



Congratulations to Baron Real Estate Fund[®]

Baron Real Estate Turns 3 Years Old

- Ranked #1 out of 263 Real Estate Funds in 2012¹
- Awarded Highest Morningstar Rating of 5 Stars ★★★★★²
- Differentiated Approach to Real Estate Investing

Baron Real Estate Fund's inception date was 12/31/2009.

¹ Morningstar US OE Real Estate Category as of 1-year ended 12/31/2012 based on total returns for Baron Real Estate Institutional share class.

² Morningstar 5 star fund, 3-years ended 12/31/2012 based on risk adjusted returns with 220 funds in the category.

For more information go to www.BaronFunds.com





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Portfolio Manager
Baron Real Estate Fund



As of 12/31/2012, for the Institutional share class, Baron Real Estate Fund's 1-year and since inception annualized/cumulative returns are **42.99%**, **22.30%/82.91%** respectively. The total expense ratio is 2.14%, but the net annual expense ratio is 1.10% (net of advisors fee waivers, FYE 12/11).

Baron Real Estate Fund is non-diversified, which means the volatility of the Fund's returns may increase and expose the Fund to greater risk of loss in any given period. In addition to general market conditions, the value of the Fund will be affected by the strength of the real estate markets as well as by interest rate fluctuations, credit risk, environmental issues and economic conditions. For each fund with at least a three-year history, Morningstar calculates a Morningstar Rating based on a Morningstar Risk-Adjusted Return measure that accounts for variation in a fund's monthly performance (including the effects of sales charges, loads, and redemption fees), placing more emphasis on downward variations and rewarding consistent performance. The top 10% of funds in each 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. (Each share class is counted as a fraction of one fund within this scale and rated separately, which may cause slight variations in the distribution percentages.) © 2013 Morningstar, Inc. All Rights Reserved. The Morningstar information contained herein: (1) is proprietary to Morningstar and/or its content providers; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information.

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 reimbursed certain Fund expenses (by contract as long as BAMCO, Inc. is the adviser to the Fund) 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 www.BaronFunds.com.

You should consider risk the investment objectives, risks, charges, and expenses of the Fund carefully before investing. The prospectus contains this and other information about the Fund. You may obtain one from its distributor, Baron Capital, Inc., by calling 1-800-99BARON or visiting www.BaronFunds.com. Please read it carefully before investing.