediaTek Inc.**, the world's largest supplier of consumer and mobile system-on-chips. The company is undergoing a vector change in its growth trajectory as it transforms into one of the leading custom silicon partners for AI data centers. As AI workloads mature, the largest buyers increasingly require silicon designed around their proprietary workloads rather than a general-purpose merchant graphics processing unit. MediaTek sizes the market

for this custom silicon, known as application-specific integrated circuits (ASICs), at approximately $70 billion to $80 billion by 2027, and expects to garner 15% to 20% market share. Designing ASICs demands exactly the capabilities MediaTek has spent decades building for its core business: leading-edge process expertise, high-speed interface and serializer/deserializer related intellectual property born out of its connectivity heritage, and a design centric organization that can tape out complex chips efficiently and at cost. That combination is rare. Two U.S. players have dominated the ASIC market globally, and a major U.S. cloud provider, widely reported to be Google, has anointed MediaTek as the credible third. MediaTek's first accelerator for this customer enters production in the fourth quarter, and management expects more than $2 billion of data center revenue this year, with a second, more powerful chip reaching volume production in early 2028. Management also expects the ASIC business to lift operating margins as it scales. Beyond the AI data center, the company also stands to benefit from the proliferation of AI on mobile devices, smart TVs, smart homes, and autonomous mobility related applications.

Lastly, we increased our exposure to several existing positions during the quarter, including **OHB SE**, **Spotify Technology S.A.**, **Euronext N.V.**, **Sartorius Stedim Biotech S.A.**, **INNIO N.V.**, and **Tencent Holdings Limited**. We exited a few positions during the quarter consistent with our efforts to seek greater concentration in our higher conviction investments. Disposals included **Mitsui Fudosan Co., Ltd.**, **WiseTech Global Limited**, **Zhejiang Shuanghuan Driveline Co., Ltd.**, **HD Hyundai Heavy Industries Co., Ltd.**, and **Sberbank of Russia PJSC**.

Outlook

The third quarter of 2026 proved a period of consolidation for international and emerging markets (EM) equities, with the MSCI ACWI ex USA Index finishing roughly flat following a strong first half. In our view, the prevailing catalysts giving direction to markets were the increasingly pervasive influence of AI, the resumption of hostilities with Iran alongside an escalating Russia/Ukraine war, and a resulting breakout in global bond yields.

AI remained front and center, though in our view the impact is shifting from a market phenomenon to a regulatory and macroeconomic one. As we noted last quarter, AI fever has "crowded out" many attractive industries, stocks, and even entire countries; this crowding out now extends well beyond equity portfolios. AI-related investment is estimated to account for a quarter to a third of U.S. GDP growth this year, competing with the broader economy for capital, power, memory/compute, and skilled labor. Morgan Stanley estimates that AI-related debt issuance is on pace to approach $570 billion this year, more than double last year's pace—a meaningful new source of duration supply which in our view is helping drive bond yields higher. We remain convinced of AI's transformative potential, and EM remains the principal supplier of leading-edge logic, memory, and other critical components necessary to deliver compute capacity. However, when a single theme represents this much of economic growth, credit demand, market weight, and investor and public attention, we believe it is wise to remain on guard with respect to the various emerging political, regulatory, and commercial developments that could temper market enthusiasm, while also prioritizing prudent portfolio diversification.

Regarding geopolitics, last quarter we cautioned that risk premium and oil prices might not fall as far or as fast as anticipated following the cease-fire between the U.S. and Iran. Indeed, hostilities resumed in July, and Iran's de facto closure of the Strait of Hormuz and a retaliatory U.S. blockade remain in place, while Brent again hovers near $100 per barrel. Meanwhile, Ukraine's campaign against Russian refining has cut processing to its lowest level since 2005, halting Russian fuel exports and tightening global diesel markets. The result, in our view, is an unsustainable equilibrium of "neither war nor peace," with energy anxiety feeding directly into inflation expectations and bond yields. We suspect the November 3 U.S. mid-term elections could likely prove a trigger for resolution. The Administration's sensitivity to energy prices is evident in President Trump's public pressure on Ukraine to halt refinery strikes, as well as his signal that renewed action against Iran is possible after the vote. Meanwhile, Trump's leverage may soon diminish should the anticipated shift in Congressional balance manifest—arguing for a resolution sooner than later. Whether through negotiation or escalation, a reduction in energy risk premium would be a meaningful positive for international and growth equities in general, and in our view, would likely trigger some mean reversion in relative performance.

This brings us to what we believe is the critical variable for equity returns in the nearer term: the breakout in nominal and real bond yields. In our year end letter, we suggested 2026 could represent a major test of Fed independence. After months of merely threatening the will to do what is necessary, Fed Chairman Warsh has gestured at orthodoxy over accommodation, raising rates in September for the first time since 2023—in our view as a result of the year-to-date inflationary impact of the Iran war and, to a lesser extent, tariffs. Meanwhile, the U.S. 10-year Treasury yield has breached its 20-year resistance to reach 5.3%. The move has been driven predominantly by real yields, now approaching 3%, while measures of breakeven inflation remain contained. In other words, markets are pricing not an untethering of longer-term inflation expectations but a structurally higher cost of capital, which challenges equity valuations broadly, and long-duration growth assets in particular. In the near term, should energy prices ease post the U.S. election or should circumstances slow or defer the growth in capital investment related to AI data center development, we would expect yields to retrace meaningfully, broadening market participation and driving a healthy mean-reversion in relative returns. For now, we are watching the bond market closely as we suspect the recent historic rise in yields is likely overdone. For the longer-term, the pressure on sovereign yields is by no means concentrated in the U.S., though we believe the return of the bond vigilantes will likely pressure those jurisdictions with the least credibility on deficit consolidation, and here sovereigns such as

France, the U.K., and the U.S. stand out (Brazil not mentioned as its fiscal outlook is likely to improve pending second-round election results). The age of the savings glut and kicking the can down the road are giving way to a shortage of capital and a more discerning capital allocation function—which is how it should be and actually a good thing.

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 MSCI Index(es) and the Portfolio include reinvestment of dividends, net of foreign withholding taxes, which positively impact the performance results. The index(es) are unmanaged. Index performance is not Portfolio 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.

* As of September 30, 2026, the annualized returns of the Morningstar Foreign Large Growth Category Average were (3.14)%, 7.76%, 3.83%, and 8.05% for the quarter to date, 1-, 5-, and 10-year periods, respectively.

NON-U.S./GLOBAL

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.

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, resulting in greater share price volatility. Securities issued by small and medium-sized companies may be thinly traded and may be more difficult to sell during market downturns. Even though the Portfolio is diversified, it may establish significant positions where the Adviser has the greatest conviction. This could increase volatility of the Portfolio's returns.

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

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Morningstar moved Baron International Growth Fund from the Foreign Small/Mid Growth Category effective May 31, 2016 to the Foreign Large Growth Category. Morningstar calculates the Morningstar Foreign Large Growth Category Average and do not include sales charges. Total returns do account for management, administrative, and 12b-1 fees and other costs automatically deducted from fund assets.

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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. **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.

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BARON CAPITAL

QUARTERLY LETTER | SEPTEMBER 30, 2026

Baron Emerging Markets Select ETF™

Ticker: BCEM



Michael Kass
Portfolio Manager

Dear Baron Emerging Markets Select ETF Shareholder,

Performance

Baron Emerging Markets Select ETF (the Fund) declined 2.07% during the third quarter of 2026, while its primary benchmark, the MSCI Emerging Markets Index (the Benchmark), retreated 0.37%. The MSCI Emerging Markets IMI Growth Index (the Proxy Benchmark) declined 3.10% for the quarter. The Fund underperformed the Benchmark while outperforming the Proxy Benchmark during a quarter in which rising energy prices and a breakout in global bond yields favored value and commodity-oriented stocks over growth, evidenced by the MSCI Emerging Markets IMI Value Index outperforming the comparable Growth Index by 577 basis points.

In our view, the prevailing catalysts giving direction to markets were the increasingly pervasive influence of AI, which is now "crowding out" credit, economic resources and public attention well beyond equity portfolios; the resumption of hostilities with Iran alongside an escalating Russia/Ukraine war; and a resulting breakout in nominal and real bond yields, which we believe is the critical variable for equity returns in the near term. While we are never comfortable trailing our Benchmark, we suspect the recent historic rise in yields is likely overdone, while any reduction in energy risk premium, for which the upcoming U.S. mid-term elections could prove a trigger, would in our view drive a healthy mean reversion in relative returns. Further, just days into the new quarter, a surprise swing to the right in Brazil's elections delivered a potentially significant new catalyst that we believe could help sustain emerging markets (EM) equity outperformance. As always, we remain optimistic that our fundamental, theme-driven, and bottom-up approach can continue to deliver solid results over the long term.

Cumulative performance (%) for periods ended September 30, 2026

	ETF Market Price[1,2]	ETF NAV[1,2]	MSCI Emerging Markets Index[1]	MSCI Emerging Markets IMI Growth Index[1]
QTD	(3.64)	(2.07)	(0.37)	(3.10)
Since Inception (4/8/2026)	6.74	6.79	12.08	8.89

For the third quarter of 2026, we underperformed the Benchmark, while outperforming our all-cap EM growth Proxy Benchmark. From a sector or theme perspective, our underweight positioning combined with adverse stock selection effect in the Financials sector, owing to a handful of investments across our India wealth management/consumer finance (**Nippon Life India Asset Management Limited**, **Bajaj Finance Limited**, and **Cholamandalam Investment and Finance Company Limited**) and digitization (**Rasan Information Technology Company**) themes, was the largest detractor from relative performance this quarter. In addition, negative allocation effect together with weak stock selection in Industrials, primarily attributable to select holdings in our sustainability/ESG (**Contemporary Amperex Technology Co., Limited**), global security/supply chain diversification (**Cummins India Limited**), and China value-added (**Jiangsu Hengli Hydraulic Co., Ltd.**) themes, was also a notable drag on relative results. Lastly, weak stock selection effect in Utilities, driven by a couple positions in our global security/supply chain diversification theme (**JSW Energy Limited** and **Power Grid Corporation of India Limited**), also weighed on relative performance during the quarter. Partially

NON-U.S./GLOBAL

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.

offsetting the above was favorable allocation effect combined with good stock selection in the Information Technology (**ISC Co., Ltd.**, **HPSP Co., Ltd.**, and **ASPEED Technology Inc.**) and Health Care (**Divi's Laboratories Limited**, **WuXi AppTec Co., Ltd.**, and **Zai Lab Limited**) sectors.

From a country perspective, poor stock selection effect in China was the largest detractor to relative performance this quarter. In addition, negative allocation effect together with adverse stock selection in India and Taiwan were also notable drags on relative results. Partly offsetting the above was solid stock selection effect in Korea, which added the most to relative performance during the period. Lastly, our overweight positioning combined with good stock selection in Peru, primarily driven by our investment in Southern Copper Corporation, also bolstered relative results. We retain our long-term conviction in our India holdings, which in our view, are attractively valued at current market prices and have recently entered an earnings upgrade cycle. Forward-looking economic indicators have turned favorable in India with the recent implementation of government fiscal reforms and monetary stimulus measures. Despite the ongoing Middle East conflict and elevated energy prices, India's real GDP growth continues to sustain above 7% with bank credit currently growing nearly 20% year-over-year, further supporting economic activity and consumer spending.

Top contributors to performance for the quarter

	Contribution to Return (%)
Divi's Laboratories Limited	0.54
WuXi AppTec Co., Ltd.	0.43
ISC Co., Ltd.	0.42
Southern Copper Corporation	0.34
HPSP Co., Ltd.	0.34

Divi's Laboratories Limited is a leading global manufacturer of active pharmaceutical ingredients (APIs) and intermediates. The stock contributed to performance, driven by stronger-than-expected quarterly revenue and profit and supported by shipments of GLP-1 API validation batches. In our view, the company is a key beneficiary of global supply chain realignment as innovator and generic customers diversify API sourcing away from China. We are encouraged that Divi's has been onboarded by large global pharmaceutical companies as a supplier of complex intermediates and custom-manufactured peptides for oral and injectable GLP-1 therapies. 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 encouraged by the company's commitment to capacity expansion and sustained focus on research and development. We retain conviction and expect Divi's to deliver mid-teens compounded revenue growth and 20% earnings growth over the next three to five years.

WuXi AppTec Co., Ltd. is China's leading contract research, development, and manufacturing organization (CRDMO) for small-molecule and peptide drugs. Shares rose after the company reported strong first-half results in early August and nearly doubled its full-year revenue growth guidance, raising the range to 35% to 39%. Results were supported by the largest sequential backlog addition on record and 40% growth in new orders. Small-molecule development and manufacturing grew 73%, driven by increasing drug-manufacturing complexity, while the peptide business continued to scale into the obesity supply chain. Roughly 80% of new late-stage projects originated from WuXi's earlier-stage work, providing further evidence that its follow-the-molecule strategy continues to work as intended. Separately, a federal court blocked enforcement of the U.S. Department of Defense's "Chinese military company" designation that had weighed on shares, finding WuXi likely to succeed on the merits. We remain shareholders and continue to view WuXi as one of the best ways to gain exposure to the structural growth of outsourced drug chemistry.

ISC Co., Ltd. is a South Korean manufacturer of semiconductor test sockets and related testing components and materials. Shares rose as ISC reported record quarterly revenue, with AI products accounting for more than 80% of sales as the company gained share in mass-production testing at key data center customers. The company also raised prices and is moving customers to multi-year supply agreements backed by prepayments. We retain long-term conviction in ISC. As AI chips become larger and faster, legacy sockets using spring-loaded metal pins become less reliable for testing them. ISC's silicone rubber sockets can test these chips at lower cost and with less risk of damage. The company holds about 90% of the rubber socket market, which remains a small portion of the overall test socket market. ISC's plants are currently running at full utilization, and management plans to increase capacity 2.5-fold by 2029, which we believe will allow the company to capture business it currently turns away. With higher prices and additional capacity, we expect earnings per share to more than triple over the next five years.

Top detractors from performance for the quarter

	Contribution to Return (%)
SK hynix Inc.	(1.68)
Montage Technology Co., Ltd.	(0.78)
Samsung Electronics Co., Ltd.	(0.69)
Contemporary Amperex Technology Co., Limited	(0.33)
SK Square Co., Ltd.	(0.30)

South Korean semiconductor company **SK hynix Inc.** is a leading manufacturer of advanced memory chips. Shares declined sharply amid a broader sell-off in memory stocks as second-quarter results missed lofty forecasts, even as revenue more than tripled year-over-year and operating margin reached a record 76%. The shortfall was partly due to shipments of HBM4 high-bandwidth memory for AI chips slipping into later quarters. Management responded by launching a 40 trillion won share buyback and

cancellation program in August and pledging to return more than half of cumulative free cash flow through 2027, with long-term agreements with around 10 key customers adding revenue visibility. We retain long-term conviction in SK hynix given its position as the current leader in high-bandwidth memory, large net cash position, and growing base of contracted customers.

Chinese chip-design company **Montage Technology Co., Ltd.** is the world's largest supplier of memory-interface chips, which enable high-speed communication between server processors and memory. Shares fell due to a company-specific overhang despite continued fundamental strength. In July, South Korean prosecutors opened an investigation into suspected price coordination involving Montage and two competitors. Montage said it is cooperating fully, and no charges have been filed. Meanwhile, the business continued to accelerate, with first-half revenue growing 27% year-over-year and second-quarter revenue increasing 33%, ahead of expectations. Rising adoption of DDR5, the latest generation of server memory, lifted shipments of newer-generation memory-interface chips, while emerging products supporting high-speed server connectivity and data movement continued to gain traction. Alongside these positive developments, the company proposed a share buyback. We retain long-term conviction and continue to view Montage's leading market share, rising interconnect content per AI server, and broadening product portfolio as durable advantages supporting multi-year earnings growth.

Samsung Electronics Co., Ltd. is the world's largest memory-chip maker, with major smartphone, display, and contract-manufacturing businesses. After a historic run, memory stocks bore the brunt of the quarter's AI sell-off, with Samsung shares falling as the market debut of a fast-growing Chinese memory maker added to concerns about the outlook for memory pricing. Despite the share price decline, Samsung reported the most profitable quarter in its history. Second-quarter operating profit rose roughly 19-fold year-over-year, driven almost entirely by the chip division, while Samsung scaled up sales of its HBM4 high-bandwidth memory for AI processors and shipped the industry's first samples of next-generation HBM4E. Management expects the memory shortage to persist through 2028 and plans to place most capacity under long-term contracts, providing greater revenue visibility. We retain conviction in Samsung as a core long-term holding, viewing its leadership in advanced memory and increasingly contracted revenue base as durable advantages supporting multi-year earnings growth.

Portfolio Structure

Top 10 holdings

	Percent of Net Assets (%)
Taiwan Semiconductor Manufacturing Company Limited	15.0
Samsung Electronics Co., Ltd.	8.0
SK hynix Inc.	5.2
Tencent Holdings Limited	2.8
Divi's Laboratories Limited	2.0
Alibaba Group Holding Limited	2.0
Bajaj Finance Limited	2.0
Eternal Limited	1.9
Southern Copper Corporation	1.8
MediaTek Inc.	1.8

Fund investments in countries

	Percent of Net Assets (%)
Taiwan	21.6
Korea	20.9
India	20.8
China	17.6
Brazil	6.1
Peru	3.0
South Africa	2.1
Greece	1.6
Argentina	1.2
Hungary	0.9
Saudi Arabia	0.6
Philippines	0.5
Thailand	0.5
Netherlands	0.3
Cash and Cash Equivalents	2.4
Total	**100.0***

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

Recent Activity

During the third quarter, we added several new investments to our existing themes while also endeavoring to allocate capital to our highest conviction ideas.

We increased exposure to our global security/supply chain diversification theme by initiating a position in **INOX India Limited**, 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). 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, INOX 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, INOX 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 INOX to deliver 15% to 20% compounded revenue and EBITDA growth over the next three to five years.

During the quarter, we also accumulated a position in **Bangkok Bank Public Company Limited**, which we believe is an attractively valued beneficiary of an improving operating environment for Thai banks. While economic growth in Thailand remains subdued, we see an increasingly favorable fundamental backdrop, supported by greater political stability, policy rates approaching a floor, improving credit trends, and healthy corporate investment and foreign direct investment. Bangkok Bank stands out given its exposure to large corporates, conservative underwriting practices, and an exceptionally strong balance sheet, including a Common Equity Tier 1 (CET1) ratio of approximately 17% and non-performing loan coverage above 300%. These buffers provide meaningful downside protection while also creating scope for lower credit costs as conditions normalize. We believe modest loan growth, stabilizing net interest margins, and lower provisioning can lift return on equity (ROE) from roughly 7% today toward 8% to 9% over time. Importantly, the shares trade at only about 0.6 times book value, which we believe reflects an overly pessimistic view of Bangkok Bank's long-term profitability. Assuming ROEs normalize toward our expectations, we see significant potential for the valuation to rerate, creating an attractive return profile.

We added to several of our existing positions during the quarter, including **Taiwan Semiconductor Manufacturing Company Limited**, **Samsung Electronics Co., Ltd.**, **SK hynix Inc.**, **Petroleo Brasileiro S.A.**, **Tencent Holdings Limited**, **Vista Energy, S.A.B. de C.V.**, **Gold Fields Limited**, and **Alibaba Group Holding Limited**.

During the quarter, we also exited a handful of positions including **Larsen & Toubro Limited**, **SK Square Co., Ltd.**, **Tencent Music Entertainment Group**, **Samsung Heavy Industries Co., Ltd.**, and **The Japan Steel Works, Ltd.**, as we continue our endeavor to allocate capital to our highest-conviction ideas.

Outlook

The third quarter of 2026 proved a period of consolidation for EM equities, with the Benchmark finishing roughly flat following an exceptionally strong first half. In our view, the prevailing catalysts giving direction to markets were the increasingly pervasive influence of AI, the resumption of hostilities with Iran alongside an escalating Russia/Ukraine war, and a resulting breakout in global bond yields. Just days into the new quarter, a surprise swing to the right in Brazil's elections offered a potentially significant new catalyst for the asset class.

AI remained front and center, though in our view the impact is shifting from a market phenomenon to a regulatory and macroeconomic one. As we noted last quarter, AI fever has "crowded out" many attractive industries, stocks, and even entire countries; this crowding out now extends well beyond equity portfolios. AI-related investment is estimated to account for a quarter to a third of U.S. GDP growth this year, competing with the broader economy for capital, power, memory/compute, and skilled labor. Morgan Stanley estimates that AI-related debt issuance is on pace to approach $570 billion this year, more than double last year's pace—a meaningful new source of duration supply which in our view is helping drive bond yields higher. We remain convinced of AI's transformative potential, and EM remains the principal supplier of leading-edge logic, memory, and other critical components necessary to deliver compute capacity. However, when a single theme represents this much of economic growth, credit demand, market weight, and investor and public attention, we believe it is wise to remain on guard with respect to the various emerging political, regulatory, and commercial developments that could temper market enthusiasm, while also prioritizing prudent portfolio diversification in the near term.

Regarding geopolitics, last quarter we cautioned that risk premium and oil prices might not fall as far or as fast as anticipated following the cease-fire between the U.S. and Iran. Indeed, hostilities resumed in July, and Iran's de facto closure of the Strait of Hormuz and a retaliatory U.S. blockade remain in place, while Brent again hovers near $100 per barrel. Meanwhile, Ukraine's campaign against Russian refining has cut processing to its lowest level since 2005, halting Russian fuel exports and tightening global diesel markets. The result, in our view, is an unsustainable equilibrium of "neither war nor peace," with energy anxiety feeding directly into inflation expectations and bond yields. We suspect the November 3 U.S. mid-term elections could likely prove a trigger for resolution. The Administration's sensitivity to energy prices is evident in President Trump's public pressure on Ukraine to halt refinery strikes, as well as his signal that renewed action against Iran is possible after the vote. Meanwhile, Trump's leverage may soon diminish should the anticipated shift in Congressional balance manifest—arguing

for a resolution sooner than later. Whether through negotiation or escalation, a reduction in energy risk premium would be a meaningful positive for EM and growth equities in general, and in our view, would likely trigger some mean reversion in relative performance.

This brings us to what we believe is the critical variable for equity returns in the near term: the breakout in nominal and real bond yields. In our year end letter, we suggested 2026 could represent a major test of Fed independence. After months of merely threatening the will to do what is necessary, Fed Chairman Warsh has gestured at orthodoxy over accommodation, raising rates in September for the first time since 2023—in our view as a result of the year-to-date inflationary impact of the Iran war and, to a lesser extent, tariffs. Meanwhile, the U.S. 10-year Treasury yield has breached its 20-year resistance to reach 5.3%. The move has been driven predominantly by real yields, now approaching 3%, while measures of breakeven inflation remain contained. In other words, markets are pricing not an untethering of longer-term inflation expectations but a structurally higher cost of capital, which challenges equity valuations broadly, and long-duration growth assets in particular. Should energy prices ease post-election or should circumstances slow or defer the growth in capital investment related to AI data center development, we would expect yields to retrace meaningfully, broadening market participation and driving a healthy mean-reversion in relative returns. For now, we are watching the bond market closely as we suspect the recent historic rise in yields is likely overdone.

Finally, a word on Brazil, where the first round of elections delivered a genuine surprise. Senator Flávio Bolsonaro topped President Lula da Silva by roughly 47% to 45%, confounding pre-election polls, while right-of-center candidates also outperformed and gained a host of governorships and Senate seats. The Ibovespa Index rallied roughly 8% to a record high on the result, and while the October 25 presidential runoff remains, a Lula victory is highly unlikely, while the breadth of the rightward swing suggests that Brazil's fiscal challenge will more than likely moderate. Readers may recall that in our December 2024 letter, we pointed to increasing odds of a regime change in 2026, which we believed would likely trigger a major reduction in risk premium and substantial upside for Brazil's currency and equities, a scenario that now appears solidly in view. With real policy rates among the highest in the world, a credible fiscal anchor could unlock a substantial easing cycle, with Brazil equities among the most levered to declining rates. We believe Brazil, and Latin America more broadly, is well positioned to help sustain EM equity outperformance.

We look forward to our next communication and thank you for investing in the Baron Emerging Markets Select ETF.

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 MSCI Index(es) and the Portfolio include reinvestment of dividends, net of foreign withholding taxes, which positively impact the performance results. The index(es) are unmanaged. Index performance is not Portfolio 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.

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: 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. Securities issued by small and medium-sized companies may be thinly traded and may be more difficult to sell during market downturns. The Portfolio is non-diversified, which means it will likely have a greater percentage of its assets in a single issuer than a diversified portfolio.

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.

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

The **Common Equity Tier 1 (CET1) ratio** measures a bank's core equity capital against its total risk-weighted assets to gauge financial solvency and loss absorption. **Return on equity** (ROE) is a financial performance ratio that measures how effectively a company uses shareholders' equity to generate net income.

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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BARON CAPITAL

QUARTERLY LETTER | SEPTEMBER 30, 2026

Baron Financials ETF™

Ticker: BCFN



Josh Saltman
Portfolio Manager

Dear Baron Financials ETF Shareholder,

Performance

In the quarter ended September 30, 2026, Baron Financials ETF (the Fund) fell 0.06% (NAV) compared with a 0.42% decline for the MSCI USA Financials Index (the Index).

U.S. equities delivered a mixed but ultimately positive third quarter. Major indices rose despite persistent inflation concerns, higher energy prices, the first Federal Reserve rate hike since 2023, and a surge in U.S. Treasury yields to multi-decade highs. These factors were offset by resilient consumer spending, a labor market operating near full employment, and investor conviction in the durability of AI demand and the AI infrastructure investment cycle. Market leadership remained narrow, with the Magnificent Seven up 12.4%, accounting for all the S&P 500's 2.3% quarterly gain, while the remaining securities in the benchmark fell 2.4%. Value outperformed growth, and large caps outperformed small caps. International stocks were flattish during the quarter, slightly behind U.S. stocks, but well ahead for the year.

July was a month of pronounced rotation where market leadership broadened beyond high-momentum AI and technology stocks. Investor focus shifted to AI monetization, with questions around the timing and magnitude of returns on unprecedented capital spending weighing on semiconductor and memory chip stocks. At the same time, investors rotated into previously overlooked areas such as software and services, where valuations had fallen to multi-year lows. However, this broadening trend reversed in August and September with the Magnificent Seven and other high-momentum AI and technology stocks reasserting their dominance.

Annualized performance (%) for periods ended September 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]	0.30	(0.06)	(0.42)	2.30	1.60	8.35
YTD[3]	(14.50)	(14.49)	(2.25)	12.75	13.03	(8.17)
1 Year	(16.27)	(16.39)	(0.23)	15.74	16.75	(14.77)
3 Years	6.60	6.55	19.26	22.89	21.73	5.13
5 Years	(2.78)	(2.54)	8.94	13.79	11.57	(5.35)
Since Inception (12/31/2019)	6.33	6.52	10.20	15.33	12.64	0.98

In the third quarter, the Fund modestly outperformed the Index. The Fund's substantial underweight to Banks was the key driver of relative performance in the period. Banks were the largest industry in the Index, with an average weight of 41%, and declined nearly 5% during the quarter. Not owning Index constituents Goldman Sachs Group, Inc., Citigroup Inc., PNC Financial Services Group, Inc., and Wells Fargo & Company, each of which fell between 2.8% and 10.7%, together contributed more than 80 basis points of relative gains. Our Challengers outperformed our Leaders, with respective returns of 2.0% and -0.3%, while both categories contributed to relative outperformance. We are encouraged that the Fund managed modest outperformance despite headwinds

SECTOR

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.

Pursuant to the Fund's unitary management fee structure, BAMCO, Inc. ("BAMCO" or the "Adviser") will pay all expenses of the Fund, except for portfolio transaction costs, interest and dividend expense, acquired fund fees and expenses, fees and expenses related to filing foreign tax reclaims, line of credit expenses, and extraordinary expenses.

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.

from being underexposed to value and large-cap stocks, which performed well during the quarter.

Solid stock selection in Payments and Financial Software were additional sources of strength during the period. Within Payments, global commerce platform **Shopify Inc**. was the Fund's top gainer after its shares rose nearly 30%, rebounding from a decline earlier in the year. Merchant solutions revenue rose 37% on strong growth in gross merchandise volume (GMV) and higher payments penetration. Within Financial Software, property and casualty insurance software vendor **Guidewire Software, Inc.** rose as sector valuations rebounded from declines earlier in the year driven by AI disintermediation fears. Guidewire's InsuranceSuite platform serves as the core system of record for insurance carriers, functioning as the single source of truth for policies, claims, premiums, and payments. Given the complexity and highly regulated nature of insurance policies, we believe Guidewire is more likely to benefit from AI than be disrupted by it. Guidewire is already bringing new AI-enabled capabilities to market, and we expect adoption to accelerate over the coming year. We also expect Guidewire to capture AI-driven productivity gains, which should help the company grow faster while expanding margins.

Meaningfully higher exposure to Capital Markets, the Index's best performing industry, contributed over 100 basis points to relative performance but was mostly offset by adverse stock selection within the industry. Strong trading activity and diminishing fears of competition from perpetual futures drove double-digit returns for financial exchange **CME Group, Inc.** Independent broker-dealer **LPL Financial Holdings Inc.** also rebounded from declines earlier in the year, driven by a reacceleration in organic net new assets, operating leverage from AI-driven efficiencies, and better advisor recruitment following the successful integration of a large acquisition. Not owning Index constituents Intercontinental Exchange, Inc. and Coinbase Global, Inc. were the biggest drags on relative performance in Capital Markets given strong share price appreciation from higher oil and cryptocurrency prices, respectively.

Partially offsetting the above was adverse stock selection in Information Services, the only industry to materially detract from relative performance in the period. Weakness was led by data analytics company **Fair Isaac Corporation**, the Fund's largest overall detractor. Regulatory changes by the Federal Housing Finance Agency (FHFA) ended the company's long-standing monopoly in the mortgage credit scoring market and threatened the pricing power that has driven significant earnings growth. Shares of credit bureaus **TransUnion** and **Equifax Inc.** were also pressured by news that the FHFA is considering reducing the number of credit reports required to originate a conforming mortgage. We believe the financial impact of shifting from "tri-merge" to "bi-merge" would be manageable for the bureaus and is more than priced in at their lower valuations.

Top contributors to performance for the quarter

	Contribution to Return (%)
CME Group, Inc.	0.42
Shopify Inc.	0.41
Mastercard Incorporated	0.36
BlackRock Inc.	0.28
LPL Financial Holdings Inc.	0.27

CME Group, Inc. operates the world's largest and most diversified derivatives marketplace. Shares rose during the quarter as global macroeconomic uncertainty and elevated market volatility drove record trading activity. Third-quarter average daily volume increased 16% year-over-year to 29.4 million contracts, an all-time high for the period. Investor concerns about perpetual futures eased as the products seem to appeal primarily to retail speculators, posing little competitive threat to CME's institutional-grade risk management tools. We continue to own the stock because we believe CME has durable competitive advantages and is well positioned to benefit from the growing adoption of exchange-traded derivatives and periodic spikes in market volatility.

Shopify Inc., a leading commerce platform for online merchants, contributed to performance. Second quarter results marked another quarter of exceptional execution, with GMV rising 32% and revenue increasing 34%. This represented the fifth straight quarter of 30%-plus growth across GMV, revenue, gross profit, operating income, and free cash flow. Growth was broad-based across merchant sizes, geographies, and channels, with business-to-business GMV up 76% and offline GMV up 32%. Third quarter guidance for low 30% revenue growth and further margin expansion exceeded expectations. We retain conviction in Shopify as a durable compounder and believe its two decades of proprietary merchant and buyer data position the company as a key beneficiary as commerce shifts toward AI-driven discovery and agentic checkout.

Global payment network **Mastercard Incorporated** contributed to performance after reporting strong second quarter results and accelerating purchase volumes. Revenue grew 14% and earnings per share grew 21%, both ahead of consensus expectations. Purchase volume rose 10% on a constant-currency basis, reflecting resilient consumer spending. Cross-border payments and value-added services delivered standout growth, each increasing roughly 20%. Management raised full-year guidance and now expects low teens revenue growth. Progress in AI-driven commerce and stablecoin settlement also helped shift the investor narrative from potential disruption to new opportunities. We continue to own the stock given Mastercard's long growth runway and durable competitive advantages.

Top detractors from performance for the quarter

	Contribution to Return (%)
Fair Isaac Corporation	(0.44)
Morgan Stanley	(0.37)
Dave Inc.	(0.29)
American Express Company	(0.23)
Bank of America Corporation	(0.18)

Fair Isaac Corporation (FICO), a data and analytics company focused on predicting consumer behavior, detracted from performance. While fiscal third quarter results were strong, the stock fell due to regulatory changes by the FHFA that eliminated FICO's longstanding pricing advantage in the mortgage market by allowing rival VantageScore to be used on a unified pricing grid at parity with FICO scores. At the same time, Rocket Mortgage named VantageScore as its preferred scoring model, and the FHFA's approval of FICO's most predictive score (10T) remains on hold. Given the adverse regulatory climate, rising competition, and loss of pricing power, we exited our position.

Morgan Stanley, a leading global investment bank and wealth manager, detracted from performance despite reporting strong quarterly results. The firm delivered record revenue and earnings, with investment banking revenue up 58% and wealth management capturing strong net new asset growth. The share price weakness was largely market-driven, as investors grew concerned about a potential slowdown in AI-related capital spending and the pace of initial public offerings, tempering expectations for further improvement in investment banking and capital markets. We believe these concerns reflect a more cautious outlook rather than deterioration in Morgan Stanley's execution, which remained strong. The firm's integrated business model and durable, fee-based wealth franchise continue to underpin its earnings power, in our view. We remain shareholders.

Dave Inc. is a digital credit provider for lower-income Americans. Shares declined despite robust quarterly results and a raised full-year outlook, with revenue growing 30% and EBITDA rising 48%. After a strong run in the stock, expectations had risen, leaving little room for upside surprises. We believe the reaction reflected sentiment rather than any deterioration in the underlying business. We expect both revenue and earnings to keep growing at rates above 20%, a rare combination of growth and profitability among financial services companies. We also believe consensus estimates do not fully capture the potential upside from new products and the benefits of the company's latest underwriting model.

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 September 30, 2026, the Fund held 40 positions (31 excluding those smaller than 1%). The Fund's 10 largest holdings represented 45.5% of net assets, and the 20 largest holdings represented 74.1% of net assets. International stocks represented 12.2% of net assets. The market capitalization range of our holdings was $1 billion to $879 billion with a median of $65 billion and a weighted average of $206 billion.

We segment the Fund's holdings into seven Baron-defined industries. As of September 30, 2026, Capital Markets represented 30.5% of net assets, Banks represented 21.9%, Payments represented 18.2%, Information Services represented 14.5%, Insurance represented 5.7%, Other Financials represented 4.5%, and Financial Software represented 3.2%, with the remainder in cash. Relative to the 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 September 30, 2026, Leaders represented 81.8% of net assets and Challengers represented 16.8%, 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	670.9	2.8	6.2
Mastercard Incorporated	2020	306.1	483.2	2.7	6.0
JPMorgan Chase & Co.	2026	843.8	879.4	2.3	5.1
Bank of America Corporation	2026	397.6	380.6	2.1	4.8
The Charles Schwab Corporation	2022	130.9	169.0	1.9	4.3
Interactive Brokers Group, Inc.	2023	33.8	145.9	1.9	4.2
Morgan Stanley	2025	284.2	295.4	1.7	3.9
S&P Global Inc.	2020	67.9	119.1	1.7	3.9
Moody's Corporation	2020	45.6	78.7	1.6	3.7
LPL Financial Holdings Inc.	2021	12.9	24.1	1.6	3.5

Fund investments in Baron industries

	Percent of Net Assets (%)
Capital Markets	30.5
Banks	21.9
Payments	18.2
Information Services	14.5
Insurance	5.7
Other Financials	4.5
Financial Software	3.2
Cash and Cash Equivalents	1.4
Total	**100.0***

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

Recent Activity

Top net purchases for the quarter

	Quarter End Market Cap ($B)	Net Amount Purchased ($K)
Dave Inc.	4.1	556.0
JPMorgan Chase & Co.	879.4	537.3
AerCap Holdings N.V.	22.2	429.0
American Express Company	205.4	208.7
Lincoln International, Inc.	2.4	77.0

We initiated a position in **Dave Inc.**, a tech-enabled provider of short-term credit. Founded in 2017, the company is a mobile-first neobank that provides credit products for everyday Americans who are underserved by traditional financial institutions. Dave's flagship product, ExtraCash, offers customers up to $500 in advances to bridge liquidity needs between paychecks without interest charges, late fees, or traditional credit checks. The average ExtraCash advance is $215 with Dave's fee being 5% of the advance, making ExtraCash a lower cost source of borrowing than bank overdrafts with typical $35 fees. The company is led by co-founder and CEO Jason Wilk, who has over 15 years of experience building technology companies. The leadership team has a stellar track record of execution, with the company delivering nine consecutive quarters of at least 30% revenue growth.

Dave's competitive advantage comes from its highly efficient customer acquisition engine and underwriting model. In the second quarter of 2026, the company grew the member base by 17% to over 15 million while holding customer acquisition cost flat at $19, yielding an industry-leading gross profit payback period of under four months. Unlike competing neobanks that require users to switch direct deposits, Dave allows members to instantly access credit simply by linking an external bank account. This friction-free model is enabled by Dave's proprietary underwriting engine, CashAI, which was recently upgraded to version 6.0. CashAI v6.0 incorporates over 700 data attributes to predict paycheck timing and dynamically underwrite risk. Unlike incumbents that rely on lagging FICO scores, this engine ingests up to 24 months of historical transaction data from connected bank accounts to generate real-time risk scores. ExtraCash advances have an average duration of only 12 days, creating a rapid feedback loop that enables the underwriting model to iterate quickly and adapt to changing credit conditions. Dave's CashAI underwriting advantage is reinforced by a proprietary dataset containing over 215 million historical ExtraCash originations. This data flywheel enables Dave to approve larger advance sizes while maintaining low charge-off rates below 1.5%. Providing larger advances is a competitive differentiator since customers typically seek out the largest advance possible. While ExtraCash advances are unsecured, Dave uses its customers' cash flow data to collect repayment at the earliest possible time, which mitigates losses.

We believe Dave has a large and highly visible growth runway ahead, supported by new members, larger ExtraCash advances, and more frequent utilization of ExtraCash. The company is adding new products such as Dave Flex, a buy-now-pay-later card offering that should capture incremental wallet share. Historically, Dave funded advances on its own balance sheet, but the company recently transitioned to a more capital-efficient, off-balance-sheet bank partnership that frees up substantial liquidity. The company generates significant free cash flow and is using that cash to repurchase shares, shrinking the share count by 6% in the recent quarter. We expect Dave to grow earnings per share at a 30%-plus rate which should support long-term outperformance of the stock.

Top net sales for the quarter

	Quarter End Market Cap or Market Cap When Sold ($B)	Net Amount Sold ($K)
Tradeweb Markets Inc.	21.8	551.9
The Baldwin Insurance Group, Inc.	4.5	306.7
Fair Isaac Corporation	14.1	261.8
Apollo Global Management, Inc.	68.5	221.3
Neptune Insurance Holdings Inc.	4.2	213.5

We trimmed **Tradeweb Markets Inc.** due to concerns about greater competition from the announced acquisition of rival MarketAxess by Intercontinental Exchange. However, after completing further research, we concluded that the competitive threat was manageable and bought back those shares of Tradeweb subsequent to quarter end. We exited our position in insurance broker **The Baldwin Insurance Group, Inc.** after the company agreed to be taken private at a large premium. After having trimmed much of our position earlier in the year, we exited our remaining stake in **Fair Isaac Corporation** due to adverse regulatory changes and diminished pricing power.

Outlook

AI has been the defining market theme of the year. As of September 30, a basket of AI winners including semiconductor, semiconductor equipment, and electrical equipment stocks rose 41% year-to-date, while financial stocks have largely been left behind with the Index down modestly over the same period. However, the AI investment case has become less straightforward in recent weeks. Investors are increasingly questioning the scale of financing for the AI buildout and the expected return on this massive investment. The PHLX Semiconductor Sector Index™ fell 15% through the first three full weeks of October. We expect share price volatility from the AI buildout to continue.

Within financials, this softening in AI enthusiasm has led to an interesting shift. Companies that have benefited from the AI narrative, such as investment banks and trading firms, are facing greater uncertainty around how much upside remains and how much is already reflected in expectations. Meanwhile, businesses that have borne the brunt of disruption fears, such as information services and software companies, are attracting renewed interest as investors revisit whether the risks to their competitive positions and earnings power have been overstated. For the beneficiaries, the question is whether results can keep pace with the narrative. For the perceived losers, the question is whether resilience, adaptation, and valuation offer a more balanced setup than the market has allowed. AI remains the central theme, but the opportunity within it is becoming more two-sided. We believe financials provide diversification beyond the AI trade and are an attractive complement to technology-heavy portfolios.

Economic conditions remain broadly favorable despite some softening in capital markets activity. Consumer spending and credit trends remain healthy primarily because of the stable labor market. Citi's CFO recently noted, "Whilst much has been made of the AI boom, the consumer is still driving much of the growth." Payment volumes across the major card issuers grew 10% in the third quarter, reflecting resilient spending and higher inflation. Consumer sentiment is poor, but actual credit performance remains strong with delinquency rates remaining well managed and, in many cases, improving year-over-year. While higher-income households are benefiting from rising asset prices and substantial home equity, Wells Fargo sees stability among lower income households despite higher financing and fuel costs that are crowding out other areas of spending. We believe 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

[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. MSCI is the source and owner of the trademarks, service marks and copyrights related to the MSCI Indexes. The MSCI Index(es) and the Portfolio include reinvestment of dividends, net of withholding taxes, while the other index(es) include reinvestment of dividends before taxes. Reinvestment of dividends positively impacts the performance results. The index(es) are unmanaged. Index performance is not Portfolio 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, 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.

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. 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. Even though the Portfolio is diversified, it may establish significant positions where the Adviser has the greatest conviction. This could increase volatility of the Portfolio's returns.

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.

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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.

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. **Momentum** captures the tendency of stocks with strong recent price performance to continue outperforming, and of weak performers to continue lagging. Positive exposure indicates high short/mid-term momentum (good recent performance). Negative exposure indicates low short/mid-term momentum (poor recent performance).

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BARON CAPITAL

QUARTERLY LETTER | SEPTEMBER 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 September 30, 2026, Baron Health Care Fund® (the Fund) advanced 4.02% (Institutional Shares), compared with the 6.19% gain for the Russell 3000 Health Care Index (the Benchmark) and the 1.40% gain for the Russell 3000 Index (the Index). Since inception (April 30, 2018), the Fund increased 10.80% on an annualized basis compared with the 10.49% gain for the Benchmark and the 14.55% gain for the Index.

The Fund (Institutional Shares) trailed the Benchmark by 217 basis points as disappointing stock selection in a few sub-industries overshadowed favorable impact from being meaningfully overexposed to life sciences tools & services stocks.

Biotechnology was responsible for the majority of the shortfall, detracting 235 basis points from relative results, as the sub-industry's solid headline return in the Benchmark masked wide dispersion beneath the surface. The single largest stock-specific headwind came from not owning Moderna, Inc., whose shares nearly tripled after the company announced that its personalized mRNA cancer vaccine in combination with **Merck & Co., Inc.**'s KEYTRUDA as adjuvant therapy demonstrated statistically significant and clinically meaningful improvements in recurrence-free survival and distant metastasis-free survival compared to KEYTRUDA alone for patients with completely resected stage IIB-IV melanoma who had not undergone prior treatment with systemic therapy. We thought there was a high probability that this trial would succeed, but we also thought success in adjuvant melanoma would not necessarily translate into success in other cancers because melanoma is uniquely responsive to immunotherapy. We look forward to seeing data from Moderna/Merck trials with intismeran in other cancers.

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

	Fund Retail Shares[1,2]	Fund Institutional Shares[1,2]	Russell 3000 Health Care Index[1]	Russell 3000 Index[1]
QTD[3]	3.91	4.02	6.19	1.40
YTD[3]	8.19	8.38	11.61	12.42
1 Year	22.24	22.58	24.91	15.13
3 Years	9.05	9.34	12.27	22.26
5 Years	1.59	1.84	6.49	12.64
Since Inception (4/30/2018)	10.52	10.80	10.49	14.55

Adverse stock selection in biotechnology was further compounded by limited exposure to larger-cap companies **Amgen Inc.**, **Gilead Sciences, Inc.**, and **Regeneron Pharmaceuticals, Inc.**, all of which rallied in the quarter. Most of the remaining weakness was attributable to losses from **Xenon Pharmaceuticals Inc.**, which is developing azetukalner, a Kv7 Potassium channel opener, for epilepsy and depression, and **Cytokinetics, Incorporated**, which is commercializing a MYQORZO, a cardiac myosin inhibitor for hypertrophic cardiomyopathy. We discuss Xenon in the Top Detractors section below. Shares of Cytokinetics struggled in the third quarter after its second-quarter update showed MYQORZO (aficamten) generating just $25 million in net product revenue across roughly 1,500 patients, below the market's more aggressive launch expectations. Sentiment weakened further in late August when full ACACIA-HCM results, published in the New England

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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 has agreed to waive and/or reimburse certain Funds' expenses, if necessary, pursuant to a contract expiring on August 29, 2037, 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.

Journal of Medicine, showed a higher rate of serious adverse events on aficamten than placebo, including two cases of heart failure with reduced ejection fraction—raising questions about the monitoring the U.S. Food and Drug Administration (FDA) may require in the broader non-obstructive HCM population. As a result, we reduced our position.

Pharmaceuticals was another material detractor, subtracting 96 basis points from relative results. The Fund's position in **AstraZeneca PLC** was the primary culprit, as shares fell 17.5% in the period for the reasons discussed in the Top Detractors section below. Innovative animal health solutions provider **Elanco Animal Health Incorporated** also detracted, as investors became concerned about a price war with Zoetis which has been losing market share to Elanco. We remain shareholders, as we believe concerns about a price war are overblown, and we remain encouraged by the company's market share gains, margin improvement, and continued deleveraging. Lack of exposure to Benchmark heavyweight Pfizer Inc., which rose 20.5%, along with weakness in **Definium Therapeutics, Inc.** and **Veradermics, Incorporated**, further pressured relative results.

Somewhat offsetting the above was the Fund's large overweight to life sciences tools & services, which contributed 190 basis points. The sub-industry staged a broad-based recovery after several difficult years marked by post-pandemic destocking, weak demand from China, and cautious biopharmaceutical R&D budgets. Biopharmaceutical funding levels rebounded to their highest quarterly total since late 2021, underlying clinical pipeline activity continued to expand, and a long-awaited bioprocessing and lab-instrument replacement cycle gained traction, prompting several bellwethers to beat expectations and raise full-year guidance during the quarter.

Health care services and managed health care rounded out the quarter's positive contributors. **RadNet, Inc.**, the largest owner and operator of outpatient diagnostic imaging centers, drove strength in health care services, with shares rising 13.0% as the company's core imaging center business continued to deliver strong results. Advanced imaging volumes (MRI, CT, and PET/CT) grew 21.2% in aggregate and 9.6% on a same center basis, lifting the advanced imaging mix by 238 basis points to 29.9% of the business. We believe this trend has substantial runway driven by a combination of new clinical indications (particularly prostate and Alzheimer's PET/CT studies), a secular mix shift toward higher-acuity modalities, and capacity expansion through new center openings and AI-enabled technology such as TechLive.

Managed health care stocks gave back a portion of their robust gains from the prior quarter, with the sub-industry falling nearly 9% in the Benchmark, amid lingering uncertainty around Medicare Advantage Star Ratings and concerns about the upcoming election. Lower relative exposure to **UnitedHealth Group Incorporated** and to the broader sub-industry was a modest tailwind to relative performance.

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, according to projections from the Centers for Medicare & Medicaid Services (CMS) published in Health Affairs, 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 (%)
Thermo Fisher Scientific Inc.	1.45
Mettler-Toledo International Inc.	1.15
Teva Pharmaceutical Industries Limited	0.74
Repligen Corporation	0.66
RadNet, Inc.	0.59

Thermo Fisher Scientific Inc. is a global life sciences company offering analytical instruments, laboratory products, biopharmaceutical services, and specialty diagnostics. Shares rose on better-than-expected second-quarter results. Organic growth of 5% exceeded consensus by 200 basis points, and management raised full-year organic growth guidance to the top of its prior range, driven by improving pharmaceutical and biotechnology spending. Bioproduction remained a standout franchise, while the divestiture of the lower-quality microbiology business funded additional share repurchases. We retain conviction that the life sciences tools industry can return to growth approximately two percentage points above GDP and believe Thermo Fisher's scale, disciplined capital allocation, and broad-based margin expansion position the company to lead the recovery.

Mettler-Toledo International Inc. is a leading provider of precision instruments and services used in research and development, quality control, and manufacturing processes across the life sciences, food, and chemicals industries. The stock contributed to performance following strong second-quarter results and a raised full-year outlook. Local-currency sales grew 6%, exceeding prior guidance of 3%, supported by better-than-expected growth in China and strength across other emerging markets. Earnings per share (EPS) of $11.46 also exceeded sell-side estimates of $10.80. In addition, positive commentary on business trends from life sciences tools peers, including Thermo Fisher and Agilent, contributed to Mettler-Toledo's share price appreciation. We think the company is well positioned to benefit from several positive

trends, including life sciences investment in China and new U.S. plant construction by biopharmaceutical companies. Over the long term, we believe Mettler-Toledo can generate mid-teens or better annual EPS growth.

Global pharmaceutical company T**eva Pharmaceutical Industries Limited** contributed to performance, outpacing the broader pharmaceutical sector. Second-quarter results showed strength in Teva's branded innovative portfolio, with Austedo, Ajovy, and Uzedy collectively growing 43% year-over-year to more than $1 billion in quarterly revenue for the first time. Management raised guidance for all three brands, targeting combined 2026 revenue of approximately $3.7 billion, or roughly 17% year-over-year growth at the midpoint. Sentiment also benefited from Teva's plan to replace its American Depositary Share program with a direct listing of ordinary shares on the New York Stock Exchange, a move designed to broaden its investor base and reduce financing costs. Pipeline progress added another catalyst, with investigational celiac disease drug TEV '408 meeting its primary endpoint and the FDA accepting a drug application for a pediatric Tourette syndrome therapy. These developments underscore Teva's transformation from a generics-heavy business into a diversified innovative biopharmaceutical company with a deepening pipeline and improving financial profile.

Top detractors from performance for the quarter

	Contribution to Return (%)
UnitedHealth Group Incorporated	(0.57)
Xenon Pharmaceuticals Inc.	(0.49)
Eli Lilly and Company	(0.47)
AstraZeneca PLC	(0.37)
Cytokinetics, Incorporated	(0.28)

UnitedHealth Group Incorporated, a diversified health care and benefits company operating through UnitedHealthcare and Optum, detracted from performance. While Medicare Advantage cost trends came in better than expected following an especially challenging 2025, elevated commercial utilization raised investor concerns, though we believe annual repricing can close the gap. Management also flagged pressure from No Surprises Act arbitration and increasingly aggressive provider billing, pushing the expected margin recovery beyond the prior 2027 target. Election-related policy uncertainty added another overhang across managed care, while the then-pending 2027 Medicare Advantage Star Ratings further pressured shares. We believed management had planned for a range of outcomes and was comfortable with its Star positioning, with the ability to redirect growth toward higher-rated plans if needed, as it had done in the past. We retain long-term conviction and view UnitedHealth's 13% to 16% earnings-per-share growth target as intact.

Biopharmaceutical company **Xenon Pharmaceuticals Inc.** detracted from performance after voluntarily pausing enrollment of new patients in its Phase 3 depression studies following the emergence of neuropsychiatric adverse events, including confusion, somnolence, ataxia, and rare cases of psychosis. The announcement was particularly disappointing because it coincided with what otherwise should have been a positive catalyst: the submission of a New Drug Application to the FDA for azetukalner as a treatment for focal seizures in epilepsy, supported by strong pivotal trial data. Investors questioned whether the safety signals observed at higher doses in the depression studies could complicate the regulatory review of azetukalner for epilepsy or result in label restrictions, a Risk Evaluation and Mitigation Strategy, or heightened post-marketing requirements that could limit the drug's commercial potential. We chose to exit our position.

Pharmaceutical company **Eli Lilly and Company** detracted from performance as pricing pressure and competitive concerns weighed on sentiment. Shares declined following the company's second-quarter earnings release as realized U.S. prices for its GLP-1 drugs declined approximately 9% excluding rebate adjustments, fueling concerns that the incretin market is entering a price-war phase. Meanwhile, early prescription growth for Lilly's oral GLP-1 Foundayo also fell short of investor expectations. Foundayo was approved and launched in April, but Lilly did not begin marketing the drug until payer coverage was in place. Despite these concerns, Lilly continues to deliver strong underlying financial results, including 48% second-quarter revenue growth. Prescription trends for Foundayo have also started to improve. Our focus remains on the long-term potential of Lilly's broader GLP-1 franchise and business rather than solely on Foundayo's early launch. We continue to believe Lilly has one of the strongest next-generation metabolic pipelines in the industry, addressing a market we believe can exceed $150 billion.

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 September 30, 2026, we held 33 stocks. This compares with 526 stocks in the Benchmark. International stocks represented 10.5% of the Fund's net assets. The Fund's 10 largest holdings represented 61.3% of net assets. Compared with the Benchmark, the Fund was overweight in life sciences tools & services and other health-care-related companies, roughly equal weight in health care services, health care distributors, health care technology, managed health care, and pharmaceuticals, and underweight by varying degrees in health care equipment, biotechnology, health care facilities, and health care supplies. The market cap range of the investments in

the Fund was $4.3 billion to $1.1 trillion with a weighted average market cap of $283.5 billion. This compared with the Benchmark's weighted average market cap of $324.0 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, and beneficiaries of AI, 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	1,089.2	14.5	14.3
Mettler-Toledo International Inc.	2018	14.3	30.3	7.6	7.5
Johnson & Johnson	2025	494.9	638.0	7.4	7.3
Thermo Fisher Scientific Inc.	2019	117.4	249.6	6.0	5.9
Teva Pharmaceutical Industries Limited	2025	22.1	46.1	5.1	5.1
Roivant Sciences Ltd.	2025	8.8	26.4	4.6	4.5
argenx SE	2018	2.8	60.0	4.5	4.5
UnitedHealth Group Incorporated	2026	321.1	329.5	4.2	4.2
Welltower Inc.	2025	131.1	165.9	4.1	4.1
Merck & Co., Inc.	2026	287.0	358.5	4.0	3.9

Fund investments in GICS sub-industries

	Percent of Net Assets (%)
Pharmaceuticals	34.0
Life Sciences Tools & Services	21.6
Biotechnology	21.6
Managed Health Care	6.6
Health Care Equipment	5.8
Other Health Care-Related Companies[1]	4.1
Health Care Services	2.7
Health Care Technology	0.6
Cash and Cash Equivalents	3.0
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.*

Recent Activity

During the quarter, we added 4 new positions and exited 14, bringing the number of positions in the Fund to 33. 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)
Biogen Inc.	33.4	1.5
Humana Inc.	45.8	1.2
Johnson & Johnson	638.0	0.8
Merck & Co., Inc.	358.5	0.7
Vertex Pharmaceuticals Incorporated	132.5	0.7

We initiated a position in **Biogen Inc.**, a neuroscience and immunology-focused biopharmaceutical company that we believe is in the early stages of a transformation. The company has 10 programs in Phase 3 trials with the potential for multiple new product launches over the next several years. Key pipeline readouts include: Litifilimab in systemic lupus erythematosus (SLE), with Phase 3 data expected in Q4 2026; Litifilimab in cutaneous lupus erythematosus (CLE) with Phase 3 data expected in the first half of 2027; Felzartamab in a kidney disease called antibody-mediated rejection, with Phase 3 data expected in the first half of 2027; Zorevunersen in Dravet syndrome, with Phase 3 readout expected in 2027; BIIB122 in Parkinson's disease, with Phase 2/3 data expected around mid-2027; and BIIB080 (anti-tau) in Alzheimer's disease, with data expected in mid-2027. In addition, the FDA recently approved LEQEMBI IQLIK, a subcutaneous formulation of lecanemab that for the first time allows patients to self-administer their Alzheimer's treatment at home via a once-weekly autoinjector—eliminating the need for biweekly IV infusions and dramatically lowering the treatment burden for patients and caregivers alike. We believe this convenience improvement will expand the patient population and contribute to sales growth. We also note **Eli Lilly and Company**'s TRAILBLAZER-ALZ 3 trial, a large Phase 3 study of donanemab in preclinical Alzheimer's disease expected to read out in late 2027, could, if positive, validate the anti-amyloid class' potential in the pre-symptomatic setting, with direct read-through to LEQEMBI's long-term commercial opportunity.

We initiated a position in **Humana Inc.**, the largest pure-play Medicare Advantage insurer in the U.S., because we believe the stock offers compelling margin recovery opportunities. Humana is currently operating at near-breakeven Medicare Advantage margins in 2026, the product of a painful but well-understood confluence of factors: a sharp decline in CMS Star Ratings that dramatically reduced quality bonus payments, elevated medical cost trends that were embedded in bids submitted well before the utilization environment deteriorated, and the actuarial pricing lag inherent to the Medicare Advantage business. The result has been a compression of adjusted EPS from $17.14 in 2025 to guidance of at least $9.00 in 2026—a trough that we believe substantially understates the normalized earnings power of the business.

Management has set a target of returning to a sustainable pre-tax Medicare Advantage margin of at least 3% by 2028, progress toward which requires recovering roughly 100 basis points of margin in 2027 through repriced bids, disciplined plan exits in unprofitable counties, tighter care management, and expanded value-based care. Critically, the Star Ratings recovery is tracking ahead of schedule—management reports progress on 11 of 12 key HEDIS quality measures and expects to return to top-quartile Stars performance in the 2028 bonus year, which would restore hundreds of basis points of quality bonus revenue. CMS also finalized a 2.48% average Medicare Advantage rate increase for 2027, well above initial proposals, providing a meaningful tailwind to the recovery. At its 2025 Investor Day, management laid out a framework suggesting EPS could reach $36 to $44 by 2028—implying the stock currently trades at a single-digit multiple of its potential normalized earnings. We believe that represents a highly attractive entry point for what remains a structurally advantaged, pure-play business serving the secular tailwind of an aging American population.

We added to positions in **Johnson & Johnson** (J&J), **Merck & Co., Inc.**, and **Vertex Pharmaceuticals Incorporated**. J&J's growth appears poised to accelerate, driven by a robust pipeline of innovative, potential blockbuster medicines. Merck has been proactively managing the anticipated loss of exclusivity for Keytruda through aggressive business development and pipeline investment. We believe the company is well positioned to bridge that gap and sustain growth into the next decade. Vertex, meanwhile, benefits from a durable cystic fibrosis franchise as its foundation, with meaningful growth opportunities ahead in pain, renal disease, and endocrinology.

Top net sales for the quarter

	Net Amount Sold ($M)
AstraZeneca PLC	2.4
Madrigal Pharmaceuticals, Inc.	2.3
Gilead Sciences, Inc.	2.3
BillionToOne, Inc.	2.3
RadNet, Inc.	1.5

We sold **AstraZeneca PLC** for the reasons discussed earlier. We sold **Madrigal Pharmaceuticals, Inc.** to manage risk ahead of a competitor's clinical trial readout. We sold **Gilead Sciences, Inc.** because of concerns about slowing growth of key growth driver Yeztugo. We reduced the positions in **BillionToOne, Inc.** and **RadNet, Inc.** due to valuation, though we maintain conviction in both companies.

Outlook

Life sciences tools companies delivered encouraging results this quarter, with improving outlooks as several tailwinds converged. Biotechnology funding, which began recovering in the second half of 2025, is now translating into tangible orders, and China sales rebounded alongside a newly released five-year pharmaceutical plan targeting at least 20% annual sector growth. Domestically, pharmaceutical and biotechnology companies are actively building U.S. manufacturing capacity following agreements reached with the administration, and life sciences tools companies are beginning to capture those orders—a reshoring trend we view as a multi-year demand driver. Longer term, we see additional opportunity in AI-enabled drug discovery, which we expect will expand the number of new molecules in development. Each of those molecules must be tested, validated, and characterized—a process that generates significant demand for the instruments, consumables, and services that life sciences tools companies provide. Separately, machine learning is increasingly being applied to identify molecular and genomic signatures associated with disease risk and progression, a capability that holds significant promise for earlier disease detection and the advancement of personalized medicine. Two Fund holdings are well positioned to benefit from this trend. **Natera, Inc.** is leveraging cell-free DNA analysis to detect cancer recurrence and guide treatment decisions, while **Guardant Health, Inc.** is advancing liquid biopsy technology to enable earlier cancer detection through simple blood tests. We believe this trend will also drive growing demand for the high-throughput instruments, multi-omics platforms, and data-intensive workflows where life sciences tools companies have deep expertise. The broader shift toward autonomous, AI-powered laboratories represents another meaningful growth driver across the sector.

While life sciences tools stocks were a bright spot in the quarter, biopharmaceutical stocks had more modest gains. Several high-profile clinical trial failures weighed on sentiment, notably three in the cardiovascular space—CARDIO-TTRansform, ZEUS, and Lp(a) HORIZON. On a more encouraging note, Moderna and **Merck & Co., Inc.** announced that their personalized mRNA cancer vaccine, in combination with Keytruda, met the primary endpoint in a pivotal Phase 3 melanoma trial. Biotechnology funding and M&A activity both moderated after a robust first half, though year-to-date levels remain healthy. Rising interest rates continue to pressure early-stage biotechnology valuations, but we expect M&A to remain active as large pharmaceutical companies face the imperative to replace billions in revenue from products approaching patent expiration. According to a Jefferies report dated October 1, the FDA continues to operate within historical norms on drug approvals and rejections, notwithstanding recent leadership changes at the agency.

Outside of life sciences, managed care stocks gave back some of their first-half gains despite moderating cost trends within the Medicare Advantage program as investors awaited the release of Star Ratings in October and the mid-term election results in November. Medical device companies had mixed performance, with some companies like **Intuitive Surgical, Inc.** noting an impact on procedure volumes following the expiration of Affordable Care Act (ACA) subsidies. Many medical device stocks have de-rated significantly relative to their historical multiples, and we see select valuation-driven opportunities emerging.

The upcoming mid-term elections introduce policy uncertainty for the Health Care sector. A shift in congressional control could alter the legislative path of several key issues, including drug pricing reform, the implementation of Medicaid work requirements, National Institutes of Health funding, and the future of enhanced ACA subsidies. However, we do not expect major changes to health care policy even if Democrats gain a congressional majority, as divided government would make it difficult to enact significant legislation. One area to watch is most-favored-nation drug pricing, which would tie U.S. drug prices to those paid in other developed, high-income countries and could draw support from both parties. We are mindful of these risks, but we believe our focus on competitively advantaged companies with durable growth profiles positions the Fund well across a range of political outcomes.

Overall, we remain confident in the long-term outlook for health care, underpinned by durable secular growth drivers—an aging population, rising rates of chronic disease, and ongoing advances in biotechnology, medical technology, and diagnostics—alongside sustained growth in global health care spending. We continue to apply our disciplined investment process to identify compelling long-term opportunities and build a portfolio of competitively advantaged growth companies led by exceptional management teams. Thank you for your continued confidence in the Fund. I am an investor in the Fund alongside you.

Sincerely,



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 Portfolio includes reinvestment of dividends, net of withholding taxes, while the index(es) include reinvestment of dividends before taxes. Reinvestment of dividends positively impacts the performance results. The index(es) are unmanaged. Index performance is not Portfolio performance. Investors cannot invest directly in an index.

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

[3] Not annualized.

SECTOR

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.

Risks: The value of the Portfolio 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. Growth stocks can react differently to issuer, political, market and economic developments than the market as a whole and other types of stocks. The Portfolio is non-diversified, which means it will likely have a greater percentage of its assets in a single issuer than a diversified portfolio.

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.

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.

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

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BARON CAPITAL

QUARTERLY LETTER | SEPTEMBER 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

The challenges facing much of public real estate in 2026 persisted in the most recent quarter. For the three-month period ended September 30, 2026, Baron Real Estate Fund® (the Fund) decreased 13.05% (Institutional Shares), underperforming the MSCI USA IMI Extended Real Estate Index (the Real Estate Index), which declined 10.53%, and the MSCI US REIT Index (the REIT Index), which declined 6.33%.

Despite these near-term headwinds, **the Fund's long-term performance remains strong. According to Morningstar, the Fund was ranked #1 in the Real Estate category since inception (December 31, 2009) through September 30, 2026. It also ranks in the top 1% of all real estate funds over both the trailing 10- and 15-year periods ended September 30, 2026.**

Annualized performance (%) for periods ended September 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]	(13.11)	(13.05)	(10.53)	(6.33)	2.30
YTD[3]	(8.12)	(7.95)	(2.64)	9.49	12.75
1 Year	(9.41)	(9.17)	(6.00)	7.31	15.74
3 Years	8.57	8.84	10.40	11.42	22.89
5 Years	0.91	1.17	4.16	3.07	13.79
10 Years	9.70	9.98	7.76	4.30	15.33
15 Years	12.48	12.77	10.95	7.56	15.68
Since Inception (12/31/2009)	11.67	11.95	10.09	7.85	14.27
Since Inception (12/31/2009) (Cumulative)[3]	534.79	562.33	400.50	254.49	833.90

As of September 30, 2026, the Morningstar Real Estate Category consisted of 204, 197, 191, 149, 113, and 154 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 98th, 74th, 71st, 1st, 1st, and 1st percentiles, respectively. On an absolute basis, Morningstar ranked Baron Real Estate Fund Institutional Share Class as the 201st, 160th, 139th, 1st, 1st , and 2nd best performing share class in its Category, for the 1-, 3-, 5-, 10-, 15-year, and since inception periods, respectively.

As of September 30, 2026, Morningstar ranked Baron Real Estate Fund R6 Share Class in the 97th, 75th, 71st, 1st, 1st, and 1st percentiles, respectively. On an absolute basis, Morningstar ranked Baron Real Estate Fund R6 Share Class as the 200th, 161st, 140th, 2nd, 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, 2 stars for the trailing 3 years, 2 stars for the trailing 5 years, and 5 stars for the trailing 10 years ended September 30, 2026. There were 197 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 has agreed to waive and/or reimburse certain Funds' expenses, if necessary, pursuant to a contract expiring on August 29, 2037, 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.

Latest Thoughts

Our real estate team recently presented our top-of-mind thoughts to the Baron portfolio managers and research analysts. Our key messages were as follows:

1. In our nearly 17 years managing the Baron Real Estate Fund®, 2026 has been uniquely challenging—nearly every one of the Fund's investment themes has faced headwinds, pressuring valuations across the board.
2. As a result, we believe much of public real estate now trades at compelling valuations.
3. Our optimism about public real estate and the Fund's long-term prospects remains firm, supported by compelling valuations and other favorable factors.

Our Current Top-of-Mind Thoughts

1. 2026 Has Been a Challenging Year for Public Real Estate

One of the defining characteristics of 2026 has been the breadth of challenges facing public real estate. While the specific headwinds have varied by sector, they have collectively weighed on investor sentiment across nearly every one of the Fund's investment themes.

In our view, drivers vary by investment theme: for some, weakness reflects sentiment more than fundamentals; for others, such as residential-related real estate and portions of travel-related real estate, the pressures are more fundamentally rooted. We unpack each below.

REITs

- Despite generally favorable underlying fundamentals—including healthy supply/demand dynamics and accelerating cash flow growth—most REIT property sectors, including industrial, multi-family, single-family rental, office, manufactured housing, life science, cold storage, towers, and timber, have lagged the S&P 500 Index.
- The notable exceptions have been data centers, health care, retail, and hotels.

Residential-related real estate (homebuilders + building products/services)

- Rising mortgage rates have further pressured housing affordability.
- Many current homeowners are hesitant to sell while their existing mortgages carry rates well below today's levels.
- Compressed profit margins due to higher input costs, higher diesel prices, and tariffs.
- Softer consumer demand and investor sentiment in part due to elevated macroeconomic uncertainty and higher gasoline prices.

Travel-related real estate

- Macau gaming companies have faced concerns about economic growth, margin pressure from cost inflation, and increasing competition.
- U.S. regional gaming companies have contended with softer Las Vegas strip demand, growing online gaming competition, and cost inflation.

Commercial real estate services companies

- Share prices have come under pressure from concerns about potential AI disruption despite healthy underlying business fundamentals, and what we believe is limited risk of meaningful AI disintermediation.

Real asset-focused alternative asset managers

- Share prices have reflected investor concerns about software-related AI exposure, private credit, limits on investor withdrawals from certain semi-liquid products, delayed asset monetizations, and the potential for slower earnings growth.

Property technology companies

- AI-related disruption concerns and other company-specific issues have weighed on several businesses in the sector.

OUR BOTTOM-LINE VIEW: Share price weakness has, in many cases, reflected investor concerns that we believe are disproportionate to the underlying deterioration in fundamentals—resulting in a sharp repricing of real estate equities despite continued cash flow growth across many businesses. Residential-related real estate and portions of travel-related real estate are notable exceptions, where fundamentals have genuinely softened alongside share prices. Even so, we believe elements of this valuation versus fundamentals disconnect—to varying degrees—are present across all of the themes discussed above, including residential-related and travel-related real estate, which is one reason we believe the opportunity in public real estate is particularly compelling today.

2. Much of Public Real Estate is Trading at Compelling Valuations

The broad-based share price weakness across public real estate has created what we believe is an increasingly compelling investment opportunity. In many cases, public real estate companies continue to generate healthy operating results while their shares trade at meaningful discounts to the value of their underlying assets.

Several factors reinforce this view:

- **Public valuations remain below private-market values.** Many high-quality real estate companies continue to trade at meaningful discounts to estimated private-market asset values despite healthy underlying fundamentals—a gap reinforced by acquisition announcements at significant premiums to unaffected share prices, further validating our view that public market valuations often understate intrinsic value.
- **Fundamentals remain stronger than sentiment.** Across many property sectors, healthy demand-supply dynamics and accelerating cash flow growth stand in contrast to investor concerns that have weighed on share prices.

- **We believe the opportunity extends across multiple sectors.** We continue to find attractive investments across REITs, residential-related real estate companies, travel-related companies, commercial real estate services businesses, alternative asset managers, and property technology companies. Please see "Portfolio Composition and Key Investment Themes" for examples of attractively valued public real estate securities across each of the Fund's six investment themes.

In our experience, periods when public market prices diverge meaningfully from underlying business fundamentals have often created attractive opportunities for patient, long-term investors.

3. Interest Rates: A Headwind That May be Largely Reflected in Valuations

At Baron, we do not predict or forecast macroeconomic variables, including interest rates, inflation, or economic growth. We are mindful, however, of the important role that interest rates play in certain segments of real estate. While we cannot predict the path of interest rates, we believe there is a reasonable case for long-term rates to either decline or remain approximately at current levels over the year ahead.

Importantly, **we believe much of public real estate has already been largely repriced to reflect a higher cost of capital**—real estate equities have lagged the broader equity markets, and many companies now trade at attractive valuations on both historical and relative bases. We believe many real estate companies offer compelling multi-year return potential even if interest rates remain at current levels.

We are underwriting double-digit return potential for many of our investments based on a combination of cash flow growth and dividend yields. If interest rates decline, the resulting benefits to fundamentals and valuation multiples could provide an additional source of return.

4. We Believe the Investment Case for Real Estate Remains Strong

We remain clear-eyed about the headwinds facing real estate, including elevated interest rates, housing affordability pressures, and AI-driven disruption. Nevertheless, our optimism about the long-term prospects for public real estate remains firm, grounded in several themes we have highlighted in recent shareholder letters.

- **Real Estate has lagged.** Despite a solid start to 2026, many real estate stocks—both REITs and non-REIT real estate companies—have underperformed the broader equity market, a trend even more pronounced over longer time horizons. For the five years ending September 30, 2026, the S&P 500 Index returned 13.8% annually, compared with just 3.1% annually for the REIT Index and 4.2% annually for the Real Estate Index.
- **Real estate continues to offer relative value.** Valuations across much of public real estate remain attractive, both on an absolute basis and relative to the broader equity market, at discounts to both historical levels and underlying asset values. We continue to find companies with healthy balance sheets, attractive real estate portfolios, and growing cash flows, with the potential for compelling returns through earnings growth, dividends, and valuation normalization over time.
- **Strong demand/supply fundamentals.** Across many segments of real estate, demand continues to outpace new supply. Notably, 2026 construction activity has fallen more than 60% from the 2016–2025 average (Source: Green Street). We believe this limited supply growth could be an important tailwind for fundamentals in the years ahead, as constrained new development allows existing properties to capture rising demand through higher occupancy and pricing power.
- **Balance sheets are healthy and the debt environment is improving.** Real estate balance sheets are generally in strong shape, with prudent leverage and well-laddered maturities; net debt to EBITDA across REITs is approximately 5.5 times today versus more than 8.5 times at the 2008/2009 peak (Source: Citibank). Should long-term interest rates decline, we believe real estate would benefit meaningfully—through higher property valuations, improved affordability, and increased transaction activity.
- **Real estate is increasingly an AI beneficiary.** We believe the growth of AI could ultimately benefit owners of tangible, hard-to-replicate assets—what we describe as HALO (Heavy Assets, Low Obsolescence) businesses, including REITs, homebuilders, and other real estate companies. Unlike many businesses whose products or services can be disrupted or replicated by AI, these companies own physical assets that are difficult to reproduce and often essential to economic activity—a distinction we believe can translate into greater earnings visibility and lower disruption risk.
- **Many investors remain underweight real estate.** We believe many investors remain underweight real estate relative to historical allocations. If allocations increase, incremental capital flows could serve as a meaningful catalyst for valuation re-rating and share-price appreciation.
- **We see a path to double-digit annual returns.** We believe the Fund has the potential to generate double-digit annual returns over the next several years, supported by cash flow growth, rising dividends, and compelling valuations—without requiring a meaningful decline in rates or substantial multiple expansion.

Portfolio Composition and Key Investment Themes

We currently invest in REITs as well as eight 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	**60.4**
Building Products/Services	16.0
Real Estate Service Companies	10.7
Homebuilders & Land Developers	10.3
Hotels & Leisure	8.4
Real Estate Operating Companies	6.3
Casinos & Gaming Operators	5.6
Infrastructure Related	2.2
Data Centers	1.0
REITs	**30.5**
Cash and Cash Equivalents	**9.0**
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 reasons:

REITs have lagged. In the five years through September 30, 2026, the REIT Index trailed the S&P 500 Index by 74% cumulatively.

Several REITs offer compelling value. We have identified REITs trading at meaningful discounts to both historical norms and private market valuations:

- Multi-family and single-family rental REITs are valued at 6% to 7% capitalization rates versus private market rates of approximately 5% to 5.5%.
- Certain office REITs are valued at 7.5% to 8% capitalization rates versus private market values of 6% to 6.5%.
- Self-storage REITs are valued at 6% capitalization rates versus private market values of 5% to 5.5%.
- Tower REITs are valued at approximately 14 to 15 times adjusted funds from operations ("AFFO" or "free cash flow") versus historically trading at 20 to 25 times AFFO.

Across property types—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 transaction values. We believe this dislocation may attract private equity or other buyers seeking to take public REITs private.

Demand/supply dynamics are favorable. According to Green Street, demand is strong or improving across most categories, while new construction has fallen to decade lows amid high land, labor, and materials costs—a setup that, combined with occupancy above 90% in many properties, favors rent growth acceleration.

Cyclical and secular tailwinds. Real estate cycles typically run 7 to 10 years, and we appear early in the current one. Secular drivers—AI/cloud demand for data centers, an aging population, housing affordability pressures, suburbanization, 5G, and remote work—support multiple property types.

An AI haven. Many REITs are relatively insulated from AI-related disruption, backed by tangible assets, contracted cash flows, rent escalators, and well-covered dividends.

Solid fundamentals. Balance sheets are generally healthy, dividends are rising, and rents provide built-in inflation protection.

Attractive return prospects. We believe several REITs can deliver double-digit returns through a combination of earnings growth, dividend income, and multiple expansion.

As of September 30, 2026, we had investments in nine REIT categories representing 30.5% of the Fund's net assets.

REITs

	Percent of Net Assets (%)
Health Care REITs	8.0
Data Center REITs	6.7†
Mall REITs	4.7
Industrial REITs	3.7
Self-Storage REITs	2.6
Triple Net REITs	1.5
Office REITs	1.2
Multi-Family REITs	1.1
Wireless Tower REITs	1.0
Total	**30.5***

† *Exposure to Data Center REITs would be 7.7% 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.*

Residential-related real estate

The housing market remains in a logjam. Home prices have risen roughly 50% over the past five years, while mortgage rates jumped from 3% to more than 7%, creating a buyers' strike among those priced out. At the same time, current homeowners—sitting on mortgages well below today's rates—are reluctant to sell, creating a sellers' strike (National Association of Realtors).

Despite these near-term headwinds, we remain firmly bullish on residential real estate long-term, for several reasons:

Early-cycle beneficiary. We believe we are early in the economic cycle, with potential tailwinds from stimulus, deregulation, and easing rates over time. Housing is especially sensitive to these

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shifts and carries a powerful multiplier effect on jobs, spending, and broader growth.

Secular tailwinds. Millennial household formation remains well below its long-term stabilized level. Buyers increasingly favor new homes for their layouts, efficiency, and lower maintenance. Meanwhile, the existing housing stock is aging (averaging 40-plus years), and homeowners with record equity are staying put longer—a combination that should support strong repair and remodeling activity.

AI beneficiary. Housing and select building products companies benefit from asset-heavy structures that offer relative insulation from AI disruption—what we call HALO.

Attractive valuations. Several homebuilders trade below book value, versus a historical range of 1.0 to 1.3 times book—a mispricing underscored by three public homebuilders receiving acquisition offers at significant premiums in 2026. Many building-products companies trade at or near trough valuations. A more dovish Fed, as inflation approaches its 2% target, would be a further catalyst, since housing stands to benefit meaningfully from lower mortgage rates.

The structural case. The U.S. faces a housing shortage of more than 4 million homes relative to the demographic need. Annual construction remains near 1.4 million homes—roughly the same pace as the 1960s—even as the population has nearly doubled, from 180 million to 340 million (Census Bureau).

As of September 30, 2026, residential-related real estate companies represented 26.2% of the Fund's net assets.

Residential-related real estate companies

	Percent of Net Assets (%)
Building Products/Services	13.4
Homebuilders	10.3
Home Centers	2.6
Total	**26.2***

** 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 cyclical and secular tailwinds, supporting strong fundamentals and share price performance ahead.

Cyclical tailwinds. The regulatory backdrop remains business-friendly, supported by 2025 tax policies (including bonus depreciation), a major AI investment cycle, and initiatives like the CHIPS Act, and inflation may moderate over time. Broad-based and middle class wage growth adds further support. Supply growth is projected below 1% over the next few years, well under the 2% to 2.5% long-term average per Green Street.

Secular tailwinds. While many view travel spending as purely cyclical, we see it as secular as well: delayed household formation, flexible/hybrid work arrangements, and muted business activity are shifting discretionary spending toward travel and away from durable goods.

Attractively valued examples:

- **Hyatt Hotels Corporation** - now 90% asset-light, trades at a 3 to 4 times multiple discount to hotel C-Corp peers and below private market valuations.
- **Red Rock Resorts, Inc.** - positioned in the attractive Las Vegas Locals market, with capacity to potentially double its portfolio; trades at only 9.7 times 2027 estimated cash flow.
- **Airbnb, Inc.** - an asset-light global platform with over 9 million listings and $4-plus billion in annual free cash flow, limited AI disruption risk (90% direct traffic, unique inventory), trading at 14 times 2027 estimated cash flow.

Private equity dry powder. With substantial capital on the sidelines, we believe discounted public travel companies are attractive take-private targets—a thesis already validated by the takeover bid for Fund holding **Caesars Entertainment, Inc.** We expect further activity if valuations stay depressed.

As of September 30, 2026, travel-related real estate companies represented 14.0% of the Fund's net assets.

Travel-related real estate companies

	Percent of Net Assets (%)
Hotels & Leisure	8.4
Casinos & Gaming Operators	5.6
Total	**14.0***

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

Commercial real estate services companies

In the first nine months of 2026, shares of **CBRE Group, Inc.**, **Jones Lang LaSalle Incorporated** (JLL), and **Cushman & Wakefield Ltd.** declined despite strong earnings and outlooks, as investors worried about AI disrupting parts of their operations. While business lines like office leasing, valuation services, and property management may face AI-related pressure over time, we believe this multi-year concern is overstated and already reflected in share prices; we continue to monitor the risk.

We remain long-term optimistic. We believe these firms stand to benefit from the ongoing outsourcing and institutionalization of commercial real estate, share-gain opportunities in a fragmented industry, and an early-stage rebound in sales and leasing activity—supporting potential EPS growth of 12% to 15% over the next several years.

Valuations look attractive: CBRE trades at a discount to the S&P 500 multiple despite superior earnings growth and a pristine balance sheet. JLL trades at just 11 times 2027 estimated earnings versus a high-teens multiple we believe is justified by its improving business mix. Cushman & Wakefield trades at only 7 times 2027 estimated earnings—a highly discounted level, in our view.

Real estate-focused alternative asset managers

Shares of alternative asset managers declined in the first nine months of 2026 amid several headwinds: AI-related risk to software holdings, credit concerns in private loans, redemption limits on semi-liquid products (2% monthly/5% quarterly), delayed monetizations, and the risk that retail-channel growth disappoints. We view these pressures as non-existential and largely reflected in current valuations.

We remain optimistic long term on **Brookfield Corporation**, **Brookfield Asset Management Ltd.**, and **Blackstone Inc.**, each positioned to gain share in a growing industry through strong track records, global scale, and secular growth in alternatives—often with lower perceived volatility than other investments.

Valuations look compelling: Brookfield trades at $36 per share, well below management's estimated liquidation value of $67 per share. Blackstone trades near the low end of its five-year valuation range.

Property technology companies

Proptech—the convergence of real estate and technology—remains in the early stages of a data- and digitization-driven investment cycle that lets real estate businesses generate new revenue and cut costs. We recently began acquiring shares in **Procore Technologies, Inc.**, a construction-industry software provider, and will elaborate in future letters.

As of September 30, 2026, these three themes, plus investments in pure-play building performance platform **Legence Corp.** and Chinese data center operator **GDS Holdings Limited**, represented 20.2% of the Fund's net assets.

Other real estate-related companies

	Percent of Net Assets (%)
Commercial Real Estate Services Companies	8.9
Real Estate-Focused Alternative Asset Managers	6.3
Infrastructure Related Companies	2.2
Property Technology Companies	1.8
Data Center Operators	1.0
Total	**20.2***

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

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Top Contributors and Detractors

Top contributors to performance for the quarter

	Quarter End Market Cap ($B)	Contribution to Return (%)
Airbnb, Inc.	96.2	0.14
Mohawk Industries, Inc.	7.5	0.06
Procore Technologies, Inc.	7.9	0.05
Welltower Inc.	165.9	0.05
James Hardie Industries plc	14.7	0.02

Shares of **Airbnb, Inc.** performed well in the quarter following strong second quarter results that exceeded expectations and a confident outlook for sustained growth acceleration. Airbnb operates a global marketplace connecting travelers with unique accommodations and experiences across over 220 countries and regions. Top-line growth was in the high teens with cash flow growth exceeding 20% in the quarter. With a dynamic pricing rollout that enables hosts to use real-time demand and market data to optimize occupancy and nightly rates, a boutique hotels platform buildout, and a forthcoming loyalty program representing meaningful untapped opportunities, we believe Airbnb is in the early stages of a durable, multi-year growth re-acceleration.

Mohawk Industries, Inc. is the world's largest manufacturer of flooring products, including carpet, tile, laminate, wood, luxury vinyl, and more. The company serves residential and commercial customers across the U.S., Europe, Latin America, and Asia-Pacific. Shares of Mohawk contributed to performance this quarter, driven by optimism around the company's leadership transition as well as strong second quarter earnings results. We have taken a favorable view that new CEO Paul De Cock will bring several positive changes to the business, including a sharper growth strategy, more disciplined capital allocation, and improved messaging to investors and sell-side analysts which we believe should help build investor confidence. Second quarter results beat expectations, driven by better-than-anticipated volumes, strong product placements and stocking at retailers, and outperformance in the commercial channel, all of which point to momentum building in the business. We are shareholders in Mohawk and believe that, with valuation at the low end of the industry peer group, effective execution of the new leadership strategy can help close the valuation gap and drive strong share price performance.

Shares of **Procore Technologies, Inc.**, a leading provider of cloud-based construction management software for general contractors and real estate owners, contributed to performance. The company delivered its strongest quarter in over two years, with revenue growth accelerating to 16% and current remaining performance obligations, its key forward-looking bookings metric, growing 22% year-over-year. Results were driven by large enterprise general contractors and owner wins, with notable strength in the data center construction segment. Procore now runs 9 of the 10 largest North American sites. Procore's new management team is also making strong progress on margin improvement, with second quarter operating margins improving by nearly 800 basis points year-over-year. The company raised its full-year 2026 revenue, margin, and free cash flow guidance, while issuing preliminary 2027 operating margin guidance that was well ahead of expectations. We continue to hold Procore and retain conviction. We believe the company is taking share against a flat construction backdrop, and that its upmarket shift toward larger, stickier customers supports durable teens growth and long-term value creation.

Top detractors from performance for the quarter

	Quarter End Market Cap ($B)	Contribution to Return (%)
Meritage Homes Corporation	4.1	(0.92)
PENN Entertainment, Inc.	2.0	(0.78)
Toll Brothers, Inc.	12.4	(0.76)
AAON, Inc.	6.8	(0.65)
Madison Air Solutions Corporation	14.6	(0.65)

Meritage Homes Corporation, a U.S. homebuilder, was a detractor in the third quarter, giving back some of its strong second quarter gains when the share price surged 20%. The pullback reflects a broader slowdown in U.S. residential construction, as rising U.S. 10-year Treasury rates have driven mortgage rates higher and caused many prospective buyers to sit on the sidelines. This has weighed on residential-related stocks broadly, Meritage included. While we expect softer industry conditions to pressure revenue and margins in the near term, we believe the stock's depressed valuation—approximately 80% of tangible book value—already prices in much of this pain, and we continue to expect book value to compound over time. Looking further out, we remain confident in the multi-year growth runway for U.S. housing and Meritage's focused strategy of serving first-time homebuyers. For additional detail, please see the "Recent Purchases" section of the Q2 Baron Real Estate shareholder letter.

Following strong share price performance in the first six months of 2026 when its shares gained 38% through June 30, 2026, the shares of **PENN Entertainment, Inc.**, a regional casino operator and online gaming company, detracted from performance during the quarter amid broad weakness in gaming stocks. The gaming sector posted weak August and September results as higher rates, geopolitical tensions, and other macro concerns pushed many investors to the sidelines. In our view, PENN's share price disconnected from its fundamentals. Second quarter results showed record retail segment revenue, segment margins expanding to 34.4%, and property adjusted cash flow increased $76 million year-over-year. PENN's Interactive segment narrowed its loss to $9.5 million in the second quarter, from $62 million a year earlier, after the company exited ESPN BET and refocused on higher-return iCasino and Canadian markets. Management is prioritizing free cash flow and deleveraging, and it recently announced plans to move its New Orleans property onto land. Our conviction in PENN remains intact while we monitor progress. We believe a profitable Interactive business, stable regional demand, and a lower leverage profile will drive value over time.

Toll Brothers, Inc., a leading luxury homebuilder in the U.S., underperformed in the third quarter, giving back a portion of its strong second-quarter gains when the share price rose over 20%. The pullback reflects a broader slowdown in U.S. residential construction, as rising U.S. Treasury rates have pushed mortgage rates higher and caused many prospective buyers to sit on the sidelines. While we expect softer industry conditions could pressure near-term revenue and margins, Toll Brothers should be more insulated than most peers from elevated mortgage rates—approximately 25% of its buyers pay all cash, and those who finance put down over 30% on average. This speaks to the exceptional financial strength of the Toll Brothers customer.

Looking further out, we see a long runway for growth. The company holds only a 2% market share, faces limited competition from other large national homebuilders, and owns a valuable land portfolio that provides a durable competitive advantage. Despite these strengths, the stock trades at just 1.5 times our 2026 estimated tangible book value, well below its prior peak multiple of 2.0 times. We believe a multiple of 1.8 to 2.0 times is ultimately warranted, supported by management's aspiration to generate a consistent return on equity in the high teens to 20% or better.

Recent Activity

Top net purchases for the quarter

	Quarter End Market Cap ($B)	Net Amount Purchased ($M)
Legence Corp.	5.8	46.7
Armstrong World Industries, Inc.	6.8	32.8
AAON, Inc.	6.8	30.4
BXP, Inc.	9.8	26.5
Vivmark Residential	47.1	24.0

We began acquiring shares of **Legence Corp.** during the quarter. Legence is a leading provider of engineering, installation, and maintenance services for mission-critical systems in buildings, focused on complex heating, ventilation, and air conditioning (HVAC), process piping, and other mechanical, electrical, and plumbing systems for new and existing facilities. While data centers make up most of the business today, the company also does substantial work across manufacturing, life sciences and health care, government and education buildings. We are excited about the prospects for the business for several reasons:

1. Quality business with a unique combination of design and build capabilities. Legence combines both design and build services on a national scale, while competitors typically offer either engineering or installation, and only on a regional basis. The company's relationships with its top 10 clients average more than 23 years, evidence of the value it provides.
2. Structural advantages in the two likeliest growth bottlenecks: labor and prefabrication capacity. Legence employs roughly 11,000 people, including over 8,000 skilled craftspeople, giving it the ability to move labor across regions and attract workers in a tight labor market. It also operates roughly 1.5 million square feet of prefabrication capacity for data center cooling systems, plus management has indicated that they can flex capacity further through automation and additional shifts. In a market where skilled labor is the key constraint, access to labor and the ability to leverage headcount through factory-controlled production are important differentiators that de-risk execution and protect project schedule certainty.

3. A direct play on the continued data center buildout. Legence designs, fabricates, and installs the mechanical, electrical, and cooling systems that make data centers run. Data centers and technology make up 60% or more of the company's backlog today, and management has described current demand as the strongest it has ever seen, with RFPs and inquiries currently at record levels.
4. Activity is showing signs of accelerating beyond just data centers, creating multiple potential paths forward for continued growth. While data centers remain the single biggest driver, onshoring of manufacturing, life sciences and health care, state and local government and education have all posted strong growth in recent quarters, giving Legence room to grow even if data center spending moderates. The company has also continued to consolidate the mechanical/electrical contracting industry, most recently closing the roughly $475 million acquisition of The Bowers Group in January 2026. M&A represents an additional growth lever that Legence can pull in a large and still highly fragmented industry.
5. Valuation is attractive. We view valuation as attractive, with the stock trading at less than 10 times our estimate of next year's cash flow. This is a significant discount both to the peer group, which trades in the mid-teens on next year's cash flow, as well as to where Legence has traded over the last year since its IPO. We believe there is potential for the multiple to move higher compared to today's levels as Legence continues to prove its growth story.

While uncertainty around the sustainability of the AI-driven data center buildout may continue to weigh on the shares in the near term, we are excited about Legence's 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.

During the quarter, we initiated a position in **Armstrong World Industries, Inc.** following a roughly 25% decline in the share price over the preceding months. Armstrong is a leader in the design and manufacture of innovative interior and exterior architectural solutions, including ceilings, specialty walls, and exterior metal applications—serving a diverse array of commercial construction end markets across the U.S. We are excited about the company's prospects for several reasons:

1. High-quality, competitively advantaged business. Armstrong is the dominant player in mineral fiber ceilings, which represent approximately 80% of cash flow. This is a well-structured industry characterized by exclusive distribution, consistent pricing power, and stable repair and remodel demand. Competitive advantages include a large installed base of highly specified products, strong brand loyalty, and a culture of ongoing product innovation. The remaining 20% of cash flow comes from Architectural Specialties—a capital-light, rapidly growing business that delivers highly customized solutions for statement spaces.

2. Consistent double-digit cash flow compounder. Armstrong has compounded cash flow at a more than 10% rate over the past several years—impressively, against a backdrop of lackluster nonresidential construction activity—and expects to sustain that trajectory going forward. Mineral Fiber cash flow typically grows at a high single-digit rate, driven by modest volume growth, mid-single-digit price and mix contributions, and margin expansion through operating leverage. Architectural Specialties typically grows at a mid-teens rate, fueled by 10%-plus organic growth from cross-selling into the Mineral Fiber customer base and accretive tuck-in acquisitions.

3. New leadership. Mark Hersey assumed the role of CEO in April 2026 following the retirement of long-tenured CEO Vic Grizzle. Mark has been with Armstrong since 2011 and is a proven executive with deep institutional knowledge. We believe his leadership may tilt the company toward a more aggressive posture on accretive acquisitions and share repurchases, which could further accelerate growth.

We viewed the pullback as a compelling entry point.

At the recent share price of $163, Armstrong trades at approximately 11 times cash flow—well below its recent historical range of 13 to 15 times. We conservatively estimate the shares could appreciate 50% to 75% over the next several years as fundamentals reassert themselves and the valuation gap closes.

We added to the Fund's **AAON, Inc.** position following a disappointing second quarter earnings result. AAON designs and manufactures commercial and industrial HVAC equipment.

After very strong first quarter results, in which the company raised sales growth guidance to 40% to 45% from 18% to 20% previously (at a slightly lower gross margin outlook), on the back of enormous BasX data center growth of over 100%, AAON's second quarter was more mixed. Management raised full-year growth guidance further, to 55% to 60%, but gross margin missed expectations, declining 230 basis points year-over-year as the company absorbed the costs of scaling capacity so quickly. Though there has been a pattern of extreme volatility in results relative to expectations quarter to quarter, we have spent time with management and are hopeful they will begin to deliver with fewer negative surprises going forward.

We see near-term upside given a depressed valuation—near its lowest level in over five years—alongside what we believe is conservative guidance amid excellent top-line growth expectations and margin pressures that should, in part, be addressed through straightforward actions already underway. The price-cost dynamic should improve as price increases already taken flow through, with line of sight to its backlog converting at higher margins into 2027.

We believe revenue growth will remain robust, and with steadier, improving margin performance, we see attractive near-term upside in the shares—perhaps 40% to 50%—on a reasonable multiple of roughly 15 times cash flow, well below the company's 5-year average forward multiple of 20 times, applied to 2028 estimates.

Top net sales for the quarter

	Quarter End Market Cap or Market Cap When Sold ($B)	Net Amount Sold ($M)
Fortune Brands Innovations, Inc.	5.4	47.6
Equinix, Inc.	99.8	33.9
Boyd Gaming Corporation	5.9	31.4
Iron Mountain Incorporated	34.4	29.8
James Hardie Industries plc	14.7	29.5

In the most recent quarter, we exited the Fund's investments in **Fortune Brands Innovations, Inc.**, a leading provider of plumbing, outdoor, and security products for the residential construction and remodel sectors, and **Boyd Gaming Corporation**, a casino gaming company, and reallocated the capital to other real estate companies that we believe offer superior total return prospects in the next few years.

Following strong year-to-date share price performance, we modestly trimmed the Fund's position in **Equinix, Inc.**, a leading global operator of data centers, but remain bullish about the company's long-term business prospects.

Concluding Thoughts on the Prospects for Real Estate and the Fund

In our December 31, 2015 shareholder letter—following a challenging year for performance and a difficult start to 2016—we introduced the concept of "The Cycle of Market Emotions." Now, more than 10 years later, we are revisiting this topic.

A chart in my office entitled "The Cycle of Market Emotions" remains an important reminder that alongside careful market and company research and valuation analysis, market psychology plays a critical role in investing. Market and company fundamentals can be overshadowed by exaggeration—whether positive euphoria or negative desperation.

What is unusual about today's market is that these emotions are not evenly distributed. In our view, parts of the market appear to be moving toward the "thrill" and "euphoria" end of the spectrum, with valuations in certain cases reflecting expectations for sustained, aggressive earnings growth in the years ahead. At the same time, other parts of the market, including certain real estate-related categories, remain closer to the "anxiety" and "fear" end, weighed down by concerns we believe are overstated. We think this divergence itself is a source of opportunity.

We are mindful of a broad set of concerns about the market outlook, including:

- Persistently high long-term interest rates, with the Federal Reserve navigating a difficult balance between still-elevated inflation and a cooling labor market
- Geopolitical risk and oil price volatility, including the war in Iran and the war in Ukraine
- Increasing talk of an "AI bubble," with mega-cap technology returns concentrated in a small number of companies
- Tariff-related trade tensions and their uncertain effects on corporate margins and global growth

A few mitigating considerations stand out to us. On rates: we don't predict the path of interest rates at Baron, but there is a credible case that long-term rates could decline in the year ahead, particularly if the wars in Iran and Ukraine end—which would be a meaningful tailwind for several of our real estate-related holdings. On AI and real estate: several categories—REITs, commercial real estate services companies, some travel-related real estate, and real asset-focused alternative asset managers—sold off in 2026 on fears that AI could disrupt parts of their businesses. We believe the actual risk is more limited than current valuations suggest.

As always, we remain disciplined: focused on companies with durable competitive positions, compelling long-term growth opportunities, strong balance sheets, and excellent management teams, so that we are prepared to act—whether that means adding to positions where fear has overshot fundamentals, or maintaining flexibility should broader conditions deteriorate.

Valuations for many of our real estate-related investments remain reasonable, and in some cases attractive, supported by favorable demand/supply dynamics. We recognize there may be periods of continued volatility along the way. Nevertheless, we remain confident that the opportunities ahead—in real estate and across the Fund—will reward the discipline and patience of our shareholders, particularly amid the market divergence we've described above.

Top 10 holdings

	Quarter End Market Cap ($B)	Quarter End Investment Value ($M)	Percentage of Net Assets (%)
Welltower Inc.	165.9	132.0	7.0
CBRE Group, Inc.	37.2	75.9	4.0
Equinix, Inc.	99.8	75.6	4.0
Toll Brothers, Inc.	12.4	72.5	3.8
Prologis, Inc.	125.5	70.9	3.7
The Macerich Company	6.3	69.3	3.7
Meritage Homes Corporation	4.1	67.8	3.6
Hilton Worldwide Holdings Inc.	71.6	61.7	3.3
Brookfield Corporation	90.1	58.5	3.1
AAON, Inc.	6.8	54.9	2.9

Our real estate 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 Index(es) and the Portfolio include reinvestment of dividends, net of withholding taxes, while the other index(es) include reinvestment of dividends before taxes. Reinvestment of dividends positively impacts the performance results. The index(es) are unmanaged. Index performance is not Portfolio performance. Investors cannot invest directly in an index.

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

[3] Not annualized.

Investors should consider the investment objectives, risks, 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.

Risks: The value of the Portfolio will be affected by the strength of the real estate markets. Factors that could affect the value of the Portfolio's holdings include but are not limited to the following: overbuilding and increased competition; increases in property taxes and operating expenses; declines in the value of real estate; and vacancies due to economic conditions and tenant bankruptcies. Even though the Portfolio is diversified, it may establish significant positions where the Adviser has the greatest conviction. This could increase volatility of the Portfolio's returns.

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

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

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

The Morningstar Rating™ for funds, or "star rating", is calculated for managed products (including mutual funds, variable annuity and variable life subaccounts, exchange-traded funds, closed-end funds, and separate accounts) with at least a three-year history. Exchange-traded funds and open-ended mutual funds are considered a single population for comparative purposes. It is calculated based on a Morningstar Risk-Adjusted Return measure that accounts for variation in a managed product's monthly excess performance, placing more emphasis on downward variations and rewarding consistent performance. The top 10% of products in each product category receive 5 stars, the next 22.5% receive 4 stars, the next 35% receive 3 stars, the next 22.5% receive 2 stars, and the bottom 10% receive 1 star. The Overall Morningstar Rating for a managed product is derived from a weighted average of the performance figures associated with its three-, five-, and 10-year (if applicable) Morningstar Rating metrics. The weights are: 100% three-year rating for 36-59 months of total returns, 60% five-year rating/40% three-year rating for 60-119 months of total returns, and 50% 10-year rating/30% five-year rating/20% three-year rating for 120 or more months of total returns. While the 10-year overall star rating formula seems to give the most weight to the 10-year period, the most recent three-year period actually has the greatest impact because it is included in all three rating periods.

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

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BARON CAPITAL

QUARTERLY LETTER | SEPTEMBER 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) decreased 7.58% (Institutional Shares) in the third quarter, underperforming the MSCI US REIT Index (the REIT Index), which decreased 6.33%.

The Fund's long-term performance remains strong. As of September 30, 2026, Morningstar ranked the Fund #1 among 186 funds in the Real Estate category since its inception on December 29, 2017.

Latest Thoughts

Our real estate team recently presented our top-of-mind thoughts to the Baron portfolio managers and research analysts. Our key messages were as follows:

1. 2026 has been uniquely challenging—some of the Fund's holdings and investment themes have faced headwinds, pressuring valuations across the board.
2. As a result, we believe much of public real estate now trades at compelling valuations.
3. Our optimism about public real estate and the Fund's long-term prospects remains firm, supported by compelling valuations and other favorable factors.

Please see the "Our Current Top-of-Mind Thoughts" section for our more detailed thoughts on this topic.

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

	Fund Retail Shares[1,2]	Fund Institutional Shares[1,2]	MSCI US REIT Index[1]	S&P 500 Index[1]
QTD[3]	(7.65)	(7.58)	(6.33)	2.30
YTD[3]	4.63	4.84	9.49	12.75
1 Year	4.14	4.42	7.31	15.74
3 Years	13.06	13.36	11.42	22.89
5 Years	3.58	3.84	3.07	13.79
Since Inception (12/29/2017)	8.35	8.60	4.89	14.59
Since Inception (12/29/2017) (Cumulative)[3]	101.78	105.88	51.88	229.20

As of September 30, 2026, the Morningstar Real Estate Category consisted of 204, 197, 191, and 186 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 58th, 2nd, 13th, and 1st 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 129th, 4th, 22nd, and 1st 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 has agreed to waive and/or reimburse certain Funds' expenses, if necessary, pursuant to a contract expiring on August 29, 2037, 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

1. 2026 Has Been a Challenging Year for Public Real Estate

One of the defining characteristics of 2026 has been the breadth of challenges facing public real estate. While the specific headwinds have varied by sector, they have collectively weighed on investor sentiment across nearly every one of the Fund's holdings and investment themes.

In our view, drivers vary by individual companies and investment themes: for some, weakness reflects sentiment more than fundamentals; for others, the pressures are more fundamentally rooted. We unpack each below.

REITs

- Following a strong start to 2026—the REIT Index increased 16.9% in the first six months of the year—REITs declined in the third quarter as the sharp increase in the U.S. 10-year Treasury yield weighed on REITs.
- Despite generally favorable underlying fundamentals—including healthy supply/demand dynamics and accelerating cash flow growth—most REIT property sectors, including industrial, multi-family, single-family rental, office, manufactured housing, life science, cold storage, towers, and timber, now lag the performance of the S&P 500 Index as of September 30, 2026.
- The notable exceptions have been data centers, health care, retail, and hotels.

Non-REIT real estate

Headwinds have surfaced in several non-REIT real estate categories including:

- **Residential-related real estate (homebuilders + building products/services)**
  - Rising mortgage rates have further pressured housing affordability.
  - Many current homeowners are hesitant to sell while their existing mortgages carry rates well below today's levels.
- **Travel-related real estate**
  - Macau gaming companies have faced concerns about economic growth, margin pressure from cost inflation, and increasing competition.
  - U.S. regional gaming companies have contended with softer Las Vegas strip demand, growing online gaming competition, and cost inflation.
- **Commercial real estate services companies**
  - Share prices have come under pressure from concerns about potential AI disruption despite healthy underlying business fundamentals, and what we believe is limited risk of meaningful AI disintermediation.
- **Real asset-focused alternative asset managers**
  - Share prices have reflected investor concerns about software-related AI exposure, private credit, limits on investor withdrawals from certain semi-liquid products, delayed asset monetizations, and the potential for slower earnings growth.
- **Property technology companies**
  - AI-related disruption concerns and other company-specific issues have weighed on several businesses in the sector.

OUR BOTTOM-LINE VIEW: Share price weakness has, in many cases, reflected investor concerns that we believe are disproportionate to the underlying deterioration in fundamentals—resulting in a sharp repricing of real estate equities despite continued cash flow growth across many businesses. Residential-related real estate and portions of travel-related real estate are notable exceptions, where fundamentals have genuinely softened alongside share prices. Even so, we believe elements of this valuation versus fundamentals disconnect—to varying degrees—are present across all of the real estate categories discussed above, including residential-related and travel-related real estate, which is one reason we believe the opportunity in public real estate is particularly compelling today.

2. Much of Public Real Estate is Trading at Compelling Valuations

The broad-based share price weakness across public real estate has created what we believe is an increasingly compelling investment opportunity. In many cases, public real estate companies continue to generate healthy operating results while their shares trade at meaningful discounts to the value of their underlying assets.

Several factors reinforce this view:

- **Public valuations remain below private-market values.** Many high-quality REITs and non-REIT real estate-related companies continue to trade at meaningful discounts to estimated private-market asset values despite healthy underlying fundamentals—a gap reinforced by acquisition announcements at significant premiums to unaffected share prices, further validating our view that public market valuations often understate intrinsic value.
- **Fundamentals remain stronger than sentiment.** Across many property sectors, healthy demand-supply dynamics and accelerating cash flow growth stand in contrast to investor concerns that have weighed on share prices.
- **We believe the opportunity extends across multiple sectors.** We continue to find attractive investments across REITs and non-REIT real estate companies.

In our experience, periods when public market prices diverge meaningfully from underlying business fundamentals have often created attractive opportunities for patient, long-term investors.

3. Interest Rates: A Headwind That May be Largely Reflected in Valuations

At Baron, we do not predict or forecast macroeconomic variables, including interest rates, inflation, or economic growth. We are mindful, however, of the important role that interest rates play in certain segments of real estate. While we cannot predict the path of interest rates, we believe there is a reasonable case for long-term rates to either decline or remain approximately at current levels over the year ahead.

Importantly, **we believe much of public real estate has already been largely repriced to reflect a higher cost of capital**—real estate equities have lagged the broader equity markets, and many companies now trade at attractive valuations on both historical and relative bases. We believe many real estate companies offer compelling multi-year return potential even if interest rates remain at current levels.

We are underwriting double-digit return potential for many of our investments based on a combination of cash flow growth and dividend yields. If interest rates decline, the resulting benefits to fundamentals and valuation multiples could provide an additional source of return.

4. We Believe the Investment Case for Real Estate Remains Strong

We remain clear-eyed about the headwinds facing real estate, including elevated interest rates, housing affordability pressures, and AI-driven disruption. Nevertheless, our optimism about the long-term prospects for public real estate remains firm, grounded in several themes we have highlighted in recent shareholder letters.

- **Real Estate has lagged.** Despite a solid start to 2026, many real estate stocks—both REITs and non-REIT real estate companies—have underperformed the broader equity market, a trend even more pronounced over longer time horizons. For the five years ending September 30, 2026, the S&P 500 Index returned 13.8% annually, compared with just 3.1% annually for the REIT Index.
- **Real estate continues to offer relative value.** Valuations across much of public real estate remain attractive, both on an absolute basis and relative to the broader equity market, at discounts to both historical levels and underlying asset values. We continue to find companies with healthy balance sheets, attractive real estate portfolios, and growing cash flows, with the potential for compelling returns through earnings growth, dividends, and valuation normalization over time.
- **Strong demand/supply fundamentals.** Across many segments of real estate, demand continues to outpace new supply. Notably, 2026 construction activity has fallen more than 60% from the 2016–2025 average (Source: Green Street). We believe this limited supply growth could be an important tailwind for fundamentals in the years ahead, as constrained new development allows existing properties to capture rising demand through higher occupancy and pricing power.
- **Balance sheets are healthy and the debt environment is improving.** Real estate balance sheets are generally in strong shape, with prudent leverage and well-laddered maturities; net debt to EBITDA across REITs is approximately 5.5 times today versus more than 8.5 times at the 2008/2009 peak (Source: Citibank). Should long-term interest rates decline, we believe real estate would benefit meaningfully—through higher property valuations, improved affordability, and increased transaction activity.
- **Real estate is increasingly an AI beneficiary.** We believe the growth of AI could ultimately benefit owners of tangible, hard-to-replicate assets—what we describe as HALO (Heavy Assets, Low Obsolescence) businesses, including REITs, homebuilders, and other real estate companies. Unlike many businesses whose products or services can be disrupted or replicated by AI, these companies own physical assets that are difficult to reproduce and often essential to economic activity—a distinction we believe can translate into greater earnings visibility and lower disruption risk.
- **Many investors remain underweight real estate.** We believe many investors remain underweight real estate relative to historical allocations. If allocations increase, incremental capital flows could serve as a meaningful catalyst for valuation re-rating and share-price appreciation.
- **We see a path to double-digit annual returns.** We believe the Fund has the potential to generate double-digit annual returns over the next several years, supported by cash flow growth, rising dividends, and compelling valuations—without requiring a meaningful decline in rates or substantial multiple expansion.

Portfolio Composition

As of September 30, 2026, the Fund's net assets were allocated as follows: REITs (85.0%), non-REIT real estate companies (10.6%), and cash and cash equivalents (4.4%). We maintain exposure across 12 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	**85.0**
Health Care REITs	17.8
Industrial REITs	17.0
Data Center REITs	15.0
Self-Storage REITs	7.4
Multi-Family REITs	7.3
Mall REITs	7.1
Office REITs	3.7
Wireless Tower REITs	3.0
Hotel REITs	2.8
Triple Net REITs	1.7
Single-Family Rental REITs	1.2
Shopping Center REITs	1.0
Non-REIT Real Estate Companies	**10.6**
Cash and Cash Equivalents	**4.4**
Total	**100.0***

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

We continue to believe 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 (17.8%)

- **We remain constructive on the multi-year outlook for senior housing.**
- We believe **the sector is well positioned to benefit from a 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 Inc.** given its cost of capital advantage.
- The Fund maintains investments in Welltower, **Janus Living, Inc.**, **Ventas, Inc.**, and **American Healthcare REIT, Inc.**

Industrial REITs (17.0%)

- **We remain constructive on the Fund's industrial REIT holdings, Prologis, Inc.**, **EastGroup Properties, Inc.**, and our most recent addition, **First Industrial Realty Trust, Inc.**, **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.

Data Center REITs (15.0%)

- **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.**
- 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.

Self-Storage REITs (7.4%)

- **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 and 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.**

Multi-Family REITs (7.3%)

- **The Fund maintains exposure to multi-family REITs Vivmark 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 a bit 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.

Mall REITs (7.1%)

- **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 Hsieh 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.

Office REITs (3.7%)

- **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 of 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.

Wireless Tower REITs (3.0%)

- **We have been cautious about the prospects for wireless tower REITs** despite historically low valuation multiples because of several tenant site-decommissioning events (e.g., Sprint and DISH), uninspiring U.S. wireless carrier new leasing activity, lower expectations for growth, and evolving competitive dynamics, particularly from low-earth-orbit satellite providers such as Starlink, whose direct-to-cell ambitions could reduce carriers' reliance on ground-based infrastructure over time. **Currently, the Fund maintains a position in American Tower Corporation.**
- **We may become more constructive over time if the long-term growth outlook for wireless tower REITs improves.** Specifically, we are watching for: a resumption of carrier capital spending growth, improving tenancy ratios on existing towers, and greater clarity on the economics of satellite-to-device competition. We would also expect support from secular tailwinds such as rising mobile data usage, 5G spectrum deployment and network densification (with 6G on the horizon), edge computing (which may create opportunities for mini data centers near towers), and the growing number of connected Internet of Things devices—everyday objects like thermostats, security cameras, cars, and appliances that connect to wireless networks—in homes and vehicles. These trends are expected to drive continued demand for wireless bandwidth and higher spending by mobile carriers.

Hotel REITs (2.8%)

- **We continue to believe hotel REITs are well positioned to benefit from cyclical and secular 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.

Triple Net REITs (1.7%)

- **We are generally cautious on triple net REITs, in part due to the compression in acquisition investment spreads.**
- We maintain a position in **Blackstone Digital Infrastructure Trust Inc.**, an 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.

Single-Family Rental REITs (1.2%)

- **We have been cautious on single-family rental REITs given a confluence of headwinds**: persistent rate and financing sensitivity, localized oversupply in several Sun Belt build-to-rent markets, and cost inflation (insurance, taxes, maintenance) that has compressed margins even where top-line rent growth held up.
- **We remain long-term bullish** because of the chronic housing undersupply, a widening affordability gap between renting and owning, a desire for flexibility and not to be burdened by mortgages, and durable demographic demand for single-family living continue to support the sector's fundamentals, and current valuations—which trade at a discount to estimated NAV.
- **The Fund maintains a position in American Homes 4 Rent.**

Shopping Center REITs (1.0%)

- The Fund maintains a position 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.

Non-REIT Real Estate Companies (10.6%)

- 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 **AAON, Inc.**, **Marriott Vacations Worldwide Corporation**, **Meritage Homes Corporation**, **Hyatt Hotels Corporation**, **Vail Resorts, Inc.**, **Red Rock Resorts, Inc.**, and **Brookfield Infrastructure Corporation**.

SECTOR

Top Contributors and Detractors

Top contributors to performance for the quarter

	Quarter End Market Cap ($B)	Contribution to Return (%)
Welltower Inc.	165.9	0.13
AAON, Inc.	6.8	0.11
Terreno Realty Corporation	7.7	0.09
Janus Living, Inc.	9.2	0.08
GDS Holdings Limited	6.3	0.03

Shares of **Welltower Inc.** demonstrated resilience in the quarter, making modest gains against a challenging backdrop in which most real estate securities declined, extending what had already been very strong performance in the first half of the year. Welltower is a leading owner and operator of senior housing communities across the U.S., Canada, and the U.K., and is the largest health care REIT by market capitalization. The company continued to execute well, delivering robust cash flow growth driven by strong occupancy gains, healthy rent growth, and ongoing margin expansion—all of which reflect the powerful demographic tailwinds underpinning demand for senior housing as the U.S. population ages.

We initiated a position in **AAON, Inc.**, following a disappointing second quarter earnings result. AAON designs and manufactures commercial and industrial heating, ventilation, and air conditioning (HVAC) equipment.

After very strong first quarter results, in which the company raised sales growth guidance to 40% to 45% from 18% to 20% previously (at a slightly lower gross margin outlook), on the back of enormous BasX data center growth of over 100%, AAON's second quarter was more mixed. Management raised full-year growth guidance further, to 55% to 60%, but gross margin missed expectations, declining 230 basis points year-over-year as the company absorbed the costs of scaling capacity so quickly. Though there has been a pattern of extreme volatility in results relative to expectations quarter to quarter, we have spent time with management and are hopeful they will begin to deliver with fewer negative surprises going forward.

We see near-term upside given a depressed valuation—near its lowest level in over five years — alongside what we believe is conservative guidance amid excellent top-line growth expectations and margin pressures that should, in part, be addressed through straightforward actions already underway. The price-cost dynamic should improve as price increases already taken flow through, with line of sight to backlog converting at higher margins into 2027.

We believe revenue growth will remain robust, and with steadier, improving margin performance, we see attractive near-term upside in the shares—perhaps 40% to 50%—on a reasonable multiple of roughly 15 times cash flow, well below the company's 5-year average forward multiple of 20 times, applied to 2028 estimates.

Terreno Realty Corporation, an industrial REIT focused on high-quality coastal properties, was a strong contributor in the third quarter. The underlying portfolio continues to perform well, and management is observing broad-based improvement across the industrial warehouse market: demand is accelerating, new supply is falling sharply—down 50% to 75%, vacancy rates are tightening, and rent growth is picking up across most markets after several years of declines. Against this favorable backdrop, Terreno has been able to generate high single-digit organic cash flow growth, driven by the meaningful gap between in-place rents and current market rents. Beyond organic growth, management has a strong track record of deploying capital accretively through acquisitions and select development opportunities, providing an additional avenue for value creation.

Top detractors from performance for the quarter

	Quarter End Market Cap ($B)	Contribution to Return (%)
Blackstone Digital Infrastructure Trust Inc.	1.7	(0.58)
Meritage Homes Corporation	4.1	(0.57)
The Macerich Company	6.3	(0.55)
Vivmark Residential	47.1	(0.49)
Prologis, Inc.	125.5	(0.44)

Shares of **Blackstone Digital Infrastructure Trust Inc.** declined in the quarter, reflecting investor uncertainty stemming from a prolonged absence of an inaugural deal announcement and interest rate volatility. We remain constructive on the long-term opportunity, as management reaffirmed the six-month deployment timeline remains on track with a growing actionable pipeline, and we believe the first deal announcement will serve as an important catalyst to close the current valuation discount. The company is a newly formed, Blackstone-sponsored vehicle focused on acquiring stabilized, fully leased data centers underpinned by long-term, non-cancellable leases with the world's largest hyperscalers.

Meritage Homes Corporation, a U.S. homebuilder, was a detractor in the third quarter, giving back some of its strong second quarter gains when the share price surged more than 27%. The pullback reflects a broader slowdown in U.S. residential construction, as rising U.S. 10-year Treasury rates have driven mortgage rates higher and caused many prospective buyers to sit on the sidelines. This has weighed on residential-related stocks broadly, Meritage included. While we expect softer industry conditions to pressure revenue and margins in the near term, we believe the stock's depressed valuation—approximately 80% of tangible book value—already prices in much of this pain, and we continue to expect book value to compound over time. Looking further out, we remain confident in the multi-year growth runway for U.S. housing and Meritage's focused strategy of serving first-time homebuyers. For additional detail, please see the "Recent Purchases" section of the Q2 Baron Real Estate Income Fund shareholder letter.

The Macerich Company, a high-quality retail mall REIT, was a detractor in the third quarter, giving back a portion of its strong second-quarter gains when the share price appreciated 35%. Despite the quarterly pullback, management continues to execute well, tracking ahead of targets on leasing, occupancy, space buildouts, select dispositions, and debt paydown.

As previously outlined, we remain optimistic about Macerich's prospects over the next several years. The fundamental backdrop for high-quality mall real estate is favorable: tenant demand is robust, desirable retail space is scarce—occupancy is high with little new supply coming to market—and the resulting demand/supply imbalance is giving landlords meaningful pricing power. We continue to engage with CEO Jackson Hsieh, a well-regarded outsider bringing a fresh, analytical lens to the company's portfolio. We believe he will continue to unlock significant value by divesting non-core assets, reducing debt, and pursuing accretive acquisition opportunities. Our conviction has grown that Macerich can generate over $2.00 in FFO within the next couple of years, which we believe would be a meaningful catalyst for share price appreciation from current levels.

Recent Activity

Top net purchases for the quarter

	Quarter End Market Cap ($B)	Net Amount Purchased ($M)
Digital Realty Trust, Inc.	66.1	12.7
American Tower Corporation	76.3	9.3
Ventas, Inc.	43.6	6.6
Prologis, Inc.	125.5	6.1
First Industrial Realty Trust, Inc.	7.9	6.0

We added to our position in **Digital Realty Trust, Inc.** during the quarter. Digital Realty is a leading global owner and operator of data centers, providing colocation and interconnection solutions to hyperscalers, cloud providers, and enterprise customers across more than 50 metro areas worldwide. Our increased investment was underpinned by a favorable multi-year industry supply/demand backdrop for data center capacity—the best we have seen in years, driven in large part by surging demand for AI infrastructure—alongside a durable and improved double-digit bottom-line earnings growth outlook for the company over the next several years.

We re-initiated a position in **American Tower Corporation** in the quarter, taking advantage of valuation levels near all-time lows. American Tower is a global leader in communications infrastructure, owning and operating approximately 150,000 wireless tower sites across the U.S., Latin America, Europe, and Africa, with an additional data center platform in major U.S. markets through its CoreSite subsidiary. We believe the market has overestimated the competitive threat from satellite-based alternatives, which we view as complementary to, rather than displacing, traditional tower infrastructure. The company benefits from secular long-term demand drivers in mobile data growth, underpinned by multi-year lease structures and high switching costs for its carrier tenants. At current valuation levels, we believe the risk/reward is compelling for a high-quality, long-duration cash

flow stream, with meaningful upside as investor concerns around satellite displacement, trough carrier spending, and interest rate sensitivity normalize.

We also added to our senior housing theme by purchasing additional shares of **Ventas, Inc.**, an operator of senior housing, life science, and medical office properties, taking advantage of a pullback in the shares during the quarter. We were encouraged by the company's robust fundamental results, a growing external investment pipeline, and increasing willingness to shed slower-growth assets to redeploy into higher-growth opportunities. We believe shares remain attractively valued for approximately 10% underlying earnings per share growth alongside declining leverage and a compelling external growth opportunity.

Top net sales for the quarter

	Quarter End Market Cap or Market Cap When Sold ($B)	Net Amount Sold ($M)
Alexandria Real Estate Equities, Inc.	8.6	11.2
Weyerhaeuser Company	17.3	7.2
Blackstone Digital Infrastructure Trust Inc.	1.7	5.5
Fortune Brands Innovations, Inc.	5.9	5.3
CRH public limited company	66.7	4.9

In the most recent quarter, we exited the Fund's investments in **Alexandria Real Estate Equities, Inc.**, a life science REIT focused on collaborative office and laboratory campuses for biotechnology and pharmaceutical tenants, and **Weyerhaeuser Company**, a timber REIT and one of the largest private owners of timberlands in North America. We reallocated the capital to other REITs and non-REIT real estate-related companies that we believe offer superior total return prospects over the next few years.

We also trimmed the Fund's position in **Blackstone Digital Infrastructure Trust Inc.**, a newly listed, externally managed REIT focused on acquiring stabilized data center properties leased to investment-grade hyperscale tenants but remain bullish about the company's long-term business prospects.

Concluding Thoughts on the Prospects for Real Estate and the Fund

In our December 31, 2015 Baron Real Estate Fund shareholder letter—following a challenging year for performance and a difficult start to 2016—we introduced the concept of "The Cycle of Market Emotions." Now, more than 10 years later, we are revisiting this topic.

A chart in my office entitled "The Cycle of Market Emotions" remains an important reminder that alongside careful market and company research and valuation analysis, market psychology plays a critical role in investing. Market and company fundamentals can be overshadowed by exaggeration—whether positive euphoria or negative desperation.

What is unusual about today's market is that these emotions are not evenly distributed. In our view, parts of the market appear to be moving toward the "thrill" and "euphoria" end of the spectrum, with valuations in certain cases reflecting expectations for sustained, aggressive earnings growth in the years ahead. At the same time, other parts of the market, including certain real estate-related categories, remain closer to the "anxiety" and "fear" end, weighed down by concerns we believe are overstated. We think this divergence itself is a source of opportunity.

We are mindful of a broad set of concerns about the market outlook, including:

- Persistently high long-term interest rates, with the Federal Reserve navigating a difficult balance between still-elevated inflation and a cooling labor market
- Geopolitical risk and oil price volatility, including the war in Iran and the war in Ukraine
- Increasing talk of an "AI bubble," with mega-cap technology returns concentrated in a small number of companies
- Tariff-related trade tensions and their uncertain effects on corporate margins and global growth

A few mitigating considerations stand out to us. On rates: we don't predict the path of interest rates at Baron, but there is a credible case that long-term rates could decline in the year ahead, particularly if the wars in Iran and Ukraine end—which would be a meaningful tailwind for several of our real estate-related holdings. On AI and real estate: several categories—REITs, commercial real estate services companies, some travel-related real estate, and real asset-focused alternative asset managers—sold off in 2026 on fears that AI could disrupt parts of their businesses. We believe the actual risk is more limited than current valuations suggest.

As always, we remain disciplined: focused on companies with durable competitive positions, compelling long-term growth opportunities, strong balance sheets, and excellent management teams, so that we are prepared to act—whether that means adding to positions where fear has overshot fundamentals, or maintaining flexibility should broader conditions deteriorate.

Valuations for many of our REIT and non-REIT real estate-related investments remain reasonable, and in some cases attractive, supported by favorable demand/supply dynamics. We recognize there may be periods of continued volatility along the way. Nevertheless, we remain confident that the opportunities ahead—in real estate and across the Fund—will reward the discipline and patience of our shareholders, particularly amid the market divergence we've described above.

Top 10 holdings

	Quarter End Market Cap ($B)	Quarter End Investment Value ($M)	Percentage of Net Assets (%)
Welltower Inc.	165.9	30.4	10.8
Prologis, Inc.	125.5	27.6	9.8
Equinix, Inc.	99.8	25.7	9.1
Digital Realty Trust, Inc.	66.1	16.6	5.9
EastGroup Properties, Inc.	10.6	14.4	5.1
The Macerich Company	6.3	14.0	5.0
BXP, Inc.	9.8	10.5	3.7
Vivmark Residential	47.1	10.4	3.7
Public Storage	52.8	9.6	3.4
Janus Living, Inc.	9.2	8.9	3.2

Our real estate 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 Index(es) and the Portfolio include reinvestment of dividends, net of withholding taxes, while the other index(es) include reinvestment of dividends before taxes. Reinvestment of dividends positively impacts the performance results. The index(es) are unmanaged. Index performance is not Portfolio performance. Investors cannot invest directly in an index.

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

[3] Not annualized.

Investors should consider the investment objectives, risks, 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.

Risks: The value of the Portfolio will be affected by the strength of the real estate markets. Factors that could affect the value of the Portfolio's holdings include but are not limited to the following: overbuilding and increased competition; increases in property taxes and operating expenses; declines in the value of real estate; and vacancies due to economic conditions and tenant bankruptcies. The Portfolio is subject to greater interest rate risk when compared to other stocks funds due to the chance that periods of rising interest rates may cause REIT stock prices to decline and the overall cost of borrowing to increase. The Portfolio is non-diversified, which means it will likely have a greater percentage of its assets in a single issuer than a diversified portfolio.

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.

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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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BARON CAPITAL

QUARTERLY LETTER | SEPTEMBER 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 third quarter, Baron Technology ETF (the Fund) declined 4.50% (NAV), compared to the MSCI ACWI Information Technology Index (the Benchmark), which gained 4.37%, the Nasdaq-100 Index (the NDX), which gained 0.58%, and the S&P 500 Index, which rose 2.30%.*

On a trailing three-year basis, the Fund generated an annualized return of 36.59%, compared to the Benchmark and NDX, which were up 38.33% and 28.31%, respectively.*

Annualized performance (%) for periods ended September 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]	(4.71)	(4.50)	4.37	2.30	1.60
YTD[3]	23.22	23.52	35.40	12.75	13.03
1 Year	22.58	22.57	39.30	15.74	16.75
3 Years	36.26	36.59	38.33	22.89	21.73
Since Inception (12/31/2021)	14.91	15.09	19.64	12.07	10.70

Review and Outlook

Market Backdrop

U.S. equities delivered a mixed but ultimately positive third quarter. A sharp rotation away from AI and technology stocks in July gave way to a two-month recovery, and the S&P 500 and NASDAQ Composite reached new all-time highs despite rising interest rates, persistent inflation concerns, and geopolitical uncertainty. The Federal Reserve raised rates in September for the first time since 2023, and the 30-year Treasury yield climbed to its highest level since 2002. Gains were uneven: the S&P 500 and NASDAQ Indexes rose, while the Dow Jones Industrial Average and the small-company Russell 2000 Index declined, and market leadership narrowed toward the largest technology and AI-related companies as the quarter progressed.

In July, investors shifted their focus from the strength of AI demand to the timing of returns on massive capital spending. Semiconductor stocks fell by double digits on concerns about spending by the large cloud providers, open-source competition, and expanding memory supply, while money flowed into overlooked areas such as software, where valuations had fallen to multi-year lows. Over the final two months, strong corporate earnings, capped by blowout results from **NVIDIA Corporation**, restored confidence that demand for AI computing remains durable and exceeds supply. The Fed's rate hike weighed on stocks most sensitive to the economy and interest rates, while technology proved largely insulated, lifting the Magnificent Seven to record highs by quarter end.

Energy was the top-performing sector by a wide margin, as a supply disruption in the Strait of Hormuz, which the International Energy

SECTOR

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.

Pursuant to the Fund's unitary management fee structure, BAMCO, Inc. ("BAMCO" or the "Adviser") will pay all expenses of the Fund, except for portfolio transaction costs, interest and dividend expense, acquired fund fees and expenses, fees and expenses related to filing foreign tax reclaims, line of credit expenses, and extraordinary expenses.

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.

Agency called the largest in the history of the global oil market, pushed oil back above $100 per barrel. Health Care, Information Technology (IT), and Communication Services also outperformed. Within IT, cybersecurity stocks benefited as companies stepped up spending in response to geopolitical threats and AI-enabled attacks, and application software rebounded sharply as solid results eased fears that AI would erode incumbents' pricing power and displace their platforms.

Performance

We manage the Fund with an unwavering focus on powerful technology trends that are disrupting industries and creating sustained, profitable growth opportunities, rather than on short-term sentiment swings, which were pronounced again this quarter. Transformative secular trends such as AI, space exploration and technology, autonomous transportation, robotics, digital commerce, media, and finance, and advanced therapeutics and minimally invasive surgery will shape the future and drive long-term investment returns.

The third quarter was a more difficult backdrop for the Fund. Our exposure to semiconductor and AI infrastructure companies, which drove much of our strong performance in the first half, left the Fund more exposed than the Benchmark to the July reversal in AI sentiment. When technology stocks recovered over the final two months, the gains were led by a small group of mega-cap companies where our positions are smaller than the Benchmark's, so the Fund did not fully participate in the rebound. The Fund trailed its Benchmark during the quarter. We believe the shortfall reflects the market's shifting sentiment toward AI spending rather than any deterioration in the fundamentals of our holdings.

Versus the Benchmark

The Fund underperformed the Benchmark during the quarter.

Within the IT sector, our non-ownership of several of the Benchmark's largest constituents was the principal source of relative underperformance. Not owning Microsoft Corporation in systems software and Apple Inc. in technology hardware, storage & peripherals acounted for about half of the relative shortfall as both stocks outperformed. Separately, our overweight in semiconductor materials & equipment, particularly our large position in semiconductor equipment leader **Lam Research Corporation**, weighed on results. **Coherent Corp**. in electronic components also detracted. Within semiconductors, **Taiwan Semiconductor Manufacturing Company Limited** (TSMC) was a drag on performance, and our underweight relative to the Benchmark in NVIDIA was also detrimental. The pullback in Lam and TSMC followed their outsized contributions in the second quarter, when both were among the Fund's top performers, and our long-term conviction in each is unchanged.

Outside of IT, our position in **Space Exploration Technologies Corp.** (SpaceX) in Communication Services detracted, as did our exposure in Industrials, where both public safety technology leader **Axon Enterprise, Inc.** and power solutions and components leader **Forgent Power Solutions, Inc.** lagged.

Versus the NDX

The Fund underperformed the NDX for the quarter, with the largest relative shortfalls in IT, Industrials, and Communication Services.

Within the IT sector, relative underperformance was driven by weakness in several of our holdings, as well as by our non-ownership of certain NDX constituents. Our overweight in semiconductor materials & equipment weighed on performance, led by semiconductor equipment leader Lam, the largest detractor from performance during the quarter. Coherent in electronic components and TSMC, a non-NDX position in semiconductors, also detracted. The pullback in Lam and TSMC followed their outsized contributions in the second quarter, when both were among the Fund's top performers, and our long-term conviction in each remains unchanged. In addition, not owning Microsoft in systems software, Apple in technology hardware, storage & peripherals, and Palantir Technologies Inc. in application software weighed on relative returns, as all three stocks outperformed.

Outside of IT, our overweight position in SpaceX in Communication Services detracted, as did our underweight in **Meta Platforms, Inc.,** which outperformed. Our overweight in Industrials also weighed on results, driven by weakness in shares of Axon and Forgent. In Utilities, our unique exposure to **Fervo Energy Company** in renewable electricity also detracted.

AI Update

Over nearly four years, we have experienced the first waves of the most significant disruption to the global economy since the Industrial Revolution. With the "ChatGPT moment" of late November 2022, the world took its first toddling steps into the age of machine intelligence. Until then, virtually all work and economic activity depended upon human, biological intelligence. That monopoly is ending. For the first time in history, we can manufacture intelligence. In this section, we will attempt to address the inflection in AI's usefulness in 2026, the scale of the opportunity it opens, and the debates behind the recent market volatility.

The Inflections of 2026

A Really Useful Engine

On the main stage of the Baron Investment Conference last November, we emphasized that our research focus was on the utility and value of AI. Mike recalled a podcast with prominent AI researcher Andrej Karpathy, whose argument that developers should build "useful things," not "AI animals," struck him. He chuckled because it captured what we believed would drive AI's adoption across the economy—and reminded him of Thomas the Tank Engine, a childhood favorite of his oldest son. In Thomas's world, the highest praise for a locomotive was to be called "a really useful engine." Our research asked whether AI could earn that distinction by improving productivity, cutting costs, accelerating innovation, and generating incremental revenue—and whether the curve of that value over time would be steep enough to give the AI cycle a long runway. In 2026, AI became a really useful engine.

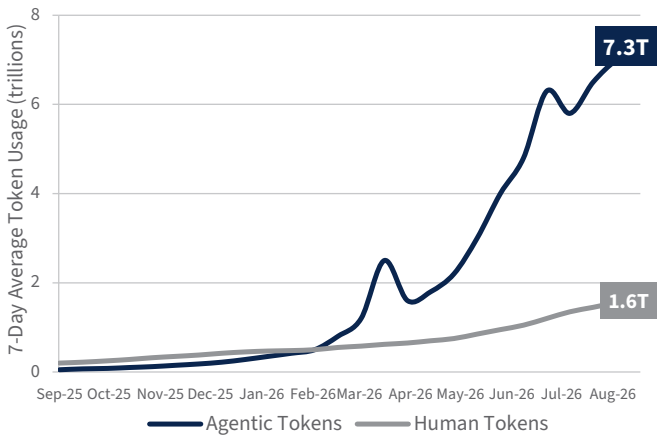
As NVIDIA CEO Jensen Huang has said repeatedly since the company's August earnings call, "AI has become useful." In his telling, AI has gone from unprofitable and not useful to doing real work that is productive and profitable. We have moved from the age of computing, when software sat passively waiting for a person to engage it, to the age of agentic machine intelligence, when AI actively and autonomously plans, acts, and completes work on our behalf.

The catalyst was Anthropic's release of Claude Opus 4.5 last November—the first model that could handle jobs lasting hours rather than seconds. It could break tasks into steps, work across software and the web, check its output, and deliver finished work at one-third of its predecessor's price. OpenAI and Google followed within months, making 2026 the year agents became products. Anthropic's Claude Code, designed for software engineers, was joined in January by Cowork, its counterpart for office workers. In August, SpaceX's Grok Bot introduced agents that log into your applications and keep working after you close your laptop. Today's frontier models—Anthropic's Fable, OpenAI's Astra, and Google's Argon—were built to plan and execute work alongside people, rather than wait for questions like a chatbot.

Token Use Explosion

The adoption of agentic AI has set off an explosion in token consumption and the demand for compute. Agents consume compute very differently than people do. A person types a few hundred words into a chat box; an agent reads, writes, calls tools, and checks its work thousands of times per task, around the clock. Jensen Huang estimates that an agent can require 15 to 100 times the compute of a person using AI, depending on the problem. Recent data from OpenRouter supports this view: agentic token usage has grown roughly 14-fold over the past seven months, far outpacing human usage.

Token demand: 7-day average token use
September 2025 to August 2026



Source: OpenRouter data via Evercore ISI (Mark Lipacis, Semis & Semi Cap Research

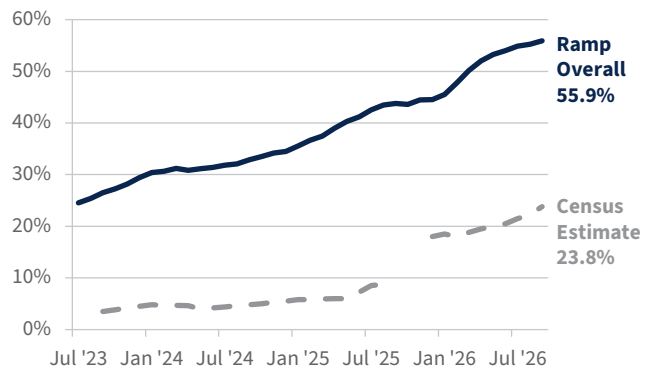
Meanwhile, the price of intelligence keeps falling, and what matters most is not just the price of a token but the cost of completing a task. Opus 4.5 launched at a price two-thirds below its predecessor's, and Anthropic says each new model generation completes a given task 25% to 75% more cheaply than the last. Some see deflation. We see Jevons' paradox: make something useful cheaper, and people use far more of it. Model providers have seen the pattern repeat after each price cut: revenue dips briefly, then climbs past its prior level within a few months as usage outruns the lower price.

Monetization at Unprecedented Speed

The monetization of AI is unprecedented. Jensen Huang calls Anthropic and OpenAI the two fastest-growing technology companies in history. OpenAI began 2026 with about $20 billion of annualized revenue and told investors in October that its September run rate was approaching $50 billion. Anthropic's thirdquarter revenue was widely reported to be $16.8 billion, which annualizes to roughly $67 billion, more than 10 times its level a year ago. Together, the two labs are running at roughly $120 billion annualized, up about six-fold in a year. For perspective, Salesforce needed about 20 years to reach $30 billion of annual revenue.

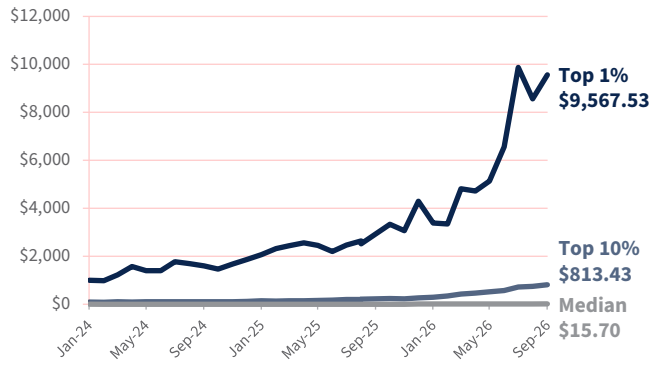
The driver is the enterprise. Customers that started with chatbot pilots are now running agents on long, multi-step work, and both labs report their largest customers spending multiples of what they spent a year ago. Still, AI remains a sliver of corporate spending, which is why we believe the runway is measured in years. Anthropic recently disclosed that more than half of the Fortune 500 spend over $100,000 a year on Claude, yet Claude represents just 0.1% of those companies' combined expenses, and less than 1% even for its top 10 Fortune 500 customers. Ramp's AI Index shows that 55.9% of businesses now pay for AI models, subscriptions, or APIs, far above the 23.8% reported by the Census Bureau's Business Trends and Outlook Survey, yet the median monthly AI spend per employee is only $15.70, versus $813 for the top 10% of companies.

Share of businesses with spending on AI models, subscriptions, tokens, and APIs



Source: Ramp AI Index, business spend data from Ramp includes corporate card and invoice / ACH payments. Census estimate from Census Business Trends and Outlook Survey.

SECTOR



Source: Ramp AI Index, business spend data from Ramp includes corporate card and invoice / ACH payments. AI spend includes LLM subscriptions, coding agent subscriptions, API tokens, and GPU cloud and infrastructure spend.

Insatiable Demand for Compute

The surge in demand for agentic intelligence has become a surge in demand for compute. As Jensen explained: "AI agents…use an enormous amount of compute." NVIDIA's data center compute business grew 117% in its fiscal second quarter to $89 billion, and the company guided growth of at least 70% in 2027, a figure Jensen says is limited by supply, not demand. **Broadcom Inc.**'s AI semiconductor revenue rose more than 221% in its fiscal third quarter to $16.7 billion, and management guided the business to triple again in the fiscal fourth quarter, and to double in 2027, to $115 billion, and again in 2028, to $230 billion. The cloud providers are seeing it too. In the June quarter, Amazon Web Services (AWS), Microsoft Azure, Google Cloud, and Oracle together grew revenue about 50% year-over-year, the fifth consecutive quarter of acceleration and an extraordinary feat at roughly $420 billion of annualized revenue, and their combined contracted backlog reached about $2.3 trillion. SpaceX, the newest cloud provider and the Fund's largest holding, reported third quarter AI segment revenue of $7.6 billion, up more than eight-fold from a year ago. On its recent earnings call, SpaceX confirmed that it expects to exit 2026 at $100 billion of annual recurring revenue (ARR),[4] that it was confident in bringing an incremental 10 gigawatts of compute online in 2027, and that this expansion "implie[d]" that SpaceX's ARR could end 2027 "somewhere between $500 billion and $1 trillion." On a recent podcast, **Amazon.com, Inc.**'s CEO Andy Jassy noted that AWS's AI business reached a run rate of more than $25 billion in the first three years of the generative AI wave, versus roughly $300 million at the same stage of AWS itself, several hundred times faster.

Every one of these management teams said demand exceeds supply and expects that to persist into 2027, and beyond. On a recent podcast, Jensen Huang explained that NVIDIA allocates customers far less than they want, and that every customer would buy more if NVIDIA could deliver more, "by far." Andy Jassy declared: "2026 is obviously at this point sold out. 2027 is largely sold out... A good chunk of 2028 is sold out." Even at roughly $220 billion of capital spending this year, he said, Amazon is "leaving meaningful demand on the table…There's just incredible demand right now." SpaceX's CFO Bret Johnsen announced on the recent earnings call that "[a]t current pricing, new compute deployments are generating a payback of less than a year." Elon Musk added that "even old computers like [NVIDIA's] H100s [are] renting for more than they rented when they were new," that "we're going to face a shortage of super intelligence compute, and that shortage is going to remain for a long time," and that "it's not impossible that we will have a six-month payback period for compute next year." Every graphics processing unit (GPU) that can be built, shipped, and plugged in is being used. Unlike the dark fiber of the dot-com era, there are no dark GPUs.

Returns on AI Investments

During the internet and cloud eras, leading technology companies were viewed as "capital light," and investors nearly forgot how access returns on invested capital (ROIC). Search, software, and social networks scaled on code and network effects. Even pre-AI cloud computing, technology's most capital-intensive subsector in technology, generated demonstrably strong returns: we estimate AWS's average ROIC exceeded 30% from 2017 through 2021. AI flipped the technology space on its head. AI is capital intensive, requiring huge capital investments to build AI factories to manufacture intelligence and generate tokens. Amazon, Google, Meta and Microsoft plan combined AI capital expenditures of about $725 billion in 2026, up 77% from $410 billion in 2025. We now project total hyperscaler capex will exceed $1 trillion in 2027. Deploying capital on this scale ahead of revenue understandably worries investors. A key market question is whether AI revenue will justify this unprecedented buildout.

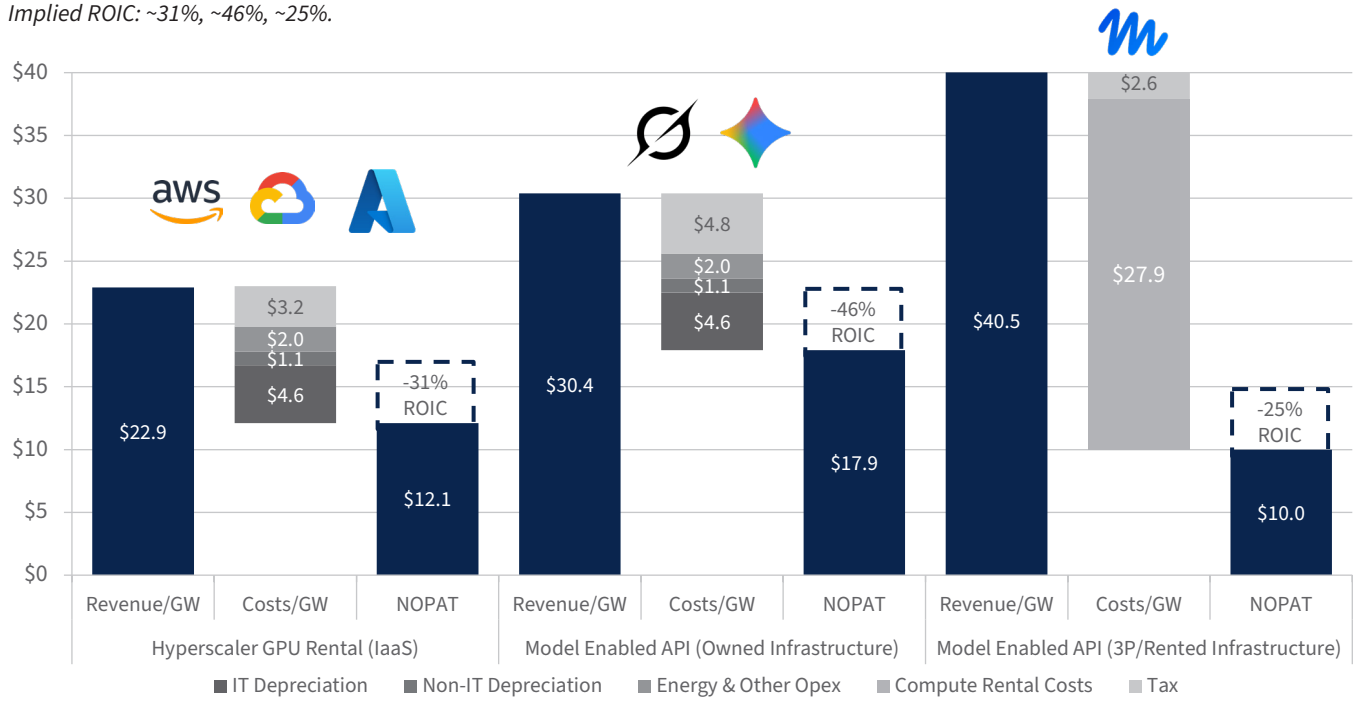
We are asking this question too and are tracking it from the ground up. We analyze the cost of a gigawatt of compute and the revenue each watt generates. We measure the incremental revenue, gross profit, operating income, and cash flow produced by each dollar of capex.

On Amazon's second-quarter call, CEO Andy Jassy laid out the economics clearly. An AI data center involves two capital cycles. The first, land, power, and the building shell, costs roughly $15 billion per gigawatt, is spent about two years before revenue, and lasts 30 years or more. The second, IT hardware (compute, memory, and networking), costs $35 billion to $45 billion per gigawatt and is bought only months before it goes into service, against visible demand. Servers break even in a little under three years and last five to six, and most AI capacity is contracted for five years or more. The capital most at risk of obsolescence, in other words, is committed last. Jassy expects AI returns to track those of the original cloud business. SpaceX, which rents compute on short-term contracts, reports paybacks of less than a year and sees a path to six months next year, because, as Elon Musk puts it, better models yield "more useful intelligence per watt," so the value of compute should rise over time, not fall.

In studies published recently, Morgan Stanley (MS) showed that after-tax ROIC were quite attractive across the AI industry. For cloud service providers renting compute capacity, MS calculated ROIC at around 31%; for model builders serving intelligence through owned infrastructure, MS calculated ROIC of around 46%; and for model builders serving intelligence on rented infrastructure, MS calculated ROIC of around 25%.

We Present 3 Frameworks Detailing GenAI ROIC of 25-50%

We estimate ROIC across 3 different monetization vectors including: 1) Hyperscaler renting out GPU/compute capacity, 2) Model builders serving their API through their own, internal infrastructure and 3) Model builders serving their API through 3P infrastructure. Implied ROIC: ~31%, ~46%, ~25%.



Source: Morgan Stanley Equity Research note titled "We Present 3 Frameworks Detailing GenAI ROIC of 25-50%", published on July 27, 2026.

Our own work suggests these payback-frameworks are credible. Because capital spending comes before revenue, trailing returns will look depressed while capacity is being built. That is why we focus on unit economics: cost and revenue per watt, server payback, and contract mix. On those measures, we believe the best operators are building assets that will earn attractive returns for years to come. Jensen Huang stresses that tokens are now profitable, and Anthropic's recent disclosure supports him: the company spent about $2.51 on compute and infrastructure for every dollar of revenue in early 2025, but only about 48 cents by mid-2026.

Usefulness Showing Up in Results

AI is also making existing businesses earn more. At Meta, better AI-driven ad ranking helped North American advertising growth accelerate for a second straight quarter, to 33%, with the average price per ad up 14%. At **Spotify Technology S.A.**, AI coding tools roughly doubled engineering output, which translated into what co-CEO Gustav Söderström called a "very significant acceleration" in shipping new features, with headcount flat. Those features are paying off: Spotify's AI-powered taste model is driving double-digit growth in music discovery and is on track to add billions of listening hours a year.

Our Take on the Debates: History Rhymes and Econ 101

AI skeptics concede that demand today is unprecedented; they ask what comes next. Predicting the future often depends on drawing the right lessons from the past, and investors frequently face a tension between past precedents and the claim that "this time is different." Our take, frankly, includes a little of both. The debates are complex, spanning AI monetization, the risk of over-building, ROIC, capital availability, supply constraints, but in our view they reduce to Econ 101: the laws of supply and demand, and particularly demand. That is why a comment by Jensen Huang at GTC Berlin resonated with us: "Without demand, nothing is resolvable; with demand, everything will be resolvable."

The crux, then, is the sustainability of demand, which turns on the slope of the curve we described at the outset: the value of AI's usefulness over time. As long as AI grows more useful, it should generate economic value that exceeds the cost to provide it. Positive returns drive adoption and diffusion through the economy; adoption drives AI revenue; and returns that outweigh the risks keep the investment funded by business cash flows and the capital markets. If that curve is steep enough, we believe the AI cycle has a long runway. The bear case rests on a single link in that chain: what if demand slows? It is the right link to test, because with exponential growth, even a slight change in the rate produces a very different outcome. To answer it, we turn to history, mindful of the saying often attributed to Mark Twain: "History doesn't repeat itself, but it often rhymes."

Sustainability of Demand: This Time It Is Different

As detailed above, there is little debate about today's demand. Every GPU that can be built, shipped, and plugged in is being used; unlike the dark fiber of the dot-com era, there are no dark GPUs. Even older generations, such as NVIDIA's H100, rent for higher hourly prices than a year ago. Yet every great infrastructure build,

the skeptics argue, from the railroads to the fiber networks of the internet boom, has ended in oversupply and a crash, so this one will too.

We believe the mechanics of this build are different. In the 1800s, railroad track had to be laid long before passengers and cargo filled the trains. In the 1990s, dark fiber was laid years before the applications, devices, last-mile bandwidth, and users existed to light it up. Most people did not yet own a computer, 14.4 kbps dial-up modems were painfully slow, and the internet had no installed base. Generative AI faced almost none of that friction. It arrived instantly through smartphones and web browsers already in billions of hands. Anyone who could type a text message could use it, and adopting it was often a single click. That is why AI has been adopted faster than any technology in history: ChatGPT reached 100 million users within about two months of its launch, and more than a billion people now use AI applications every week.

Nor are builders deploying capital years ahead of demand. As we noted above, Amazon's CEO explained that cloud providers buy data center IT hardware only months before it goes into service, and SpaceX's short-term contracts are renewing at higher prices and its new compute is paying back in under a year. In this buildout, the capital most at risk of obsolescence is committed last, against visible and contracted demand.[5]

Skeptics will say the executives we quoted earlier are talking their books, and the telecom executives of the late 1990s were bullish, too. The difference is that today's leaders are reporting indisputable facts: sold-out capacity, signed contracts, and rising prices. And they are backing their words with hundreds of billions of dollars of their shareholders' capital and with their own credibility, in the form of public guidance. The bears' expectation of an inevitable reversal is just a forecast. So, whom should investors believe: the skeptics, or the people writing the checks? We believe the people writing the checks see something the skeptics underestimate: the size of the prize.

<u>The Size of the Demand Prize: A Precedent from the Industrial Revolution</u>

The mechanics of the AI build differ from those of the railroads and the internet, but its scale rhymes with something far larger: the Industrial Revolution. Before it, nearly all work depended upon muscle. By most estimates, human and animal muscle provided more than 90% of the world's mechanical work in 1800; by 1950, machines provided more than 80%.[6] The shift took roughly 150 years, with the steep part of the curve lasting about a century.[7] Today, virtually all knowledge work, and the direction of much physical work, depends on human, biological intelligence. As we noted at the outset, that monopoly is ending: for the first time, we can manufacture useful intelligence.

That is why we believe AI's ultimate addressable market is the work done by human intelligence itself.[8] As the table below shows, labor income represents roughly half of the global economy, and knowledge work alone, an estimated $42 trillion to $50 trillion a year by 2030, is about five times what the world spends on all information technology.

The Prize: The Global Economy in 2030 (estimated)

Category	Share of Global GDP	$ Amount
Global GDP	**100%**	**$150 trillion**
Labor income	**52%**	**$78 trillion**
Knowledge work	28–34%	$42–50 trillion
Physical work	18–24%	$27–35 trillion
Global IT spending*	6%	$9 trillion

* IT spending is shown for comparison and is not additive to the categories above.

Sources: Baron Capital estimates based on International Monetary Fund, International Labour Organization, and other sources. Figures are approximate.

Skeptics have criticized the addressable markets cited by SpaceX, $26.5 trillion for AI in its IPO filing, and by Anthropic, who values global knowledge work at more than $40 trillion, because they are derived from the wages paid to people doing jobs that AI might someday replace. We think that is exactly the right way to size the opportunity, because it has happened before: machines took share from organic muscle, and machine intelligence will take share from organic intelligence. The steep part of the Industrial Revolution took roughly a century. AI is diffusing at a breakneck pace. We believe it is highly likely that AI will capture or augment a significant share of the work done by human intelligence over the next 10 to 20 years.

<u>Capital Supply: The Markets Are Open</u>

Financing is a concern we watch closely. Credit has become more expensive this year, as larger U.S. government deficits compete with ever-larger AI investments for capital and the Federal Reserve has raised rates. But the markets are open, and high-quality companies are getting deals done at scale. Meta raised about $37.5 billion of common stock and mandatory convertible preferred, upsizing the common offering on strong demand. SpaceX committed to a roughly $40 billion lease of next-generation NVIDIA GPUs with investors led by Apollo and Goldman Sachs, the largest committed GPU financing to date. NVIDIA has partnered with six of the world's largest infrastructure investors on platforms expected to raise more than $500 billion of long-term capital for the AI labs. Major banks and Blackstone have committed $63 billion to fund Broadcom-designed compute for Anthropic, which filed publicly for what may be the largest IPO in history. Notably, SpaceX's lenders are underwriting GPUs over roughly five years, hardly the behavior of investors who view them as rapidly depreciating assets.

Spreads have widened, but mostly for weaker borrowers. As MS Research describes it, the market is showing a quality divide, not a closure: most AI-related issuance is tied to high-quality hyperscalers and semiconductor companies, while lower-quality borrowers, including some neoclouds, pay more and may need support from partners. Even assuming no growth in operating income and another $400 billion of new bonds at 7%, MS estimates the strongest hyperscalers would still cover their interest expense about 12 times over in 2027.

There is a great deal of cash in the system. On FactSet consensus estimates, 12 leading AI semiconductor, memory, and hyperscale companies are expected to generate roughly $5.5 trillion of operating cash flow in 2027 and 2028 combined, more than one prominent estimate of $5.3 trillion of global data center spending over the same two years.[9]

Consensus Cash from Operations, 2027–2028*

Company Type	CY2027E	CY2028E	2027–28 Total
AI semiconductors and memory	$1,293	$1,663	$2,956
Hyperscalers and SpaceX	$1,116	$1,450	$2,567
Total, 12 companies	**$2,409**	**$3,113**	**$5,522**

* Whole-company figure; FactSet does not publish cash-from-operations estimates at the division level.

Source: FactSet consensus mean estimates. Non-December fiscal years (NVIDIA, Broadcom, Micron, Microsoft, and Oracle) calendarized by weighting overlapping fiscal-year estimates by months. Totals may not sum due to rounding.

Of course, not all that cash will go to fund AI capacity expansion, and supplier support for some financings, such as Broadcom's residual value guarantees, bears watching. But this build is anchored by highly profitable companies, a very different foundation from the debt-fueled telecom build of the late 1990s, and we are comfortable that capital will be available to fund it.

Power Supply: A Key Bottleneck

Power is harder to come by. The leading AI builders agree that the gating factor is no longer chips but electricity and the physical buildout of data centers. Jensen Huang cites land, permitting, power generation, skilled construction labor, and local moratoriums as among the biggest obstacles to the gigawatts now planned, and Elon Musk says the limit on deploying AI is "more in power and cooling and infrastructure than it is in chips."

As with capital, we expect the highest-quality players to secure the power they need, and increasingly they are doing so "behind the meter": generating electricity on site, with turbines, reciprocating engines, fuel cells, and batteries, rather than waiting years for a grid connection. Behind-the-meter power is faster, and it also eases a growing political concern that data centers drive up electricity bills for households and other businesses.

The leaders are moving quickly. SpaceX is building its own power generation, casting its own turbine blades to bypass a 12- to 18-month industry backlog, and has set an ambitious goal of adding roughly 20 gigawatts of power and cooling infrastructure in 2027. **Bloom Energy Corporation**, a Fund holding, shows how fast onsite power can move: for Nebius in New Jersey, approvals came within three months of signing, and the first block of power two months after that. Bloom Energy's fuel cells are clean, quiet, and use little water, and its customers now extend from hyperscalers to utilities, the U.S. Army, and international markets. Bloom Energy grew revenue 138% last quarter. And the search for power is global: as Jensen Huang puts it, if data centers aren't built in the U.S., "every country in the world will love for it to be built out there." Smaller developers will face longer queues and higher costs. The leaders, we believe, will get their power, in the U.S. and around the world.

A Really Useful Engine

We remain disciplined. We separate the signal from the noise, take the debates seriously, and keep our eyes on the slope of the curve. The evidence says demand is outrunning supply, and capital and power are available for those best positioned to use them. The prize–the work done by human intelligence–is the largest in economic history. History rhymes. This time, it is not dark fiber. It is the Industrial Revolution, and AI has become a really useful engine.

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

- AI
- Semiconductors and semiconductor equipment
- Cloud computing
- Software-as-a-service
- Digital media/entertainment/advertising
- E-commerce
- 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 third quarter we initiated or actively added to the following positions:

- Digital content, commerce, and AI services: **Meta Platforms, Inc.**
- Semiconductors: **NVIDIA Corporation**, **Intel Corporation**, **Advanced Micro Devices, Inc.**, **Micron Technology, Inc.**, **Monolithic Power Systems, Inc.**, **SiTime Corporation**, and **SiMa Technologies Inc.**
- Power and energy infrastructure: **Bloom Energy Corporation** and **Forgent Power Solutions, Inc.**
- Networking and optical equipment: **Lumentum Holdings Inc.** and **Arista Networks, Inc.**
- Data storage: **Seagate Technology Holdings plc**
- Autonomous transportation: **Tesla, Inc.**

Top contributors to performance for the quarter

	Contribution to Return (%)
Rubrik, Inc.	0.96
NVIDIA Corporation	0.87
Shopify Inc.	0.81
CrowdStrike Holdings, Inc.	0.49
Cloudflare, Inc.	0.40

Rubrik, Inc., a cybersecurity and data resilience platform, contributed to performance amid increased cybersecurity spending. A series of high-profile agentic AI security incidents has elevated cyber resilience and data recovery among enterprise security priorities. Rubrik is a direct beneficiary of this shift, as its platform unifies backup, identity, and recovery to help organizations rapidly restore operations after breaches. Fiscal second quarter results reinforced the trend, with net new

subscription ARR growing 35% year-over-year, roughly 27% above consensus, while subscription ARR contribution margin expanded to 14% from 9.4% a year ago. Management raised full-year guidance across all metrics based on the growing pipeline and expanding portfolio of security products they can cross-sell into the installed base. We retain long-term conviction in Rubrik as enterprises increasingly prioritize resilience alongside prevention.

Shares of **NVIDIA Corporation**, the leading provider of accelerated computing platforms for AI, contributed to performance. As discussed in our AI update, demand is shifting toward inference and agentic workloads, and NVIDIA's full-stack platform, spanning accelerators, CPUs, networking, and software, is well suited to that shift. Its scale is also an advantage in the supply chain, where its purchasing power with TSMC, memory suppliers, and packaging partners secures priority access to the industry's most constrained components. With its Vera Rubin platform now in full production, NVIDIA introduced a containerized "AI factory" design that can bring pre-integrated racks online in about a month, rather than four to five months, once power is available. With each gigawatt generating roughly $40 billion of annual revenue, by management's estimate, that speed is worth billions of dollars to customers. NVIDIA remains the Fund's second-largest holding, and we retain strong conviction in its role as the leading enabler of the AI buildout.

Shares of **Shopify Inc.**, a leading commerce platform powering millions of merchants, contributed to performance after the company delivered another quarter of acceleration at scale. Gross merchandise volume grew more than 31% and revenue rose nearly 34%, with expanding margins, and management's third-quarter guidance came in well ahead of Street expectations. We believe Shopify is also emerging as a central beneficiary of agentic commerce. AI shopping agents depend on clean, structured product data, and Shopify's catalog spanning millions of merchants provides exactly that, with its storefronts now powering shopping experiences within ChatGPT, Microsoft Copilot, and Google. Early results are encouraging, as 75% of AI-attributed orders came from outside the top 100 product categories. This suggests that agent-driven discovery rewards product fit over advertising spend and opens demand to the long tail of merchants. We believe Shopify is becoming the infrastructure layer for AI-driven commerce and remain confident in its long runway for growth.

Top detractors from performance for the quarter

	Contribution to Return (%)
Lam Research Corporation	(2.35)
Space Exploration Technologies Corp.	(1.54)
Coherent Corp.	(1.00)
Tesla, Inc.	(0.62)
Axon Enterprise, Inc.	(0.54)

Despite strong operating results, shares of **Lam Research Corporation** declined during the quarter, giving back a portion of the gains that made it the Fund's largest contributor in the prior period. Lam, a leading supplier of etch and deposition equipment to the semiconductor industry, reported revenue and earnings ahead of guidance, raised its outlook for calendar 2026 wafer fabrication equipment (WFE) spending to the low $150 billion range, and guided to another step-up in September quarter revenue as memory investment accelerated. Weighing on sentiment were profit-taking across the semiconductor equipment group following first half performance run and periodic concerns about export controls on China, which represents roughly a third of Lam's revenue. We remain focused on the long term. Recent industry data point to WFE growing 30% or more annually for at least the next two years, anchored by Dynamic Random-Access Memory (DRAM) capacity plans that extend through the end of the decade, and October might mark the first month of this cycle in which equipment suppliers have been unable to meet planned shipment slots. Because high-bandwidth memory and high-layer-count NOT AND (NAND)require far more etch and deposition steps per wafer than the technologies they replace, Lam captures a growing share of every dollar of memory spending with each node transition. We believe Lam remains of the higher quality way to participate in this cycle, where we continue to expect strong earnings growth, and have maintained our position.

Space Exploration Technologies Corp. develops and launches advanced rockets, satellites, and spacecraft, and builds AI software and infrastructure, with the long-term goal of making humanity multiplanetary. The stock was a detractor as shares pulled back from their post-IPO highs, despite very strong underlying fundamentals. Its first earnings report as a public company underscored that strong momentum. Revenue nearly doubled year-over-year, driven by rapidly scaling compute-hosting deals with AI leaders including Anthropic and Google, alongside continued Starlink growth. Losses, too, narrowed sharply, aided by high incremental margins. Moreover, management guided to an astonishing $100 billion annualized revenue run-rate by year-end 2026, roughly triple the latest quarter's annualized run-rate, and is targeting up to 5 times more compute capacity exiting 2027, well ahead of expectations. SpaceX also closed its acquisition of Cursor, which is helping to accelerate product innovation, with viral hits like Grok Bot and faster releases of advanced Grok models. Since the quarterly report, the company has expanded its compute pipeline with additional multibillion-dollar hosting deals, lifting annual contracted revenue to over $50 billion from effectively zero just months ago. With additional test flights, the team also advanced Starship toward rapid, full reusability, including its first orbital mission and its first revenue-generating flight, launching Starlink V3 satellites into operational orbit. We believe these developments position SpaceX at the center of two defining secular trends, the commercialization of space and the build-out of AI infrastructure, and we remain long-term holders, convinced SpaceX is in the early days of a multi-decade growth opportunity.

Shares of **Coherent Corp.**, a leading photonics company serving the data center and industrial markets, detracted from performance during the quarter. Part of the decline reflected a broad sell-off in optical stocks amid concerns about the durability of AI spending, but company-specific factors also weighed on the shares. Coherent is still early in ramping optical circuit switches and does not expect scale-up optics revenue until the second half of 2027, while **Lumentum Holdings Inc.**, which we also own, is already shipping meaningful volumes into both. Near-term gross margin guidance also called for only modest improvement, as a mix shift toward lower-margin transceivers offset early benefits from the six-inch indium phosphide ramp. We continue to view Coherent as a leader in photonics with one of the industry's broadest portfolios and a differentiated vertically integrated model. It is a leading Western supplier of indium phosphide and gallium arsenide lasers, which are critical for high-speed transmission and in short supply, and its global manufacturing footprint is an advantage in the current geopolitical environment. We expect gross margins to expand as six-inch yields improve and higher-value products reach volume. We trimmed the position given the stock's strong run and more competitive near-term setup, but Coherent remains a meaningful holding.

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 third quarter, the largest market cap holding in the Fund was $5.5 trillion and the smallest was $0.7 billion. The median market cap of the Fund was $112.0 billion and the weighted average market cap was $1.4 trillion.

We had investments in 40 unique companies at the quarter-end. Our top 10 positions accounted for 55.8% of net assets.

To end the quarter, the Fund had $257.5 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 (%)
NVIDIA Corporation	5,504.0	19.0	7.4
Lam Research Corporation	411.1	18.4	7.1
Taiwan Semiconductor Manufacturing Company Limited	2,366.0	17.7	6.9
Space Exploration Technologies Corp.	2,047.6	16.5	6.4
Alphabet Inc.	4,188.2	15.9	6.2
Micron Technology, Inc.	1,202.9	13.0	5.0
Spotify Technology S.A.	100.3	12.1	4.7
Advanced Micro Devices, Inc.	998.7	11.2	4.3
Amazon.com, Inc.	2,687.4	11.0	4.3
Shopify Inc.	190.6	8.9	3.5

Fund investments in GICS industries

	Percent of Net Assets (%)
Semiconductors & Semiconductor Equipment	41.6
Software	8.9
Interactive Media & Services	8.8
Diversified Telecommunication Services	6.4
IT Services	4.9
Entertainment	4.7
Broadline Retail	4.3
Electrical Equipment	3.9
Communications Equipment	3.7
Automobiles	3.1
Health Care Providers & Services	2.2
Electronic Equipment Instruments & Components	2.0
Aerospace & Defense	1.4
Construction & Engineering	1.4
Technology Hardware Storage & Peripherals	1.3
Health Care REITs	0.7
Independent Power And Renewable Electricity Producers	0.5
Cash and Cash Equivalents	0.1
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)
NVIDIA Corporation	5,504.0	5.7
Intel Corporation	635.4	5.3
Meta Platforms, Inc.	1,847.4	4.5
Lam Research Corporation	411.1	4.3
Alphabet Inc.	4,188.2	4.2

During the quarter, we initiated a position in **Intel Corporation**, the only U.S.-headquartered company that both designs and manufactures leading-edge semiconductors. Our thesis centers on the growing need for a second source of advanced chip manufacturing. The AI buildout has created acute shortages of leading-edge manufacturing capacity, nearly all of it supplied by TSMC in Taiwan, and chip designers increasingly want an alternative, one that only Intel can offer on U.S. soil. After years of lost manufacturing leadership and market share, we believe Intel has reached a turning point under CEO Lip-Bu Tan. Its newest manufacturing process is now in high-volume production, with output running ahead of plan, and its next process, the first Intel has designed from the outset for outside customers, is tracking ahead of schedule, with management expecting the first customer commitments by early 2027. Intel also stands to benefit

as AI agents expand the role of CPUs in the data center, where it remains the largest supplier. Its outside manufacturing business is still nascent, and winning customers will determine whether the turnaround lasts.

We initiated a position in **Seagate Technology Holdings plc** this quarter. Seagate is one of the largest makers of high-capacity hard disk drives, which remain the lowest cost way for cloud providers to store the growing volumes of data created by AI applications. Over many years, the company developed heat-assisted magnetic recording (HAMR), a technology that stores more data on each disk without adding disks or heads to the drive. HAMR products now make up roughly 40% of Seagate's data center capacity shipments, and its newest 44-terabyte drive is ramping with the two largest cloud providers. Because these capacity gains come with largely flat material costs, we believe the transition supports better pricing and profitability than in past cycles

During the quarter, we added to our position in **Meta Platforms, Inc.**, as its AI investments increasingly translate into financial results and its new personal AI agent opens a potential new platform. In September, Meta launched Muse, which acts on a user's behalf rather than simply answering questions. Muse reached more than 10 million setups in the U.S. and Canada in about six weeks, and more than a quarter of active users are already shopping through it, with average purchases above $200. A global launch, limited for now by available compute, would put Muse in front of the more than 3.6 billion people who use Meta's apps daily, and CEO Mark Zuckerberg expects to monetize it sooner than Meta's usual build-then-monetize playbook, through commerce fees and subscriptions. Third quarter results, reported in October, reinforced our view: revenue grew 26% to $64.6 billion, and U.S. and Canada advertising growth accelerated for a second straight quarter, to 33%, as AI-driven improvements to recommendations and ad ranking lifted the average price per ad 14%. We believe Muse could become Meta's next major platform.

We also increased positions in **NVIDIA Corporation**, **Lam Research Corporation**, and **Alphabet Inc.**, primarily by putting new inflows to work across the portfolio in proportion to existing position sizes, which meant these top holdings received a correspondingly large share of capital.

Top net sales for the quarter

	Quarter End Market Cap or Market Cap When Sold ($B)	Net Amount Sold ($M)
Broadcom Inc.	1,676.5	5.1
Applied Materials, Inc.	408.2	1.7
Axon Enterprise, Inc.	34.3	1.4
Coherent Corp.	56.4	0.2
INNIO N.V.	14.0	0.1

We reduced our position in **Broadcom Inc.** The reduction reflects position sizing rather than a meaningful change in our view. Broadcom's AI semiconductor revenue rose more than 221% in its fiscal third quarter to $16.7 billion, and management guided the business to triple again in the fiscal fourth quarter, and to double in 2027, to $115 billion, and again in 2028, to $230 billion, anchored by multi-year commitments from Google, Anthropic, and OpenAI. We believe Broadcom remains the leading custom accelerator and AI networking franchise.

During the quarter, we exited our position in **Applied Materials, Inc.** to concentrate our semiconductor equipment investments in **Lam Research Corporation** and **ASML Holding N.V.**, both of which are more directly exposed to the expansion of memory manufacturing. We reduced **Axon Enterprise, Inc.** following strong performance, and **Coherent Corp**. to help fund the networking and optical purchases noted above. Finally, we sold our small position in **INNIO N.V.** after receiving only a minimal allocation in its IPO, preferring to deploy the capital elsewhere.

Looking Ahead

The Fund trailed its Benchmark in the third quarter, but we enter the final quarter of the year confident in the fundamental trajectory of our holdings. On the portfolio construction side, we added to our highest-conviction AI compute and digital platform names and concentrated our semiconductor equipment exposure in the names most leveraged to memory. We believe these changes leave the Fund well positioned 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

SECTOR

† 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 Index(es) and the Portfolio include reinvestment of dividends, net of withholding taxes, while the other index(es) include reinvestment of dividends before taxes. Reinvestment of dividends positively impacts the performance results. The index(es) are unmanaged. Index performance is not Portfolio 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 Defined as annualized revenue based on the month of December.

5 Some critics also characterize GPUs as "rapidly depreciating, high-obsolescence-risk assets." The market data say otherwise. Venture firm Andreessen Horowitze (a16z) recently posted a report showing rising GPU rental prices, including Nvidia H100's up 25% year to date, H200's up 160%, and B200's up 120%. Silicon Data's index of H100 rental prices (a chip that shipped in 2022) rose from $2.00 per GPU-hour in December 2025 to $2.88 in late October, an increase of roughly 44%.

6 U.S. agriculture is a case in point. The share of American workers on farms fell from about 75% in 1800 to 41% in 1900, about 4% in 1970, and under 2% by 2000, even as farm output rose dramatically. Machines took over the work.

7 Vaclav Smil, *Energy and Civilization* (2017) and *How the World Really Works* (2022); Maddison Project Database (2023). Figures are approximate.

8 Several current and former lawyer colleagues attest that much legal work, research, review, drafting, and analysis, is exactly the kind of cognitive work AI now does well. Legal services represent roughly $1 trillion of annual spending, of which only about 4% goes to software and 96% to human labor. Legora, an AI-native legal platform in which we recently invested, believes software's share will rise to 20% to 30%, a massive increase in a single profession. Because demand for legal work far exceeds lawyers' capacity, cheaper legal work should mean more legal work, not merely cheaper lawyers. There is no incumbent in AI-driven legal workflows, and the same logic extends to tax, audit, compliance, and the rest of professional services.

9 AI semiconductors and memory companies: NVIDIA, Broadcom, AMD, Micron, SK Hynix, and Samsung Electronics. Hyperscalers and SpaceX: SpaceX, Amazon, Microsoft, Meta, Alphabet, and Oracle.

* As of 9/30/2026, the annualized returns of the Nasdaq-100 Index were 24.00%, 28.31%, and 14.90% 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: 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. 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. Even though the Portfolio is diversified, it may establish significant positions where the Adviser has the greatest conviction. This could increase volatility of the Portfolio's returns.

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.

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

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Portfolio Market Capitalization

Baron Asset Fund is a diversified fund that invests in mid-sized growth companies with market capitalizations above $2.5 billion or the smallest market cap stock in the Russell Midcap Growth Index at reconstitution, whichever is larger, and below the largest market cap stock in the Russell Midcap Growth Index at reconstitution.

Company	Equity Market Cap ($M)	Percent of Net Assets (%)
Space Exploration Technologies Corp.	2,047,596	30.5
Amphenol Corporation	207,880	4.9
The Charles Schwab Corporation	169,025	2.4
Welltower Inc.	165,944	1.4
Spotify Technology S.A.	100,319	1.2
Equinix, Inc.	99,814	1.3
Quanta Services, Inc.	96,597	3.6
Airbnb, Inc.	96,195	0.1
Vertiv Holdings Co	92,902	1.6
Hilton Worldwide Holdings Inc.	71,598	0.6
Edwards Lifesciences Corporation	49,755	0.9
Veeva Systems Inc.	46,217	1.2
Cerebras Systems Inc.	42,203	0.8
IDEXX Laboratories, Inc.	41,139	3.7
MSCI Inc.	39,161	1.1
CBRE Group, Inc.	37,202	1.6
Roper Technologies, Inc.	34,557	1.6
Axon Enterprise, Inc.	34,324	1.0
Vulcan Materials Company	31,699	1.1
Arch Capital Group Ltd.	31,516	3.8
Mettler-Toledo International Inc.	30,274	3.8
Willis Towers Watson Public Limited Company	26,769	0.6
West Pharmaceutical Services, Inc.	26,093	0.5
Rubrik, Inc.	24,295	0.6
LPL Financial Holdings Inc.	24,079	0.5
Samsara Inc.	22,329	0.9
Verisk Analytics, Inc.	21,847	3.2
Tradeweb Markets Inc.	21,784	1.2
SS&C Technologies Holdings, Inc.	18,085	0.9
IDEX Corporation	16,807	0.2
CDW Corporation	16,022	0.6
Hyatt Hotels Corporation	15,021	2.1
Rollins, Inc.	14,492	0.8
Charles River Laboratories International, Inc.	14,083	0.4
Gartner, Inc.	11,780	2.8
TransUnion	11,711	0.9
Guidewire Software, Inc.	11,691	3.4
Forgent Power Solutions, Inc.	11,398	0.9
CoStar Group, Inc.	11,102	1.2
Repligen Corporation	10,849	1.3
On Holding AG	9,896	0.9
FactSet Research Systems Inc.	9,601	1.2
Booz Allen Hamilton Holding Corporation	8,350	0.2
Procore Technologies, Inc.	7,859	0.6
ServiceTitan, Inc.	6,347	0.5
Loar Holdings Inc.	5,764	1.0
Birkenstock Holding plc	5,352	0.4
Vail Resorts, Inc.	4,889	1.1
Choice Hotels International, Inc.	4,609	1.1
Skyryse, Inc.	1,114^	0.2
Total		**98.1%***

* *Individual weights may not sum to displayed total due to rounding.*
^ *Estimate based upon available information.*

Baron Generational Growth Fund is a diversified fund that invests in small-sized growth companies with market capitalizations up to the largest market cap stock in the Russell 2000 Growth Index at reconstitution, or companies with market capitalizations up to $2.5 billion, whichever is larger.

Company	Equity Market Cap ($M)	Percent of Net Assets (%)
IDEXX Laboratories, Inc.	41,139	4.5
MSCI Inc.	39,161	19.8
Arch Capital Group Ltd.	31,516	19.7
DICK'S Sporting Goods, Inc.	11,942	1.7
Gartner, Inc.	11,780	8.3
Guidewire Software, Inc.	11,691	5.1
On Holding AG	9,896	0.4
FactSet Research Systems Inc.	9,601	7.1
Primerica, Inc.	8,383	4.7
Kinsale Capital Group, Inc.	7,352	14.9
Morningstar, Inc.	7,129	5.1
Stevanato Group S.p.A.	5,730	0.4
Birkenstock Holding plc	5,352	0.4
Red Rock Resorts, Inc.	5,203	6.1
Vail Resorts, Inc.	4,889	2.6
Choice Hotels International, Inc.	4,609	11.5
Howard Hughes Holdings Inc.	4397	0.1
FIGS, Inc.	2303	9.2
Farmers Business Network, Inc.	500^	0.0**
Total		**121.7%***

* *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	92,902	6.1
TransDigm Group Incorporated	59,842	3.2
Waste Connections, Inc.	38,724	1.2
DexCom, Inc.	32,563	0.5
Liberty Media Corporation - Liberty Formula One	22,906	2.4
RBC Bearings Incorporated	15,805	2.3
ICON plc	13,115	2.5
JFrog Ltd.	11,965	1.1
Gartner, Inc.	11,780	2.0
Guidewire Software, Inc.	11,691	4.2
Cognex Corporation	10,203	3.2
Madison Square Garden Sports Corp.	9,758	2.2
DraftKings Inc.	9,433	1.2
Liberty Live Holdings, Inc.	8,884	2.5
Houlihan Lokey, Inc.	8,830	2.4
Kratos Defense & Security Solutions, Inc.	8,014	0.9
Hinge Health, Inc.	7,847	1.9
Kinsale Capital Group, Inc.	7,352	4.3
HealthEquity, Inc.	7,317	2.6
Enpro Inc.	6,483	2.3
Andersen Group Inc.	6,141	1.4
Legence Corp.	5,802	1.1
JBT Marel Corporation	5,478	2.7
RadNet, Inc.	5,425	2.9
Novanta Inc.	5,377	2.4
Red Rock Resorts, Inc.	5,203	4.2
Casella Waste Systems, Inc.	5,114	0.9
Installed Building Products, Inc.	5,100	1.4
VSE Corporation	4,622	0.7
The Baldwin Insurance Group, Inc.	4,512	2.3
Karman Holdings Inc.	4,297	0.8
Accelevation Holdings Corp.	4,014	0.9
SiteOne Landscape Supply, Inc.	3,943	2.8
Avient Corporation	3,692	1.2
Mirion Technologies, Inc.	3,516	1.2
Planet Fitness, Inc.	3,189	0.9
Bright Horizons Family Solutions, Inc.	3,099	2.3
First Advantage Corporation	3,057	2.5
Neogen Corp.	2,792	2.7
Intapp, Inc.	2,771	2.6
GCM Grosvenor Inc.	2,614	1.2
Shake Shack Inc.	2,514	1.4
Applied Aerospace & Defense, Inc.	2,074	0.9
Driven Brands Holdings Inc.	1,948	2.0
nCino Inc.	1,917	1.2
Blackstone Digital Infrastructure Trust Inc.	1,745	1.0
Everforth, Inc.	1,349	1.2
indie Semiconductor, Inc.	684	0.7
Once Upon a Farm, PBC	661	1.2
Grid Dynamics Holdings, Inc.	639	1.0
Holley Inc.	286	0.3
Total		**98.9 %***

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

Baron Opportunity Fund is a diversified fund that invests in high growth businesses of any market capitalization selected for their capital appreciation potential.

Company	Equity Market Cap ($M)	Percent of Net Assets (%)
NVIDIA Corporation	5,503,958	12.9
Alphabet Inc.	4,188,244	4.2
Amazon.com, Inc.	2,687,410	4.7
Taiwan Semiconductor Manufacturing Company Limited	2,366,018	2.6
Space Exploration Technologies Corp.	2,047,596	16.4
Meta Platforms, Inc.	1,847,401	3.5
Broadcom Inc.	1,676,451	4.7
Tesla, Inc.	1,401,339	3.9
Micron Technology, Inc.	1,202,928	2.1
Eli Lilly and Company	1,089,225	3.2
Advanced Micro Devices, Inc.	998,683	0.5
ASML Holding N.V.	701,886	0.9
Visa Inc.	670,910	1.7
Mastercard Incorporated	483,199	1.4
Palantir Technologies Inc.	449,492	0.7
Lam Research Corporation	411,105	1.4
CrowdStrike Holdings, Inc.	271,087	0.8
Arista Networks, Inc.	256,773	0.9
Shopify Inc.	190,598	1.6
The Charles Schwab Corporation	169,025	0.5
Welltower Inc.	165,944	0.8
Intuitive Surgical, Inc.	143,654	0.8
ServiceNow, Inc.	138,566	0.6
Cloudflare, Inc.	123,762	1.5
Snowflake Inc.	119,797	1.6
Spotify Technology S.A.	100,319	3.4
Datadog, Inc.	98,605	1.5
Quanta Services, Inc.	96,597	0.7
Lumentum Holdings Inc.	87,122	1.0
Bloom Energy Corporation	81,578	0.9
Monolithic Power Systems, Inc.	66,206	1.1
argenx SE	59,990	1.9
Coherent Corp.	56,363	0.6
Cerebras Systems Inc.	42,203	0.5
Axon Enterprise, Inc.	34,324	0.8
Rubrik, Inc.	24,295	1.5
Samsara Inc.	22,329	1.6
Gartner, Inc.	11,780	0.5
Guidewire Software, Inc.	11,691	1.0
Forgent Power Solutions, Inc.	11,398	1.3
On Holding AG	9,896	0.8
Hinge Health, Inc.	7,847	1.1
DPC Holdings Limited	6,313	0.5
GDS Holdings Limited	6,258	0.9
BillionToOne, Inc.	5,023	0.5
Heartflow, Inc.	4,326	1.2
Fervo Energy Company	4,006	0.4
SiMa Technologies Inc.	1,269	0.5
indie Semiconductor, Inc.	684	0.8
Farmers Business Network, Inc.	500^	0.1
Total		**99.3%***

* *Individual weights may not sum to displayed total due to rounding.*
^ *Estimate based upon available information.*

Portfolio Market Capitalization

Baron Partners Fund is a non-diversified fund that invests primarily in U.S. companies of any size with significant growth potential.

Company	Equity Market Cap ($M)	Percent of Total Investments (%)
Space Exploration Technologies Corp.	2,047,596	32.6
Tesla, Inc.	1,401,339	13.4
Shopify Inc.	190,598	5.2
The Charles Schwab Corporation	169,025	4.3
Spotify Technology S.A.	100,319	3.6
Moderna, Inc.	76,881	1.6
IDEXX Laboratories, Inc.	41,139	2.4
MSCI Inc.	39,161	4.2
HEICO Corporation	36,042	0.5
Arch Capital Group Ltd.	31,516	3.3
Verisk Analytics, Inc.	21,847	1.8
Hyatt Hotels Corporation	15,021	3.6
Gartner, Inc.	11,780	3.1
Guidewire Software, Inc.	11,691	2.7
CoStar Group, Inc.	11,102	1.6
Gaming and Leisure Properties, Inc.	11,046	0.2
On Holding AG	9,896	1.5
FactSet Research Systems Inc.	9,601	3.3
Kinsale Capital Group, Inc.	7,352	1.9
Morningstar, Inc.	7,129	2.1
Birkenstock Holding plc	5,352	1.4
Red Rock Resorts, Inc.	5,203	1.6
Vail Resorts, Inc.	4,889	1.9
Choice Hotels International, Inc.	4,609	2.2
Total		**100.0%***

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

Baron Fifth Avenue Growth Fund is a diversified fund that invests in large-sized growth companies with market capitalizations no smaller than the top 85th percentile by total market capitalization of the Russell 1000 Growth Index at June 30, or companies with market capitalizations above $10 billion, whichever is smaller.

Company	Equity Market Cap ($M)	Percent of Net Assets (%)
NVIDIA Corporation	5,503,958	14.0
Alphabet Inc.	4,188,244	6.3
Amazon.com, Inc.	2,687,410	8.5
Taiwan Semiconductor Manufacturing Company Limited	2,366,018	7.6
Space Exploration Technologies Corp.	2,047,596	8.6
Meta Platforms, Inc.	1,847,401	6.2
Broadcom Inc.	1,676,451	2.3
Tesla, Inc.	1,401,339	3.1
Eli Lilly and Company	1,089,225	2.0
ASML Holding N.V.	701,886	3.3
CrowdStrike Holdings, Inc.	271,087	3.4
Amphenol Corporation	207,880	2.5
Shopify Inc.	190,598	4.7
Intuitive Surgical, Inc.	143,654	2.1
Cloudflare, Inc.	123,762	3.5
Snowflake Inc.	119,797	2.9
Datadog, Inc.	98,605	3.4
MercadoLibre, Inc.	87,631	2.1
KKR & Co. Inc.	81,954	1.5
Monolithic Power Systems, Inc.	66,206	2.8
argenx SE	59,990	2.3
Cerebras Systems Inc.	42,203	0.7
Illumina, Inc.	41,326	2.5
Samsara Inc.	22,329	2.9
Figma, Inc.	11,204	0.1
GRAIL, Inc.	6,259	0.1
Total		**99.3%***

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

Portfolio Market Capitalization

Baron Focused Growth Fund is a non-diversified fund that invests primarily in equity securities of U.S. small- and mid-sized growth companies. The Adviser defines small- and mid-sized companies as those, at the time of purchase, with market capitalizations up to the largest market cap equity security in the Russell Midcap Growth Index at reconstitution.

Company	Equity Market Cap ($M)	Percent of Net Assets (%)
Space Exploration Technologies Corp.	2,047,596	27.4
Tesla, Inc.	1,401,339	5.7
Shopify Inc.	190,598	5.9
Interactive Brokers Group, Inc.	145,868	4.1
Spotify Technology S.A.	100,319	4.4
Airbnb, Inc.	96,195	3.4
IDEXX Laboratories, Inc.	41,139	2.7
MSCI Inc.	39,161	5.0
Arch Capital Group Ltd.	31,516	1.7
Las Vegas Sands Corporation	24,490	0.9
Samsara Inc.	22,329	2.3
TBC - The Boring Company	22,162^	0.4
Verisk Analytics, Inc.	21,847	2.1
Hyatt Hotels Corporation	15,021	3.6
Gartner, Inc.	11,780	3.6
Guidewire Software, Inc.	11,691	3.1
Jefferies Financial Group Inc.	10,543	1.3
On Holding AG	9,896	3.3
Neuralink Corp.	9,652^	0.1
FactSet Research Systems Inc.	9,601	3.3
Morningstar, Inc.	7,129	2.4
Birkenstock Holding plc	5,352	2.5
Red Rock Resorts, Inc.	5,203	2.6
Vail Resorts, Inc.	4,889	2.6
Choice Hotels International, Inc.	4,609	2.5
FIGS, Inc.	2,303	2.8
SiMa Technologies Inc.	1,269	0.2
Total		**100.0%***

* *Individual weights may not sum to displayed total due to rounding.*
^ *Estimate based upon available information.*

Baron International Growth Fund is a diversified fund that invests primarily in equity securities of non-U.S. growth companies. The Fund seeks to diversify its investments among several developed countries and developing countries throughout the world, although the Fund may only invest up to 35% of its net assets in developing countries.

Company	Equity Market Cap ($M)	Percent of Net Assets (%)
Taiwan Semiconductor Manufacturing Company Limited	2,366,018	6.1
Space Exploration Technologies Corp.	2,047,596	0.7
Samsung Electronics Co., Ltd.	1,151,114	2.4
SK hynix Inc.	957,439	1.8
Tencent Holdings Limited	493,139	0.8
Palo Alto Networks, Inc.	325,000	0.9
Mitsubishi UFJ Financial Group, Inc.	273,788	1.5
Alibaba Group Holding Limited	267,304	0.9
AstraZeneca PLC	250,447	1.6
MediaTek Inc.	248,083	0.6
Nestle S.A.	234,361	0.7
Linde Plc	219,778	1.9
LVMH Moet Hennessy Louis Vuitton SE	217,701	0.4
Contemporary Amperex Technology Co., Limited	204,884	0.3
TotalEnergies SE	195,598	2.4
Shopify Inc.	190,598	1.4
Industria de Diseno Textil, S.A.	190,308	1.5
Airbus SE	171,028	1.4
Sumitomo Mitsui Financial Group, Inc.	162,500	1.5
Tokyo Electron Limited	154,030	1.9
Keyence Corporation	124,860	2.2
BNP Paribas S.A.	118,513	2.9
BYD Company Limited	102,862	0.4
Spotify Technology S.A.	100,319	1.1
Agnico Eagle Mines Limited	92,828	0.7
Prosus N.V.	88,485	0.4
BAE Systems plc	77,872	1.5
EssilorLuxottica SA	76,547	0.3
Deutsche Bank AG	68,571	0.2
Bajaj Finance Limited	62,333	0.4
argenx SE	59,990	3.6
Agilent Technologies, Inc.	48,579	1.9
Constellation Software Inc.	43,629	0.6
Doosan Enerbility Co., Ltd.	38,808	0.2
Montage Technology Co., Ltd.	37,311	0.6
Eternal Limited	32,226	0.8
Ajinomoto Co., Inc.	31,620	1.9
Arch Capital Group Ltd.	31,516	2.1
Epiroc AB	30,288	1.8
Nomura Holdings, Inc.	30,174	1.8
Credicorp Ltd.	30,149	0.8
Universal Music Group N.V.	29,700	0.9
Experian plc	28,845	0.7
Neste Oyj	28,520	1.2
Divi's Laboratories Limited	25,740	0.9
Power Grid Corporation of India Limited	25,283	0.4
Sartorius Stedim Biotech S.A.	23,455	1.3
Bank of Ireland Group plc	20,994	1.8
Lundin Mining Corporation	20,296	1.6
InterGlobe Aviation Limited	20,111	0.6
Euronext N.V.	18,305	1.9
Sociedad Quimica y Minera de Chile S.A.	17,959	0.2
Piraeus Bank S.A.	15,354	1.5
Japan Exchange Group, Inc.	14,953	2.0
Eurofins Scientific SE	14,948	1.4
Trent Limited	14,588	0.5
Symrise AG	14,474	1.3
Cummins India Limited	13,769	0.6
INNIO N.V.	13,598	0.4
XP Inc.	10,882	0.6
On Holding AG	9,896	0.5
JSW Energy Limited	9,465	0.7
Max Healthcare Institute Limited	9,444	0.4
Lynas Rare Earths Limited	9,212	0.3
Localiza Rent a Car S.A.	8,791	0.6
Full Truck Alliance Co. Ltd.	8,581	0.4
eMemory Technology Inc.	7,755	0.6
HD HYUNDAI Marine Solution CO., LTD.	7,718	0.5
Bachem Holding AG	7,273	1.5
Nippon Life India Asset Management Limited	7,147	0.6
GDS Holdings Limited	6,258	0.5
Brunello Cucinelli S.p.A.	6,222	0.4
Stevanato Group S.p.A.	5,730	0.7
Godrej Properties Limited	5,119	0.4
Golar LNG Limited	4,838	0.9
OHB SE	4,198	0.7
HPSP Co., Ltd.	4,056	0.7
Kirloskar Oil Engines Limited	3,500	0.8
The Japan Steel Works, Ltd.	3,412	0.5
ISC Co., Ltd.	3,406	1.1
Kingdee International Software Group Company Limited	3,290	0.5
Zai Lab Limited	2,993	0.7
Pony AI Inc.	2,841	0.3
SMS Co., Ltd.	1,471	1.5
JM Financial Limited	1,289	0.3
AMG Critical Materials N.V.	1,199	0.7
Ceres Power Holdings plc	1,156	0.6
Afya Limited	1,128	0.1
ODDITY Tech Ltd.	861	0.4
GMR Power and Urban Infra Limited	859	0.4
Chongqing Machinery & Electric Co., Ltd.	761	0.1
Centum Electronics Limited	739	1.5
eDreams ODIGEO SA	553	0.3
Total		**97.2%***

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

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.	283,833	1.2
Welltower Inc.	165,944	7.0
Blackstone Inc.	139,102	2.2
Prologis, Inc.	125,548	3.7
Lowe's Companies, Inc.	103,397	1.4
Equinix, Inc.	99,814	4.0
Airbnb, Inc.	96,195	2.5
Brookfield Corporation	90,138	3.1
American Tower Corporation	76,273	1.0
Brookfield Asset Management Ltd.	73,329	1.0
Hilton Worldwide Holdings Inc.	71,598	3.3
Digital Realty Trust, Inc.	66,128	2.7
Simon Property Group, Inc.	64,958	1.0
CRH public limited company	55,086	1.7
Public Storage	52,819	2.6
Vivmark Residential	47,086	1.1
Ventas, Inc.	43,611	1.0
CBRE Group, Inc.	37,202	4.0
Rocket Companies, Inc.	32,592	0.6
Las Vegas Sands Corporation	24,490	0.2
PulteGroup, Inc.	21,756	1.4
Hyatt Hotels Corporation	15,021	2.7
James Hardie Industries plc	14,720	0.2
Madison Air Solutions Corporation	14,559	1.4
Jones Lang LaSalle Incorporated	14,056	2.6
Toll Brothers, Inc.	12,417	3.8
BXP, Inc.	9,757	1.2
Advanced Drainage Systems, Inc.	9,555	1.5
Procore Technologies, Inc.	7,859	1.4
Mohawk Industries, Inc.	7,538	1.3
Armstrong World Industries, Inc.	6,844	1.7
AAON, Inc.	6,824	2.9
Compass, Inc.	6,817	0.4
The Macerich Company	6,340	3.7
GDS Holdings Limited	6,258	1.0
Caesars Entertainment, Inc.	6,042	1.1
Legence Corp.	5,802	2.2
Red Rock Resorts, Inc.	5,203	2.4
Meritage Homes Corporation	4,096	3.6
SiteOne Landscape Supply, Inc.	3,943	2.7
KB Home	2,849	1.4
Cushman & Wakefield Ltd.	2,772	1.6
PENN Entertainment, Inc.	1,964	1.9
Blackstone Digital Infrastructure Trust Inc.	1,745	1.5
Total		**91.0%***

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

Baron Emerging Markets Fund is a diversified fund that invests 80% of its net assets in non-U.S. companies of all sizes domiciled, headquartered or whose primary business activities or principal trading markets are in developing countries. The Fund may invest up to 20% in companies in developed countries and in frontier countries.

Company	Equity Market Cap ($M)	Percent of Net Assets (%)
Taiwan Semiconductor Manufacturing Company Limited	2,366,018	16.3
Space Exploration Technologies Corp.	2,047,596	0.7
Samsung Electronics Co., Ltd.	1,151,114	7.3
SK hynix Inc.	957,439	5.6
Tencent Holdings Limited	493,139	2.8
Alibaba Group Holding Limited	267,304	2.0
MediaTek Inc.	248,083	0.9
Contemporary Amperex Technology Co., Limited	204,884	0.8
Delta Electronics, Inc.	154,239	1.5
Bharti Airtel Limited	114,423	0.7
BYD Company Limited	102,862	0.9
Grupo Mexico, S.A.B. de C.V.	97,469	1.7
WuXi AppTec Co., Ltd.	76,575	1.2
Bajaj Finance Limited	62,333	1.9
Nu Holdings Ltd.	61,157	0.8
Banco BTG Pactual S.A.	53,100	0.7
Samsung Biologics Co., Ltd.	48,736	0.4
Zijin Gold International Company Limited	48,366	0.5
Doosan Enerbility Co., Ltd.	38,808	0.4
Montage Technology Co., Ltd.	37,311	1.2
OTP Bank Nyrt	36,935	0.7
Naspers Limited	32,530	0.2
Eternal Limited	32,226	1.2
FirstRand Limited	31,288	0.7
Credicorp Ltd.	30,149	1.1
Bharat Electronics Limited	29,620	0.8
Chroma ATE Inc.	28,524	1.1
Divi's Laboratories Limited	25,740	1.8
Power Grid Corporation of India Limited	25,283	1.0
Coupang, Inc.	24,934	0.1
ASPEED Technology Inc.	24,496	1.2
Zhejiang Sanhua Intelligent Controls Co., Ltd.	21,355	0.4
Fuyao Glass Industry Group Co., Ltd.	20,231	0.8
InterGlobe Aviation Limited	20,111	1.0
Jiangsu Hengli Hydraulic Co., Ltd.	18,059	0.9
Sociedad Quimica y Minera de Chile S.A.	17,959	0.3
SBI Life Insurance Company Limited	17,763	0.6
Piraeus Bank S.A.	15,354	1.5
Trent Limited	14,588	0.9
Cholamandalam Investment and Finance Company Limited	14,443	0.7
Cummins India Limited	13,769	1.2
Lenskart Solutions Limited	12,434	0.2
Absa Group Limited	11,716	0.5
Bangkok Bank Public Company Limited	11,009	0.4
HYUNDAI Glovis Co., Ltd.	10,944	1.0
XP Inc.	10,882	1.0
Hanwha Systems Co., Ltd.	10,468	0.4
Prio S.A.	10,271	1.2
Tata Consumer Products Limited	9,806	0.2
BDO Unibank, Inc.	9,625	0.5
JSW Energy Limited	9,465	1.1
Max Healthcare Institute Limited	9,444	1.0
XPeng Inc.	9,258	0.3
Korea Aerospace Industries, Ltd.	9,089	0.6
China Mengniu Dairy Company Limited	8,802	1.2
Localiza Rent a Car S.A.	8,791	1.1
Full Truck Alliance Co. Ltd.	8,581	0.9
eMemory Technology Inc.	7,755	1.1
HD HYUNDAI Marine Solution CO., LTD.	7,718	0.8
Vista Energy, S.A.B. de C.V.	7,229	1.2
Swiggy Limited	7,204	0.6
Nippon Life India Asset Management Limited	7,147	1.0
GDS Holdings Limited	6,258	0.8
E Ink Holdings Inc.	5,224	0.4
Godrej Properties Limited	5,119	0.7
Zhejiang Shuanghuan Driveline Co., Ltd.	4,828	0.6
HPSP Co., Ltd.	4,056	1.3
Kirloskar Oil Engines Limited	3,500	1.0
ISC Co., Ltd.	3,406	1.8
Kingdee International Software Group Company Limited	3,290	0.8
Nuvama Wealth Management Limited	3,182	0.5
Zai Lab Limited	2,993	0.9
Pony AI Inc.	2,841	0.5
Acutaas Chemicals Limited	2,802	0.5
Rasan Information Technology Company	2,787	0.5
Data Patterns (India) Limited	2,505	0.5
Pine Labs Limited	1,888	0.7
GPS Participacoes e Empreendimentos S.A.	1,825	0.6
d'Alba Global Co., Ltd.	1,715	1.0
Astra Microwave Products Limited	1,622	0.5
JM Financial Limited	1,289	0.7
Ceres Power Holdings plc	1,156	0.5
Afya Limited	1,128	0.2
Codere Online Luxembourg, S.A.	442	0.6
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%.*

Portfolio Market Capitalization

Baron Global Opportunity Fund is a diversified fund that invests primarily in established and emerging markets companies located throughout the world with capitalization within the range of companies included in the MSCI ACWI Index.

Company	Equity Market Cap ($M)	Percent of Net Assets (%)
NVIDIA Corporation	5,503,958	7.5
Amazon.com, Inc.	2,687,410	4.8
Taiwan Semiconductor Manufacturing Company Limited	2,366,018	5.4
Space Exploration Technologies Corp.	2,047,596	16.8
Tesla, Inc.	1,401,339	1.3
Samsung Electronics Co., Ltd.	1,151,114	1.0
ASML Holding N.V.	701,886	3.6
CrowdStrike Holdings, Inc.	271,087	3.1
Shopify Inc.	190,598	6.6
Cloudflare, Inc.	123,762	3.1
Snowflake Inc.	119,797	2.7
Datadog, Inc.	98,605	3.2
MercadoLibre, Inc.	87,631	3.8
Nebius Group N.V.	67,852	1.7
Bajaj Finance Limited	62,333	2.3
Nu Holdings Ltd.	61,157	3.2
argenx SE	59,990	2.8
Coherent Corp.	56,363	1.0
Block, Inc.	44,177	0.6
Cerebras Systems Inc.	42,203	0.7
Illumina, Inc.	41,326	2.2
Zscaler, Inc.	32,516	1.8
Eternal Limited	32,226	2.7
Coupang, Inc.	24,934	1.9
SailPoint, Inc.	11,624	1.4
Forgent Power Solutions, Inc.	11,398	1.3
Figma, Inc.	11,204	0.1
Netskope, Inc.	7,126	1.4
ServiceTitan, Inc.	6,347	1.1
DPC Holdings Limited	6,313	0.5
GRAIL, Inc.	6,259	0.0**
GDS Holdings Limited	6,258	2.4
Loar Holdings Inc.	5,764	1.9
BillionToOne, Inc.	5,023	0.6
Heartflow, Inc.	4,326	1.8
indie Semiconductor, Inc.	684	0.6
Farmers Business Network, Inc.	500^	0.0**
Codere Online Luxembourg, S.A.	442	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 invests in small-sized growth companies with market capitalizations up to the largest market cap stock in the Russell 2000 Growth Index at reconstitution, or companies with market capitalizations up to $2.5 billion, whichever is larger.

Company	Equity Market Cap ($M)	Percent of Net Assets (%)
Rubrik, Inc.	24,295	2.2
Liberty Media Corporation - Liberty Formula One	22,906	1.6
Samsara Inc.	22,329	2.8
Arxis, Inc.	20,619	1.9
SiTime Corporation	19,607	1.9
Dynatrace, Inc.	16,687	3.8
RBC Bearings Incorporated	15,805	0.9
Tempus AI, Inc.	14,778	2.9
Nova Ltd.	12,243	1.2
Guidewire Software, Inc.	11,691	2.1
Forgent Power Solutions, Inc.	11,398	1.7
Advanced Energy Industries, Inc.	11,287	1.7
Repligen Corporation	10,849	3.1
Texas Roadhouse, Inc.	10,262	1.5
Advanced Drainage Systems, Inc.	9,555	1.7
DraftKings Inc.	9,433	0.9
Liberty Live Holdings, Inc.	8,884	2.6
MP Materials Corp.	8,422	1.1
SentinelOne, Inc.	8,280	1.9
Wynn Resorts, Limited	8,179	1.3
Kratos Defense & Security Solutions, Inc.	8,014	0.9
Procore Technologies, Inc.	7,859	1.4
Kinsale Capital Group, Inc.	7,352	1.1
Netskope, Inc.	7,126	1.8
Primo Brands Corporation	6,903	1.1
AAON, Inc.	6,824	0.7
Enpro Inc.	6,483	2.0
DPC Holdings Limited	6,313	1.2
Brunello Cucinelli S.p.A.	6,222	1.4
Loar Holdings Inc.	5,764	2.9
X-Energy, Inc.	5,762	0.4
Stevanato Group S.p.A.	5,730	2.1
Novanta Inc.	5,377	1.4
Jersey Mike's Subs Inc.	5,352	1.8
StepStone Group Inc.	5,237	1.5
Definium Therapeutics, Inc.	5,114	1.3
Casella Waste Systems, Inc.	5,114	1.9
Veradermics, Incorporated	5,065	0.9
Mercury Systems, Inc.	5,052	1.6
BillionToOne, Inc.	5,023	1.8
Waystar Holding Corp.	4,859	1.9
Heartflow, Inc.	4,326	2.5
Karman Holdings Inc.	4,297	1.9
Accelevation Holdings Corp.	4,014	1.1
SiteOne Landscape Supply, Inc.	3,943	1.6
Veracyte, Inc.	3,701	1.3
iRhythm Holdings, Inc.	3,673	1.1
Mirion Technologies, Inc.	3,516	1.3
CareDx, Inc.	3,363	4.0
Arcutis Biotherapeutics, Inc.	3,322	1.4
Shake Shack Inc.	2,514	1.3
AxoGen, Inc.	2,486	1.5
Lincoln International, Inc.	2,393	1.2
Enerpac Tool Group Corp.	1,784	1.1
Blackstone Digital Infrastructure Trust Inc.	1,745	1.3
HawkEye 360, Inc.	1,479	0.8
Lyntris Inc.	1,431	0.9
TWFG, Inc.	1,298	0.8
Harrow, Inc.	1,155	1.3
Reformation Inc.	711	1.0
indie Semiconductor, Inc.	684	0.9
Onterris, Inc.	470	1.1
Total		**99.6%***

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

Portfolio Market Capitalization

Baron Durable Advantage Fund is a diversified fund that invests primarily in large-sized companies with market capitalizations no smaller than the top 90th percentile by market capitalization of the S&P 500 Index at June 30, or companies with market capitalizations above $10 billion, whichever is smaller.

Company	Equity Market Cap ($M)	Percent of Net Assets (%)
NVIDIA Corporation	5,503,958	10.0
Alphabet Inc.	4,188,244	7.0
Microsoft Corporation	3,808,562	6.2
Amazon.com, Inc.	2,687,410	7.2
Taiwan Semiconductor Manufacturing Company Limited	2,366,018	9.7
Meta Platforms, Inc.	1,847,401	6.0
Broadcom Inc.	1,676,451	5.2
Visa Inc.	670,910	4.5
Mastercard Incorporated	483,199	1.4
Lam Research Corporation	411,105	1.7
Costco Wholesale Corporation	403,496	0.9
Amphenol Corporation	207,880	2.7
Welltower Inc.	165,944	3.5
Blackstone Inc.	139,102	1.6
S&P Global Inc.	119,130	2.3
Quanta Services, Inc.	96,597	1.5
CME Group, Inc.	94,203	2.2
Brookfield Corporation	90,138	2.2
Moody's Corporation	78,655	2.7
Apollo Global Management, Inc.	68,538	2.0
Monolithic Power Systems, Inc.	66,206	5.2
TransDigm Group Incorporated	59,842	1.7
MSCI Inc.	39,161	2.9
HEICO Corporation	36,042	2.8
Arch Capital Group Ltd.	31,516	1.0
Mettler-Toledo International Inc.	30,274	1.2
LPL Financial Holdings Inc.	24,079	1.4
Arxis, Inc.	20,619	1.2
Texas Roadhouse, Inc.	10,262	0.9
Total		**98.9%***

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

Baron Real Estate Income Fund is a non-diversified fund that under normal circumstances, invests at least 80% of its net assets in real estate income-producing securities and other real estate securities of any market capitalization, including common stocks and equity securities, debt and preferred securities, non-U.S. real estate income-producing securities, and any other real estate-related yield securities.

Company	Equity Market Cap ($M)	Percent of Net Assets (%)
Welltower Inc.	165,944	10.8
Prologis, Inc.	125,548	9.8
Equinix, Inc.	99,814	9.1
American Tower Corporation	76,273	3.0
Digital Realty Trust, Inc.	66,128	5.9
Simon Property Group, Inc.	64,958	2.2
Public Storage	52,819	3.4
Vivmark Residential	47,086	3.7
Ventas, Inc.	43,611	2.1
Extra Space Storage Inc.	27,783	1.5
Essex Property Trust, Inc.	17,313	2.0
Host Hotels & Resorts, Inc.	15,340	1.5
Hyatt Hotels Corporation	15,021	1.7
American Healthcare REIT, Inc.	11,953	1.8
American Homes 4 Rent	10,935	1.2
UDR, Inc.	10,778	1.6
EastGroup Properties, Inc.	10,618	5.1
BXP, Inc.	9,757	3.7
Janus Living, Inc.	9,194	3.2
CubeSmart	8,462	2.5
First Industrial Realty Trust, Inc.	7,893	2.1
AAON, Inc.	6,824	2.1
The Macerich Company	6,340	5.0
Red Rock Resorts, Inc.	5,203	0.9
Vail Resorts, Inc.	4,889	1.3
Brookfield Infrastructure Corporation	4,381	0.8
Meritage Homes Corporation	4,096	1.8
Marriott Vacations Worldwide Corporation	3,518	2.0
Curbline Properties Corp.	3,202	1.0
Pebblebrook Hotel Trust	2,117	1.3
Blackstone Digital Infrastructure Trust Inc.	1,745	1.7
Total		**95.6%***

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

Portfolio Market Capitalization

Baron Health Care Fund is a non-diversified fund that under normal circumstances, invests at least 80% of its net assets in equity securities in the form of common stock of companies engaged in the research, development, production, sale, delivery or distribution of products and services related to the health care industry.

Company	Equity Market Cap ($M)	Percent of Net Assets (%)
Eli Lilly and Company	1,089,225	14.3
Johnson & Johnson	637,997	7.3
Merck & Co., Inc.	358,505	3.9
UnitedHealth Group Incorporated	329,489	4.2
Thermo Fisher Scientific Inc.	249,598	5.9
Welltower Inc.	165,944	4.1
Intuitive Surgical, Inc.	143,654	1.3
Vertex Pharmaceuticals Incorporated	132,512	3.8
Elevance Health, Inc.	84,323	1.3
argenx SE	59,990	4.5
Natera, Inc.	59,576	1.3
Edwards Lifesciences Corporation	49,755	2.8
Teva Pharmaceutical Industries Limited	46,146	5.1
Humana Inc.	45,819	1.1
Revolution Medicines, Inc.	43,995	2.1
Biogen Inc.	33,375	1.5
DexCom, Inc.	32,563	1.7
Mettler-Toledo International Inc.	30,274	7.5
Roivant Sciences Ltd.	26,415	4.5
Guardant Health, Inc.	23,935	2.5
Sartorius Stedim Biotech S.A.	23,455	0.9
Elanco Animal Health Incorporated	11,187	0.8
Repligen Corporation	10,849	2.4
Kymera Therapeutics, Inc.	9,295	2.2
Arrowhead Pharmaceuticals, Inc.	9,245	0.3
Cytokinetics, Incorporated	9,163	0.4
Protagonist Therapeutics, Inc.	9,117	2.2
RadNet, Inc.	5,425	2.7
Definium Therapeutics, Inc.	5,114	0.9
Verademics, Incorporated	5,065	1.2
BillionToOne, Inc.	5,023	1.1
Edgewise Therapeutics, Inc.	4,409	0.4
Heartflow, Inc.	4,326	0.6
Total		**97.0%***

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

Baron India Fund is a diversified fund that, under normal circumstances, invests at least 80% of its net assets in equities of companies located in India.

Company	Equity Market Cap ($M)	Percent of Net Assets (%)
Bharti Airtel Limited	114,423	2.2
HDFC Bank Limited	114,030	3.7
ICICI Bank Limited	98,887	3.8
Bajaj Finance Limited	62,333	7.3
Sun Pharmaceutical Industries Limited	45,484	1.0
Titan Company Limited	42,496	1.9
Axis Bank Limited	39,836	0.8
Mahindra & Mahindra Limited	38,281	1.0
Eternal Limited	32,226	4.4
Bharat Electronics Limited	29,620	3.9
Bajaj Finserv Limited	28,939	0.2
Divi's Laboratories Limited	25,740	8.8
Power Grid Corporation of India Limited	25,283	2.0
InterGlobe Aviation Limited	20,111	4.1
Trent Limited	14,588	1.0
Cholamandalam Investment and Finance Company Limited	14,443	2.9
Cummins India Limited	13,769	1.8
Lenskart Solutions Limited	12,434	1.4
Siemens Energy India Limited	11,892	1.2
Laurus Labs Limited	11,164	1.4
Tata Consumer Products Limited	9,806	1.5
JSW Energy Limited	9,465	1.7
Max Healthcare Institute Limited	9,444	1.5
Aster DM Quality Care Limited.	6,342	2.6
Sona BLW Precision Forgings Limited	5,406	1.3
Aditya Infotech Limited	4,922	1.9
360 ONE WAM Limited	4,385	2.7
Kirloskar Oil Engines Limited	3,500	3.7
Nuvama Wealth Management Limited	3,182	2.8
Acutaas Chemicals Limited	2,802	2.7
Data Patterns (India) Limited	2,505	2.8
INOX India Limited	1,947	2.3
Astra Microwave Products Limited	1,622	2.7
Shaily Engineering Plastics Limited	1,470	1.4
Sudeep Pharma Limited	1,421	1.0
HealthCare Global Enterprises Limited	1,038	1.4
Precision Wires India Limited	939	6.9
Time Technoplast Limited	939	1.0
Centum Electronics Limited	739	3.9
KSH International Limited	708	1.2
Total		**101.7%***

* *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.	2,047,596	40.7
Tesla, Inc.	1,401,339	8.6
Shopify Inc.	190,598	4.1
The Charles Schwab Corporation	169,025	3.4
Interactive Brokers Group, Inc.	145,868	3.6
Spotify Technology S.A.	100,319	2.8
Airbnb, Inc.	96,195	2.1
IDEXX Laboratories, Inc.	41,139	1.7
MSCI Inc.	39,161	4.3
HEICO Corporation	36,042	2.1
Arch Capital Group Ltd.	31,516	1.7
Hyatt Hotels Corporation	15,021	3.7
Guidewire Software, Inc.	11,691	1.7
On Holding AG	9,896	1.7
FactSet Research Systems Inc.	9,601	2.6
Kinsale Capital Group, Inc.	7,352	0.9
Morningstar, Inc.	7,129	2.4
Birkenstock Holding plc	5,352	1.7
Red Rock Resorts, Inc.	5,203	2.4
Choice Hotels International, Inc.	4,609	2.2
FIGS, Inc.	2,303	4.5
Total		**98.9%***

* *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	5,503,958	7.4
Alphabet Inc.	4,188,244	5.3
Amazon.com, Inc.	2,687,410	6.5
Taiwan Semiconductor Manufacturing Company Limited	2,366,018	8.4
Meta Platforms, Inc.	1,847,401	3.8
Broadcom Inc.	1,676,451	1.0
Samsung Electronics Co., Ltd.	1,151,114	1.0
Eli Lilly and Company	1,089,225	3.1
ASML Holding N.V.	701,886	4.8
Visa Inc.	670,910	5.7
Tencent Holdings Limited	493,139	1.6
Thermo Fisher Scientific Inc.	249,598	1.7
Amphenol Corporation	207,880	1.1
Welltower Inc.	165,944	2.9
Hermes International S.A.	159,093	1.6
Keyence Corporation	124,860	1.5
S&P Global Inc.	119,130	3.6
AppLovin Corporation	97,193	0.8
Atlas Copco AB	96,771	2.4
Quanta Services, Inc.	96,597	1.2
CME Group, Inc.	94,203	3.6
Brookfield Corporation	90,138	2.8
MercadoLibre, Inc.	87,631	1.4
KKR & Co. Inc.	81,954	1.1
Hilton Worldwide Holdings Inc.	71,598	2.4
Ferrari N.V.	69,109	1.1
Monolithic Power Systems, Inc.	66,206	1.9
Bajaj Finance Limited	62,333	1.0
Nu Holdings Ltd.	61,157	1.9
TransDigm Group Incorporated	59,842	2.0
Constellation Software Inc.	43,629	1.7
MSCI Inc.	39,161	2.2
HEICO Corporation	36,042	1.7
Ajinomoto Co., Inc.	31,620	2.6
Coupang, Inc.	24,934	0.9
LPL Financial Holdings Inc.	24,079	1.1
Lifco AB	14,452	2.3
Watsco, Inc.	12,533	0.8
Stevanato Group S.p.A.	5,730	1.8
Total		**99.8%***

* *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.

Company	Equity Market Cap ($M)	Percent of Net Assets (%)
Spotify Technology S.A.	100,319	1.9
Datadog, Inc.	98,605	1.1
Hilton Worldwide Holdings Inc.	71,598	2.1
Ferrari N.V.	69,109	1.8
Monolithic Power Systems, Inc.	66,206	1.2
argenx SE	59,990	2.4
TransDigm Group Incorporated	59,842	0.9
AMETEK, Inc.	56,795	1.3
Coherent Corp.	56,363	2.1
Edwards Lifesciences Corporation	49,755	2.1
Teva Pharmaceutical Industries Limited	46,146	1.4
Cerebras Systems Inc.	42,203	0.5
Illumina, Inc.	41,326	1.9
MSCI Inc.	39,161	2.0
Waste Connections, Inc.	38,724	1.8
Viking Holdings Ltd	34,985	1.7
Axon Enterprise, Inc.	34,324	2.9
Vulcan Materials Company	31,699	1.4
Reddit, Inc.	27,405	0.7
Rubrik, Inc.	24,295	4.8
LPL Financial Holdings Inc.	24,079	1.9
Liberty Media Corporation - Liberty Formula One	22,906	2.2
Samsara Inc.	22,329	3.4
Tradeweb Markets Inc.	21,784	1.0
Arxis, Inc.	20,619	1.8
Lattice Semiconductor Corporation	17,842	2.0
Dynatrace, Inc.	16,687	3.5
Tempus AI, Inc.	14,778	2.9
Madison Air Solutions Corporation	14,559	2.2
Rollins, Inc.	14,492	1.1
BWX Technologies, Inc.	12,552	1.2
Nova Ltd.	12,243	1.6
Guidewire Software, Inc.	11,691	2.7
Forgent Power Solutions, Inc.	11,398	1.2
Elanco Animal Health Incorporated	11,187	1.6
Repligen Corporation	10,849	2.8
Texas Roadhouse, Inc.	10,262	1.5
Advanced Drainage Systems, Inc.	9,555	1.8
Insulet Corporation	9,049	1.0
Liberty Live Holdings, Inc.	8,884	2.2
MP Materials Corp.	8,422	1.5
Netskope, Inc.	7,126	2.6
Enpro Inc.	6,483	2.0
CAVA Group, Inc.	6,319	1.7
Loar Holdings Inc.	5,764	2.4
X-Energy, Inc.	5,762	0.4
Stevanato Group S.p.A.	5,730	1.8
Jersey Mike's Subs Inc.	5,352	1.5
Mercury Systems, Inc.	5,052	1.8
Waystar Holding Corp.	4,859	1.8
Hamilton Lane Incorporated	4,787	1.6
Karman Holdings Inc.	4,297	1.6
Harrow, Inc.	1,155	1.3
Total		**97.7%***

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

Baron Financials ETF is a diversified fund that seeks capital appreciation through investments primarily in equity securities (including depositary receipts) of Financials and Financials-related companies.

Company	Equity Market Cap ($M)	Percent of Net Assets (%)
JPMorgan Chase & Co.	879,408	5.1
Visa Inc.	670,910	6.2
Mastercard Incorporated	483,199	6.0
Bank of America Corporation	380,615	4.8
Morgan Stanley	295,392	3.9
American Express Company	205,362	2.2
Shopify Inc.	190,598	1.9
BlackRock Inc.	172,715	3.1
The Charles Schwab Corporation	169,025	4.3
Interactive Brokers Group, Inc.	145,868	4.2
The Progressive Corporation	120,323	1.1
S&P Global Inc.	119,130	3.9
Capital One Financial Corporation	118,446	2.4
Robinhood Markets, Inc.	101,292	1.8
CME Group, Inc.	94,203	3.0
MercadoLibre, Inc.	87,631	3.1
KKR & Co. Inc.	81,954	3.2
Moody's Corporation	78,655	3.7
Intuit Inc.	73,680	0.2
Apollo Global Management, Inc.	68,538	2.6
Nu Holdings Ltd.	61,157	2.6
Block, Inc.	44,177	1.0
MSCI Inc.	39,161	3.4
Arch Capital Group Ltd.	31,516	2.0
LPL Financial Holdings Inc.	24,079	3.5
AerCap Holdings N.V.	22,164	2.9
Verisk Analytics, Inc.	21,847	2.1
Tradeweb Markets Inc.	21,784	1.8
Equifax Inc.	16,124	0.6
Wise Group plc	13,944	1.6
TransUnion	11,711	1.0
Guidewire Software, Inc.	11,691	1.2
Jack Henry & Associates, Inc.	10,043	1.4
Houlihan Lokey, Inc.	8,830	1.9
Primerica, Inc.	8,383	1.3
Kinsale Capital Group, Inc.	7,352	0.4
ServiceTitan, Inc.	6,347	0.4
Dave Inc.	4,101	0.9
Lincoln International, Inc.	2,393	0.9
TWFG, Inc.	1,298	0.8
Total		**98.6%***

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

Portfolio Market Capitalization

Baron Technology ETF is a non-diversified fund that seeks capital appreciation through investments primarily in equity securities (including depositary receipts) of U.S. and non-U.S. technology companies, selected for their durable growth potential from the development, advancement, and use of technology.

Company	Equity Market Cap ($M)	Percent of Net Assets (%)
NVIDIA Corporation	5,503,958	7.4
Alphabet Inc.	4,188,244	6.2
Amazon.com, Inc.	2,687,410	4.3
Taiwan Semiconductor Manufacturing Company Limited	2,366,018	6.9
Space Exploration Technologies Corp.	2,047,596	6.4
Meta Platforms, Inc.	1,847,401	2.7
Broadcom Inc.	1,676,451	2.6
Tesla, Inc.	1,401,339	3.1
Micron Technology, Inc.	1,202,928	5.0
Advanced Micro Devices, Inc.	998,683	4.3
SK hynix Inc.	957,439	1.0
ASML Holding N.V.	701,886	2.1
Intel Corporation	635,424	2.0
Lam Research Corporation	411,105	7.1
CrowdStrike Holdings, Inc.	271,087	1.5
Arista Networks, Inc.	256,773	1.5
Seagate Technology Holdings plc	209,043	0.9
Shopify Inc.	190,598	3.5
Welltower Inc.	165,944	0.7
Cloudflare, Inc.	123,762	1.3
Spotify Technology S.A.	100,319	4.7
Datadog, Inc.	98,605	0.9
Quanta Services, Inc.	96,597	1.4
Lumentum Holdings Inc.	87,122	2.2
Bloom Energy Corporation	81,578	2.1
Monolithic Power Systems, Inc.	66,206	1.7
Coherent Corp.	56,363	2.0
Cerebras Systems Inc.	42,203	0.5
Axon Enterprise, Inc.	34,324	1.4
Rubrik, Inc.	24,295	2.9
Samsara Inc.	22,329	1.9
SiTime Corporation	19,607	0.7
Guidewire Software, Inc.	11,691	0.4
Forgent Power Solutions, Inc.	11,398	1.2
Hinge Health, Inc.	7,847	2.2
DPC Holdings Limited	6,313	0.6
GDS Holdings Limited	6,258	1.0
Fervo Energy Company	4,006	0.5
SiMa Technologies Inc.	1,269	0.4
indie Semiconductor, Inc.	684	0.8
Total		**99.9%***

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

Baron Risk Optimized Large 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 U.S. large-sized companies.

Company	Equity Market Cap ($M)	Percent of Net Assets (%)
NVIDIA Corporation	5,503,958	9.0
Apple Inc.	4,860,154	6.9
Alphabet Inc.	4,188,244	6.9
Microsoft Corporation	3,808,562	1.8
Amazon.com, Inc.	2,687,410	4.2
Taiwan Semiconductor Manufacturing Company Limited	2,366,018	2.5
Space Exploration Technologies Corp.	2,047,596	3.7
Broadcom Inc.	1,676,451	2.8
Tesla, Inc.	1,401,339	1.8
Micron Technology, Inc.	1,202,928	2.3
Eli Lilly and Company	1,089,225	2.8
JPMorgan Chase & Co.	879,408	1.4
ASML Holding N.V.	701,886	1.1
Visa Inc.	670,910	1.8
Johnson & Johnson	637,997	1.8
Mastercard Incorporated	483,199	1.6
Palantir Technologies Inc.	449,492	1.0
Lam Research Corporation	411,105	0.9
Costco Wholesale Corporation	403,496	3.2
Bank of America Corporation	380,615	1.9
UnitedHealth Group Incorporated	329,489	0.9
Palo Alto Networks, Inc.	325,000	1.3
Morgan Stanley	295,392	1.1
CrowdStrike Holdings, Inc.	271,087	1.2
Arista Networks, Inc.	256,773	0.4
Texas Instruments Incorporated	255,792	0.5
Linde Plc	219,778	1.5
Amphenol Corporation	207,880	1.0
Shopify Inc.	190,598	0.5
The Charles Schwab Corporation	169,025	1.1
Welltower Inc.	165,944	2.9
Intuitive Surgical, Inc.	143,654	0.8
ServiceNow, Inc.	138,566	0.3
Prologis, Inc.	125,548	0.7
Cloudflare, Inc.	123,762	0.6
The Progressive Corporation	120,323	0.7
Spotify Technology S.A.	100,319	2.0
Equinix, Inc.	99,814	1.0
Datadog, Inc.	98,605	0.6
Quanta Services, Inc.	96,597	1.1
Airbnb, Inc.	96,195	0.9
CME Group, Inc.	94,203	0.9
Lumentum Holdings Inc.	87,122	0.5
Hilton Worldwide Holdings Inc.	71,598	1.3
Monolithic Power Systems, Inc.	66,206	0.2
Nu Holdings Ltd.	61,157	0.4
argenx SE	59,990	0.9
TransDigm Group Incorporated	59,842	1.8
AMETEK, Inc.	56,795	0.8
Edwards Lifesciences Corporation	49,755	0.7
MSCI Inc.	39,161	0.9
Waste Connections, Inc.	38,724	0.9
Axon Enterprise, Inc.	34,324	0.6
Vulcan Materials Company	31,699	0.6
Arch Capital Group Ltd.	31,516	0.7
Mettler-Toledo International Inc.	30,274	1.7
Liberty Media Corporation - Liberty Formula One	22,906	0.5
Samsara Inc.	22,329	1.0
AerCap Holdings N.V.	22,164	1.4
Toll Brothers, Inc.	12,417	0.5
Guidewire Software, Inc.	11,691	0.7
Repligen Corporation	10,849	0.5
Primo Brands Corporation	6,903	0.5
SiteOne Landscape Supply, Inc.	3,943	0.4
Total		**99.1%***

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

Portfolio Market Capitalization

Baron Emerging Markets Select ETF is a non-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.

Company	Equity Market Cap ($M)	Percent of Net Assets (%)
Taiwan Semiconductor Manufacturing Company Limited	2,366,018	15.0
Samsung Electronics Co., Ltd.	1,151,114	8.0
SK hynix Inc.	957,439	5.2
Tencent Holdings Limited	493,139	2.8
Alibaba Group Holding Limited	267,304	2.0
MediaTek Inc.	248,083	1.8
Contemporary Amperex Technology Co., Limited	204,884	0.9
Southern Copper Corporation	171,098	1.8
Reliance Industries Limited	167,630	0.4
Delta Electronics, Inc.	154,239	1.5
Petroleo Brasileiro S.A.	129,374	1.6
Bharti Airtel Limited	114,423	0.7
HDFC Bank Limited	114,030	0.8
BYD Company Limited	102,862	1.0
Itau Unibanco Holding S.A.	98,730	0.8
Prosus N.V.	88,485	0.3
Xiaomi Corporation	82,974	0.5
WuXi AppTec Co., Ltd.	76,575	1.3
Bajaj Finance Limited	62,333	2.0
Nu Holdings Ltd.	61,157	0.8
Vale S.A.	57,070	0.3
Samsung Biologics Co., Ltd.	48,736	0.4
Doosan Enerbility Co., Ltd.	38,808	0.4
Montage Technology Co., Ltd.	37,311	1.2
OTP Bank Nyrt	36,935	0.9
Gold Fields Limited	32,026	0.8
Eternal Limited	32,226	1.9
FirstRand Limited	31,288	1.3
Credicorp Ltd.	30,149	1.1
Bharat Electronics Limited	29,620	0.9
Chroma ATE Inc.	28,524	1.1
ANTA Sports Products Limited	26,286	0.6
Divi's Laboratories Limited	25,740	2.0
Power Grid Corporation of India Limited	25,283	1.1
ASPEED Technology Inc.	24,496	1.1
Zhejiang Sanhua Intelligent Controls Co., Ltd.	21,355	0.5
Fuyao Glass Industry Group Co., Ltd.	20,231	0.8
InterGlobe Aviation Limited	20,111	1.1
National Bank of Greece S.A.	18,490	1.6
Jiangsu Hengli Hydraulic Co., Ltd.	18,059	0.8
Trent Limited	14,588	1.1
Cholamandalam Investment and Finance Company Limited	14,443	0.9
Cummins India Limited	13,769	1.0
Lenskart Solutions Limited	12,434	0.2
Ganfeng Lithium Group Co., Ltd.	12,350	0.2
Bangkok Bank Public Company Limited	11,009	0.5
HYUNDAI Glovis Co., Ltd.	10,944	1.0
XP Inc.	10,882	0.9
JSW Energy Limited	9,465	1.2
Max Healthcare Institute Limited	9,444	1.1
Korea Aerospace Industries, Ltd.	9,089	0.6
Hyundai Rotem Company	8,943	0.3
Localiza Rent a Car S.A.	8,791	1.1
Full Truck Alliance Co. Ltd.	8,581	0.9
Bank of the Philippine Islands	7,863	0.5
eMemory Technology Inc.	7,755	1.0
HD HYUNDAI Marine Solution CO., LTD.	7,718	0.8
Vista Energy, S.A.B. de C.V.	7,229	1.2
Nippon Life India Asset Management Limited	7,147	1.3
GDS Holdings Limited	6,258	0.9
Zhejiang Shuanghuan Driveline Co., Ltd.	4,828	0.6
HPSP Co., Ltd.	4,056	1.4
Kirloskar Oil Engines Limited	3,500	1.2
ISC Co., Ltd.	3,406	1.8
Kingdee International Software Group Company Limited	3,290	0.8
Zai Lab Limited	2,993	0.9
Pony AI Inc.	2,841	0.5
Acutaas Chemicals Limited	2,802	0.7
Rasan Information Technology Company	2,787	0.6
Data Patterns (India) Limited	2,505	0.7
INOX India Limited	1,947	0.5
GPS Participacoes e Empreendimentos S.A.	1,825	0.6
d'Alba Global Co., Ltd.	1,715	1.1
Chongqing Machinery & Electric Co., Ltd.	761	0.2
Total		**97.6%***

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

Baron Asset Fund

Shares		Cost	Value
Common Stocks (97.86%)			
Communication Services (31.72%)			
	Alternative Carriers (30.48%)		
7,141,865	Space Exploration Technologies Corp., Cl A [1,3,†]	$ 73,753,637	$ 1,077,421,754
	Movies & Entertainment (1.24%)		
90,030	Spotify Technology SA [1,2]	22,203,025	43,878,821
Total Communication Services		95,956,662	1,121,300,575
Consumer Discretionary (6.13%)			
	Footwear (1.24%)		
391,069	Birkenstock Holding PLC [1,2]	17,407,936	12,674,546
1,047,000	On Holding AG, Cl A [1,2]	30,870,812	31,001,670
		48,278,748	43,676,216
	Hotels, Resorts & Cruise Lines (3.81%)		
14,010	Airbnb, Inc., Cl A [1]	2,166,222	2,250,707
363,682	Choice Hotels International, Inc.	1,567,025	37,244,674
63,000	Hilton Worldwide Holdings, Inc.	17,295,535	20,041,560
475,233	Hyatt Hotels Corp., Cl A	13,075,166	75,352,944
		34,103,948	134,889,885
	Leisure Facilities (1.08%)		
278,124	Vail Resorts, Inc.	6,514,370	38,153,050
Total Consumer Discretionary		88,897,066	216,719,151
Financials (10.75%)			
	Financial Exchanges & Data (3.48%)		
152,719	FactSet Research Systems, Inc.	8,111,765	41,226,494
69,896	MSCI, Inc.	29,383,505	37,650,179
438,189	Tradeweb Markets, Inc., Cl A	26,490,483	44,186,979
		63,985,753	123,063,652
	Insurance Brokers (0.61%)		
74,451	Willis Towers Watson PLC [2]	9,189,143	21,459,012
	Investment Banking & Brokerage (2.88%)		
868,394	The Charles Schwab Corp.	767,067	84,876,830
55,000	LPL Financial Holdings, Inc.	20,659,483	16,819,000
		21,426,550	101,695,830
	Property & Casualty Insurance (3.78%)		
1,448,417	Arch Capital Group Ltd. [1,2]	5,232,327	133,775,794
Total Financials		99,833,773	379,994,288

Shares		Cost	Value
Common Stocks (continued)			
Health Care (11.76%)			
	Health Care Equipment (4.57%)		
365,000	Edwards Lifesciences Corp. [1]	$ 32,489,045	$ 31,506,800
249,176	IDEXX Laboratories, Inc. [1]	4,731,440	130,117,215
		37,220,485	161,624,015
	Health Care Technology (1.18%)		
146,728	Veeva Systems, Inc., Cl A [1]	8,211,614	41,883,508
	Life Sciences Tools & Services (6.01%)		
48,000	Charles River Laboratories International, Inc. [1]	14,112,490	14,160,480
89,647	Mettler-Toledo International, Inc. [1]	21,024,786	135,452,135
230,000	Repligen Corp. [1]	33,794,491	44,212,900
49,974	West Pharmaceutical Services, Inc.	2,163,306	18,528,360
		71,095,073	212,353,875
Total Health Care		116,527,172	415,861,398
Industrials (14.25%)			
	Aerospace & Defense (2.02%)		
85,000	Axon Enterprise, Inc. [1]	27,732,330	35,914,200
575,000	Loar Holdings, Inc. [1]	41,680,085	35,374,000
		69,412,415	71,288,200
	Construction & Engineering (3.57%)		
196,580	Quanta Services, Inc.	34,092,775	126,304,616
	Data Processing & Outsourced Services (0.88%)		
403,076	SS&C Technologies Holdings, Inc.	10,805,708	31,065,067
	Electrical Components & Equipment (2.49%)		
828,738	Forgent Power Solutions, Inc., Cl A [1,4]	23,992,241	31,027,951
236,000	Vertiv Holdings Co., Cl A	22,995,290	56,949,160
		46,987,531	87,977,111
	Environmental & Facilities Services (0.77%)		
910,558	Rollins, Inc.	11,879,733	27,426,007
	Industrial Machinery & Supplies & Components (0.22%)		
33,460	IDEX Corp.	2,409,866	7,628,211
	Research & Consulting Services (4.30%)		
125,000	Booz Allen Hamilton Holding Corp.	12,219,385	8,677,500
500,500	TransUnion	21,354,565	30,590,560
672,476	Verisk Analytics, Inc.	24,880,838	112,875,096
		58,454,788	152,143,156
Total Industrials		234,042,816	503,832,368

Baron Asset Fund (continued)

Shares		Cost	Value
Common Stocks (continued)			
Information Technology (16.56%)			
	Application Software (6.99%)		
844,995	Guidewire Software, Inc. [1]	$ 42,289,224	$ 120,479,387
440,000	Procore Technologies, Inc. [1]	31,338,806	22,756,800
160,692	Roper Technologies, Inc.	13,653,341	56,147,392
800,000	Samsara, Inc., Cl A [1]	31,298,713	30,504,000
261,493	ServiceTitan, Inc., Cl A [1]	19,670,404	17,203,624
		138,250,488	247,091,203
	Electronic Components (4.90%)		
2,056,540	Amphenol Corp., Cl A	24,909,370	173,366,322
	Internet Services & Infrastructure (0.76%)		
151,248	Cerebras Systems, Inc., Cl A [1,4]	29,864,726	26,869,207
	IT Consulting & Other Services (2.77%)		
525,973	Gartner, Inc. [1]	11,175,237	98,115,004
	Systems Software (0.56%)		
172,000	Rubrik, Inc., Cl A [1]	18,523,173	19,688,840
	Technology Distributors (0.58%)		
160,011	CDW Corp.	9,672,214	20,507,010
Total Information Technology		232,395,208	585,637,586
Materials (1.11%)			
	Construction Materials (1.11%)		
160,000	Vulcan Materials Co.	44,278,302	39,140,800
Real Estate (5.58%)			
	Data Center REITs (1.32%)		
46,116	Equinix, Inc.	2,965,260	46,650,023
	Health Care REITs (1.43%)		
220,000	Welltower, Inc.	31,846,794	50,652,800
	Real Estate Services (2.83%)		
446,323	CBRE Group, Inc., Cl A [1]	5,000,509	57,339,116
1,556,001	CoStar Group, Inc. [1]	29,866,293	42,634,427
		34,866,802	99,973,543
Total Real Estate		69,678,856	197,276,366
Total Common Stocks		**981,609,855**	**3,459,762,532**

Shares		Cost	Value
Private Preferred Stocks (0.21%)			
Industrials (0.21%)			
	Aerospace & Defense (0.21%)		
277,529	Skyryse, Inc., Series C [1,3,4]	$ 7,499,999	$ 7,432,227
Total Investments (98.07%)		$ 989,109,854	3,467,194,759
Cash and Other Assets Less Liabilities (1.93%)			68,229,900
Net Assets			$ 3,535,424,659

% Represents percentage of net assets.
[1] Non-income producing securities.
[2] Foreign corporation.
[3] At September 30, 2026, the market value of restricted securities amounted to $1,080,054,068 or 30.55% 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.
† A portion of Space Exploration Technologies Corp. ("SpaceX") shares are subject to a lock-up agreement with contractual sale restriction expiration dates ranging from 10/9/2026 to 8/3/2027. Fair value is based on the unadjusted market price of the equivalent equity security. At September 30, 2026, the total SpaceX shares subject to the lock-up was 7,110,048, representing $1,072,621,841 or 30.34% of net assets.

Baron Generational Growth Fund

Shares		Cost	Value
Common Stocks (121.66%)			
Consumer Discretionary (32.06%)			
	Apparel, Accessories & Luxury Goods (9.19%)		
12,368,569	Figs, Inc., Cl A [1,5]	$ 87,745,510	$ 171,428,366
	Casinos & Gaming (6.12%)		
2,305,905	Red Rock Resorts, Inc., Cl A [5]	61,124,513	114,234,534
	Footwear (0.86%)		
237,500	Birkenstock Holding PLC [1,2,5]	7,277,677	7,697,375
279,500	On Holding AG, Cl A [1,2,5]	7,489,293	8,275,995
		14,766,970	15,973,370
	Hotels, Resorts & Cruise Lines (11.53%)		
2,102,102	Choice Hotels International, Inc. [5]	66,475,120	215,276,266
	Leisure Facilities (2.63%)		
358,436	Vail Resorts, Inc. [5]	16,503,847	49,170,250
	Other Specialty Retail (1.73%)		
240,945	Dick's Sporting Goods, Inc. [5]	31,443,236	32,356,504
Total Consumer Discretionary		278,059,196	598,439,290
Financials (71.25%)			
	Financial Exchanges & Data (31.98%)		
492,209	FactSet Research Systems, Inc. [5]	25,206,873	132,871,820
497,410	Morningstar, Inc. [5]	10,533,745	94,527,796
686,112	MSCI, Inc. [5]	13,427,830	369,581,090
		49,168,448	596,980,706
	Life & Health Insurance (4.67%)		
319,805	Primerica, Inc. [5]	6,925,216	87,111,684
	Property & Casualty Insurance (34.60%)		
3,973,339	Arch Capital Group Ltd. [1,2,5]	13,065,257	366,977,590
863,900	Kinsale Capital Group, Inc. [5]	28,683,669	278,823,725
		41,748,926	645,801,315
Total Financials		97,842,590	1,329,893,705
Health Care (4.87%)			
	Health Care Equipment (4.46%)		
159,520	IDEXX Laboratories, Inc. [1,5]	2,258,458	83,299,749
	Life Sciences Tools & Services (0.41%)		
363,954	Stevanato Group SpA [2,5]	8,065,351	7,635,755
Total Health Care		10,323,809	90,935,504

Shares		Cost	Value
Common Stocks (continued)			
Information Technology (13.38%)			
	Application Software (5.11%)		
668,513	Guidewire Software, Inc. [1,5]	$ 20,718,945	$ 95,316,584
	IT Consulting & Other Services (8.27%)		
827,047	Gartner, Inc. [1,5]	12,388,273	154,277,347
Total Information Technology		33,107,218	249,593,931
Real Estate (0.10%)			
	Real Estate Development (0.10%)		
25,000	Howard Hughes Holdings, Inc. [1,5]	1,850,061	1,840,500
Total Common Stocks		**421,182,874**	**2,270,702,930**
Private Common Stocks (0.04%)			
Unclassified (0.04%)			
	Unclassified (0.04%)		
422,278	Farmers Business Network, Inc. [1,3,4,6]	**16,300,002**	**785,437**
Total Investments (121.70%)		**$ 437,482,876**	**2,271,488,367**
Liabilities Less Cash and Other Assets (-21.70%)			**(404,996,984)**
Net Assets			**$ 1,866,491,383**

% Represents percentage of net assets.
1 Non-income producing securities.
2 Foreign corporation.
3 At September 30, 2026, the market value of restricted securities amounted to $785,437 or 0.04% of net assets.
4 Sector levels are provided from the Global Industry Classification Standard (GICS), developed and exclusively owned by MSCI Inc. (MSCI) and Standard and Poor's Financial Services LLC (S&P). The Adviser has reclassified/classified certain securities in or out of this sub-industry. Such reclassifications/classifications are not supported by S&P or MSCI.
5 All or a portion of this security is pledged with the custodian in connection with the Fund's loans payable outstanding. At September 30, 2026, the total market value of pledged securities amounted to $742,582,861 or 39.78% of net assets.
6 The Adviser reclassified sector and sub-industry to Unclassified due to ongoing principal business activity restructuring.

Baron Small Cap Fund

Shares		Cost	Value
Common Stocks (98.87%)			
Communication Services (6.98%)			
	Movies & Entertainment (6.98%)		
600,000	Liberty Live Holdings, Inc., Cl C [1]	$ 34,070,759	$ 58,350,000
600,000	Liberty Media Corp., Cl C [1]	13,084,099	55,440,000
125,000	Madison Square Garden Sports Corp. [1]	4,732,382	50,651,250
Total Communication Services		51,887,240	164,441,250
Consumer Discretionary (13.68%)			
	Automotive Parts & Equipment (0.33%)		
3,250,000	Holley, Inc. [1]	15,612,642	7,670,000
	Casinos & Gaming (5.36%)		
1,500,000	DraftKings, Inc., Cl A [1]	27,760,213	28,500,000
1,975,000	Red Rock Resorts, Inc., Cl A	70,236,638	97,841,500
		97,996,851	126,341,500
	Education Services (2.30%)		
850,000	Bright Horizons Family Solutions, Inc. [1]	41,901,355	54,162,000
	Homebuilding (1.42%)		
175,000	Installed Building Products, Inc.	7,629,502	33,579,000
	Leisure Facilities (0.90%)		
500,000	Planet Fitness, Inc., Cl A [1]	21,350,663	21,110,000
	Restaurants (1.37%)		
550,000	Shake Shack, Inc., Cl A [1]	36,163,975	32,274,000
	Specialized Consumer Services (2.00%)		
4,000,000	Driven Brands Holdings, Inc. [1]	71,129,063	47,240,000
Total Consumer Discretionary		291,784,051	322,376,500
Consumer Staples (1.17%)			
	Packaged Foods & Meats (1.17%)		
1,750,000	Once Upon a Farm PBC [1]	32,204,632	27,562,500
Financials (10.22%)			
	Asset Management & Custody Banks (1.20%)		
2,200,000	GCM Grosvenor, Inc., Cl A	23,736,186	28,358,000
	Insurance Brokers (2.29%)		
1,692,500	Baldwin Insurance Group, Inc., Cl A [1]	27,596,855	53,804,575
	Investment Banking & Brokerage (2.41%)		
450,000	Houlihan Lokey, Inc.	20,791,637	56,853,000
	Property & Casualty Insurance (4.32%)		
315,000	Kinsale Capital Group, Inc.	49,173,376	101,666,250
Total Financials		121,298,054	240,681,825

Shares		Cost	Value
Common Stocks (continued)			
Health Care (13.11%)			
	Health Care Equipment (0.46%)		
125,000	DexCom, Inc. [1]	$ 414,687	$ 10,786,250
	Health Care Services (4.78%)		
450,000	Hinge Health, Inc., Cl A [1]	15,406,266	43,758,000
1,000,000	RadNet, Inc. [1]	57,940,384	68,940,000
		73,346,650	112,698,000
	Health Care Supplies (2.72%)		
5,000,000	Neogen Corp. [1]	50,262,368	64,000,000
	Life Sciences Tools & Services (2.52%)		
350,000	ICON plc [1,2]	10,015,240	59,496,500
	Managed Health Care (2.63%)		
700,000	HealthEquity, Inc. [1]	11,592,451	61,922,000
Total Health Care		145,631,396	308,902,750
Industrials (30.70%)			
	Aerospace & Defense (6.50%)		
1,750,000	Applied Aerospace & Defense, Inc. [1]	32,809,829	21,052,500
600,000	Karman Holdings, Inc. [1]	18,486,763	19,452,000
475,000	Kratos Defense & Security Solutions, Inc. [1]	10,313,730	20,277,750
70,000	TransDigm Group, Inc. [1]	0	75,782,000
100,000	VSE Corp.	18,107,648	16,470,000
		79,717,970	153,034,250
	Construction & Engineering (1.14%)		
500,000	Legence Corp., Cl A [1]	14,613,484	26,840,000
	Electrical Components & Equipment (7.05%)		
1,193,249	Accelevation Holdings Corp., Cl A [1,3]	21,478,482	21,418,820
600,000	Vertiv Holdings Co., Cl A	6,887,297	144,786,000
		28,365,779	166,204,820
	Environmental & Facilities Services (2.09%)		
250,000	Casella Waste Systems, Inc., Cl A [1]	20,490,985	20,087,500
190,000	Waste Connections, Inc. [2]	8,296,667	29,246,700
		28,787,652	49,334,200
	Human Resource & Employment Services (2.46%)		
3,250,000	First Advantage Corp. [1]	52,491,493	57,850,000

Baron Small Cap Fund (continued)

Shares		Cost	Value
Common Stocks (continued)			
Industrials (continued)			
	Industrial Machinery & Supplies & Components (7.30%)		
180,000	Enpro, Inc.	$ 31,537,948	$ 55,126,800
600,000	JBT Marel Corp.	54,761,911	63,354,000
107,000	RBC Bearings, Inc. [1]	18,637,407	53,417,610
		104,937,266	171,898,410
	Research & Consulting Services (1.38%)		
600,000	Andersen Group, Inc., Cl A [1]	11,876,713	32,640,000
	Trading Companies & Distributors (2.78%)		
725,000	SiteOne Landscape Supply, Inc. [1]	42,954,934	65,474,750
Total Industrials		363,745,291	723,276,430
Information Technology (20.76%)			
	Application Software (8.01%)		
700,000	Guidewire Software, Inc. [1]	17,937,708	99,806,000
1,675,000	Intapp, Inc. [1]	65,120,759	60,651,750
1,550,000	nCino, Inc. [1]	49,646,801	28,101,500
		132,705,268	188,559,250
	Electronic Equipment & Instruments (6.77%)		
1,227,500	Cognex Corp.	34,687,683	74,447,875
2,000,000	Mirion Technologies, Inc. [1]	38,026,064	28,240,000
400,000	Novanta, Inc. [1,2]	44,477,575	56,876,000
		117,191,322	159,563,875
	IT Consulting & Other Services (4.17%)		
850,000	Everforth, Inc. [1]	17,046,890	27,965,000
250,000	Gartner, Inc. [1]	3,718,546	46,635,000
3,000,000	Grid Dynamics Holdings, Inc. [1]	36,322,597	23,640,000
		57,088,033	98,240,000
	Semiconductors (0.68%)		
5,500,000	indie Semiconductor, Inc., Cl A [1]	33,521,133	16,087,500
	Systems Software (1.13%)		
275,000	JFrog Ltd. [1,2]	8,444,848	26,686,000
Total Information Technology		348,950,604	489,136,625

Shares		Cost	Value
Common Stocks (continued)			
Materials (1.20%)			
	Specialty Chemicals (1.20%)		
700,000	Avient Corp.	$ 22,710,451	$ 28,175,000
Real Estate (1.05%)			
	Data Center REITs (1.05%)		
1,420,972	Blackstone Digital Infrastructure Trust, Inc. [1]	28,138,059	24,639,654
Total Investments (98.87%)		$ 1,406,349,778	2,329,192,534
Cash and Other Assets Less Liabilities (1.13%)			26,666,406
Net Assets			$ 2,355,858,940

% Represents percentage of net assets.
[1] Non-income producing securities.
[2] Foreign corporation.
[3] Sector levels are provided from the Global Industry Classification Standard (GICS), developed and exclusively owned by MSCI Inc. (MSCI) and Standard and Poor's Financial Services LLC (S&P). The Adviser has reclassified/classified certain securities in or out of this sub-industry. Such reclassifications/classifications are not supported by S&P or MSCI.

Baron Opportunity Fund

Shares		Cost	Value
Common Stocks (98.70%)			
Communication Services (27.55%)			
	Alternative Carriers (16.45%)		
2,358,660	Space Exploration Technologies Corp., Cl A [1,3,†]	$ 41,000,224	$ 355,827,447
	Interactive Media & Services (7.74%)		
264,110	Alphabet, Inc., Cl A	88,836,524	90,874,969
105,700	Meta Platforms, Inc., Cl A	20,449,342	76,651,526
		109,285,866	167,526,495
	Movies & Entertainment (3.36%)		
148,900	Spotify Technology SA [1,2]	52,165,343	72,570,882
Total Communication Services		202,451,433	595,924,824
Consumer Discretionary (9.41%)			
	Automobile Manufacturers (3.86%)		
235,200	Tesla, Inc. [1]	15,496,090	83,451,312
	Broadline Retail (4.71%)		
409,000	Amazon.com, Inc. [1]	27,056,330	101,902,350
	Footwear (0.84%)		
616,700	On Holding AG, Cl A [1,2]	19,519,803	18,260,487
Total Consumer Discretionary		62,072,223	203,614,149
Financials (3.55%)			
	Investment Banking & Brokerage (0.45%)		
100,300	Charles Schwab Corp.	9,580,016	9,803,322
	Transaction & Payment Processing Services (3.10%)		
56,400	Mastercard, Inc., Cl A	12,019,014	31,102,908
99,800	Visa, Inc., Cl A	15,336,164	35,861,134
		27,355,178	66,964,042
Total Financials		36,935,194	76,767,364
Health Care (8.79%)			
	Biotechnology (1.89%)		
42,548	argenx SE, ADR [1,2]	5,693,230	40,799,703
	Health Care Equipment (0.77%)		
41,105	Intuitive Surgical, Inc. [1]	4,585,816	16,714,526
	Health Care Services (1.15%)		
255,509	Hinge Health, Inc., Cl A [1]	9,486,846	24,845,695
	Health Care Technology (1.22%)		
530,459	HeartFlow, Inc. [1]	13,372,288	26,390,335
	Life Sciences Tools & Services (0.54%)		
110,803	BillionToOne, Inc., Cl A [1,4]	8,340,422	11,793,872
	Pharmaceuticals (3.22%)		
60,150	Eli Lilly & Co.	46,846,882	69,598,362
Total Health Care		88,325,484	190,142,493

Shares		Cost	Value
Common Stocks (continued)			
Industrials (4.28%)			
	Aerospace & Defense (0.81%)		
41,800	Axon Enterprise, Inc. [1]	$ 22,461,712	$ 17,661,336
	Construction & Engineering (0.74%)		
25,000	Quanta Services, Inc.	6,003,860	16,062,750
	Electrical Components & Equipment (1.34%)		
773,065	Forgent Power Solutions, Inc., Cl A [1,4]	21,883,076	28,943,554
	Heavy Electrical Equipment (1.39%)		
67,500	Bloom Energy Corp., Cl A [1]	12,106,565	18,696,150
267,905	DPC Holdings PLC [1,2]	9,106,277	11,321,665
		21,212,842	30,017,815
Total Industrials		71,561,490	92,685,455
Information Technology (43.92%)			
	Application Software (3.80%)		
146,300	Guidewire Software, Inc. [1]	10,165,892	20,859,454
78,000	Palantir Technologies, Inc., Cl A [1]	9,814,701	14,589,900
909,700	Samsara, Inc., Cl A [1]	30,054,628	34,686,861
90,000	ServiceNow, Inc. [1,4]	11,898,441	12,060,900
		61,933,662	82,197,115
	Communications Equipment (1.88%)		
95,097	Arista Networks, Inc. [1]	14,698,410	19,360,798
21,900	Lumentum Holdings, Inc. [1]	12,275,149	21,270,594
		26,973,559	40,631,392
	Electronic Components (0.65%)		
48,800	Coherent Corp. [1]	11,435,482	14,045,128
	Internet Services & Infrastructure (3.02%)		
60,584	Cerebras Systems, Inc., Cl A [1,4]	11,208,040	10,762,748
622,000	GDS Holdings Ltd., ADR [1,2]	11,046,841	19,425,060
237,200	Shopify, Inc., Cl A [1,2]	14,361,235	35,176,760
		36,616,116	65,364,568
	IT Consulting & Other Services (0.53%)		
61,737	Gartner, Inc. [1]	5,050,285	11,516,420
	Semiconductor Materials & Equipment (2.33%)		
10,700	ASML Holding N.V. [2]	15,325,580	19,384,869
94,400	Lam Research Corp.	24,316,110	31,011,344
		39,641,690	50,396,213
	Semiconductors (24.70%)		
18,000	Advanced Micro Devices, Inc. [1]	10,972,870	11,011,680
291,000	Broadcom, Inc.	41,224,692	102,196,290
6,200,000	indie Semiconductor, Inc., Cl A [1]	26,721,411	18,135,000
43,300	Micron Technology, Inc.	45,977,491	46,119,263
17,180	Monolithic Power Systems, Inc.	9,989,761	23,145,239
1,217,400	NVIDIA Corp.	7,023,160	278,029,812
122,200	Taiwan Semiconductor Manufacturing Co., Ltd., ADR [2]	14,811,451	55,746,418
		156,720,836	534,383,702

Baron Opportunity Fund (continued)

Shares		Cost	Value
Common Stocks (continued)			
Information Technology (continued)			
	Systems Software (7.01%)		
93,361	Cloudflare, Inc., Cl A [1,4]	$ 7,454,370	$ 32,422,408
68,600	Crowdstrike Holdings, Inc., Cl A [1]	6,991,544	18,161,850
120,300	Datadog, Inc., Cl A [1,4]	14,445,271	32,944,155
292,500	Rubrik, Inc., Cl A [1]	15,518,160	33,482,475
101,576	Snowflake, Inc., Cl A [1,4]	17,336,279	34,491,147
		61,745,624	151,502,035
Total Information Technology		400,117,254	950,036,573
Real Estate (0.77%)			
	Health Care REITs (0.77%)		
72,500	Welltower, Inc.	14,831,885	16,692,400
Utilities (0.43%)			
	Renewable Electricity (0.43%)		
685,103	Fervo Energy Co., Cl A [1]	18,497,781	9,310,550
Total Common Stocks		**894,792,744**	**2,135,173,808**
Private Common Stocks (0.01%)			
Unclassified (0.01%)			
	Unclassified (0.01%)		
182,067	Farmers Business Network, Inc. [1,3,5]	**2,394,652**	**338,645**
Private Convertible Preferred Stocks (0.59%)			
Information Technology (0.46%)			
	Technology Hardware, Storage & Peripherals (0.46%)		
1,089,573	SiMa Technologies, Inc., Series C [1,3,4]	9,999,992	10,002,280
Private Convertible Preferred Stocks (continued)			
Unclassified (0.13%)			
	Unclassified (0.13%)		
37,254	Farmers Business Network, Inc., Series F [1,3,5]	$ 4,855,355	$ 684,728
615,761	Farmers Business Network, Inc., Units [1,3,5]	615,761	2,081,272
		5,471,116	2,766,000
Total Private Convertible Preferred Stocks		**15,471,108**	**12,768,280**
Total Investments (99.30%)		**$ 912,658,504**	**2,148,280,733**
Cash and Other Assets Less Liabilities (0.70%)			**15,071,600**
Net Assets			**$ 2,163,352,333**

% Represents percentage of net assets.
[1] Non-income producing securities.
[2] Foreign corporation.
[3] At September 30, 2026, the market value of restricted securities amounted to $328,526,371 or 15.19% 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.
† A portion of Space Exploration Technologies Corp. ("SpaceX") shares are subject to a lock-up agreement with contractual sale restriction expiration dates ranging from 10/9/2026 to 8/3/2027. Fair value is based on the unadjusted market price of the equivalent equity security. At September 30, 2026, the total SpaceX shares subject to the lock-up was 2,090,809, representing $315,419,446 or 14.58% of net assets.
ADR American Depositary Receipt.

Baron Partners Fund

Shares		Cost	Value
Common Stocks (109.63%)			
Communication Services (39.62%)			
	Alternative Carriers (35.69%)		
36,938,300	Space Exploration Technologies Corp., Cl A [1,3,6]	$ 110,169,457	$ 5,572,511,938
	Movies & Entertainment (3.93%)		
1,257,559	Spotify Technology SA [1,2,6]	542,603,781	612,909,106
Total Communication Services		652,773,238	6,185,421,044
Consumer Discretionary (28.13%)			
	Automobile Manufacturers (14.67%)		
6,455,000	Tesla, Inc. [1,5,6]	95,897,630	2,290,298,550
	Casinos & Gaming (1.78%)		
5,607,441	Red Rock Resorts, Inc., Cl A [6]	279,873,851	277,792,627
	Footwear (3.21%)		
7,456,010	Birkenstock Holding PLC [1,2,6]	295,996,145	241,649,284
8,762,386	On Holding AG, Cl A [1,2,6]	321,105,238	259,454,250
		617,101,383	501,103,534
	Hotels, Resorts & Cruise Lines (6.36%)		
3,621,939	Choice Hotels International, Inc. [4,6]	366,562,936	370,922,773
3,919,490	Hyatt Hotels Corp., Cl A [6]	221,162,972	621,474,334
		587,725,908	992,397,107
	Leisure Facilities (2.11%)		
2,406,251	Vail Resorts, Inc. [4,6]	224,559,572	330,089,512
Total Consumer Discretionary		1,805,158,344	4,391,681,330
Financials (20.91%)			
	Financial Exchanges & Data (10.52%)		
2,112,674	FactSet Research Systems, Inc. [4,6]	469,269,471	570,316,346
1,877,117	Morningstar, Inc. [4,6]	329,869,797	356,727,315
1,326,345	MSCI, Inc. [6]	708,721,764	714,448,998
		1,507,861,032	1,641,492,659
	Investment Banking & Brokerage (4.69%)		
7,491,491	Charles Schwab Corp. [6]	398,549,013	732,218,330
	Property & Casualty Insurance (5.70%)		
6,132,925	Arch Capital Group Ltd. [1,2,6]	32,740,825	566,436,953
1,003,991	Kinsale Capital Group, Inc. [6]	346,828,343	324,038,095
		379,569,168	890,475,048
Total Financials		2,285,979,213	3,264,186,037
Health Care (4.38%)			
	Biotechnology (1.71%)		
1,391,060	Moderna, Inc. [1,6]	69,618,784	267,876,424
	Health Care Equipment (2.67%)		
798,094	IDEXX Laboratories, Inc. [1,6]	138,932,763	416,756,706
Total Health Care		208,551,547	684,633,130

Shares		Cost	Value
Common Stocks (continued)			
Industrials (2.46%)			
	Aerospace & Defense (0.51%)		
176,625	HEICO Corp. [6]	$ 26,597,840	$ 53,549,167
116,875	HEICO Corp., Cl A [6]	7,586,429	26,686,069
		34,184,269	80,235,236
	Research & Consulting Services (1.95%)		
1,809,754	Verisk Analytics, Inc. [6]	320,935,726	303,767,209
Total Industrials		355,119,995	384,002,445
Information Technology (12.14%)			
	Application Software (2.99%)		
3,275,057	Guidewire Software, Inc. [1,6]	400,386,662	466,957,627
	Internet Services & Infrastructure (5.73%)		
6,031,601	Shopify, Inc., Cl A [1,2]	687,705,123	894,486,428
	IT Consulting & Other Services (3.42%)		
2,860,648	Gartner, Inc. [1,6]	435,556,233	533,625,278
Total Information Technology		1,523,648,018	1,895,069,333
Real Estate (1.99%)			
	Other Specialized REITs (0.23%)		
973,518	Gaming and Leisure Properties, Inc. [6]	32,888,817	36,964,479
	Real Estate Services (1.76%)		
10,024,798	CoStar Group, Inc. [1,6]	205,299,492	274,679,465
Total Real Estate		238,188,309	311,643,944
Total Investments (109.63%)		**$ 7,069,418,664**	**17,116,637,263**
Liabilities Less Cash and Other Assets (-9.63%)			**(1,503,986,761)**
Net Assets			**$15,612,650,502**

% Represents percentage of net assets.
1 Non-income producing securities.
2 Foreign corporation.
3 A portion of Space Exploration Technologies Corp. ("SpaceX") shares are subject to a lock-up agreement with contractual sale restriction expiration dates ranging from 10/9/2026 to 8/3/2027. Fair value is based on the unadjusted market price of the equivalent equity security. At September 30, 2026, the total SpaceX shares subject to the lock-up was 32,743,555, representing $4,939,692,707 or 31.64% of net assets.
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 September 30, 2026, the total market value of pledged securities amounted to $2,971,347,331 or 19.03% of net assets.

Baron Fifth Avenue Growth Fund

Shares		Cost	Value
Common Stocks (99.29%)			
Communication Services (21.15%)			
	Alternative Carriers (8.63%)		
478,640	Space Exploration Technologies Corp., Cl A [1,3]	$ 15,999,886	$ 72,207,630
	Interactive Media & Services (12.52%)		
154,207	Alphabet, Inc., Cl A	25,748,132	53,059,545
71,252	Meta Platforms, Inc., Cl A	5,885,390	51,670,525
		31,633,522	104,730,070
Total Communication Services		47,633,408	176,937,700
Consumer Discretionary (13.73%)			
	Automobile Manufacturers (3.15%)		
74,227	Tesla, Inc. [1]	16,024,679	26,336,482
	Broadline Retail (10.58%)		
284,121	Amazon.com, Inc. [1]	2,673,397	70,788,747
10,282	MercadoLibre, Inc. [1]	7,849,511	17,772,746
		10,522,908	88,561,493
Total Consumer Discretionary		26,547,587	114,897,975
Financials (1.50%)			
	Asset Management & Custody Banks (1.50%)		
137,352	KKR & Co., Inc.	16,742,460	12,540,238
Health Care (8.88%)			
	Biotechnology (2.26%)		
19,676	argenx SE, ADR [1,2]	7,011,715	18,867,513
	Health Care Equipment (2.11%)		
43,393	Intuitive Surgical, Inc. [1]	5,068,231	17,644,896
	Life Sciences Tools & Services (2.56%)		
4,609	GRAIL, Inc. [1,4]	28,246	645,813
76,024	Illumina, Inc. [1]	6,360,189	20,806,248
		6,388,435	21,452,061
	Pharmaceuticals (1.95%)		
14,129	Eli Lilly & Co.	12,077,616	16,348,383
Total Health Care		30,545,997	74,312,853
Information Technology (54.03%)			
	Application Software (2.99%)		
47,676	Figma, Inc., Cl A [1]	1,573,308	1,002,150
630,085	Samsara, Inc., Cl A [1]	23,230,993	24,025,141
		24,804,301	25,027,291
	Electronic Components (2.47%)		
244,643	Amphenol Corp., Cl A	18,603,924	20,623,405
	Internet Services & Infrastructure (5.42%)		
32,848	Cerebras Systems, Inc., Cl A [1,4]	6,027,776	5,835,447
266,539	Shopify, Inc., Cl A [1,2]	12,692,489	39,527,734
		18,720,265	45,363,181

Shares		Cost	Value
Common Stocks (continued)			
Information Technology (continued)			
	Semiconductor Materials & Equipment (3.30%)		
15,222	ASML Holding N.V. [2]	$ 2,954,474	$ 27,577,241
	Semiconductors (26.69%)		
53,852	Broadcom, Inc.	18,465,447	18,912,284
17,279	Monolithic Power Systems, Inc.	16,192,052	23,278,614
514,452	NVIDIA Corp.	6,715,519	117,490,548
139,558	Taiwan Semiconductor Manufacturing Co., Ltd., ADR [2]	26,454,594	63,664,964
		67,827,612	223,346,410
	Systems Software (13.16%)		
84,130	Cloudflare, Inc., Cl A [1,4]	7,404,562	29,216,666
106,476	Crowdstrike Holdings, Inc., Cl A [1]	5,782,649	28,189,521
104,614	Datadog, Inc., Cl A [1,4]	8,965,487	28,648,544
70,829	Snowflake, Inc., Cl A [1,4]	9,785,962	24,050,695
		31,938,660	110,105,426
Total Information Technology		164,849,236	452,042,954
Total Investments (99.29%)		**$ 286,318,688**	**830,731,720**
Cash and Other Assets Less Liabilities (0.71%)			**5,945,850**
Net Assets			**$ 836,677,570**

% Represents percentage of net assets.
[1] Non-income producing securities.
[2] Foreign corporation.
[3] A portion of Space Exploration Technologies Corp. ("SpaceX") shares are subject to a lock-up agreement with contractual sale restriction expiration dates ranging from 10/9/2026 to 8/3/2027. Fair value is based on the unadjusted market price of the equivalent equity security. At September 30, 2026, the total SpaceX shares subject to the lock-up was 424,285, representing $64,007,635 or 7.65% of net assets.
[4] Sector levels are provided from the Global Industry Classification Standard (GICS), developed and exclusively owned by MSCI Inc. (MSCI) and Standard and Poor's Financial Services LLC (S&P). The Adviser has reclassified/classified certain securities in or out of this sub-industry. Such reclassifications/classifications are not supported by S&P or MSCI.
ADR American Depositary Receipt.

Baron Focused Growth Fund

Shares		Cost	Value
Common Stocks (99.30%)			
Communication Services (31.82%)			
	Alternative Carriers (27.44%)		
9,272,511	Space Exploration Technologies Corp., Cl A[1,3,†]	$ 304,200,973	$ 1,398,851,010
	Movies & Entertainment (4.38%)		
458,990	Spotify Technology SA[1,2]	132,822,304	223,702,546
Total Communication Services		437,023,277	1,622,553,556
Consumer Discretionary (29.89%)			
	Apparel, Accessories & Luxury Goods (2.78%)		
10,226,106	Figs, Inc., Cl A[1]	84,346,212	141,733,829
	Automobile Manufacturers (5.72%)		
821,781	Tesla, Inc.[1]	97,128,730	291,576,117
	Casinos & Gaming (3.47%)		
1,205,913	Las Vegas Sands Corp.	50,050,868	45,595,571
2,653,293	Red Rock Resorts, Inc., Cl A	124,097,248	131,444,135
		174,148,116	177,039,706
	Footwear (5.78%)		
3,956,440	Birkenstock Holding PLC[1,2]	167,601,500	128,228,220
5,613,742	On Holding AG, Cl A[1,2]	197,343,648	166,222,901
		364,945,148	294,451,121
	Hotels, Resorts & Cruise Lines (9.50%)		
1,072,975	Airbnb, Inc., Cl A[1]	134,036,927	172,373,434
1,232,500	Choice Hotels International, Inc.	126,029,592	126,220,325
1,172,333	Hyatt Hotels Corp., Cl A	127,235,655	185,885,120
		387,302,174	484,478,879
	Leisure Facilities (2.64%)		
980,382	Vail Resorts, Inc.	132,496,722	134,488,803
Total Consumer Discretionary		1,240,367,102	1,523,768,455
Financials (17.92%)			
	Financial Exchanges & Data (10.74%)		
629,548	FactSet Research Systems, Inc.	156,456,656	169,946,482
653,947	Morningstar, Inc.	115,057,249	124,276,088
470,300	MSCI, Inc.	258,300,601	253,331,798
		529,814,506	547,554,368
	Investment Banking & Brokerage (5.43%)		
2,454,600	Interactive Brokers Group, Inc., Cl A	72,238,708	209,671,932
1,470,238	Jefferies Financial Group, Inc.	65,282,418	67,233,984
		137,521,126	276,905,916
	Property & Casualty Insurance (1.75%)		
963,673	Arch Capital Group Ltd.[1,2]	44,814,019	89,004,838
Total Financials		712,149,651	913,465,122
Health Care (2.66%)			
	Health Care Equipment (2.66%)		
259,778	IDEXX Laboratories, Inc.[1]	116,446,864	135,653,474
Industrials (2.06%)			
	Research & Consulting Services (2.06%)		
625,480	Verisk Analytics, Inc.	114,994,035	104,986,818

Shares		Cost	Value
Common Stocks (continued)			
Information Technology (14.95%)			
	Application Software (5.44%)		
1,110,024	Guidewire Software, Inc.[1]	$ 136,847,353	$ 158,267,222
3,128,557	Samsara, Inc., Cl A[1]	102,226,366	119,291,878
		239,073,719	277,559,100
	Internet Services & Infrastructure (5.94%)		
2,042,621	Shopify, Inc., Cl A[1,2]	188,468,376	302,920,694
	IT Consulting & Other Services (3.57%)		
975,227	Gartner, Inc.[1]	152,110,624	181,918,845
Total Information Technology		579,652,719	762,398,639
Total Common Stocks		3,200,633,648	5,062,826,064
Private Convertible Preferred Stocks (0.59%)			
Industrials (0.39%)			
	Passenger Ground Transportation (0.39%)		
302,160	TBC The Boring Co., Series D[1,3,4]	19,999,970	19,999,970
Information Technology (0.20%)			
	Technology Hardware, Storage & Peripherals (0.20%)		
1,089,573	SiMa Technologies, Inc., Series C[1,3,4]	9,999,992	10,002,280
Total Private Convertible Preferred Stocks		29,999,962	30,002,250
Private Preferred Stocks (0.10%)			
Health Care (0.10%)			
	Health Care Equipment (0.10%)		
99,010	Neuralink Corp., Series E[1,3,4]	5,000,005	5,000,005
Total Investments (99.99%)		$ 3,235,633,615	5,097,828,319
Cash and Other Assets Less Liabilities (0.01%)			357,364
Net Assets			$ 5,098,185,683

% Represents percentage of net assets.
1 Non-income producing securities.
2 Foreign corporation.
3 At September 30, 2026, the market value of restricted securities amounted to $1,077,624,982 or 21.14% 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.
† A portion of Space Exploration Technologies Corp. ("SpaceX") shares are subject to a lock-up agreement with contractual sale restriction expiration dates ranging from 10/9/2026 to 8/3/2027. Fair value is based on the unadjusted market price of the equivalent equity security. At September 30, 2026, the total SpaceX shares subject to the lock-up was 6,911,194, representing $1,042,622,727 or 20.45% of net assets.

Baron International Growth Fund

Shares		Cost	Value
Common Stocks (97.21%)			
Argentina (0.91%)			
62,966	Golar LNG Ltd.	$ 3,275,929	$ 2,992,144
Australia (0.32%)			
108,506	Lynas Rare Earths Ltd.1	445,498	1,041,679
Brazil (1.27%)			
40,531	Afya Ltd., Cl A	519,689	487,993
237,172	Localiza Rent a Car SA	2,114,100	1,854,824
86,127	XP, Inc., Cl A	1,594,719	1,808,237
Total Brazil		4,228,508	4,151,054
Canada (4.34%)			
12,129	Agnico Eagle Mines Ltd.	556,484	2,222,882
970	Constellation Software, Inc.	20,590	1,973,009
223,239	Lundin Mining Corp.	2,329,353	5,322,348
31,650	Shopify, Inc., Cl A1	4,036,528	4,693,695
Total Canada		6,942,955	14,211,934
Chile (0.20%)			
10,059	Sociedad Quimica y Minera de Chile SA, ADR	420,158	652,527
China (5.48%)			
27,564	Alibaba Group Holding Limited, ADR	3,256,699	2,964,233
142,826	BYD Co. Ltd., Cl H	1,922,920	1,370,967
1,962,889	Chongqing Machinery & Electric Co. Ltd., Cl H	624,808	399,978
26,381	Contemporary Amperex Technology Co. Ltd., Cl A	1,021,688	1,143,315
160,450	Full Truck Alliance Co. Ltd., ADR	1,102,125	1,326,922
48,066	GDS Holdings Ltd., ADR1	1,734,507	1,501,101
1,737,240	Kingdee International Software Group Co. Ltd.1	1,174,747	1,615,636
68,453	Montage Technology Co. Ltd., Cl A	1,320,164	2,046,889
146,058	Pony AI, Inc., ADR1	1,532,389	955,219
45,236	Tencent Holdings Limited	1,077,114	2,463,886
81,821	Zai Lab Limited, ADR1	1,682,055	2,155,165
Total China		16,449,216	17,943,311
Finland (1.21%)			
106,243	Neste OYJ	3,785,913	3,947,347
France (12.08%)			
21,954	Airbus SE	3,603,732	4,705,762
88,837	BNP Paribas S.A.	3,205,452	9,493,239
6,612	EssilorLuxottica SA	1,967,853	1,089,012
55,292	Eurofins Scientific SE	339,375	4,657,072
34,571	Euronext NV, 144A	5,343,030	6,211,482
2,920	LVMH Moët Hennessy Louis Vuitton SE	864,538	1,286,680
17,859	Sartorius Stedim Biotech	3,612,008	4,261,706
91,375	TotalEnergies SE	5,727,910	7,847,177
Total France		24,663,898	39,552,130

Shares		Cost	Value
Common Stocks (continued)			
Germany (2.56%)			
17,512	Deutsche Bank AG	$ 361,384	$ 628,506
66,740	Innio N.V.1	1,686,813	1,209,996
12,060	OHB SE	3,479,885	2,396,286
40,137	Symrise AG	2,488,069	4,153,627
Total Germany		8,016,151	8,388,415
Greece (1.52%)			
404,257	Piraeus Bank SA	2,384,205	4,978,128
India (9.34%)			
139,718	Bajaj Finance Ltd.	1,605,070	1,395,652
94,972	Centum Electronics Ltd.	2,618,989	4,749,142
42,123	Cummins India Ltd.	2,223,318	2,089,034
29,604	Divi's Laboratories Ltd.	2,160,803	2,868,848
757,529	Eternal Ltd.1	2,328,971	2,525,817
1,301,048	GMR Power & Urban Infra Ltd.1	1,877,374	1,428,160
74,578	Godrej Properties Ltd.	1,195,329	1,265,133
36,993	InterGlobe Aviation Ltd., 144A1	1,478,987	1,919,106
842,966	JM Financial Limited	786,865	1,133,425
462,605	JSW Energy Ltd.	2,593,929	2,385,590
103,428	Kirloskar Oil Engines Ltd.	1,664,133	2,483,753
151,166	Max Healthcare Institute Ltd.	1,010,143	1,465,118
187,655	Nippon Life India Asset Management Ltd., 144A	601,069	2,090,010
467,254	Power Grid Corp. of India Ltd.	1,533,633	1,268,933
56,002	Trent Ltd.	1,029,828	1,530,026
Total India		24,708,441	30,597,747
Ireland (1.82%)			
266,821	Bank of Ireland Group PLC	1,920,750	5,953,110
Israel (0.40%)			
70,190	Oddity Tech Ltd., Cl A1	1,368,474	1,309,745
Italy (1.06%)			
14,269	Brunello Cucinelli SpA	1,494,721	1,306,293
103,456	Stevanato Group SpA	2,048,522	2,170,507
Total Italy		3,543,243	3,476,800
Japan (14.72%)			
188,274	Ajinomoto Co., Inc.	3,533,973	6,120,675
461,502	Japan Exchange Group, Inc.	4,827,836	6,699,222
32,700	The Japan Steel Works Ltd.	2,036,374	1,512,757
14,083	Keyence Corporation	4,074,617	7,189,459
208,427	Mitsubishi UFJ Financial Group, Inc., ADR	1,470,895	4,808,411
596,315	Nomura Holdings, Inc.	4,308,314	5,839,542
293,600	SMS Co. Ltd.	4,361,622	4,975,096
220,814	Sumitomo Mitsui Financial Group, Inc.	1,562,605	4,864,534
82,480	Tokyo Electron Limited	1,646,184	6,205,399
Total Japan		27,822,420	48,215,095

Baron International Growth Fund (continued)

Shares		Cost	Value
Common Stocks (continued)			
Korea, Republic of (6.76%)			
12,741	Doosan Enerbility Co. Ltd.[1]	$ 868,196	$ 760,441
10,205	HD Hyundai Marine Solution Co. Ltd., Cl C	1,500,073	1,782,028
47,320	HPSP Co. Ltd.	1,142,796	2,203,748
24,031	ISC Co. Ltd.	977,638	3,742,581
40,254	Samsung Electronics Co., Ltd.	3,690,263	7,901,875
4,433	SK Hynix, Inc.	1,813,254	5,733,423
Total Korea, Republic of		9,992,220	22,124,096
Netherlands (5.51%)			
70,358	AMG Critical Materials NV	1,484,864	2,277,719
12,315	argenx SE, ADR[1]	345,189	11,808,977
28,782	Prosus NV	1,009,886	1,151,647
174,064	Universal Music Group NV	3,749,759	2,802,964
Total Netherlands		6,589,698	18,041,307
Peru (0.82%)			
7,062	Credicorp, Ltd.	1,098,427	2,682,642
Spain (1.81%)			
193,380	eDreams ODIGEO SA[1]	979,878	944,104
82,139	Industria de Diseno Textil, S.A.	3,478,594	4,992,627
Total Spain		4,458,472	5,936,731
Sweden (2.93%)			
225,591	Epiroc AB, Cl A	3,535,421	5,899,924
7,548	Spotify Technology SA[1]	3,842,714	3,678,744
Total Sweden		7,378,135	9,578,668
Switzerland (2.73%)			
51,044	Bachem Holding AG	4,928,837	4,917,379
25,934	Nestle S.A.	2,215,335	2,352,831
56,714	On Holding AG, Cl A[1]	2,350,714	1,679,302
Total Switzerland		9,494,886	8,949,512
Taiwan (7.36%)			
19,257	eMemory Technology, Inc.	1,371,073	1,996,096
12,827	MediaTek, Inc.	1,670,336	1,978,912
257,076	Taiwan Semiconductor Manufacturing Co., Ltd.	4,978,129	20,128,481
Total Taiwan		8,019,538	24,103,489
United Kingdom (4.46%)			
32,835	AstraZeneca PLC, ADR	2,335,459	5,301,867
184,989	BAE Systems PLC	3,469,507	4,787,835
382,839	Ceres Power Holdings PLC[1]	2,650,784	2,049,579
75,204	Experian plc	1,019,946	2,449,314
Total United Kingdom		9,475,696	14,588,595
United States (7.60%)			
36,589	Agilent Technologies, Inc.	$ 1,219,419	$ 6,304,650
74,688	Arch Capital Group Ltd.[1]	1,583,315	6,898,184
13,120	Linde Public Limited Company	2,194,462	6,218,407
7,665	Palo Alto Networks, Inc.[1]	1,151,711	3,045,381
16,079	Space Exploration Technologies Corp., Cl A[1]	2,175,272	2,425,678
Total United States		8,324,179	24,892,300
Total Common Stocks		**194,807,010**	**318,308,506**
Warrants (0.00%)^			
Canada (0.00%)^			
5,029	Constellation Software, Inc. Exp. 3/31/2040 [1,2]	**0**	**0**
Total Investments (97.21%)		**$ 194,807,010**	**318,308,506**
Cash and Other Assets Less Liabilities (2.79%)			**9,134,373**
Net Assets			**$ 327,442,879**

% Represents percentage of net assets.
[1] Non-income producing securities.
[2] At September 30, 2026, the market value of restricted securities, excluding Rule 144A securities as separately described below, amounted to $0 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 September 30, 2026, the market value of Rule 144A securities amounted to $10,220,598 or 3.12% of net assets.

Summary of Investments by Sector as of September 30, 2026	Percentage of Net Assets (%)
Information Technology	23.7%
Financials	20.0%
Health Care	14.4%
Industrials	13.8%
Materials	6.7%
Consumer Discretionary	6.2%
Energy	4.5%
Communication Services	3.5%
Consumer Staples	3.0%
Utilities	1.1%
Real Estate	0.4%
Cash and Cash Equivalents*	2.8%
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 (90.98%)			
Consumer Discretionary (28.21%)			
	Casinos & Gaming (5.60%)		
732,000	Caesars Entertainment, Inc. [1]	$ 16,147,078	$ 21,703,800
109,590	Las Vegas Sands Corp.	4,370,540	4,143,598
2,417,000	Penn Entertainment, Inc. [1]	37,157,103	35,409,050
909,399	Red Rock Resorts, Inc., Cl A	29,223,074	45,051,627
		86,897,795	106,308,075
	Home Furnishings (1.35%)		
204,733	Mohawk Industries, Inc. [1]	24,548,456	25,534,300
	Home Improvement Retail (2.58%)		
81,700	The Home Depot, Inc.	26,020,034	23,242,833
139,466	Lowe's Companies, Inc.	28,611,705	25,702,189
		54,631,739	48,945,022
	Homebuilding (10.26%)		
584,150	KB Home	29,870,832	27,145,451
1,078,365	Meritage Homes Corp.	71,924,463	67,775,240
233,500	PulteGroup, Inc.	29,073,307	27,100,010
538,150	Toll Brothers, Inc.	55,411,184	72,515,712
		186,279,786	194,536,413
	Hotels, Resorts & Cruise Lines (8.42%)		
293,916	Airbnb, Inc., Cl A [1]	36,472,583	47,217,605
193,873	Hilton Worldwide Holdings, Inc.	31,254,428	61,674,879
320,227	Hyatt Hotels Corp., Cl A	41,009,112	50,775,193
		108,736,123	159,667,677
Total Consumer Discretionary		461,093,899	534,991,487
Financials (6.94%)			
	Asset Management & Custody Banks (6.33%)		
378,231	Blackstone, Inc.	46,680,994	42,395,912
429,710	Brookfield Asset Management Ltd., Cl A [2]	19,871,023	19,156,472
1,605,650	Brookfield Corp., Cl A [2]	41,038,232	58,541,999
		107,590,249	120,094,383
	Commercial & Residential Mortgage Finance (0.61%)		
1,003,100	Rocket Cos., Inc., Cl A [1]	12,633,620	11,545,681
Total Financials		120,223,869	131,640,064

Shares		Cost	Value
Common Stocks (continued)			
Industrials (12.44%)			
	Building Products (7.48%)		
663,550	AAON, Inc.	$ 54,165,315	$ 54,915,398
219,879	Advanced Drainage Systems, Inc.	26,475,123	27,860,868
199,208	Armstrong World Industries, Inc.	32,811,256	32,257,751
1,094,121	Madison Air Solutions Corp., Cl A [1]	31,188,654	26,915,377
		144,640,348	141,949,394
	Construction & Engineering (2.24%)		
789,826	Legence Corp., Cl A [1]	46,744,637	42,397,860
	Trading Companies & Distributors (2.72%)		
570,885	SiteOne Landscape Supply, Inc. [1]	56,685,876	51,556,624
Total Industrials		248,070,861	235,903,878
Information Technology (2.36%)			
	Application Software (1.39%)		
507,223	Procore Technologies, Inc. [1]	24,265,496	26,233,574
	Internet Services & Infrastructure (0.97%)		
588,441	GDS Holdings Ltd., ADR [1,2]	6,691,278	18,377,012
Total Information Technology		30,956,774	44,610,586
Materials (1.83%)			
	Construction Materials (1.83%)		
384,150	CRH PLC [2]	36,489,512	31,807,620
113,173	James Hardie Industries PLC [1,2]	2,551,175	2,864,409
Total Materials		39,040,687	34,672,029
Real Estate (39.20%)			
	Data Center REITs (8.23%)		
1,665,598	Blackstone Digital Infrastructure Trust, Inc. [1]	32,982,138	28,881,469
293,751	Digital Realty Trust, Inc.	50,707,143	51,562,113
74,765	Equinix, Inc.	54,083,976	75,630,779
		137,773,257	156,074,361
	Health Care REITs (7.96%)		
223,450	Ventas, Inc.	16,503,871	18,997,719
573,213	Welltower, Inc.	48,295,449	131,976,561
		64,799,320	150,974,280
	Industrial REITs (3.74%)		
546,250	Prologis, Inc.	61,844,198	70,925,100

Baron Real Estate Fund (continued)

Shares		Cost	Value
Common Stocks (continued)			
Real Estate (continued)			
	Multi-Family Residential REITs (1.06%)		
331,250	Vivmark Residential (formerly, Equity Residential)	$ 22,603,910	$ 20,126,750
	Office REITs (1.24%)		
385,100	BXP, Inc.	25,694,131	23,533,461
	Real Estate Services (8.67%)		
590,598	CBRE Group, Inc., Cl A [1]	63,680,066	75,874,125
915,294	Compass, Inc., Cl A [1]	8,881,027	8,127,811
2,621,400	Cushman & Wakefield Ltd. [1,2]	35,222,323	30,958,734
161,879	Jones Lang LaSalle, Inc. [1]	38,591,226	49,457,272
		146,374,642	164,417,942
	Retail REITs (4.68%)		
3,100,008	The Macerich Co.	54,497,649	69,316,179
96,500	Simon Property Group, Inc.	15,494,503	19,373,340
		69,992,152	88,689,519
	Self Storage REITs (2.63%)		
176,250	Public Storage	50,035,859	49,850,550
	Telecom Tower REITs (0.99%)		
114,900	American Tower Corp.	19,289,283	18,807,981
Total Real Estate		598,406,752	743,399,944
Total Investments (90.98%)		**$ 1,497,792,842**	**1,725,217,988**
Cash and Other Assets Less Liabilities (9.02%)			**171,111,875**
Net Assets			**$ 1,896,329,863**

% 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 (98.57%)			
Argentina (1.16%)			
665,691	Vista Energy SAB de CV, ADR[1]	$ 40,834,518	$ 43,502,907
Brazil (5.58%)			
739,818	Afya Ltd., Cl A	14,235,970	8,907,409
2,035,330	Banco BTG Pactual SA	13,233,867	25,219,821
9,436,962	GPS Participacoes e Empreendimentos SA, 144A	22,882,719	22,894,178
5,444,039	Localiza Rent a Car SA	32,534,122	42,569,833
2,387,832	NU Holdings Ltd., Cl A[1]	34,637,626	30,229,953
3,686,785	PRIO SA[1]	39,842,808	43,402,449
1,694,823	XP, Inc., Cl A	26,213,013	35,582,809
Total Brazil		183,580,125	208,806,452
Chile (0.28%)			
159,101	Sociedad Quimica y Minera de Chile SA, ADR	6,635,488	10,320,882
China (17.72%)			
690,854	Alibaba Group Holding Limited, ADR	61,798,106	74,294,439
3,579,138	BYD Co. Ltd., Cl H	49,040,623	34,355,657
19,472,242	China Mengniu Dairy Co. Ltd.	35,979,935	44,164,420
688,217	Contemporary Amperex Technology Co. Ltd., Cl A	19,874,653	29,826,356
4,078,282	Full Truck Alliance Co. Ltd., ADR	28,469,107	33,727,392
3,762,122	Fuyao Glass Industry Group Co. Ltd., Cl A	25,864,324	30,001,123
990,184	GDS Holdings Ltd., ADR[1]	34,847,653	30,923,446
2,392,613	Jiangsu Hengli Hydraulic Co. Ltd., Cl A	19,247,295	32,152,996
33,140,174	Kingdee International Software Group Co. Ltd.[1]	19,811,851	30,820,413
1,000,709	Montage Technology Co. Ltd., Cl A	19,948,534	29,923,309
408,107	Montage Technology Co. Ltd., Cl H	6,760,091	14,590,472
2,954,095	Pony AI, Inc., ADR[1]	33,880,631	19,319,781
1,623,905	Tencent Holdings Limited	26,723,626	88,449,853
314,801	Tencent Holdings Limited, ADR	12,852,935	17,068,510
1,860,353	WuXi AppTec Co. Ltd., Cl A	27,581,961	46,289,184
1,342,586	XPeng, Inc., ADR[1]	21,906,439	12,835,122
1,332,429	Zai Lab Limited, ADR[1]	25,630,067	35,096,180
5,226,486	Zhejiang Sanhua Intelligent Controls Co. Ltd., Cl H	16,916,644	16,155,876
4,044,990	Zhejiang Shuanghuan Driveline Co. Ltd., Cl A	18,213,248	22,935,134
1,108,296	Zijin Gold International Co. Ltd.	21,294,944	19,646,519
Total China		526,642,667	662,576,182
Greece (1.54%)			
4,674,876	Piraeus Bank SA	27,912,683	57,567,662
Hungary (0.67%)			
189,338	OTP Bank Nyrt	26,661,985	24,904,679

Shares		Cost	Value
Common Stocks (continued)			
India (20.91%)			
520,146	Acutaas Chemicals Ltd.	$ 16,963,122	$ 17,768,348
1,124,698	Astra Microwave Products Ltd.	21,074,521	19,186,491
7,275,638	Bajaj Finance Ltd.	39,232,891	72,676,808
6,999,498	Bharat Electronics Ltd.	33,198,833	28,320,158
1,397,894	Bharti Airtel Ltd.	8,606,721	25,600,747
1,603,052	Cholamandalam Investment & Finance Co. Ltd.	26,281,987	27,039,196
869,007	Cummins India Ltd.	37,159,595	43,097,237
386,528	Data Patterns India Ltd.	18,748,426	17,260,400
692,783	Divi's Laboratories Ltd.	49,823,299	67,135,836
13,797,929	Eternal Ltd.[1]	43,146,569	46,006,223
1,432,834	Godrej Properties Ltd.	27,831,995	24,306,448
714,007	InterGlobe Aviation Ltd., 144A[1]	28,286,524	37,040,933
20,242,624	JM Financial Limited4	21,266,623	27,217,586
7,969,289	JSW Energy Ltd.	45,201,998	41,096,523
1,482,222	Kirloskar Oil Engines Ltd.	23,536,586	35,594,552
1,129,760	Lenskart Solutions Ltd.[1]	8,169,470	8,050,524
3,881,786	Max Healthcare Institute Ltd.	36,053,100	37,622,698
3,464,072	Nippon Life India Asset Management Ltd., 144A	11,095,600	38,581,148
1,104,993	Nuvama Wealth Management Ltd.	7,381,815	19,013,581
13,643,347	Pine Labs Ltd., 144A[1,3]	39,999,997	24,438,720
14,430,962	Power Grid Corp. of India Ltd.	51,322,648	39,190,513
1,236,472	SBI Life Insurance Company Limited, 144A	12,265,555	21,878,294
8,882,772	Swiggy Ltd.[1]	42,358,666	23,155,657
771,094	Tata Consumer Products Ltd.	2,867,392	7,636,579
1,206,556	Trent Ltd.	20,401,072	32,964,213
Total India		672,275,005	781,879,413
Korea, Republic of (20.80%)			
186,388	Coupang, Inc.[1]	2,068,045	2,585,202
277,841	D'Alba Global Co. Ltd.	32,972,077	38,111,361
261,738	Doosan Enerbility Co. Ltd.[1]	5,053,289	15,621,711
275,167	Hanwha Systems Co. Ltd.	5,619,462	15,273,141
180,011	HD Hyundai Marine Solution Co. Ltd., Cl C	26,599,353	31,434,073
1,075,607	HPSP Co. Ltd.	26,057,562	50,092,278
253,441	Hyundai Glovis Co. Ltd.	25,358,795	36,604,734
427,918	ISC Co. Ltd.	18,292,672	66,643,818
254,885	Korea Aerospace Industries Ltd.	11,221,954	23,700,653
16,321	Samsung Biologics Co. Ltd., 144A[1]	17,172,021	16,676,290
1,392,719	Samsung Electronics Co., Ltd.	51,771,807	273,391,269
160,667	SK Hynix, Inc.	36,178,880	207,798,747
Total Korea, Republic of		258,365,917	777,933,277

Baron Emerging Markets Fund (continued)

Shares		Cost	Value
Common Stocks (continued)			
Mexico (1.73%)			
5,171,047	Grupo Mexico S.A.B. de C.V., Series B	$ 12,119,236	$ 64,541,554
Peru (1.08%)			
106,569	Credicorp, Ltd.	12,421,455	40,482,366
Philippines (0.54%)			
11,305,570	BDO Unibank, Inc.	18,281,096	20,330,123
Saudi Arabia (0.51%)			
525,258	Rasan Information Technology Co.[1]	19,411,877	18,885,115
South Africa (1.40%)			
1,379,692	Absa Group Ltd.	16,693,610	18,050,233
4,724,498	FirstRand Ltd.	22,889,496	26,300,959
185,230	Naspers Ltd., N Shares	5,094,446	7,864,786
Total South Africa		44,677,552	52,215,978
Spain (0.57%)			
2,176,630	Codere Online Luxembourg, S.A. Private Shares[1]	18,185,897	21,135,077
Taiwan (22.47%)			
73,934	ASPEED Technology, Inc.	10,138,795	43,387,562
633,337	Chroma ATE, Inc.	12,041,761	42,321,730
941,331	Delta Electronics, Inc.	3,227,452	55,852,251
3,630,672	E Ink Holdings, Inc.	28,572,340	16,409,264
385,918	eMemory Technology, Inc.	27,852,404	40,002,556
211,702	MediaTek, Inc.	27,567,912	32,660,774
7,586,081	Taiwan Semiconductor Manufacturing Co., Ltd.	133,297,385	593,973,323
34,442	Taiwan Semiconductor Manufacturing Co., Ltd., ADR	600,951	15,712,096
Total Taiwan		243,299,000	840,319,556
Thailand (0.38%)			
2,611,613	Bangkok Bank PCL	15,059,554	14,353,187
United Kingdom (0.55%)			
3,811,346	Ceres Power Holdings PLC[1]	28,751,858	20,404,539
United States (0.68%)			
169,079	Space Exploration Technologies Corp., Cl A[1]	22,855,875	25,507,258
Total Common Stocks		**2,177,971,788**	**3,685,666,207**

Shares		Cost	Value
Private Convertible Preferred Stocks (0.00%)^			
India (0.00%)^			
15,334	Think & Learn Private Limited, Series F[1,2,3]	$ 49,776,072	$ 65,698
Warrants (0.00%)^			
Spain (0.00%)^			
13,259	Codere Online Luxembourg SA Exp. 11/30/2026 exercise price USD 11.50 [1]	0	4,640
Total Investments (98.57%)		$ 2,227,747,860	3,685,736,545
Cash and Other Assets Less Liabilities (1.43%)			53,442,392
Net Assets			$ 3,739,178,937

% Represents percentage of net assets.
1 Non-income producing securities.
2 At September 30, 2026, the market value of restricted securities, excluding Rule 144A securities as separately described below, amounted to $65,698 or 0.00% of net assets.
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.
^ 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 September 30, 2026, the market value of Rule 144A securities amounted to $161,509,563 or 4.32% of net assets.

Summary of Investments by Sector as of September 30, 2026	Percentage of Net Assets (%)
Information Technology	42.3%
Financials	14.5%
Industrials	12.9%
Consumer Discretionary	8.7%
Health Care	5.9%
Communication Services	4.2%
Materials	2.5%
Consumer Staples	2.4%
Energy	2.3%
Utilities	2.1%
Real Estate	0.7%
Cash and Cash Equivalents*	1.4%
Total	**100.0%****

* Includes short term investments.
** Individual weights may not sum to 100% due to rounding.

Baron Global Opportunity Fund

Shares		Cost	Value
Common Stocks (97.71%)			
Argentina (3.84%)			
29,717	MercadoLibre, Inc.[1]	$ 23,526,158	$ 51,366,726
Brazil (3.19%)			
3,369,699	NU Holdings Ltd., Cl A[1]	45,459,743	42,660,389
Canada (6.59%)			
594,354	Shopify, Inc., Cl A[1]	46,953,459	88,142,698
China (2.41%)			
1,033,548	GDS Holdings Ltd., ADR[1]	28,731,132	32,277,704
India (5.01%)			
3,046,809	Bajaj Finance Ltd.	22,005,505	30,434,768
10,955,690	Eternal Ltd.[1]	22,980,895	36,529,389
Total India		44,986,400	66,964,157
Korea, Republic of (2.91%)			
1,853,995	Coupang, Inc.[1]	32,513,926	25,714,911
67,474	Samsung Electronics Co., Ltd.	14,364,354	13,245,172
Total Korea, Republic of		46,878,280	38,960,083
Netherlands (8.03%)			
38,884	argenx SE, ADR[1]	6,610,007	37,286,256
26,509	ASML Holding N.V.	16,120,920	47,501,353
96,184	Nebius Group NV[1]	12,300,836	22,687,882
Total Netherlands		35,031,763	107,475,491
Spain (0.87%)			
827,902	Codere Online Luxembourg S.A.[1]	7,576,156	8,038,929
375,992	Codere Online Luxembourg, S.A. Private Shares[1]	2,714,710	3,650,882
Total Spain		10,290,866	11,689,811
Taiwan (5.41%)			
158,555	Taiwan Semiconductor Manufacturing Co., Ltd., ADR	41,615,598	72,331,205
United Kingdom (0.51%)			
160,120	DPC Holdings PLC[1]	5,283,960	6,766,671

Shares		Cost	Value
Common Stocks (continued)			
United States (58.94%)			
256,404	Amazon.com, Inc.[1]	$ 60,174,871	$ 63,883,057
79,967	BillionToOne, Inc., Cl A[1,3]	5,964,842	8,511,687
109,976	Block, Inc.[1]	9,647,336	8,086,535
52,517	Cerebras Systems, Inc., Cl A[1,3]	9,621,941	9,329,645
117,918	Cloudflare, Inc., Cl A[1,3]	15,512,039	40,950,563
46,956	Coherent Corp.[1]	13,068,011	13,514,406
158,276	Crowdstrike Holdings, Inc., Cl A[1]	17,296,539	41,903,571
155,816	Datadog, Inc., Cl A[1,3]	8,882,936	42,670,212
73,112	Figma, Inc., Cl A[1]	2,030,782	1,536,814
451,490	Forgent Power Solutions, Inc., Cl A[1,3]	13,318,246	16,903,786
154	GRAIL, Inc.[1]	7,341	21,578
480,600	HeartFlow, Inc.[1]	12,374,576	23,909,850
108,000	Illumina, Inc.[1]	12,084,694	29,557,440
2,546,326	indie Semiconductor, Inc., Cl A[1]	12,337,941	7,448,004
406,946	Loar Holdings, Inc.[1]	28,481,403	25,035,318
1,036,502	Netskope, Inc., Cl A[1]	15,232,624	18,076,595
437,177	NVIDIA Corp.	22,897,884	99,842,483
949,884	SailPoint, Inc.[1,3]	13,307,282	19,339,638
217,435	ServiceTitan, Inc., Cl A[1]	14,631,746	14,305,049
106,673	Snowflake, Inc., Cl A[1,3]	13,393,986	36,221,884
1,493,546	Space Exploration Technologies Corp., Cl A[1,2,†]	13,795,497	225,316,350
49,958	Tesla, Inc.[1]	15,728,750	17,725,598
123,069	Zscaler, Inc.[1]	12,982,563	24,542,420
Total United States		342,773,830	788,632,483
Total Common Stocks		**671,531,189**	**1,307,267,418**
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[1,2,3]	**29,867,591**	**39,421**

Baron Global Opportunity Fund (continued)

Shares		Cost	Value
Warrants (0.01%)			
Spain (0.01%)			
502,360	Codere Online Luxembourg SA, Exp. 11/30/2026 exercise price USD 11.50[1]	$ 845,632	$ 175,826
Total Investments (97.76%)		**$ 714,494,419**	**1,308,040,221**
Cash and Other Assets Less Liabilities (2.24%)			**29,923,429**
Net Assets			**$ 1,337,963,650**

% Represents percentage of net assets.
[1] Non-income producing securities.
[2] At September 30, 2026, the market value of restricted securities, excluding Rule 144A securities as separately described below, amounted to $219,496,647 or 16.41% of net assets.
[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.
† A portion of Space Exploration Technologies Corp. ("SpaceX") shares are subject to a lock-up agreement with contractual sale restriction expiration dates ranging from 10/9/2026 to 8/3/2027. Fair value is based on the unadjusted market price of the equivalent equity security. At September 30, 2026, the total SpaceX shares subject to the lock-up was 1,451,012, representing $218,899,670 or 16.36% of net assets.
^ Rounds to less than 0.01%.
ADR American Depositary Receipt.

Summary of Investments by Sector as of September 30, 2026	Percentage of Net Assets (%)
Information Technology	48.3%
Communication Services	16.8%
Consumer Discretionary	15.5%
Health Care	7.4%
Financials	6.1%
Industrials	3.6%
Unclassified	0.0%
Cash and Cash Equivalents*	2.2%
Total	**100.0%****

* Includes short term investments.
** Individual weights may not sum to 100% due to rounding.

Baron Discovery Fund

Shares		Cost	Value
Common Stocks (99.59%)			
Communication Services (4.23%)			
	Movies & Entertainment (4.23%)		
450,000	Liberty Live Holdings, Inc., Cl C [1]	$ 16,102,958	$ 43,762,500
325,000	Liberty Media Corp., Cl A [1]	16,929,497	27,504,750
Total Communication Services		33,032,455	71,267,250
Consumer Discretionary (9.24%)			
	Apparel, Accessories & Luxury Goods (2.33%)		
2,500,000	Brunello Cucinelli SpA, ADR [2]	25,485,806	22,886,917
1,350,000	Reformation, Inc. [1,3]	20,447,490	16,254,000
		45,933,296	39,140,917
	Casinos & Gaming (2.25%)		
800,000	DraftKings, Inc., Cl A [1]	14,419,389	15,200,000
285,000	Wynn Resorts Ltd.	20,825,886	22,637,550
		35,245,275	37,837,550
	Restaurants (4.66%)		
1,792,200	Jersey Mike's Subs, Inc., Cl A [1]	37,585,736	30,144,804
385,000	Shake Shack, Inc., Cl A [1]	32,191,112	22,591,800
165,000	Texas Roadhouse, Inc.	14,368,538	25,796,100
		84,145,386	78,532,704
Total Consumer Discretionary		165,323,957	155,511,171
Consumer Staples (1.13%)			
	Soft Drinks & Non-alcoholic Beverages (1.13%)		
1,000,000	Primo Brands Corp.	23,868,551	19,050,000
Financials (4.55%)			
	Asset Management & Custody Banks (1.48%)		
575,000	StepStone Group, Inc., Cl A	33,394,902	24,955,000
	Insurance Brokers (0.85%)		
593,855	TWFG, Inc. [1]	11,907,392	14,258,459
	Investment Banking & Brokerage (1.17%)		
850,000	Lincoln International, Inc.	18,214,235	19,626,500
	Property & Casualty Insurance (1.05%)		
55,000	Kinsale Capital Group, Inc.	2,746,528	17,751,250
Total Financials		66,263,057	76,591,209
Health Care (27.15%)			
	Biotechnology (1.36%)		
867,400	Arcutis Biotherapeutics, Inc. [1]	23,555,129	22,925,382
	Health Care Equipment (2.63%)		
612,094	Axogen, Inc. [1]	20,630,561	25,658,980
163,700	IRhythm Holdings, Inc. [1]	19,831,295	18,606,142
		40,461,856	44,265,122
	Health Care Technology (4.42%)		
857,494	HeartFlow, Inc. [1]	20,274,644	42,660,327
1,252,000	Waystar Holding Corp. [1]	40,656,260	31,725,680
		60,930,904	74,386,007

Shares		Cost	Value
Common Stocks (continued)			
Health Care (continued)			
	Life Sciences Tools & Services (15.21%)		
286,830	BillionToOne, Inc., Cl A [1,3]	$ 22,089,321	$ 30,530,185
1,026,973	CareDx, Inc. [1,3]	10,191,377	66,753,245
273,653	Repligen Corp. [1]	39,509,512	52,604,316
1,681,429	Stevanato Group SpA [2]	38,898,057	35,276,380
603,574	Tempus AI, Inc., Cl A [1]	24,713,966	49,432,711
468,790	Veracyte, Inc. [1,3]	11,556,243	21,583,092
		146,958,476	256,179,929
	Pharmaceuticals (3.53%)		
580,870	Definium Therapeutics, Inc. [1,2]	22,741,218	22,107,912
714,969	Harrow, Inc. [1]	27,475,722	22,021,045
126,165	VeraDermics, Inc. [1]	10,200,089	15,294,983
		60,417,029	59,423,940
Total Health Care		332,323,394	457,180,380
Industrials (26.50%)			
	Aerospace & Defense (10.92%)		
650,849	Arxis, Inc., Cl A [1]	21,229,248	32,145,432
903,538	Hawkeye 360, Inc. [1]	21,659,574	13,643,424
996,890	Karman Holdings, Inc. [1]	37,344,820	32,319,174
359,758	Kratos Defense & Security Solutions, Inc. [1]	14,630,977	15,358,069
799,000	Loar Holdings, Inc. [1]	53,821,429	49,154,480
1,222,766	Lyntris, Inc. [1]	20,185,665	15,088,932
315,939	Mercury Systems, Inc. [1]	13,549,543	26,222,937
		182,421,256	183,932,448
	Building Products (2.43%)		
150,000	AAON, Inc.	11,154,763	12,414,000
225,000	Advanced Drainage Systems, Inc.	34,341,659	28,509,750
		45,496,422	40,923,750
	Electrical Components & Equipment (2.79%)		
1,050,000	Accelevation Holdings Corp., Cl A [1,3]	18,893,025	18,847,500
750,000	Forgent Power Solutions, Inc., Cl A [1,3]	20,130,132	28,080,000
		39,023,157	46,927,500
	Environmental & Facilities Services (3.06%)		
405,000	Casella Waste Systems, Inc., Cl A [1]	38,176,402	32,541,750
1,419,000	Onterris, Inc. [1]	32,832,103	18,986,220
		71,008,505	51,527,970
	Heavy Electrical Equipment (1.65%)		
492,641	DPC Holdings PLC [1,2]	19,421,673	20,819,009
493,434	X-Energy, Inc. [1]	11,348,982	6,996,894
		30,770,655	27,815,903
	Industrial Machinery & Supplies & Components (4.04%)		
550,000	Enerpac Tool Group Corp.	20,541,421	19,189,500
110,256	Enpro, Inc.	28,089,971	33,767,002
30,000	RBC Bearings, Inc. [1]	5,885,616	14,976,900
		54,517,008	67,933,402

Baron Discovery Fund (continued)

Shares		Cost	Value
Common Stocks (continued)			
Industrials (26.50%)			
	Trading Companies & Distributors (1.61%)		
300,000	SiteOne Landscape Supply, Inc. [1]	$ 26,536,239	$ 27,093,000
Total Industrials		449,773,242	446,153,973
Information Technology (24.47%)			
	Application Software (6.37%)		
250,000	Guidewire Software, Inc. [1]	23,462,118	35,645,000
465,000	Procore Technologies, Inc. [1]	30,253,788	24,049,800
1,250,000	Samsara, Inc., Cl A [1]	36,746,659	47,662,500
		90,462,565	107,357,300
	Electronic Equipment & Instruments (4.33%)		
99,180	Advanced Energy Industries, Inc.	6,944,322	27,950,908
1,525,000	Mirion Technologies, Inc. [1]	27,578,213	21,533,000
164,750	Novanta, Inc. [1,2]	19,872,485	23,425,802
		54,395,020	72,909,710
	Semiconductor Materials & Equipment (1.15%)		
50,329	Nova Ltd. [1,2]	11,364,234	19,386,731
	Semiconductors (2.85%)		
5,252,665	indie Semiconductor, Inc., Cl A [1]	14,359,109	15,364,045
50,000	SiTime Corp. [1]	8,230,732	32,601,500
		22,589,841	47,965,545
	Systems Software (9.77%)		
1,111,975	Dynatrace, Inc. [1,3]	37,580,037	64,205,437
1,783,641	Netskope, Inc., Cl A [1]	31,227,062	31,106,699
319,500	Rubrik, Inc., Cl A [1]	16,310,095	36,573,165
1,370,100	SentinelOne, Inc., Cl A [1]	21,235,592	32,553,576
		106,352,786	164,438,877
Total Information Technology		285,164,446	412,058,163
Materials (1.06%)			
	Diversified Metals & Mining (1.06%)		
377,700	MP Materials Corp. [1]	19,262,448	17,861,433
Real Estate (1.26%)			
	Data Center REITs (1.26%)		
1,217,903	Blackstone Digital Infrastructure Trust, Inc. [1]	24,116,891	21,118,438
Total Investments (99.59%)		**$ 1,399,128,441**	**1,676,792,017**
Cash and Other Assets Less Liabilities (0.41%)			**6,890,799**
Net Assets			**$ 1,683,682,816**

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ADR American Depositary Receipt.

Baron Durable Advantage Fund

Shares		Cost	Value
Common Stocks (98.89%)			
Communication Services (13.06%)			
	Interactive Media & Services (13.06%)		
108,292	Alphabet, Inc., Cl C	$ 15,004,363	$ 36,899,416
43,495	Meta Platforms, Inc., Cl A	14,782,663	31,541,704
Total Communication Services		29,787,026	68,441,120
Consumer Discretionary (8.11%)			
	Broadline Retail (7.17%)		
150,969	Amazon.com, Inc. [1]	22,523,723	37,613,926
	Restaurants (0.94%)		
31,516	Texas Roadhouse, Inc.	5,290,548	4,927,212
Total Consumer Discretionary		27,814,271	42,541,138
Consumer Staples (0.95%)			
	Consumer Staples Merchandise Retail (0.95%)		
5,457	Costco Wholesale Corp.	2,684,789	4,967,725
Financials (24.09%)			
	Asset Management & Custody Banks (3.72%)		
72,699	Blackstone, Inc.	8,485,403	8,148,831
311,163	Brookfield Corp., Cl A [2]	8,563,292	11,345,003
		17,048,695	19,493,834
	Diversified Financial Services (1.99%)		
90,059	Apollo Global Management, Inc.	9,620,635	10,452,248
	Financial Exchanges & Data (10.06%)		
43,553	CME Group, Inc.	9,872,042	11,410,015
30,680	Moody's Corp.	11,326,769	13,932,709
28,077	MSCI, Inc.	14,712,855	15,123,957
31,111	S&P Global, Inc.	12,528,686	12,272,356
		48,440,352	52,739,037
	Investment Banking & Brokerage (1.42%)		
24,284	LPL Financial Holdings, Inc.	6,992,598	7,426,047
	Property & Casualty Insurance (1.04%)		
59,262	Arch Capital Group Ltd. [1,2]	4,206,405	5,473,438
	Transaction & Payment Processing Services (5.86%)		
13,377	Mastercard, Inc., Cl A	5,937,331	7,377,014
64,967	Visa, Inc., Cl A	16,730,005	23,344,592
		22,667,336	30,721,606
Total Financials		108,976,021	126,306,210

Shares		Cost	Value
Common Stocks (continued)			
Health Care (1.24%)			
	Life Sciences Tools & Services (1.24%)		
4,318	Mettler-Toledo International, Inc. [1]	$ 5,274,877	$ 6,524,282
Industrials (7.15%)			
	Aerospace & Defense (5.63%)		
127,364	Arxis, Inc., Cl A 1	3,566,192	6,290,508
63,732	HEICO Corp., Cl A	9,083,173	14,551,927
8,006	TransDigm Group, Inc. [1]	10,159,949	8,667,296
		22,809,314	29,509,731
	Construction & Engineering (1.52%)		
12,400	Quanta Services, Inc.	5,882,739	7,967,124
Total Industrials		28,692,053	37,476,855
Information Technology (40.75%)			
	Electronic Components (2.72%)		
169,318	Amphenol Corp., Cl A	7,565,612	14,273,507
	Semiconductor Materials & Equipment (1.71%)		
27,217	Lam Research Corp.	6,367,732	8,941,057
	Semiconductors (30.09%)		
77,086	Broadcom, Inc.	10,488,717	27,071,832
20,373	Monolithic Power Systems, Inc.	11,741,551	27,446,913
228,416	NVIDIA Corp.	12,523,204	52,165,646
111,945	Taiwan Semiconductor Manufacturing Co., Ltd., ADR [2]	15,086,421	51,068,190
		49,839,893	157,752,581
	Systems Software (6.23%)		
63,628	Microsoft Corporation	20,886,951	32,634,801
Total Information Technology		84,660,188	213,601,946
Real Estate (3.54%)			
	Health Care REITs (3.54%)		
80,512	Welltower, Inc.	12,129,290	18,537,083
Total Investments (98.89%)		$ 300,018,515	518,396,359
Cash and Other Assets Less Liabilities (1.11%)			5,810,435
Net Assets			$ 524,206,794

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ADR American Depositary Receipt.

Baron Real Estate Income Fund

Shares		Cost	Value
Common Stocks (95.64%)			
Consumer Discretionary (7.73%)			
	Casinos & Gaming (0.90%)		
51,082	Red Rock Resorts, Inc., Cl A	$ 2,587,650	$ 2,530,603
	Homebuilding (1.81%)		
81,152	Meritage Homes Corp.	5,240,374	5,100,403
	Hotels, Resorts & Cruise Lines (3.75%)		
30,655	Hyatt Hotels Corp., Cl A	4,990,391	4,860,657
55,898	Marriott Vacations Worldwide Corp.	3,925,075	5,717,247
		8,915,466	10,577,904
	Leisure Facilities (1.27%)		
25,999	Vail Resorts, Inc.	3,734,693	3,566,543
Total Consumer Discretionary		20,478,183	21,775,453
Industrials (2.12%)			
	Building Products (2.12%)		
72,137	AAON, Inc.	5,637,804	5,970,058
Real Estate (85.01%)			
	Data Center REITs (16.72%)		
273,651	Blackstone Digital Infrastructure Trust, Inc. [1]	5,418,832	4,745,108
94,695	Digital Realty Trust, Inc.	16,965,968	16,621,813
25,448	Equinix, Inc.	23,713,139	25,742,688
		46,097,939	47,109,609
	Health Care REITs (17.84%)		
98,682	American Healthcare REIT, Inc.	5,257,473	5,058,439
300,151	Janus Living, Inc., Cl A	6,798,723	8,893,474
70,007	Ventas, Inc.	6,493,140	5,951,995
131,819	Welltower, Inc.	12,515,353	30,350,007
		31,064,689	50,253,915
	Hotel & Resort REITs (2.79%)		
191,528	Host Hotels & Resorts, Inc.	2,975,354	4,288,312
190,803	Pebblebrook Hotel Trust	2,321,924	3,579,464
		5,297,278	7,867,776
	Industrial REITs (16.97%)		
73,157	EastGroup Properties, Inc.	13,269,985	14,444,850
97,949	First Industrial Realty Trust, Inc.	6,041,299	5,831,883
212,192	Prologis, Inc.	24,937,147	27,551,009
		44,248,431	47,827,742
Common Stocks (continued)			
Real Estate (continued)			
	Multi-Family Residential REITs (7.26%)		
21,160	Essex Property Trust, Inc.	$ 5,789,325	$ 5,700,292
130,273	UDR, Inc.	4,723,630	4,370,659
171,140	Vivmark Residential (formerly, Equity Residential)	11,008,943	10,398,467
		21,521,898	20,469,418
	Office REITs (3.72%)		
171,545	BXP, Inc.	10,975,396	10,483,115
	Retail REITs (8.14%)		
101,523	Curbline Properties Corp.	2,823,113	2,825,385
625,291	The Macerich Co.	10,419,893	13,981,507
30,572	Simon Property Group, Inc.	4,877,509	6,137,635
		18,120,515	22,944,527
	Self Storage REITs (7.39%)		
185,161	CubeSmart	7,158,219	6,958,350
32,433	Extra Space Storage, Inc.	4,617,503	4,265,264
33,896	Public Storage	9,862,663	9,587,145
		21,638,385	20,810,759
	Single-Family Residential REITs (1.23%)		
113,761	American Homes 4 Rent, Cl A	3,892,176	3,457,197
	Telecom Tower REITs (2.95%)		
50,784	American Tower Corp.	8,624,105	8,312,833
Total Real Estate		211,480,812	239,536,891
Utilities (0.78%)			
	Multi-Utilities (0.78%)		
61,765	Brookfield Infrastructure Corp., Cl A [2,3]	2,223,497	2,199,452
Total Investments (95.64%)		**$ 239,820,296**	**269,481,854**
Cash and Other Assets Less Liabilities (4.36%)			**12,287,768**
Net Assets			**$ 281,769,622**

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Baron WealthBuilder Fund

Shares		Cost	Value
Affiliated Mutual Funds (94.33%)			
Small Cap (28.90%)			
632,752	Baron Discovery Fund - Institutional Shares	$ 14,997,985	$ 23,316,922
1,083,457	Baron Generational Growth Fund - Institutional Shares	91,894,083	64,964,106
2,058,718	Baron Small Cap Fund - Institutional Shares	63,715,566	59,373,425
Total Small Cap		170,607,634	147,654,453
Small/Mid Cap (6.95%)			
558,721	Baron Focused Growth Fund - Institutional Shares	14,964,777	35,506,694
Mid Cap (10.21%)			
528,262	Baron Asset Fund - Institutional Shares	46,180,718	52,176,451
Large Cap (8.25%)			
604,838	Baron Durable Advantage Fund - Institutional Shares	9,187,203	21,326,598
259,602	Baron Fifth Avenue Growth Fund - Institutional Shares	7,719,675	20,822,683
Total Large Cap		16,906,878	42,149,281
All Cap (18.99%)			
316,078	Baron Opportunity Fund - Institutional Shares	6,652,706	21,439,565
271,819	Baron Partners Fund - Institutional Shares	15,351,691	75,571,248
Total All Cap		22,004,397	97,010,813
Non-U.S./Global (10.20%)			
616,047	Baron Emerging Markets Fund - Institutional Shares	8,032,348	13,682,399
349,923	Baron Global Opportunity Fund - Institutional Shares	8,885,398	22,094,126
454,399	Baron International Growth Fund - Institutional Shares	11,177,378	16,335,635
Total Non-U.S./Global		28,095,124	52,112,160
Sector (10.83%)			
713,837	Baron Health Care Fund - Institutional Shares	12,326,825	16,432,529
718,744	Baron Real Estate Fund - Institutional Shares	22,528,047	26,866,642
677,785	Baron Real Estate Income Fund - Institutional Shares	10,449,426	12,010,351
Total Sector		45,304,298	55,309,522
Total Affiliated Mutual Funds (94.33%)		**344,063,826**	**481,919,374**
Affiliated Exchange-Traded Funds (5.71%)			
520,005	Baron Financials ETF	9,525,078	11,069,607
462,000	Baron SMID Cap ETF	11,321,310	11,208,397
222,000	Baron Technology ETF	5,635,470	6,870,900
Total Affiliated Exchange-Traded Funds		**26,481,858**	**29,148,904**
Liabilities Less Cash and Other Assets (-0.04%)			**(195,408)**
Net Assets			**$ 510,872,870**

% Represents percentage of net assets.

Baron Health Care Fund

Shares		Cost	Value
Common Stocks (97.01%)			
Health Care (92.92%)			
	Biotechnology (21.59%)		
4,700	Argenx SE, ADR [1,2]	$ 598,076	$ 4,506,877
5,000	Arrowhead Pharmaceuticals, Inc. [1]	437,792	327,250
6,800	Biogen, Inc. [1]	1,490,741	1,535,984
6,000	Cytokinetics, Inc. [1]	378,896	395,460
20,000	Kymera Therapeutics, Inc. [1]	1,189,645	2,235,800
16,000	Protagonist Therapeutics, Inc. [1]	1,461,888	2,254,240
10,500	Revolution Medicines, Inc. [1]	1,378,699	2,155,230
125,000	Roivant Sciences Ltd. [1,2]	1,727,861	4,571,250
7,400	Vertex Pharmaceuticals, Inc. [1]	2,346,025	3,868,794
		11,009,623	21,850,885
	Health Care Equipment (5.83%)		
20,000	DexCom, Inc. [1]	1,475,290	1,725,800
33,300	Edwards Lifesciences Corp. [1]	2,632,793	2,874,456
3,200	Intuitive Surgical, Inc. [1]	546,548	1,301,216
		4,654,631	5,901,472
	Health Care Services (2.72%)		
40,000	RadNet, Inc. [1]	1,880,734	2,757,600
	Health Care Technology (0.57%)		
11,500	HeartFlow, Inc. [1]	218,500	572,125
	Life Sciences Tools & Services (21.60%)		
10,600	BillionToOne, Inc., Cl A [1,3]	684,618	1,128,264
14,000	Guardant Health, Inc. [1,3]	1,416,629	2,497,040
5,000	Mettler-Toledo International, Inc. [1]	5,590,087	7,554,750
3,200	Natera, Inc. [1,3]	635,911	1,322,592
12,500	Repligen Corp. [1]	1,826,098	2,402,875
4,000	Sartorius Stedim Biotech (France) [2,4]	886,224	954,523
8,900	Thermo Fisher Scientific, Inc.	3,762,192	6,007,945
		14,801,759	21,867,989
	Managed Health Care (6.65%)		
3,500	Elevance Health, Inc.	$ 1,299,402	$ 1,360,870
3,000	Humana, Inc.	1,192,841	1,144,710
11,500	UnitedHealth Group, Inc.	4,421,445	4,221,420
		6,913,688	6,727,000
	Pharmaceuticals (33.96%)		
25,000	Definium Therapeutics, Inc. [1,2]	935,521	951,500
10,000	Edgewise Therapeutics, Inc. [1]	454,651	406,000
35,000	Elanco Animal Health, Inc. [1]	773,608	783,650
12,500	Eli Lilly & Co.	2,565,362	14,463,500
28,000	Johnson & Johnson	6,474,807	7,412,720
27,500	Merck & Co., Inc.	3,312,935	3,996,025
130,000	Teva Pharmaceutical Industries Ltd. [1,2]	2,590,790	5,148,000
10,000	VeraDermics, Inc. [1]	554,433	1,212,300
		17,662,107	34,373,695
Total Health Care		57,141,042	94,050,766
Real Estate (4.09%)			
	Health Care REITs (4.09%)		
18,000	Welltower, Inc.	3,614,842	4,144,320
Total Investments (97.01%)		$ 60,755,884	98,195,086
Cash and Other Assets Less Liabilities (2.99%)			3,026,504
Net Assets			$ 101,221,590

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ADR American Depositary Receipt.

Baron India Fund

Shares		Cost	Value
Common Stocks (101.67%)			
Communication Services (2.22%)			
	Wireless Telecommunication Services (2.22%)		
31,241	Bharti Airtel Ltd.	$ 567,980	$ 572,141
Consumer Discretionary (10.96%)			
	Apparel Retail (0.96%)		
9,046	Trent Ltd.	191,071	247,145
	Apparel, Accessories & Luxury Goods (1.89%)		
10,156	Titan Co. Ltd.	430,178	485,843
	Automobile Manufacturers (0.97%)		
8,102	Mahindra & Mahindra Ltd.	248,083	249,248
	Automotive Parts & Equipment (1.31%)		
39,154	Sona Blw Precision Forgings Ltd., 144A	322,711	338,690
	Other Specialty Retail (1.44%)		
52,152	Lenskart Solutions Ltd. [1]	377,174	371,628
	Restaurants (4.39%)		
338,687	Eternal Ltd. [1]	860,616	1,129,279
Total Consumer Discretionary		2,429,833	2,821,833
Consumer Staples (1.47%)			
	Packaged Foods & Meats (1.47%)		
38,263	Tata Consumer Products Ltd.	463,003	378,940
Financials (24.13%)			
	Asset Management & Custody Banks (2.67%)		
64,139	360 ONE WAM Ltd.	736,894	687,601
	Consumer Finance (10.24%)		
189,375	Bajaj Finance Ltd.	1,879,118	1,891,679
44,221	Cholamandalam Investment & Finance Co. Ltd.	749,606	745,890
		2,628,724	2,637,569
	Diversified Banks (8.27%)		
15,213	Axis Bank Ltd.	216,741	194,360
129,113	HDFC Bank Ltd.	1,306,237	953,762
71,251	ICICI Bank Ltd.	1,062,703	980,557
		2,585,681	2,128,679
	Diversified Financial Services (0.18%)		
2,628	Bajaj Finserv Ltd.	50,565	47,404
	Investment Banking & Brokerage (2.77%)		
41,436	Nuvama Wealth Management Ltd.	643,275	712,988
Total Financials		6,645,139	6,214,241

Shares		Cost	Value
Common Stocks (continued)			
Health Care (19.43%)			
	Health Care Facilities (5.55%)		
92,654	Aster DM Quality Care Ltd., 144A (formerly, Aster DM Healthcare Ltd.)	$ 532,306	$ 673,143
52,718	HealthCare Global Enterprises Ltd. [1]	332,607	366,024
40,286	Max Healthcare Institute Ltd.	442,033	390,456
		1,306,946	1,429,623
	Life Sciences Tools & Services (8.81%)		
23,398	Divi's Laboratories Ltd.	1,846,963	2,267,441
	Pharmaceuticals (5.07%)		
20,316	Acutaas Chemicals Ltd.	539,779	694,001
17,261	Laurus Labs Ltd., 144A	331,126	356,135
13,475	Sun Pharmaceutical Industries Ltd.	268,827	255,353
		1,139,732	1,305,489
Total Health Care		4,293,641	5,002,553
Industrials (29.29%)			
	Aerospace & Defense (6.73%)		
249,968	Bharat Electronics Ltd.	1,110,113	1,011,377
16,155	Data Patterns India Ltd.	699,164	721,401
		1,809,277	1,732,778
	Construction & Machinery & Heavy Trucks (1.81%)		
9,380	Cummins India Ltd.	392,095	465,189
	Electrical Components & Equipment (8.12%)		
29,569	KSH International Ltd. [1]	257,543	308,408
347,404	Precision Wires India Ltd.	736,719	1,781,767
		994,262	2,090,175
	Heavy Electrical Equipment (1.17%)		
9,063	Siemens Energy India Ltd. [2]	309,220	302,250
	Industrial Machinery & Supplies & Components (7.38%)		
27,766	INOX India Ltd.	481,210	594,322
39,847	Kirloskar Oil Engines Ltd.	512,716	956,898
10,960	Shaily Engineering Plastics Ltd.	190,143	349,598
		1,184,069	1,900,818
	Passenger Airlines (4.08%)		
20,264	InterGlobe Aviation Ltd., 144A [1]	1,057,628	1,051,247
Total Industrials		5,746,551	7,542,457

Baron India Fund (continued)

Shares		Cost	Value
Common Stocks (continued)			
Information Technology (8.45%)			
	Communications Equipment (2.68%)		
40,424	Astra Microwave Products Ltd.	$ 588,953	$ 689,603
	Electronic Components (3.89%)		
20,019	Centum Electronics Ltd.	520,195	1,001,064
	Electronic Equipment & Instruments (1.88%)		
12,099	Aditya Infotech Ltd.	313,400	484,541
Total Information Technology		1,422,548	2,175,208
Materials (2.03%)			
	Metal, Glass & Plastic Containers (1.02%)		
137,926	Time Technoplast Ltd.	276,102	262,052
	Specialty Chemicals (1.01%)		
20,689	Sudeep Pharma Ltd.	263,819	260,330
Total Materials		539,921	522,382
Utilities (3.69%)			
	Electric Utilities (1.99%)		
188,909	Power Grid Corp. of India Ltd.	605,479	513,025
	Independent Power Producers & Energy Traders (1.70%)		
85,103	JSW Energy Ltd.	471,270	438,864
Total Utilities		1,076,749	951,889
Total Investments (101.67%)		**$ 23,185,365**	**26,181,644**
Liabilities Less Cash and Other Assets (-1.67%)			**(430,571)**
Net Assets			**$ 25,751,073**

% 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 September 30, 2026, the market value of Rule 144A securities amounted to $2,419,215 or 9.39% of net assets.
All securities are Foreign corporation, unless otherwise noted.

Baron First Princples ETF

Shares		Cost	Value
Common Stocks (98.91%)			
Communication Services (43.50%)			
	Alternative Carriers (40.65%)		
905,118	Space Exploration Technologies Corp., Cl A [1,3]	$ 108,714,586	$ 136,546,102
	Movies & Entertainment (2.85%)		
19,622	Spotify Technology SA [1,2]	10,346,796	9,563,370
Total Communication Services		119,061,382	146,109,472
Consumer Discretionary (27.03%)			
	Apparel, Accessories & Luxury Goods (4.54%)		
1,101,246	Figs, Inc., Cl A [1]	14,248,848	15,263,270
	Automobile Manufacturers (8.65%)		
81,842	Tesla, Inc. [1]	35,895,135	29,038,360
	Casinos & Gaming (2.36%)		
159,724	Red Rock Resorts, Inc., Cl A	9,949,156	7,912,727
	Footwear (3.43%)		
181,097	Birkenstock Holding PLC [1,2]	8,317,341	5,869,354
191,363	On Holding AG, Cl A [1,2]	8,058,021	5,666,258
		16,375,362	11,535,612
	Hotels, Resorts & Cruise Lines (8.05%)		
44,765	Airbnb, Inc., Cl A [1]	6,136,973	7,191,497
71,642	Choice Hotels International, Inc.	8,086,175	7,336,857
78,864	Hyatt Hotels Corp., Cl A	15,543,072	12,504,676
		29,766,220	27,033,030
Total Consumer Discretionary		106,234,721	90,782,999
Financials (18.80%)			
	Financial Exchanges & Data (9.24%)		
32,421	FactSet Research Systems, Inc.	8,255,997	8,752,049
41,646	Morningstar, Inc.	7,753,538	7,914,406
26,722	MSCI, Inc.	16,526,405	14,394,072
		32,535,940	31,060,527
	Investment Banking & Brokerage (7.02%)		
118,106	Charles Schwab Corp.	11,270,883	11,543,680
140,863	Interactive Brokers Group, Inc., Cl A	12,524,307	12,032,518
		23,795,190	23,576,198
	Property & Casualty Insurance (2.54%)		
61,351	Arch Capital Group Ltd. [1,2]	6,063,699	5,666,378
8,873	Kinsale Capital Group, Inc.	3,499,828	2,863,761
		9,563,527	8,530,139
Total Financials		65,894,657	63,166,864

Shares		Cost	Value
Common Stocks (continued)			
Health Care (1.70%)			
	Health Care Equipment (1.70%)		
10,911	IDEXX Laboratories, Inc. [1]	$ 6,760,151	$ 5,697,615
Industrials (2.09%)			
	Aerospace & Defense (2.09%)		
30,743	HEICO Corp., Cl A	7,769,621	7,019,549
Information Technology (5.79%)			
	Application Software (1.69%)		
39,914	Guidewire Software, Inc. [1]	6,114,465	5,690,938
	Internet Services & Infrastructure (4.10%)		
92,791	Shopify, Inc., Cl A [1,2]	11,764,817	13,760,906
Total Information Technology		17,879,282	19,451,844
Total Investments (98.91%)		**323,599,814**	**332,228,343**
Cash and Other Assets Less Liabilities (1.09%)			**3,657,078**
Net Assets			**335,885,421**

% Represents percentage of net assets.
[1] Non-income producing securities.
[2] Foreign corporation.
[3] A portion of Space Exploration Technologies Corp. ("SpaceX") shares are subject to a lock-up agreement with contractual sale restriction expiration dates ranging from 10/9/2026 to 8/3/2027. Fair value is based on the unadjusted market price of the equivalent equity security. At September 30, 2026, the total SpaceX shares subject to the lock-up was 255,796, representing $38,589,385 or 11.49% of net assets.

Baron Global Durable Advantage ETF

Shares		Cost	Value
Common Stocks (99.78%)			
Argentina (1.38%)			
77	MercadoLibre, Inc. [1]	$ 153,364	$ 133,097
Brazil (1.86%)			
14,177	NU Holdings Ltd., Cl A [1]	229,370	179,481
Canada (4.49%)			
7,320	Brookfield Corp., Cl A	337,042	266,887
82	Constellation Software, Inc.	174,047	166,791
Total Canada		511,089	433,678
China (1.58%)			
2,810	Tencent Holdings Limited, ADR	209,847	152,358
France (1.64%)			
105	Hermes International SCA	249,632	158,920
India (1.05%)			
10,099	Bajaj Finance Ltd.	116,951	101,109
Italy (2.89%)			
263	Ferrari N.V.	94,019	103,320
8,390	Stevanato Group SpA	136,255	176,022
Total Italy		230,274	279,342
Japan (4.06%)			
7,614	Ajinomoto Co., Inc.	183,017	247,198
283	Keyence Corporation	108,651	144,677
Total Japan		291,668	391,875
Korea, Republic of (1.96%)			
6,563	Coupang, Inc. [1]	138,241	91,029
20	Samsung Electronics Co. Ltd., GDR	99,993	97,840
Total Korea, Republic of		238,234	188,869
Netherlands (4.76%)			
254	ASML Holding N.V.	323,147	460,164
Sweden (4.66%)			
11,142	Atlas Copco AB, Cl A	213,771	229,404
6,922	Lifco AB, Cl B	245,872	220,236
Total Sweden		459,643	449,640
Taiwan (8.44%)			
1,786	Taiwan Semiconductor Manufacturing Co., Ltd., ADR	585,009	814,755
Common Stocks (continued)			
United States (61.01%)			
1,507	Alphabet, Inc., Cl C	$ 494,999	$ 513,495
2,519	Amazon.com, Inc. [1]	598,274	627,609
1,306	Amphenol Corp., Cl A	94,654	110,096
268	AppLovin Corp., Cl A [1]	115,534	77,835
278	Broadcom, Inc.	111,691	97,631
1,312	CME Group, Inc.	339,832	343,718
258	Eli Lilly & Co.	265,496	298,527
718	HEICO Corp., Cl A	178,747	163,941
738	Hilton Worldwide Holdings, Inc.	221,199	234,773
1,215	KKR & Co., Inc.	147,968	110,929
333	LPL Financial Holdings, Inc.	117,701	101,831
505	Meta Platforms, Inc., Cl A	328,980	366,216
136	Monolithic Power Systems, Inc.	151,943	183,222
400	MSCI, Inc.	232,172	215,464
3,120	NVIDIA Corp.	585,897	712,546
181	Quanta Services, Inc.	99,208	116,294
890	S&P Global, Inc.	412,493	351,078
244	Thermo Fisher Scientific, Inc.	138,536	164,712
182	TransDigm Group, Inc. [1]	241,773	197,033
1,527	Visa, Inc., Cl A	512,057	548,697
261	Watsco, Inc.	98,449	79,002
1,197	Welltower, Inc.	231,891	275,597
Total United States		5,719,494	5,890,246
Total Investments (99.78%)		**$ 9,317,722**	**9,633,534**
Cash and Other Assets Less Liabilities (0.22%)			**21,039**
Net Assets			**$ 9,654,573**

% Represents percentage of net assets.
[1] Non-income producing securities.
ADR American Depositary Receipt.
GDR Global Depositary Receipt.

Summary of Investments by Sector as of September 30, 2026	Percentage of Net Assets (%)
Information Technology	28.9%
Financials	23.0%
Consumer Discretionary	14.0%
Communication Services	11.5%
Industrials	10.4%
Health Care	6.6%
Real Estate	2.9%
Consumer Staples	2.6%
Cash and Cash Equivalents*	0.2%
Total	**100.0%****

* Includes short term investments.
** Individual weights may not sum to 100% due to rounding.

Baron SMID Cap ETF

Shares		Cost	Value
Common Stocks (97.68%)			
Communication Services (6.98%)			
	Interactive Media & Services (0.67%)		
1,668	Reddit, Inc., Cl A [1]	$ 240,819	$ 237,590
	Movies & Entertainment (6.31%)		
7,830	Liberty Live Holdings, Inc., Cl C [1]	683,676	761,468
9,283	Liberty Media Corp., Cl A [1]	771,593	785,620
1,403	Spotify Technology SA [1,2]	679,401	683,794
		2,134,670	2,230,882
Total Communication Services		2,375,489	2,468,472
Consumer Discretionary (10.31%)			
	Automobile Manufacturers (1.80%)		
1,620	Ferrari N.V. [2]	534,479	636,417
	Hotels, Resorts & Cruise Lines (3.82%)		
2,374	Hilton Worldwide Holdings, Inc.	715,742	755,217
7,602	Viking Holdings Ltd. [1,2]	638,196	595,464
		1,353,938	1,350,681
	Restaurants (4.69%)		
11,188	Cava Group, Inc. [1]	573,459	605,271
30,900	Jersey Mike's Subs, Inc., Cl A [1]	666,749	519,738
3,397	Texas Roadhouse, Inc.	532,822	531,087
		1,773,030	1,656,096
Total Consumer Discretionary		3,661,447	3,643,194
Financials (6.57%)			
	Asset Management & Custody Banks (1.58%)		
6,456	Hamilton Lane, Inc., Cl A	727,122	560,768
	Financial Exchanges & Data (3.05%)		
1,326	MSCI, Inc.	749,644	714,263
3,608	Tradeweb Markets, Inc., Cl A	397,141	363,831
		1,146,785	1,078,094
	Investment Banking & Brokerage (1.94%)		
2,239	LPL Financial Holdings, Inc.	746,572	684,686
Total Financials		2,620,479	2,323,548
Health Care (21.01%)			
	Biotechnology (2.38%)		
876	argenx SE, ADR [1,2]	694,050	840,005
	Health Care Equipment (3.11%)		
8,501	Edwards Lifesciences Corp. [1]	704,344	733,807
2,794	Insulet Corp. [1]	430,380	364,533
		1,134,724	1,098,340

Shares		Cost	Value
Common Stocks (continued)			
Health Care (continued)			
	Health Care Technology (1.78%)		
24,829	Waystar Holding Corp. [1]	$ 624,729	$ 629,167
	Life Sciences Tools & Services (9.42%)		
2,514	Illumina, Inc. [1]	354,547	688,031
5,126	Repligen Corp. [1]	733,409	985,371
30,407	Stevanato Group SpA [2]	559,003	637,939
12,441	Tempus AI, Inc., Cl A [1]	567,986	1,018,918
		2,214,945	3,330,259
	Pharmaceuticals (4.32%)		
25,288	Elanco Animal Health, Inc. [1]	605,497	566,198
14,711	Harrow, Inc. [1]	585,176	453,099
12,802	Teva Pharmaceutical Industries Ltd. [1,2]	436,823	506,959
		1,627,496	1,526,256
Total Health Care		6,295,944	7,424,027
Industrials (24.31%)			
	Aerospace & Defense (12.58%)		
12,969	Arxis, Inc., Cl A [1]	457,503	640,539
2,401	Axon Enterprise, Inc. [1]	1,085,998	1,014,471
3,102	BWX Technologies, Inc.	561,224	424,974
17,693	Karman Holdings, Inc. [1]	1,044,145	573,607
14,070	Loar Holdings, Inc. [1]	940,003	865,586
7,504	Mercury Systems, Inc. [1]	594,487	622,832
282	TransDigm Group, Inc. [1]	344,228	305,293
		5,027,588	4,447,302
	Building Products (3.98%)		
4,963	Advanced Drainage Systems, Inc.	735,852	628,862
31,613	Madison Air Solutions Corp., Cl A [1]	901,390	777,680
		1,637,242	1,406,542
	Electrical Components & Equipment (2.49%)		
1,849	AMETEK, Inc.	418,092	458,053
11,238	Forgent Power Solutions, Inc., Cl A [1,3]	358,209	420,750
		776,301	878,803
	Environmental & Facilities Services (2.89%)		
12,721	Rollins, Inc.	713,740	383,157
4,140	Waste Connections, Inc. [2]	668,106	637,270
		1,381,846	1,020,427
	Heavy Electrical Equipment (0.39%)		
9,589	X-Energy, Inc. [1]	217,493	135,972
	Industrial Machinery & Supplies & Components (1.98%)		
2,287	Enpro, Inc.	545,203	700,417
Total Industrials		9,585,673	8,589,463

Baron SMID Cap ETF (continued)

Shares		Cost	Value
Common Stocks (continued)			
Information Technology (25.57%)			
	Application Software (6.12%)		
6,743	Guidewire Software, Inc. [1]	$ 1,108,434	$ 961,417
31,537	Samsara, Inc., Cl A [1]	1,018,300	1,202,506
		2,126,734	2,163,923
	Electronic Components (2.13%)		
2,619	Coherent Corp. [1]	565,898	753,774
	Internet Services & Infrastructure (0.53%)		
1,050	Cerebras Systems, Inc., Cl A [1,3]	197,589	186,532
	Semiconductor Materials & Equipment (1.57%)		
1,438	Nova Ltd. [1,2]	564,280	553,918
	Semiconductors (3.21%)		
5,654	Lattice Semiconductor Corp. [1]	472,833	710,256
314	Monolithic Power Systems, Inc.	313,327	423,027
		786,160	1,133,283
	Systems Software (12.01%)		
1,443	Datadog, Inc., Cl A [1,3]	195,436	395,165
21,657	Dynatrace, Inc. [1,3]	849,220	1,250,475
52,552	Netskope, Inc., Cl A [1]	742,620	916,507
14,695	Rubrik, Inc., Cl A [1]	978,726	1,682,137
		2,766,002	4,244,284
Total Information Technology		7,006,663	9,035,714
Materials (2.93%)			
	Construction Materials (1.45%)		
2,091	Vulcan Materials Co.	589,254	511,521
	Diversified Metals & Mining (1.48%)		
11,076	MP Materials Corp. [1]	600,300	523,784
Total Materials		1,189,554	1,035,305
Total Investments (97.68%)		**$ 32,735,249**	**34,519,723**
Cash and Other Assets Less Liabilities (2.32%)			**819,567**
Net Assets			**$ 35,339,290**

% 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 (98.64%)			
Consumer Discretionary (3.07%)			
	Broadline Retail (3.07%)		
792	MercadoLibre, Inc. [1]	$ 1,074,466	$ 1,368,996
Financials (85.29%)			
	Asset Management & Custody Banks (6.35%)		
1,310	Blackrock, Inc.	1,094,851	1,386,360
15,848	KKR & Co., Inc.	1,769,186	1,446,922
		2,864,037	2,833,282
	Consumer Finance (5.62%)		
3,288	American Express Co.	1,106,294	999,881
5,646	Capital One Financial Corp.	1,252,531	1,090,073
1,288	Dave, Inc. [1]	555,794	414,105
		2,914,619	2,504,059
	Diversified Banks (12.45%)		
38,928	Bank of America Corp.	2,121,731	2,118,851
6,834	JPMorgan Chase & Co.	2,200,143	2,260,892
92,616	NU Holdings Ltd., Cl A [1,2]	724,279	1,172,519
		5,046,153	5,552,262
	Diversified Financial Services (2.63%)		
10,104	Apollo Global Management, Inc.	756,173	1,172,670
	Financial Exchanges & Data (15.65%)		
5,032	CME Group, Inc.	1,105,226	1,318,283
3,630	Moody's Corp.	1,319,091	1,648,492
2,774	MSCI, Inc.	1,193,604	1,494,243
4,353	S&P Global, Inc.	1,579,133	1,717,128
7,924	Tradeweb Markets, Inc., Cl A	625,772	799,056
		5,822,826	6,977,202
	Insurance Brokers (0.84%)		
15,650	TWFG, Inc. [1]	280,187	375,757
	Investment Banking & Brokerage (20.58%)		
19,835	Charles Schwab Corp.	1,612,126	1,938,673
6,776	Houlihan Lokey, Inc.	475,208	856,080
21,792	Interactive Brokers Group, Inc., Cl A	435,026	1,861,473
17,830	Lincoln International, Inc.	384,041	411,695
5,132	LPL Financial Holdings, Inc.	853,173	1,569,365
9,160	Morgan Stanley	1,669,050	1,722,813
7,255	Robinhood Markets, Inc., Cl A [1]	294,321	816,187
		5,722,945	9,176,286
	Life & Health Insurance (1.35%)		
2,202	Primerica, Inc.	564,467	599,803

Shares		Cost	Value
Common Stocks (continued)			
Financials (continued)			
	Property & Casualty Insurance (3.56%)		
9,672	Arch Capital Group Ltd. [1,2]	$ 786,670	$ 893,306
594	Kinsale Capital Group, Inc.	100,520	191,713
2,416	The Progressive Corp.	272,421	500,861
		1,159,611	1,585,880
	Transaction & Payment Processing Services (16.26%)		
5,904	Block, Inc. [1]	676,175	434,121
4,453	Jack Henry & Associates, Inc.	731,629	637,848
4,839	Mastercard, Incorporated, Cl A	1,677,813	2,668,563
7,741	Visa, Inc., Cl A	1,620,032	2,781,574
63,396	Wise Group PLC, Cl A (United Kingdom) [1,2]	646,855	726,559
		5,352,504	7,248,665
Total Financials		30,483,522	38,025,866
Industrials (6.55%)			
	Research & Consulting Services (3.65%)		
2,000	Equifax, Inc.	419,551	274,480
7,162	TransUnion	636,407	437,741
5,448	Verisk Analytics, Inc.	1,080,479	914,447
		2,136,437	1,626,668
	Trading Companies & Distributors (2.90%)		
9,014	AerCap Holdings NV [2]	1,318,164	1,293,689
Total Industrials		3,454,601	2,920,357
Information Technology (3.73%)			
	Application Software (1.80%)		
3,874	Guidewire Software, Inc. [1]	425,836	552,355
300	Intuit, Inc.	98,247	82,713
2,516	ServiceTitan, Inc., Cl A [1]	178,636	165,528
		702,719	800,596
	Internet Services & Infrastructure (1.93%)		
5,804	Shopify, Inc., Cl A [1,2]	854,914	860,733
Total Information Technology		1,557,633	1,661,329
Total Investments (98.64%)		$ 36,570,222	43,976,548
Cash and Other Assets Less Liabilities (1.36%)			605,678
Net Assets			$ 44,582,226

% Represents percentage of net assets.
[1] Non-income producing securities.
[2] Foreign corporation.

Baron Technology ETF

Shares		Cost	Value
Common Stocks (99.55%)			
Communication Services (19.97%)			
	Alternative Carriers (6.42%)		
109,512	Space Exploration Technologies Corp., Cl A [1,4]	$ 14,878,198	$ 16,520,980
	Interactive Media & Services (8.84%)		
46,557	Alphabet, Inc., Cl C	15,746,379	15,863,832
9,512	Meta Platforms, Inc., Cl A	6,820,573	6,897,912
		22,566,952	22,761,744
	Movies & Entertainment (4.71%)		
24,910	Spotify Technology SA [1,2]	11,599,997	12,140,636
Total Communication Services		49,045,147	51,423,360
Consumer Discretionary (7.38%)			
	Automobile Manufacturers (3.09%)		
22,457	Tesla, Inc. [1]	8,189,059	7,967,968
	Broadline Retail (4.29%)		
44,321	Amazon.com, Inc. [1]	9,683,272	11,042,577
Total Consumer Discretionary		17,872,331	19,010,545
Health Care (2.15%)			
	Health Care Services (2.15%)		
57,011	Hinge Health, Inc., Cl A [1]	3,544,116	5,543,750
Industrials (6.80%)			
	Aerospace & Defense (1.44%)		
8,798	Axon Enterprise, Inc. [1]	4,375,692	3,717,331
	Construction & Engineering (1.42%)		
5,683	Quanta Services, Inc.	2,810,564	3,651,384
	Electrical Components & Equipment (3.36%)		
19,837	Bloom Energy Corp., Cl A [1,4]	4,473,131	5,494,453
84,030	Forgent Power Solutions, Inc., Cl A [1,4]	3,177,110	3,146,083
		7,650,241	8,640,536
	Heavy Electrical Equipment (0.58%)		
35,635	DPC Holdings PLC [1,2]	1,362,796	1,505,935
Total Industrials		16,199,293	17,515,186

Shares		Cost	Value
Common Stocks (continued)			
Information Technology (62.05%)			
	Application Software (2.32%)		
8,092	Guidewire Software, Inc. [1]	$ 1,098,150	$ 1,153,757
126,352	Samsara, Inc., Cl A [1]	4,831,105	4,817,802
		5,929,255	5,971,559
	Communications Equipment (3.69%)		
19,470	Arista Networks, Inc. [1]	3,141,405	3,963,897
5,711	Lumentum Holdings, Inc. [1]	3,312,180	5,546,866
		6,453,585	9,510,763
	Electronic Components (1.98%)		
17,697	Coherent Corp. [1]	3,654,458	5,093,373
	Internet Services & Infrastructure (4.95%)		
7,679	Cerebras Systems, Inc., Cl A [1,4]	1,484,919	1,364,174
79,020	GDS Holdings Ltd., ADR [1,2]	2,128,936	2,467,795
60,039	Shopify, Inc., Cl A [1,2]	7,641,828	8,903,784
		11,255,683	12,735,753
	Semiconductor Materials & Equipment (9.25%)		
3,006	ASML Holding N.V. [2]	4,407,284	5,445,880
55,911	Lam Research Corp.	12,015,756	18,367,323
		16,423,040	23,813,203
	Semiconductors (32.38%)		
18,273	Advanced Micro Devices, Inc. [1]	7,637,984	11,178,691
19,034	Broadcom, Inc.	4,711,410	6,684,551
703,084	indie Semiconductor, Inc., Cl A [1]	2,706,906	2,056,521
43,641	Intel Corp. [1]	5,313,015	5,246,957
12,176	Micron Technology, Inc.	7,188,151	12,968,779
3,161	Monolithic Power Systems, Inc.	3,686,010	4,258,562
83,092	NVIDIA Corp.	13,762,504	18,976,551
2,866	SiTime Corp. [1]	1,817,509	1,868,718
1,877	SK Hynix, Inc. [2]	2,711,149	2,462,912
38,752	Taiwan Semiconductor Manufacturing Co., Ltd., ADR [2]	10,738,269	17,678,275
		60,272,907	83,380,517

Baron Technology ETF (continued)

Shares		Cost	Value
Common Stocks (continued)			
Information Technology (continued)			
	Systems Software (6.55%)		
9,430	Cloudflare, Inc., Cl A [1,4]	$ 1,938,754	$ 3,274,850
14,866	Crowdstrike Holdings, Inc., Cl A [1]	1,805,113	3,935,774
8,069	Datadog, Inc., Cl A [1,4]	1,368,162	2,209,696
65,096	Rubrik, Inc., Cl A [1]	4,046,057	7,451,539
		9,158,086	16,871,859
	Technology Distributors (0.93%)		
2,580	Seagate Technology Holdings PLC [2]	2,254,542	2,379,637
Total Information Technology		115,401,556	159,756,664
Real Estate (0.75%)			
	Health Care REITs (0.75%)		
8,348	Welltower, Inc.	1,790,268	1,922,044
Utilities (0.45%)			
	Renewable Electricity (0.45%)		
85,274	Fervo Energy Co., Cl A [1]	2,190,270	1,158,874
Total Common Stocks		**206,042,981**	**256,330,423**
Private Convertible Preferred Stocks (0.39%)			
Information Technology (0.39%)			
	Technology Hardware, Storage & Peripherals (0.39%)		
108,957	SiMa Technologies, Inc., Series C[1,3,4]	**999,997**	**1,000,225**
Total Investments (99.94%)		**$ 207,042,978**	**257,330,648**
Cash and Other Assets Less Liabilities (0.06%)			**158,284**
Net Assets			**$ 257,488,932**

% Represents percentage of net assets.
[1] Non-income producing securities.
[2] Foreign corporation.
[3] At September 30, 2026, the market value of restricted securities amounted to $1,000,225 or 0.39% of net assets.
[4] Sector levels are provided from the Global Industry Classification Standard (GICS), developed and exclusively owned by MSCI Inc. (MSCI) and Standard and Poor's Financial Services LLC (S&P). The Adviser has reclassified/classified certain securities in or out of this sub-industry. Such reclassifications/classifications are not supported by S&P or MSCI.
ADR American Depositary Receipt.

Baron Emerging Markets Select ETF

Shares		Cost	Value
Common Stocks (97.64%)			
Argentina (1.15%)			
9,285	Vista Energy SAB de CV, ADR[1]	$ 633,927	$ 606,775
Brazil (6.11%)			
132,228	GPS Participacoes e Empreendimentos SA, 144A	404,142	320,787
50,630	Itau Unibanco Holding SA, ADR[2]	426,816	431,874
73,242	Localiza Rent a Car SA	663,339	573,409
33,069	NU Holdings Ltd., Cl A[1]	464,766	418,654
39,535	Petroleo Brasileiro SA - Petrobras, ADR	778,607	825,095
11,622	Vale SA, ADR	188,987	155,851
23,530	XP, Inc., Cl A	446,123	494,012
Total Brazil		3,372,780	3,219,682
China (17.56%)			
9,870	Alibaba Group Holding Limited, ADR	1,236,551	1,061,420
34,054	ANTA Sports Products Ltd.	344,182	320,077
57,268	BYD Co. Ltd., ADR	740,408	549,773
598,472	Chongqing Machinery & Electric Co. Ltd., Cl H	189,541	123,561
10,555	Contemporary Amperex Technology Co. Ltd., Cl A	629,974	458,238
56,395	Full Truck Alliance Co. Ltd., ADR	488,481	466,387
55,113	Fuyao Glass Industry Group Co. Ltd., Cl A	451,104	440,385
18,513	Ganfeng Lithium Group Co. Ltd., Cl A	176,426	119,906
14,624	GDS Holdings Ltd., ADR[1]	565,604	456,707
32,714	Jiangsu Hengli Hydraulic Co. Ltd., Cl A	488,520	440,600
462,127	Kingdee International Software Group Co. Ltd.[1]	469,752	432,591
16,847	Montage Technology Co. Ltd., Cl H	472,998	617,068
41,074	Pony AI, Inc., ADR[1]	372,314	268,624
4,082	Tencent Holdings Limited, ADR	255,274	221,326
22,991	Tencent Holdings Ltd.	1,411,117	1,262,871
28,146	WuXi AppTec Co. Ltd., Cl A	445,703	702,412
4,657	Xiaomi Corp., ADR[1]	87,717	74,931
66,489	Xiaomi Corp., Cl B 144A[1]	253,007	213,877
2,661	Zai Lab Limited, ADR[1]	57,171	70,091
151,996	Zai Lab Ltd.[1]	322,881	399,821
76,581	Zhejiang Sanhua Intelligent Controls Co. Ltd., Cl H	287,197	238,532
56,634	Zhejiang Shuanghuan Driveline Co. Ltd., Cl A	315,378	321,709
Total China		10,061,300	9,260,907
Greece (1.58%)			
41,295	National Bank of Greece SA	738,341	834,747
Hungary (0.93%)			
3,698	OTP Bank Nyrt	517,369	487,810

Shares		Cost	Value
Common Stocks (continued)			
India (20.84%)			
10,541	Acutaas Chemicals Ltd.	$ 378,411	$ 360,733
105,608	Bajaj Finance Ltd.	1,141,048	1,057,320
119,985	Bharat Electronics Ltd.	517,185	486,188
19,427	Bharti Airtel Ltd.	389,509	356,195
27,653	Cholamandalam Investment & Finance Co. Ltd.	524,345	467,484
10,686	Cummins India Ltd.	609,976	530,801
7,991	Data Patterns India Ltd.	370,787	357,482
11,035	Divi's Laboratories Ltd.	833,600	1,069,961
295,531	Eternal Ltd.[1]	915,289	986,877
19,317	HDFC Bank Ltd., ADR	499,235	431,542
13,321	INOX India Ltd.	314,210	285,318
11,469	InterGlobe Aviation Ltd., 144A[1]	623,803	596,504
120,883	JSW Energy Ltd.	688,820	624,046
25,803	Kirloskar Oil Engines Ltd.	623,615	620,441
15,813	Lenskart Solutions Ltd.[1]	114,346	113,044
59,840	Max Healthcare Institute Ltd.	687,737	580,619
62,875	Nippon Life India Asset Management Ltd., 144A	793,017	702,056
215,259	Power Grid Corp. of India Ltd.	634,587	585,166
4,211	Reliance Industries Ltd., GDR 144A	237,460	206,339
20,936	Trent Ltd.	644,917	572,756
Total India		11,541,897	10,990,872
Korea, Republic of (20.91%)			
4,020	D'Alba Global Co. Ltd.	535,058	554,216
3,640	Doosan Enerbility Co. Ltd.[1]	230,775	219,449
2,503	HD Hyundai Marine Solution Co. Ltd., Cl C	373,874	440,129
15,131	HPSP Co. Ltd.	443,233	712,113
3,473	Hyundai Glovis Co. Ltd.	501,433	504,977
1,864	Hyundai Rotem Co. Ltd.	243,251	153,692
5,967	ISC Co. Ltd.	834,821	941,230
3,504	Korea Aerospace Industries Ltd.	423,392	326,712
228	Samsung Biologics Co. Ltd., 144A[1]	236,496	234,317
21,262	Samsung Electronics Co., Ltd.	3,206,199	4,217,840
2,072	SK Hynix, Inc.	1,693,105	2,718,782
Total Korea, Republic of		8,721,637	11,023,457
Netherlands (0.31%)			
20,083	Prosus NV, ADR	192,002	162,070
Peru (2.96%)			
1,595	Credicorp, Ltd.	573,758	605,892
4,723	Southern Copper Corp.	880,652	957,069
Total Peru		1,454,410	1,562,961
Philippines (0.52%)			
185,561	Bank of the Philippine Islands	305,891	275,476
Saudi Arabia (0.60%)			
8,822	Rasan Information Technology Co.[1]	326,113	317,186

Baron Emerging Markets Select ETF (continued)

Shares		Cost	Value
Common Stocks (continued)			
South Africa (2.11%)			
126,615	FirstRand Ltd.	$ 689,833	$ 706,224
11,137	Gold Fields Ltd.	495,326	404,232
Total South Africa		1,185,159	1,110,456
Taiwan (21.58%)			
1,028	ASPEED Technology, Inc.	415,078	605,570
8,831	Chroma ATE, Inc.	549,838	592,349
13,084	Delta Electronics, Inc.	709,959	776,913
5,248	eMemory Technology, Inc.	488,905	544,924
6,145	MediaTek, Inc.	446,684	949,855
87,339	Taiwan Semiconductor Manufacturing Co., Ltd.	5,723,496	6,805,031
2,416	Taiwan Semiconductor Manufacturing Co., Ltd., ADR	910,144	1,102,155
Total Taiwan		9,244,104	11,376,797
Thailand (0.48%)			
46,307	Bangkok Bank PCL	266,558	254,635
Total Investments (97.64%)		**$ 48,561,488**	**51,483,831**
Cash and Other Assets Less Liabilities (2.36%)			**1,242,994**
Net Assets			**$ 52,726,825**

% 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.
ADR American Depositary Receipt.
GDR Global 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 September 30, 2026, the market value of Rule 144A securities amounted to $2,273,880 or 4.31% of net assets.

Summary of Investments by Sector as of September 30, 2026	Percentage of Net Assets (%)
Information Technology	41.8%
Financials	14.2%
Industrials	13.5%
Consumer Discretionary	8.6%
Health Care	6.5%
Communication Services	3.5%
Energy	3.1%
Materials	3.1%
Utilities	2.3%
Consumer Staples	1.1%
Cash and Cash Equivalents*	2.4%
Total	**100.0%****

* Includes other assets and liabilities-net.
** Individual weights may not sum to 100% due to rounding.

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