

September 30, 2016
Institutional Shares (BFGIX)

Baron Focused Growth Fund Fact Sheet

BAMCO, Inc., Registered Investment Adviser



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

The Fund's historical performance was impacted by gains from IPOs and/or secondary offerings, and there is no guarantee that these results can be repeated or that the Fund's level of participation in IPOs and secondary offerings will be the same in the future.

Definitions (provided by BAMCO, Inc.): The indexes are unmanaged. **The Russell 2500™ Growth Index** measures the performance of small to medium-sized U.S. companies that are classified as growth, and the **S&P 500 Index** of 500 widely held large-cap U.S. companies. The indexes and the Fund are with dividends, which positively impact the performance results. Russell Investment Group is the source and owner of the trademarks, service marks and copyrights related to the Russell Indexes. Russell is a trademark of Russell Investment Group. The **Morningstar US OE Mid-Cap Growth Category Average** is not weighted and represents the straight average of annualized returns of each of the funds in the Mid-Cap Growth category. The Fund's Institutional Shares have been included in the category since 5/29/09 and the Fund's Retail Shares since 6/30/08. As of 9/30/16, the category consisted of 732, 723, 721, 660, 574 and 425 funds for the 3-month, year-to-date, 1-, 3-, 5-, and 10-year periods. © 2016 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. **Standard Deviation (Std. Dev.):** measures the degree to which a fund's performance has varied from its average performance over a particular time period. The greater the standard deviation, the greater a fund's volatility (risk). **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. **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 is

1.00 by definition. **R-Squared:** measures how closely a fund's performance correlates to the performance of the benchmark index, and thus is a measurement of what portion of its performance can be explained by the performance of the index. Values for R-Squared range from 0 to 100, where 0 indicates no correlation and 100 indicates perfect correlation. **Tracking Error:** measures how closely a fund's return follows the benchmark index returns. It is calculated as the annualized standard deviation of the difference between the fund and the index returns. **Information Ratio:** measures the excess return of a fund divided by the amount of risk the fund takes relative to the benchmark index. The higher the information ratio, the higher the excess return expected of the fund, given the amount of risk involved. **Upside Capture:** explains how well a fund performs in time periods where the benchmark's returns are greater than zero. **Downside Capture:** explains how well a fund performs in time periods where the benchmark's returns are less than zero. **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. **Price/Earnings Ratio (trailing 12-months):** is a valuation ratio of a company's current share price compared to its actual earnings per share over the last twelve months. **Price/Book Ratio:** is a ratio used to compare a company's stock price to its tangible assets, and it is calculated by dividing the current closing price of the stock by the latest quarter's book value per share. **Price/Sales Ratio:** is a valuation ratio of a stock's price relative to its past performance. It represents the amount an investor is willing to pay for a dollar generated from a particular company's operations. Price/Sales is calculated by dividing a stock's current price by its revenue per share for the last 12 months. Historical portfolio characteristics are provided by Compustat and FactSet Fundamentals. **Weighted Harmonic Average:** is a calculation that reduces the impact of extreme observations on the aggregate calculation by weighting them based on their size in the fund.

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Not bank guaranteed, may lose value, not FDIC insured.



Portfolio Facts and Characteristics

	Fund	Russell 2500 Growth Index
# of Equity Securities / % of Net Assets	20/95.9%	-
Turnover (3 Year Average)	22.52%	-
Median Market Cap†	\$3.58 billion	\$1.23 billion
Weighted Average Market Cap†	\$7.97 billion	\$4.20 billion
EPS Growth (3-5 year forecast)†	15.4%	13.8%
Price/Earnings Ratio (trailing 12-month)*†	28.8	22.9
Price/Book Ratio*†	3.3	3.9
Price/Sales Ratio*†	2.7	1.5

* Weighted Harmonic Average

† Source: FactSet PA – Compustat, FactSet and BAMCO. Internal valuations metrics may differ.

R6 Shares are also available for this Fund.

Performance Based Characteristics²

	3 Years	5 Years	10 Years	Since Inception
Std. Dev. (%) - Annualized	13.81	13.78	18.72	21.38
Sharpe Ratio	0.20	0.81	0.34	0.38
Alpha (%) - Annualized	-3.54	-2.10	-0.64	4.98
Beta	0.90	0.85	0.89	0.78
R-Squared (%)	84.93	84.28	86.33	68.19
Tracking Error (%)	5.46	5.87	7.20	13.07
Information Ratio	-0.84	-0.85	-0.24	0.25
Upside Capture (%)	77.59	76.84	87.09	89.55
Downside Capture (%)	94.86	84.73	89.90	76.62

Top 10 Holdings

% of Net Assets

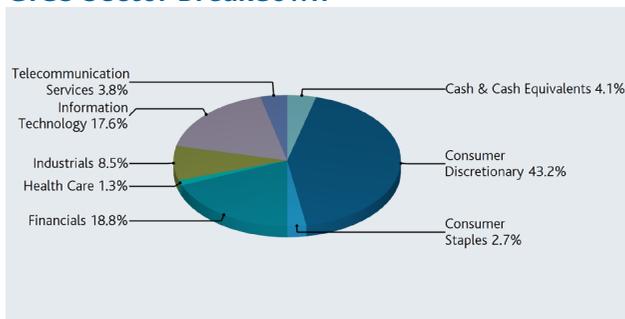
Vail Resorts, Inc.	12.0
Tesla Motors, Inc.	10.3
Hyatt Hotels Corp.	9.4
CoStar Group, Inc.	9.1
FactSet Research Systems, Inc.	6.8
Manchester United plc	5.2
Benefitfocus, Inc.	5.1
Arch Capital Group Ltd.	4.5
The Carlyle Group	3.8
Choice Hotels International, Inc.	3.8
Total	70.0

The Fund is non-diversified, which increases volatility of the Fund's returns and exposes it to greater risk of loss in any given period. Specific risks associated with investing in small and medium-sized companies include that the securities may be thinly traded and more difficult to sell during market downturns.

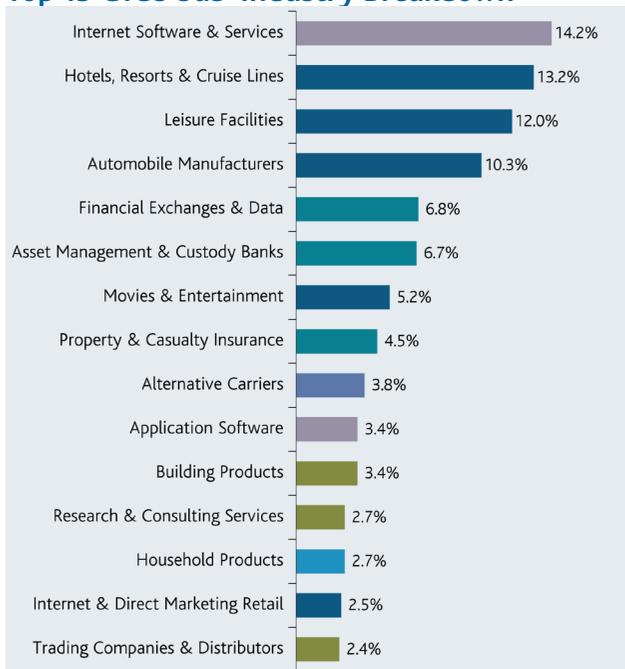
1 - Industry sector or sub-industry group levels are provided from the Global Industry Classification Standard ("GICS"), developed and exclusively owned by MSCI, Inc. ("MSCI") and Standard & Poor's Financial Services LLC ("S&P"). All GICS data is provided "as is" with no warranties. The Adviser may have reclassified/classified certain securities in or out of a sub-industry. Such reclassifications are not supported by S&P or MSCI.

2 - Source: FactSet SPAR. Except for Standard Deviation and Sharpe Ratio, the performance based characteristics above were calculated relative to the Fund's benchmark.

GICS Sector Breakdown¹



Top 15 GICS Sub-Industry Breakdown¹



Colors of Sub-Industry bars correspond to sector chart above.

Investment Strategy

This is a focused Fund that invests mainly in small- and mid-sized U.S. companies with significant growth potential. Top 10 holdings are expected to comprise a significant percentage of the Fund. Non-diversified.

Portfolio Manager

Ron Baron has been portfolio manager since inception. Ron founded Baron Capital in 1982 and has 46 years of research experience. From 1970 to 1982, Ron worked for several brokerage firms as an institutional securities analyst. From 1966 to 1969, Ron worked at the U.S. Patent Office as a patent examiner, while attending George Washington University Law School. From 1965 to 1966, Ron worked at Georgetown University as a teaching fellow in biochemistry. Ron graduated from Bucknell University with a B.A. in Chemistry in 1965.

Investment Principles

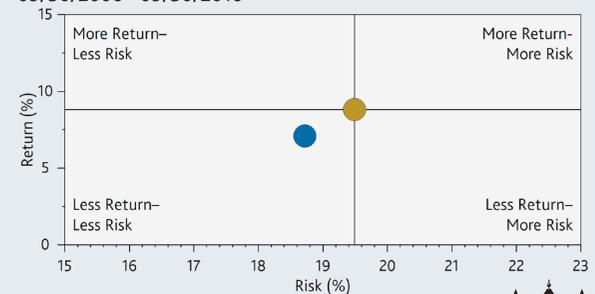
- Long-term perspective allows us to think like an owner of a business
- Independent and exhaustive research is essential to understanding the long-term fundamental growth prospects of a business
- We seek appropriately capitalized open-ended growth opportunities, exceptional leadership, and sustainable competitive advantages
- Purchase price and risk management are integral to our investment process

Fund Facts

Inception Date	May 31, 1996
Net Assets	\$177.91 million
Institutional Shares	
CUSIP	06828M504
Expense Ratio (as of FYE 12/15)	1.09%

Risk/Return Comparison²

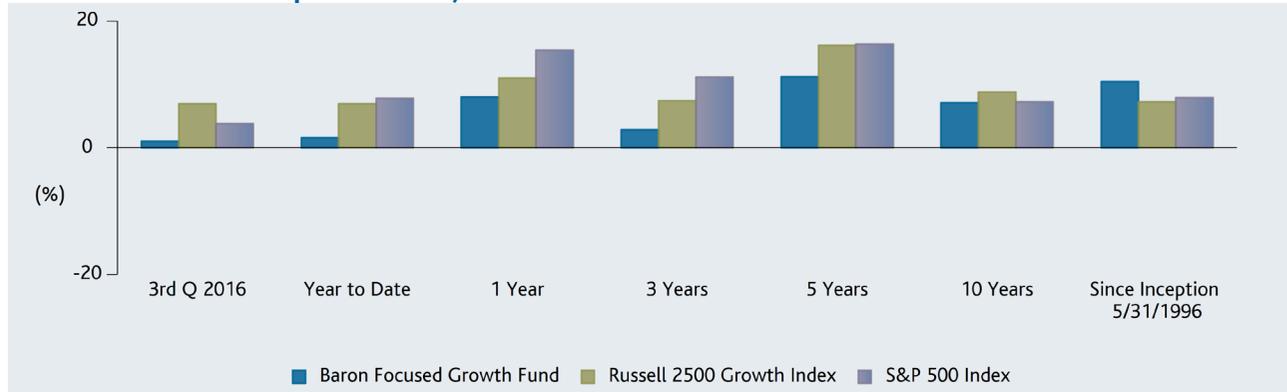
09/30/2006 - 09/30/2016



- Baron Focused Growth Fund - I
- Russell 2500 Growth Index



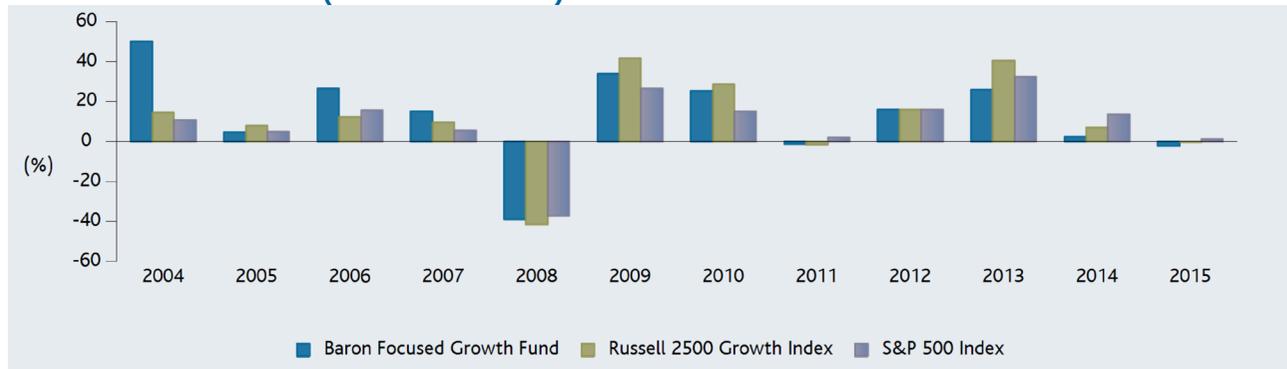
Performance as of September 30, 2016



	Total Returns(%)				Annualized Returns(%)											
	3rd Q 2016		Year to Date		1 Year		3 Years		5 Years		10 Years		Since Inception 5/31/1996			
	Return	+ -	Return	+ -	Return	+ -	Return	+ -	Return	+ -	Return	+ -	Return	+ -		
BFGIX - Institutional Shares	1.05		1.58		8.02		2.86		11.21		7.10		10.50			
Russell 2500 Growth Index	6.98	-5.93	6.95	-5.37	11.02	-3.00	7.43	-4.57	16.20	-4.99	8.82	-1.72	7.26	3.24		
S&P 500 Index	3.85	-2.80	7.84	-6.26	15.43	-7.41	11.16	-8.30	16.37	-5.16	7.24	-0.14	7.96	2.54		
Morningstar Mid-Cap Growth Category Average	4.81	-3.76	4.93	-3.35	8.41	-0.39	6.40	-3.54	13.89	-2.68	7.39	-0.29	N/A			

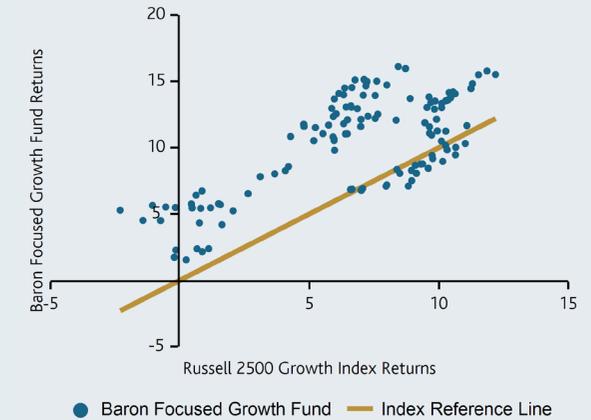
The blue shading represents Fund outperformance vs. the corresponding benchmark. The yellow shading represents underperformance.

Historical Performance(Calendar Year %)



	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
BFGIX - Institutional Shares	50.24	4.51	26.63	15.25	-39.06	33.94	25.39	-1.11	16.17	26.09	2.54	-2.12
Russell 2500 Growth Index	14.59	8.17	12.26	9.69	-41.50	41.66	28.86	-1.57	16.13	40.65	7.05	-0.19
S&P 500 Index	10.88	4.91	15.79	5.49	-37.00	26.46	15.06	2.11	16.00	32.39	13.69	1.38

BFGIX has outperformed the Russell 2500 Growth Index 82% of the time (since its inception and using rolling 10-year annualized returns).



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 or call 1-800-99BARON. You 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 1-800-99BARON or visiting www.BaronFunds.com. Please read them carefully before investing.

Performance for the Institutional Shares prior to 5/29/2009 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 5/29/2009 did not reflect this fee, the returns would be higher. Reflects the actual fees and expenses that were charged prior to 6/30/08, when the Fund was a partnership, which include a 15% performance fee. Without the performance fee, returns in certain years would be higher. The Fund does not charge a performance fee. 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 was, might have adversely affected its performance.



Review and Outlook

After the initial shock of the Brexit vote in late June, the U.S. stock markets settled down in the third quarter, experiencing significantly less volatility than in the first half of 2016. Stable economic data, monetary policy rates that remained relatively unchanged, and the lack of a major disruptive event allayed investor concerns and drove a broad-based rebound during the three-month period ended September 30, 2016.

Investor appetite for risk increased, and stocks (particularly small-cap stocks) rose more or less steadily throughout the quarter. Lower quality stocks outperformed their higher quality counterparts. After mostly underperforming in the first half of the year, risk-on categories such as biotechnology and semiconductors outperformed. On the other hand, defensive sectors retreated after strong performance in the first half of 2016.

Baron Focused Growth Fund increased in the quarter. Holdings in Consumer Discretionary, Financials, and Industrials were the top contributors. Although Consumer Discretionary had a somewhat mixed quarter, contributors outweighed detractors. Positive performance was led by top contributor Vail Resorts, Inc. Professional sports team Manchester United plc also boosted sector performance after shares rose on enthusiasm over the hiring of a new coach and addition of marquee players to the roster. Financials advanced on the strength of second largest contributor Arch Capital Group Ltd. Financial Engines, Inc. also added to sector performance. Shares of this retirement account manager increased on reports of improving metrics across all categories. The Industrials sector benefited from a strong showing by quartz countertop manufacturer Caesarstone Ltd.

Health Care, Telecommunication Services, and Consumer Staples investments detracted. Health Care performance was hampered by top detractor Inovalon Holdings, Inc. Telecommunication Services and Consumer Staples lost ground as investors exited defensive stocks. The Fund's sole Telecommunication Services investment, Iridium Communications, Inc., was the third largest detractor. Shares of the Fund's only Consumer Staples company, consumer products company Church & Dwight Co., Inc., fell on reports of decelerations in certain key categories. We believe in the company's steady growth, cash flow generation, and ability to make accretive acquisitions in new business lines with higher margins and growth rates.

The U.S. economy showed signs of acceleration in the third quarter. Historically, the U.S. stock market has been closely aligned with GDP. In 1960, GDP was \$520 billion and the Dow Jones Industrial Average was 600. In 2007, GDP was \$14 trillion and the Dow was 14,000. In 2015, GDP was \$17.9 trillion and the Dow was 17,000. We think the U.S. economy and the stock market are closely intertwined. Over the past half century or so, our economy and stock market have grown at a compound annual rate between 6-7% in nominal terms. Factoring in annual dividends of about 2-3%, stock prices have approximately doubled every 10 years during the same period. We think our nation's economy and stock markets will continue to achieve similarly strong results over the long term.

Top Contributors/Detractors to Performance for the Quarter Ended September 30, 2016

Contributors

- Shares of ski resort company **Vail Resorts, Inc.** increased in Q3 on news that the company had entered into an agreement to acquire Whistler Blackcomb in Canada. Vail owns some of the best ski resorts across North America, including Vail, Beaver Creek, Park City, and now Whistler. The deal gives the company even greater scale, which we think it will be able to leverage in its bid to continue to grow its season pass sales.
- **Arch Capital Group Ltd.** is a specialty insurance and reinsurance company. The stock performed well during Q3 on solid quarterly results, with profitable underwriting, modest catastrophe losses, and favorable reserve development. The market also reacted favorably to Arch's agreement to acquire mortgage insurance company United Guaranty from AIG. This acquisition will make Arch the largest provider of mortgage insurance, a market that we believe has attractive profitability and growth characteristics.
- Shares of retirement account manager **Financial Engines, Inc.** increased in Q3. The company reported improving metrics across all categories. Shares also benefited from investor sentiment that the recent integration of its Mutual Fund Store acquisition will help improve the legacy business while allowing expansion into a new channel. New marketing campaigns and advisor seminars appear to be having an early impact as the company reported a drop in cancellations and a slight increase in enrollments.

Detractors

- Shares of health care data and analytics vendor **Inovalon Holdings, Inc.** fell in Q3 on weak financial results and reduced guidance through year-end. Management attributed the revenue shortfall to price reductions in its retrospective risk adjustment business, and the margin shortfall to investments aimed at long-term growth. We think the recent poor performance is temporary. Inovalon has high quality products that generate solid ROI for its customers, and we think it is well-positioned to capitalize on the need for robust data and analytics in health care.
- Shares of electric vehicle company **Tesla Motors, Inc.** fell during Q3 as the market continued to evaluate the potential merger with SolarCity. An investigation into a fatal accident involving Tesla's autopilot and the possibility of an additional equity round by year end also pressured the stock. We feel good about the brand Tesla has built and its ability to bring substantial innovation to its products. Tesla has received over 370,000 Model 3 reservations, representing close to \$18 billion in backlog and the largest product launch in history.
- Shares of satellite communications company **Iridium Communications Inc.** fell in Q3. While the company reported a strong Q2, delays in payments from a customer/subsidiary, Aireon, ignited concerns regarding financing and liquidity. In addition, the SpaceX explosion of a Falcon 9 missile increased the risk of a delayed launch schedule. We see potentially significant cash flows yield for the NEXT constellation launch in 2018 and beyond and look forward to launches later this year.

Contribution to Return¹ By Sub-Industry



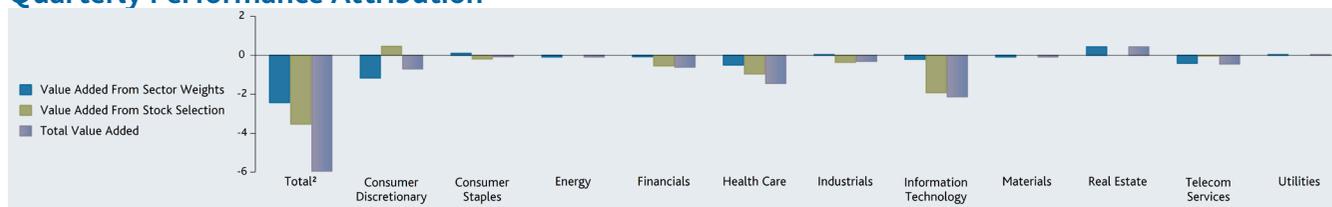
By Holdings

Top Contributors	Average Weight(%)	Contribution(%)
Vail Resorts, Inc.	11.37	1.36
Arch Capital Group Ltd.	4.19	0.38
Financial Engines, Inc.	2.79	0.37
Manchester United plc	4.98	0.26
Caesarstone Ltd.	3.32	0.26

Top Detractors	Average Weight(%)	Contribution(%)
Inovalon Holdings, Inc.	3.61	-0.52
Tesla Motors, Inc.	10.71	-0.35
Iridium Communications Inc.	3.81	-0.23
Choice Hotels International, Inc.	3.96	-0.19
Church & Dwight Co., Inc.	2.72	-0.18

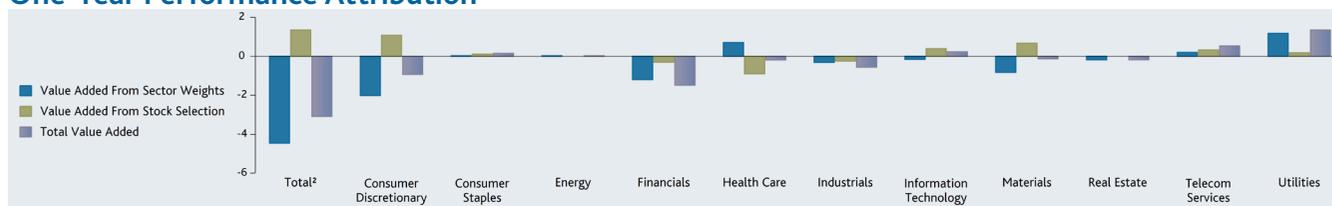
1 - Source: FactSet PA.

Quarterly Performance Attribution¹



Sector Average Weights(%)	Consumer Discretionary	Consumer Staples	Energy	Financials	Health Care	Industrials	Information Technology	Materials	Real Estate ³	Telecom Services	Utilities
Baron Focused Growth Fund	42.40	2.72	-	18.50	3.61	8.40	17.29	-	-	3.81	-
Russell 2500 Growth Index	17.16	4.48	1.10	5.74	19.21	17.60	21.59	6.45	5.44	0.65	0.57
Over/Underweight	25.23	-1.76	-1.10	12.75	-15.60	-9.20	-4.30	-6.45	-5.44	3.16	-0.57
Total Return(%)											
Baron Focused Growth Fund	3.49	-6.52	-	3.48	-18.28	1.70	0.20	-	-	-6.52	-
Russell 2500 Growth Index	2.32	-0.42	13.91	6.48	10.75	6.23	12.06	8.26	-1.50	-5.03	-3.40
Relative Return	1.17	-6.10	-13.91	-3.00	-29.03	-4.53	-11.86	-8.26	1.50	-1.49	3.40

One-Year Performance Attribution¹



Sector Average Weights(%)	Consumer Discretionary	Consumer Staples	Energy	Financials	Health Care	Industrials	Information Technology	Materials	Real Estate ³	Telecom Services	Utilities
Baron Focused Growth Fund	41.07	2.60	-	17.20	2.76	8.82	17.27	0.20	-	3.71	1.47
Russell 2500 Growth Index	19.53	3.74	0.84	5.86	19.69	16.76	21.15	6.78	4.79	0.59	0.29
Over/Underweight	21.54	-1.14	-0.84	11.34	-16.92	-7.93	-3.89	-6.58	-4.79	3.12	1.18
Total Return(%)											
Baron Focused Growth Fund	5.03	15.99	-	-0.53	-22.39	12.03	19.20	53.35	-	30.43	16.56
Russell 2500 Growth Index	2.42	10.91	-1.43	0.46	7.81	15.19	17.20	25.29	17.04	18.88	27.56
Relative Return	2.61	5.08	1.43	-0.99	-30.19	-3.16	2.01	28.06	-17.04	11.55	-11.00

Return calculations for the Portfolio are transaction based and are calculated from the underlying security-level data; they may not correspond with published performance information based on NAV per share.

1 - Attribution analysis for other periods or versus another index will be provided upon request. Source: FactSet PA.

2 - Fund total returns include cash, fees and unassigned securities.

3 - As of 9/1/2016 GICS added Real Estate as a new sector. The performance attribution figures above assume that the Real Estate sector existed during the entire time period presented.

When reviewing performance attribution on our portfolio, please be aware that we construct the portfolio from the bottom up, one stock at a time. Each stock is included in the portfolio if it meets our rigorous investment criteria. To help manage risk, we are aware of our sector and security weights, but we do not include a holding to achieve a target sector allocation or to approximate an index. Our exposure to any given sector is purely a result of our stock selection process.

Quarterly Analysis

Baron Focused Growth Fund increased 1.05% in the third quarter, yet underperformed the Russell 2500 Growth Index by 593 basis points. During the quarter, stock selection and, to a lesser degree, relative sector weights hurt relative performance.

Lack of exposure to the lagging Real Estate sector, which was hurt by the poor performance of REITs, and outperformance of Consumer Discretionary investments contributed the most to relative results. Strength in Consumer Discretionary, owing to the outperformance of Vail Resorts, Inc. and AO World plc, was overshadowed by significantly larger exposure to this underperforming sector. Vail was the largest contributor on an absolute basis, while shares of AO, the U.K.'s leading online retailer of major domestic appliances, increased double digits after being added to the Fund in July. AO continues to expand rapidly in its core U.K. market, while making further gains in the German market.

Aside from greater exposure to the underperforming Consumer Discretionary sector, investments in Information Technology (IT), Health Care, and Financials detracted the most from relative results. Within IT, underperformance of CoStar Group, Inc., a real estate information and marketing services company, and Guidewire Software, Inc., a leading provider of core systems software to the global P&C insurance industry, hampered relative results. Shares of CoStar fell slightly on modest multiple compression after outperforming in Q2, while Guidewire's shares declined after earnings guidance was slightly below Street expectations due to an accounting-related deferral that we expect will reverse next year. Lack of exposure to the semiconductors and systems software sub-industries, which were both up more than 25% in the index, also hurt relative results. Within Health Care, underperformance of the Fund's only position in the sector, Inovalon Holdings, Inc., and lack of exposure to strong performing biotechnology and health care equipment stocks weighed on relative results. Inovalon was the largest detractor from absolute performance. Weakness in Financials was mostly attributable to the underperformance of FactSet Research Systems, Inc., a financial information provider to investment firms, and The Carlyle Group, one of the largest diversified alternative asset managers with approximately \$180 billion under management. FactSet's shares lagged as growth moderated slightly due to choppy end markets, while Carlyle's shares fell alongside other alternative asset managers as investor concerns about flows and fees pressured the share prices of these companies. Electronic trading firm and market maker Virtu Financial, Inc. also detracted from relative performance in the sector.



Top 10 Holdings as of September 30, 2016

Company	Investment Premise	Company	Investment Premise
<p>Vail Resorts, Inc. (MTN) is the largest operator of ski resorts in the U.S. It owns and operates 13 ski resorts in Vail, Breckenridge, Keystone, and Beaver Creek in Colorado; Canyons and Park City in Utah; Heavenly, Northstar, and Kirkland in Lake Tahoe, Perisher in Australia and three U.S. regional resorts.</p>	<p>Most of Vail's revenues come from its ski resorts. The company has been upgrading its properties to offer new and higher quality services and amenities and summer recreational activities, which should help attract more visitors and allow it to raise ski ticket prices. Vail is also focused on increasing season pass sales, which helps immunize against poor ski conditions. It has been acquiring resorts to enhance the attractiveness of its multi-resort season pass. Most recently, it announced a deal to buy Whistler Blackcomb in Canada, North America's largest ski resort.</p>	<p>Manchester United plc (MANU) is an English Premier League professional sports team. The team generates revenue from broadcasting, sponsorship, and licensing.</p>	<p>Manchester United is a global brand with a proven history of success. Our investment is based on our belief that the team will benefit from more robust monetization of its global audience, an estimated fan base of 659 million; expanding pay TV rights; and new, high margin revenue streams, including global licensing, e-commerce, and subscription services.</p>
<p>Tesla Motors, Inc. (TSLA) manufactures luxury automobiles powered by purely electric drivetrains. It offers a sedan (Model S), a CUV (Model X), and battery-based energy storage. Tesla expects to start delivering its mass market vehicle, Model 3, in 2017 for a base price of \$35k.</p>	<p>In our view, Tesla could continue to grow its business rapidly at least through 2020. Management is targeting 5x growth between 2016 and 2018. We believe Tesla's strong engineer talent pool, first mover advantage, scale with its existing facilities, \$5 billion Giga battery plant, and recognized brand could result in Tesla having a market capitalization of \$100 billion in five years and much more in following years. We find the 373,000 pre-orders for its new Model 3 to be a testament to the strong brand Tesla has built in its short existence.</p>	<p>Benefitfocus, Inc. (BNFT) is a leading provider of cloud-based benefits software for consumers, employers, insurance carriers, and brokers. The company offers an integrated suite of solutions to help customers more efficiently shop, enroll, manage, and exchange benefits information.</p>	<p>Benefitfocus is modernizing the benefits administration process, resulting in lower health care costs, lower administrative costs, and higher employee satisfaction. The company serves a vast addressable market. It serves just 590 of 18,000 domestic employers, which corresponds to a \$10 billion annual recurring opportunity. In its carrier business, the company serves just 43 of 313 domestic health carriers. Growth is being catalyzed by a fundamental shift towards defined contribution benefit programs.</p>
<p>Hyatt Hotels Corp. (H) is a global hospitality company with 633 Hyatt-branded properties representing 166,784 keys. The company's brands include Park Hyatt, Grand Hyatt, Hyatt Regency, Hyatt, Hyatt Place, and Hyatt Summerfield Suite.</p>	<p>We believe Hyatt has a significant opportunity to market more of its brands globally, given an undersupply of rooms in developing countries. Compared to its competitors, Hyatt has the least brand penetration across the globe and has the largest pipeline of unit growth in the industry. We believe that these new rooms coming online, Hyatt's strong balance sheet, and the recovery in the global lodging industry give Hyatt an opportunity to generate strong growth in the years ahead. This increased cash flow could be used for continued share repurchases and further acquisitions.</p>	<p>Arch Capital Group Ltd. (ACGL) is a specialty insurance and reinsurance company with operations in Bermuda, the U.S., Europe, and Canada.</p>	<p>Arch Capital is led by an experienced management team with a successful track record across several insurance cycles. We believe the company excels at underwriting specialized policies and can nimbly shift its business mix to target the most profitable lines. Arch has a compensation system that rewards long-term profitability rather than short-term premium growth. In our view, management has demonstrated good underwriting discipline and capital stewardship, allowing Arch to maintain industry-leading returns on equity.</p>
<p>CoStar Group, Inc. (CSGP) is the leading provider of information and marketing services to the commercial real estate industry.</p>	<p>CoStar has built a proprietary database through primary and data collection research over a 20-year period, creating high barriers to entry. We believe the acquisitions of Apartments.com and ApartmentFinder offer dramatic cross-sell synergies that can add \$1 billion of revenue and \$600 million of EBITDA over the next decade. CoStar currently has retention rates in the low 90% range, giving great visibility into the future earnings stream. We believe that margins will improve towards 50% given the high operating leverage.</p>	<p>The Carlyle Group (CG) is one of the largest diversified alternative asset managers with approximately \$180 billion under management. The company has approximately 90 proprietary funds and over 50 funds of funds, each having a specific geographic and industry mandate.</p>	<p>Alternative asset managers constitute about 10% of the approximately \$90 trillion asset management industry. We believe Carlyle's market share could grow to 15%-20% over the next few years as more investors focus on downside protection and minimizing volatility. We think more assets will flow into the established alternative managers, such as Carlyle, which has an enviable record of success. Additionally, Carlyle has an asset gathering infrastructure that is unmatched within the alternative space, and we believe it could gain assets more rapidly than its competitors.</p>
<p>FactSet Research Systems, Inc. (FDS) provides financial information to the global investment community.</p>	<p>FactSet is serving only a small part of the addressable market, which we estimate is approximately \$20 billion annually. The company has been taking market share, offering broader data sets and more advanced portfolio analytics than its competitors, and has a highly regarded customer service model. The company has also been expanding into fixed income markets. Its products are sticky, leading to retention rates over 95% and high visibility. FactSet generates robust free cash flow, which it has aggressively returned to shareholders via share repurchases and dividends.</p>	<p>Choice Hotels International, Inc. (CHH) is one of the largest hotel franchisers in the world, with 6,429 hotels and 673 hotels under development. Its franchise contracts are typically long term, many as long as 20 years. Brands include Quality Inn, Comfort Inn, Comfort Suites, Sleep Inn, and Cambria.</p>	<p>Choice has a strong franchising business with recurring revenue. It has demonstrated consistent profitability across up and down cycles, either through increased rates and occupancy or new unit growth. The company has a strong pipeline of new hotel franchises and is looking to expand the number of upscale brands in its portfolio, either through new brand creation such as the Ascend or Cambria brands, or through acquisitions. It is also selling its systems to third party hotels, which we think will generate significant income over time.</p>



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