

BARON

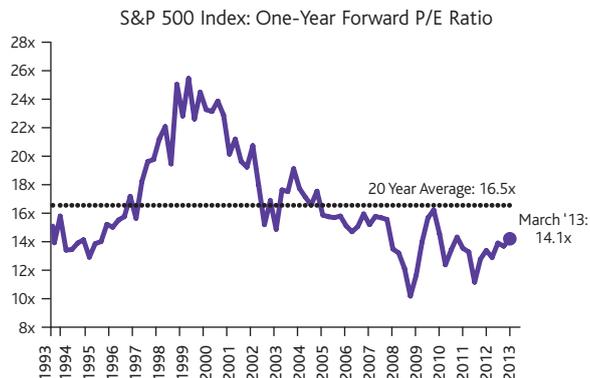
March 31, 2013

PERSPECTIVE

Idea Generation

The quarter ended March 31, 2013 was good for the equity markets. The S&P 500 Index recently reached historical highs, while stocks continue to trade at a discount from 20-year averages. By the end of the quarter, the stocks in the S&P 500 Index traded on average at 14.1x forward earnings, or 15% below their 20-year historical average, as shown in the chart below. Growth stocks traded at an even larger discount of 19%, based on the Russell 3000 Growth Index's one-year forward P/Es.

Stocks are Still Trading at Below Historical Valuations



Source: FactSet, Compustat and Standard & Poors

After seven quarters of negative flows for U.S. actively managed equity funds, the longest negative streak of the decade, the U.S. equity markets experienced positive flows. This was the first calendar quarter in the past two years with positive flows. Although large-cap growth funds' flows were negative, flows into small and mid-cap growth funds were positive and strong. Despite generally poor returns for taxable bonds, flows into taxable bond funds continued. We think investors will eventually appreciate that the returns from equities have been better.

Most of the Baron Funds also had strong positive flows this quarter. We have been putting the money to work, as we continue to find many great opportunities in which to invest. How do we find investment ideas across all market capitalizations, both in the U.S. and abroad? What do we look for in an investment? We are often asked these questions.

IDEA SOURCES

Our investment ideas come from many sources. We have six general areas and discuss them all below. Before discussing the sources we do use, it is important to point out two popular

industry sources that we do *not* use: indexes and quantitative screens.

1. In-house research The single most important source of ideas for us is our in-house research staff. At Baron, we currently have 26 analysts in our research department, some of whom are also portfolio managers. Analyst coverage is divided up by industry, with most analysts covering several industries, and the largest industries have multiple analysts covering different sub-industries. Over years of research, they develop great industry expertise, and they become deeply knowledgeable about the companies in their industries, including many of the competitor companies in which we do not invest. Our veteran analysts have a level of expertise and track record that we think is unparalleled in the industry. The ideas arise because of the deep knowledge of industries that our research team has developed.

Potential ideas are fed by portfolio managers to analysts and senior analysts feed ideas to portfolio managers. There is a constant give and take between portfolio managers and analysts, and our more junior analysts learn and develop from that process.

Our research team holds regular discussions where ideas are tested and vetted collaboratively, and, throughout the year, analysts circulate "best ideas" memos, where each analyst highlights his or her best idea. Ideas are also communicated via our in-house proprietary research database, BRAInS, where ideas, research, and analysis are posted, stored, and updated regularly.

Our Investment Ideas Come From Many Sources



"IT'S WEIRD, I KNOW, BUT HE DOES COME UP WITH SOME OF OUR BEST IDEAS THAT WAY."

Source: www.cartoonstock.com



LINDA MARTINSON
CHAIRMAN, PRESIDENT AND COO

2. Existing investments We often find new ideas from existing investments. If we find a business model that we particularly like, we will look for other investment opportunities with comparable business models, although the end markets may be different. For example, our investment in FactSet Research Systems, Inc., which provides subscription-based financial information to the global investment community, led us to other information services businesses including Gartner, Inc., the leading independent provider of research and analysis on the information technology industry; Verisk Analytics, Inc., which provides information that enables risk-bearing businesses in the health care, insurance, and mortgage industries to better understand and manage their risks; and Nielsen Holdings N.V., a global information and measurement company that helps clients gain a comprehensive understanding of consumer behavior.

Company executives are also a source of investment ideas. When we find managers we think are exceptional, we often follow them if they move to other companies. We ask management teams with whom we have invested about their opinions of other companies. We ask which companies they think are their best vendors, suppliers, or distributors. We ask them who their competitors are, who they admire, who they fear.

Our investment in Dick's Sporting Goods, Inc., a full-line sporting goods retailer offering brand-name sporting goods and equipment, apparel, and footwear, resulted in our subsequent investment in Under Armour, Inc. After we read the Under Armour offering memorandum, we asked Dick's management what they thought about its supplier. Dick's told us that they thought it had the greatest growth potential of any of its suppliers and a visionary management team. Under Armour is a leading producer of a now highly recognizable brand of sports apparel and footwear.

We believe that when we work on an investment, given the depth of the work that we do, we develop an expertise in that company's industry. This allows us to identify other investment ideas later on.

3. Read, read, and read more Our analysts and portfolio managers spend a significant amount of time reading newspapers and other online news sources, trade magazines, industry-specific publications, and sell-side research reports, as well as our internally generated research. To be able to identify a potential investment opportunity requires that we are knowledgeable about an industry and about the broad economic environment in which that industry operates. Reading educates us about regulatory changes, political implications, and economic trends, and it allows us to identify areas of potential interest. Reading is particularly important for our portfolio managers and analysts who work on our international funds. It helps us pinpoint growth opportunities across regions, industries and countries.

For example, our reading educated us about regulatory changes in India requiring the digitization of cable which, we concluded, would benefit both content providers and cable providers, leading us to Hathway

Cable & Datacom Ltd, one of India's largest cable TV and broadband providers; DEN Networks Ltd., another of India's largest cable TV providers and a 25% owner of the country's largest pay TV programming distributor; Dish TV India Ltd., the largest satellite TV provider in India; and Zee Entertainment Enterprises Ltd., a leading TV network operator in India.

We also have an in-house reading exchange network where we post selected articles of interest that are shared internally.

4. Capital markets Historically, the capital markets have been a great source of investment ideas for us, particularly for our small-cap funds and Baron Opportunity Fund. For our Funds with at least three years of history, 17% of new ideas were sourced from initial public offerings (IPOs) over the past 10 years. We invest in IPOs the way we would invest in any other stock: for the long term. We are not in the business, as many others are, of buying hot IPOs and then selling them the same day.

Our long-term investment approach, the depth and breadth of our research, and our strong reputation make us desirable investors for a company going public. Investment bankers know us as long-term investors, and they are quick to bring management teams to our offices to meet with us. At meetings, we focus our questions on how managers run their business rather than what the business will do next quarter. Companies view us as owners of their business rather than renters of their stock. As a result, we are able to get many one-on-one meetings with the management teams of companies going public or issuing stock, and the executives take our follow up calls. This enables us to make an assessment about the growth opportunity of the company.

By the time of the IPO, we have already done a considerable amount of research on a stock to give us the confidence we need to invest. We may take a small position in a company and continue to do more extensive research. If we like what we see, as we build conviction, we add to the position. Our returns from an IPO investment are generally driven by the subsequent purchases we make rather than by the minimal initial position. If, after further research, we don't like what we see, we will sell the stock.

The table below shows the percentage of each Fund's purchases over the past 10 years that were sourced from IPOs. It also shows that the subsequent purchases were significantly larger. For example, in the case of Baron Growth Fund, 19% of the Fund's purchases over the past 10 years were sourced from the capital markets, although only 3% of total purchases were on the IPO date.

Examples of stocks we have purchased in this fashion include long-term holdings Vail Resorts, Inc. (1999), Arch Capital Group Ltd, (2001), and Verisk Analytics, Inc. (2009). The average holding period for our investments sourced from IPOs over the past 10 years is almost 2.5 years.¹ This average holding period includes stocks that rose sharply after going public, and were subsequently sold, either because they quickly

¹ Average holding period represents the weighted-purchase average of the holding periods for all IPO-generated ideas in the Baron Funds with at least three years of performance history.

reached our valuation target or because the stock price reached a level at which we were not able to establish a meaningful position. If we excluded these stocks, the average holding period would be longer.

IPOs are a Good Source of Long-Term Investment Ideas

For the 10 Calendar Years Ended December 31, 2012*

	# of Ideas from IPOs	Purchases Sourced from IPO's as % of Total Purchases		
		On IPO Date	Subsequent ¹	Total
Baron Small Cap Funds				
Baron Small Cap Fund	120	6%	18%	24%
Baron Growth Fund	79	3%	16%	19%
Baron Focused Funds				
Baron Focused Growth Fund	13	2%	10%	12%
Baron Partners Fund	20	2%	5%	7%
Baron Mid Cap Funds				
Baron Opportunity Fund	106	8%	17%	26%
Baron Asset Fund	35	4%	5%	9%
Baron Large Cap Fund				
Baron Fifth Avenue Growth Fund	19	1%	4%	5%
Baron International Fund				
Baron International Growth Fund	19	7%	3%	10%
Baron Specialty Funds				
Baron Real Estate Fund	15	4%	12%	16%
Total		4%	13%	17%

Source: BAMCO, Inc.

* The table above is based on 10 years of calendar-year data or data since the inception of the Funds with less than 10 years of performance history. Only Funds with at least three years of performance history are included.

¹ Subsequent purchases include purchases of the same stocks originally purchased on IPO Date, and purchases of IPO stocks within three months of the IPO if the Fund did not originally participate on the IPO date.

We have been taking advantage of the recently strong IPO market. Last year there were approximately 150 U.S. company IPOs, and we met with 76 of those companies. In total, including IPOs of international stocks, we attended 88 IPO, plus 22 secondary offering, road show meetings in 2012. After performing research on the companies, we participated in 28 IPOs and 11 secondary offerings. We still hold the majority of the stocks we bought last year.

5. Industry specific events We also find ideas by attending industry events, and through our ongoing contacts with specialists in various industries. Last year, our analysts and portfolio managers attended over 260 industry-specific conferences, trade shows, and conventions. At these events we learn about industry trends and new product launches, hear

company presentations, and speak with industry experts. Because of our reputation, our analysts are able to get one-on-one meetings with company executives at conferences. At trade shows and industry-specific events, our analysts have the opportunity to speak with suppliers, vendors, clients, and distributors.

For example, in March, we attended a Morgan Stanley tech conference. An area of particular current interest for us is network security. At the conference, we learned about recent industry developments and initiatives, and several companies caught our attention. We returned to New York, did additional research, and then flew back out to the West Coast to meet with two companies for additional due diligence. Both of those companies are now investments.

6. Professional contacts Over many years of researching the companies in which we invest, we have developed extensive relationships with other investment professionals, both from the buy-side and from the sell-side. Our connections are extensive because of our expertise, reputation, and 30-year history of investing. Some of our portfolio managers regularly meet with other money managers to exchange ideas. After hearing about a company more than once, we tend to pay attention and take a deeper look at its fundamentals. Wall Street sell-side firms arrange meetings for us, including non-deal road show meetings, with company executives. We value these meetings, as they provide an important source of information and access that we use to generate ideas.

FINDING GROWTH IDEAS

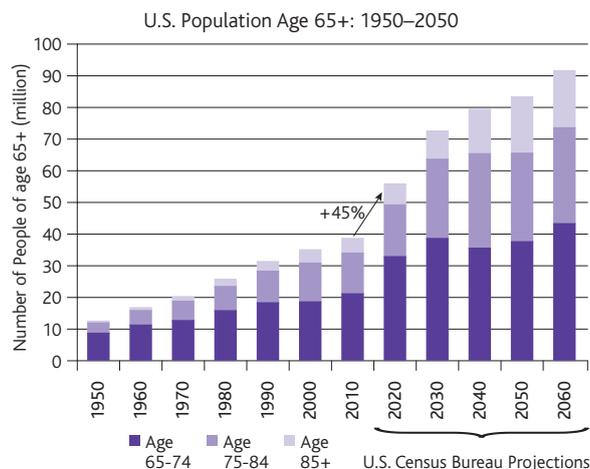
Our portfolio managers look for a company's opportunity for growth. Some of our portfolio managers start with a more thematic approach to identifying opportunities, then focus on finding companies that fit our investment criteria. Other Baron portfolio managers look at the company first and use the trend as a consideration when weighing the opportunity.

On a broader, more thematic level, some of the opportunities we look for are companies that we believe are solving problems, companies whose products or services will benefit from a secular trend, companies that will benefit from regulatory changes, companies that are creating value, or companies that will benefit from economic or political developments. Our analysts and portfolio managers find investment opportunities by analyzing demographic, political, technological, regulatory, and other societal trends.

Some of our current themes in health care include companies benefiting from the aging population, such as Brookdale Senior Living, Inc., the largest operator of senior living communities throughout the U.S. Over the next 20 years, the number of U.S. citizens aged 65 and over is projected to increase rapidly as shown in the chart below. We think

Brookdale will benefit from increased demand due to changing demographics and low levels of new construction for senior housing.

The American Population is Becoming Older Faster



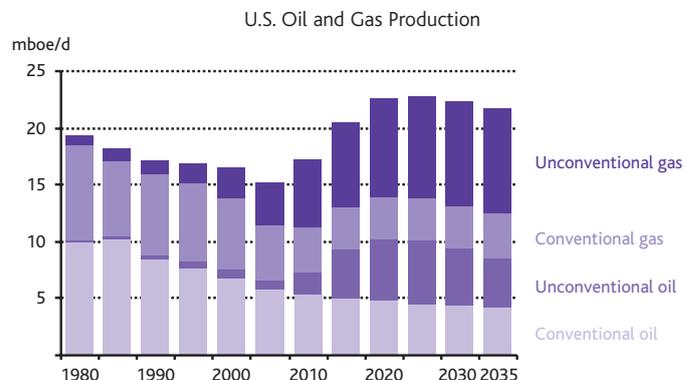
Sources: The source of the data from 1950 to 2000 is Table 5. Population by Age and Sex for the United States: 1900 to 2000, Part A. Number, Hobbs, Frank and Nicole Stoops, U.S. Census Bureau, Census 2000 Special Reports, Series CENSR-4, Demographic Trends in the 20th Century. The source of the data for 2010 is: U.S. Census Bureau, Current Population Survey, Annual Social and Economic Supplement, 2010. The projections for 2020 through 2060 are from: Table 12, Projections of the Population by Age and Sex for the United States: 2015 to 2060 (NP2012-T12), Population Division, U.S. Census Bureau; Release Date: December 2012

Another health care focus is on companies benefiting from the need for cost containment, like Perrigo Co., Inc., the world's largest manufacturer of store brand, over-the-counter, pharmaceutical products and infant formulas, which presents a win-win scenario of generating higher gross margins for retailers while saving consumers money.

In energy, one current theme is the exploration and production of unconventional resources such as shale oil and gas. We believe that unconventional oil and gas production in the U.S. will help the U.S. diminish its dependence on foreign oil. One of our investments targeting this theme is Helmerich & Payne, Inc., the leading U.S. contract drilling company that owns and operates the most modern fleet of land rigs in the world and has led the industry in the deployment of new rigs that enhance the development of unconventional oil and gas reservoirs.

Another example is Targa Resources Corp., a provider of midstream natural gas, NGL, terminaling and crude oil gathering services in the U.S., and one of the largest independent midstream energy companies in the country. Over the longer term, we expect Targa's growth to be driven by the growing production volumes coming out of existing and future unconventional resource plays in North America, which will require new transportation and processing infrastructure. Targa is also well positioned to grow its export volumes as the prices of U.S. products become more and more competitive globally.

U.S. Oil and Gas Production is Becoming Unconventional

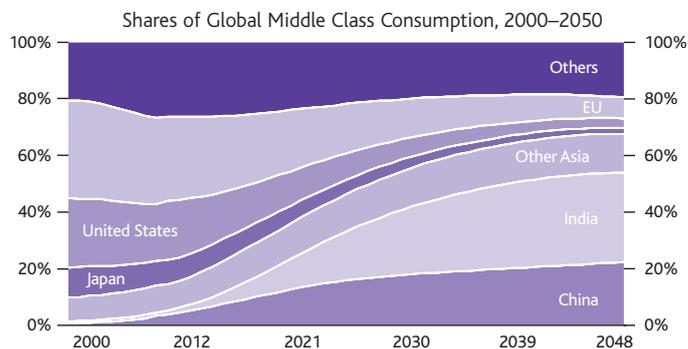


Source: World Energy Outlook 2012, Presentation to the Press, International Energy Agency, 12 November 2012.

Another theme is the expansion of the middle class consumer, especially in emerging markets countries, where well-known brands stand to gain from the explosive demand for luxury goods from the growing wealth of consumers, especially in China, Russia, and the Middle East. Examples include Ralph Lauren Corp., a global lifestyle brand that designs, markets, and distributes apparel and accessories; and Compagnie Financière Richemont SA, which leads the high-end luxury goods market with an extensive portfolio of expensive brands, including Cartier, Van Cleef & Arpels, Piaget, and Montblanc.

Similarly, Starbucks Corp., a world-renowned specialty coffee retailer, has, we believe, a significant opportunity in China and India. Coffee consumption is increasing world-wide, particularly in Asia. We think that with more disposable income, Starbucks' brand-name coffee will be appealing to middle class consumers in those markets.

The Emerging Markets are Becoming Major Consumers



Source: Kharas, H. (2010), "The Emerging Middle Class in Developing Countries", OECD Development Centre Working Papers, No. 285, OECD Publishing.

IDEA FILTERS

Ideas are just the first step in our investment process. Ideas are a lead, and much work has to be done before ideas become investments.

After we source an investment idea that looks interesting, the next step is to do extensive research. Our research is bottom-up and fundamental. We pull apart the pieces of a company to understand it completely. We develop an investment thesis, test it, and keep testing it throughout the

Good Investment Ideas Have Contributed to Our Funds' Outperformance

As of March 31, 2013

% of Time the Fund or the Category Average Outperformed the Benchmark

Based on Monthly 10-year Rolling Periods since the Funds' Inception*

Fund Name	Morningstar Category	Benchmark	Fund vs Benchmark	Category Average vs Benchmark
Baron Small Cap Funds				
Baron Small Cap Fund	US OE Small Growth	Russell 2000	94%	54%
Baron Growth Fund**		Growth Index	97%	69%
Baron Focused Funds				
Baron Focused Growth Fund	US OE Mid-Cap Growth	Russell 2500 Growth Index	100%	31%
Baron Partners Fund		Russell Mid Cap Growth Index	100%	50%
Baron Mid Cap Funds				
Baron Asset Fund	US OE Mid-Cap Growth	Russell Mid Cap	73%	62%
Baron Opportunity Fund		Growth Index	100%	0%

Source: FactSet, Morningstar Direct

* Comparison for each Fund and each Morningstar Category Average based on returns since the Fund's inception and ending 03/31/2013. Comparison for each Fund based on the returns of the Fund's Retail Shares only. Baron Small Cap Fund's inception 9/30/1997; Baron Growth Fund's inception 12/31/1994; Baron Focused Growth Fund's inception 5/31/1996; Baron Partners Fund's inception 1/31/1992; Baron Asset Fund's inception 6/12/1987, analysis starting since 6/30/1987; Baron Opportunity Fund's inception 2/29/2000.

** Morningstar moved the Fund from the Small Growth Category effective May 31, 2011 to the Mid-Cap Growth Category. We intend to continue to provide comparative performance data for the Small Growth Category because we strongly disagree with Morningstar's reclassification of the Fund. The Fund's investment mandate has been and continues to be investing in small-cap growth stocks for the long run.

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 for Baron Opportunity and Focused Growth Funds, and all 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 www.BaronFunds.com or call 1-800-99BARON.

For the period ended March 31, 2013, the one-, five- and ten-year annualized returns for the Retail Shares of the **Baron Asset Fund** were 15.20%, 6.51% and 11.59%, respectively; the one-, five- and ten-year annualized returns for the Retail Shares of the **Baron Growth Fund** were 21.08%, 8.58% and 11.66%, respectively; the one-, five- and ten-year annualized returns for the Retail Shares of the **Baron Small Cap Fund** were 17.15%, 8.60% and 11.56%, respectively; the one-, five- and ten-year annualized returns for the Retail Shares of the **Baron Opportunity Fund** were 5.86%, 8.57% and 14.48%, respectively; the one- and five-year annualized returns for the Retail Shares of the **Baron Fifth Avenue Growth Fund** were 3.23% and 4.01%, respectively; the one-, five- and ten-year annualized returns for the Retail Shares of the **Baron Partners Fund** were 21.29%, 6.28% and 14.26%, respectively; the one-, five- and ten-year annualized returns for the Retail Shares of the **Baron Focused Growth Fund** were 17.72%, 6.94% and 15.41%, respectively; the one-year annualized return for the Retail Shares of the **Baron International Growth Fund** was 3.33%; the one-year annualized return for the Retail Shares of the **Baron Real Estate Fund** was 39.63%; and the one-year annualized return for the Retail Shares of the **Baron Emerging Markets Fund** was 9.07%.

As of September 30, 2012, the annual expense ratios for the Retail Shares of the **Baron Asset Fund**, **Baron Growth Fund**, **Baron Small Cap Fund**, and **Baron Opportunity Fund** were 1.33%, 1.32%, 1.31%, and 1.39%, respectively. For the Retail Shares of the **Baron Fifth Avenue Growth Fund** the total operating expense ratio was 1.55%, but the net annual expense ratio was 1.30% (net of Adviser's fee waivers). As of December 31, 2011, the expense ratio for the Retail Shares of the **Baron Partners Fund** was 1.71% (comprised of operating expenses of 1.35% and interest expense of 0.36%); and for the Retail Shares of the **Baron Focused Growth Fund**, the total expense ratio was 1.48%, but the net annual expense ratio was 1.35% (net of Adviser's fee waivers); and for the Retail Shares of the **Baron International Growth Fund**, the total expense ratio was 1.73%, but the net annual expense ratio was 1.50% (net of Adviser's fee waivers); and for the Retail Shares of the **Baron Real Estate Fund**, the total expense ratio was 2.33%, but the net annual expense ratio was 1.35% (net of Adviser's fee waivers); and for the Retail Shares of the **Baron Emerging Markets Fund**, the total expense ratio was 4.49% but the net annual expense ratio was 1.50% (net of Adviser's fee waivers).

For **Baron Partners Fund (BPF)** and **Baron Focused Growth Fund (BFGF)** the performance reflects the actual fees and expenses that were charged when the Funds were partnerships. The predecessor partnerships charged a 20% performance fee (BPF) or a 15% performance fee (BFGF) 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. The predecessor partnerships' performance is only for periods before the Funds' registration statements were effective (4/30/03 for BPF and 6/30/08 for BFGF). During those periods, the predecessor partnerships was 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 their performance.

life of our investment. We meet with the management of every company in which we invest – not just once, but multiple times, and every year we hold the investment. Last year, our analysts attended about 1,400 separate meetings with 760 management teams.

We think it is critical to meet with management because it enables us to learn about their vision and goals for their business and how they plan to realize those goals; to understand their business practices, management style, priorities, character and values; and to assess the managers' abilities to carry out their plans for growth. We also hold periodic phone calls throughout the year with company managements, in addition to listening to their quarterly conference calls. At the vast majority of our face-to-face meetings, we have the opportunity to question management directly and at length. We think our multiple contacts with management over many years of an investment allow us to understand the long-term prospects of the business, and to understand when an earnings miss or dip in the stock price might be an opportunity to add to our position.

Before investing, we look at the fundamentals of each company, in search of certain characteristics that we deem critical in order for us to invest. We look for good investment ideas rather than try to fill a hole in an industry allocation. Among the characteristics we look for are sustainable competitive advantages, recurring revenue, a unique product or service,

strong management, scalability, market leading products or services, and global growth opportunities.

Valuation is our final cut. Using proprietary valuation models, we substantiate that our qualitative assessments of leadership and a company's strategic plan can be translated into measurable and sustainable performance. We want to buy what we believe are great businesses at good valuations; we never want to buy a bad business just because it is cheap. Of course, we don't always achieve our objectives.

Our seasoned stock picking process and our ability to generate successful investment ideas have contributed to the Funds' consistent long-term outperformance. The table below evidences how our Funds with 10-year track records have outperformed their growth benchmarks over 10-year periods more frequently than the average funds in their categories. Of course, past performance is no guarantee of future performance.

Our sources for ideas have not changed substantially over the many years we have been investing. We have become more efficient in using our sources, by enhancing technology, increasing the number of analysts, and expanding the scope of our expertise. The low turnover of our analyst staff has provided us a more knowledgeable and experienced analyst team, which is busier than ever tapping all our idea sources in search of the next best idea for our shareholders.

Investors should consider the investment objectives, risks, and charges and expenses of the investment carefully before investing. The Baron Family of Funds is described in prospectuses which contain this and other information about the Funds. You should carefully read the prospectus before investing. You can obtain a copy of the prospectus by contacting the Funds' distributor, Baron Capital, Inc. at 767 Fifth Avenue, New York, New York 10153, or by calling 1-800-99BARON, or by visiting www.BaronFunds.com.

About Risk: The value of investments in equity securities is subject to unpredictable declines in the value of individual securities and periods of below average performance in individual securities and the equity market as a whole. Growth stocks are generally more sensitive to market movements than other types of stocks primarily because their stock prices are based heavily on future expectations. If our assessment of the prospects for a company's growth is wrong, or if our judgment of how other investors will value the company's growth is wrong, then the price of the company's stock may fall or not appreciate as we expect.

Portfolio holdings may change over time. The Fund may not achieve its objectives.

Indexes are unmanaged. Investors cannot invest directly in indexes. The **Russell 3000® Growth Index** measures the performance of the broad growth segment of the U.S. equity universe. The **Russell 2000® Growth Index** measures the performance of small-sized U.S. companies that are classified as growth. The **Russell 2500™ Growth Index** measures the performance of small to medium-sized companies that are classified as growth. The **Russell Midcap™ Growth Index** measures the performance of medium-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. The indexes and the Funds are with dividends, which positively impact the performance results. The **Morningstar Small Growth Average (US OE Small Growth)** is not weighted and represents the straight average of annualized returns of each of the funds in the Small Growth category. Baron Small Cap Fund's Retail Shares have been included in the category since inception. As of 3/31/13, the category consisted of 376 funds for the 10-year period. The **Morningstar Mid-Cap Growth Average (US OE Mid-Cap Growth)** is not weighted and represents the straight average of annualized returns of each of the funds in the Mid-Cap Growth category. The Baron Asset Fund's Retail Shares have been included in the category since 4/1/99, Baron Partners Fund since 4/30/03, Baron Focused Growth since 6/30/08, and Baron Opportunity since inception. As of 3/31/13, the category consisted of 417 funds for the 10-year period.

Idea Generation

Portfolio holdings as a percentage of net assets as of March 31, 2013 for securities mentioned are as follows: **Arch Capital Group Ltd.** – Baron Asset Fund (3.3%), Baron Growth Fund (3.3%), Baron Partners Fund (10.7%*), Baron Focused Growth Fund (3.7%), Baron International Growth Fund (2.4%); **Brookdale Senior Living, Inc.** – Baron Growth Fund (0.1%), Baron Small Cap Fund (1.7%), Baron Real Estate Fund (3.4%); **Compagnie Financière Richemont SA** – Baron International Fund (2.0%); **DEN Networks Ltd.** – Baron International Fund (1.2%), Baron Emerging Markets Fund (2.0%); **Dick's Sporting Goods, Inc.** – Baron Asset Fund (1.5%), Baron Growth Fund (2.9%), Baron Partners Fund (6.2%*), Baron Focused Growth Fund (4.0%); **Dish TV India Ltd.** – Baron Emerging Markets Fund (0.9%); **FactSet Research Systems, Inc.** – Baron Asset Fund (2.1%), Baron Growth Fund (2.2%), Baron Opportunity Fund (1.7%), Baron Partners Fund (6.0%*), Baron Focused Growth Fund (5.8%); **Gartner, Inc.** – Baron Asset Fund (4.1%), Baron Growth Fund (2.3%), Baron Small Cap Fund (2.5%), Baron Opportunity Fund (4.2%); **Hathway Cable & Datacom Ltd.** – Baron International Fund (0.8%), Baron Emerging Markets Fund (0.8%); **Helmerich & Payne, Inc.** – Baron Asset Fund (1.2%), Baron Growth Fund (0.8%), Baron Partners Fund (2.4%*), Baron Focused Growth Fund (1.7%); **ICON plc** – Baron Small Cap Fund (0.5%); **Nielsen Holdings N.V.** – Baron Asset Fund (2.4%); **Perrigo Co.** – Baron Asset Fund (1.1%); **Ralph Lauren Corp.** – Baron Asset Fund (3.0%), Baron Fifth Avenue Growth Fund (3.3%); **Starbucks Corp.** – Baron Fifth Avenue Growth Fund (2.7%); **Targa Resources Corp.** – Baron Growth Fund (1.3%), Baron Small Cap Fund (1.1%), Baron Real Estate Fund (0.2%); **Under Armour, Inc.** – Baron Growth Fund (1.9%), Baron Opportunity Fund (1.1%); **Vail Resorts, Inc.** – Baron Asset Fund (2.6%), Baron Growth Fund (1.9%), Baron Partners Fund (5.5%*), Baron Focused Growth Fund (0.9%); **Verisk Analytics, Inc.** – Baron Asset Fund (3.9%), Baron Opportunity Fund (3.6%), Baron Fifth Avenue Growth Fund (2.8%); Baron Partners Fund (8.2%*), Baron Focused Growth Fund (5.5%); **Zee Entertainment Enterprises Ltd.** – Baron International Fund (0.9%), Baron Emerging Markets Fund (1.9%).

*% of Long Positions.

Number of IPOs each Fund (with at least three years of performance history) participated in 2012: Baron Asset Fund—4 IPOs; Baron Growth Fund—5 IPOs; Baron Small Cap Fund—12 IPOs; Baron Opportunity Fund—14 IPOs; Baron Fifth Avenue Growth Fund—5 IPOs; Baron Partners Fund—1 IPO; Baron Focused Growth Fund—1 IPO; Baron International Growth Fund—1 IPO; Baron Real Estate Fund—3 IPOs.

Institutional Sales & Relationship Management

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PRODUCTS WE OFFER

We offer twelve mutual funds in Retail as well as Institutional Share Classes, Separately Managed Accounts, Sub-Advisory Services and an Offshore Fund.

EQUITY GROWTH STRATEGIES

BARON ALL CAP GROWTH
BARON EMERGING MARKETS GROWTH STRATEGY
BARON ENERGY & RESOURCES GROWTH STRATEGY
BARON FOCUSED GROWTH
BARON HIGH GROWTH
BARON INTERNATIONAL GROWTH
BARON LARGE CAP GROWTH
BARON MID CAP GROWTH
BARON REAL ESTATE
BARON SMALL CAP GROWTH
BARON SMID CAP GROWTH

MUTUAL FUNDS

BARON ASSET FUND (BARAX, BARIX)
BARON EMERGING MARKETS FUND (BEXFX, BEXIX)
BARON ENERGY AND RESOURCES FUND (BENFX, BENIX)
BARON FIFTH AVENUE GROWTH FUND (BFTHX, BFTIX)
BARON FOCUSED GROWTH FUND (BFGFX, BFGIX)
BARON GLOBAL ADVANTAGE FUND (BGAFX, BGAIX)
BARON GROWTH FUND (BGRFX, BGRIX)
BARON INTERNATIONAL GROWTH FUND (BIGFX, BINIX)
BARON OPPORTUNITY FUND (BIOPX, BIOIX)
BARON PARTNERS FUND (BPTRX, BPTIX)
BARON REAL ESTATE FUND (BREFX, BREIX)
BARON SMALL CAP FUND (BSCFX, BSFIX)

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