



March 20, 2020

## A Message from Ron Baron on the Coronavirus Outbreak

The theme of the 2019 Baron Conference was “What’s Next.” When we chose it, I had no idea it would be perfect for this year.

In a 2015 Ted Talk, Bill Gates remarked, “If anything kills [30 million] people in the next few decades, it’s most likely to be a highly infectious virus rather than a war. Not missiles but microbes ... [Today] we can build a really good response system. We have the benefit of all the science and technology [we need].” We just haven’t had the will to do so yet. If Gates concluded we could solve the problem, I believe him. I also believe that the coronavirus will be the impetus to do so. I encourage you to watch Gates’ 2015 Ted Talk on YouTube.

Although none of us has ever lived through a pandemic before, I have experienced numerous financial panics, bear markets, wars, terrorist attacks, and other highly disruptive events. This includes the 1973 oil shock, interest rates of 17% in 1982 (when we founded Baron Capital), the 1987 market crash (on the birthday of Baron senior research analyst Susan Robbins), the 9/11 terrorist attacks, the 2008-09 financial panic, and now the coronavirus. Unsettling events occur at regular intervals. I expect that to continue to be the case.

One of my friends is the former head of one of the largest investment banks. He recently chastised me for being upset. “Ron, as the Godfather said, ‘This is the life we chose. This is what we do.’” For nearly four decades, we’ve been successful as long-term investors. We buy when businesses are investing in themselves and penalizing current results in order to become larger. That’s the secret to our success. We invest at opportune times which enables us to buy at attractive prices and hold for the long term. Now is such a time even if a market rebound is not yet visible.

### **All you need now is to be optimistic about our future.**

It will soon be -- if it is not already -- a great time to invest. Interest rates have never been lower. Low interest rates make stocks more attractive. Government monetary stimulus has never been greater. The more stimulus there is, the more attractive stocks are. Quantitative easing is starting again. Additional “shock and awe” fiscal stimulus is coming. U.S. Treasury Secretary Steven Mnuchin stated that we are in the second inning of what the government plans to do.

As for us, what are we doing? Our portfolio managers and research analysts talk every day with businesses in which we have invested or are interested in investing. We study their balance sheets so we can be confident those businesses will be able to realize their growth prospects. If their balance sheets are strong, we think their profitability will rebound after a short-term interruption, and they will continue to grow over the long term. We are holding these stocks and preparing to buy more. If their long-term business fundamentals are not as favorable as we had thought, then we will upgrade our portfolios to invest in businesses we think have more favorable fundamentals. We

remain committed to the research-focused, long-term, low-turnover, growth-oriented investment strategy that has served our investors and ourselves well throughout our 38 years in business. We founded our Firm on March 16, 1982.

If you have any questions, we can be reached at [info@baronfunds.com](mailto:info@baronfunds.com).

Thank you for investing with us.

---

*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 1-800-99BARON or visiting [www.BaronFunds.com](http://www.BaronFunds.com). Please read them carefully before investing.*

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

The discussion of market trends is not intended as advice to any person regarding the advisability of investing in any particular security. The views expressed in this document reflect those of the respective writer. Some of our comments are based on management expectations and are considered "forward-looking statements." Actual future results, however, may prove to be different from our expectations. Our views 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.

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