

March 31, 2018  
Institutional Shares (BFTIX)

# Baron Fifth Avenue Growth Fund Fact Sheet

BAMCO, Inc., Registered Investment Adviser



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

Definitions (provided by BAMCO, Inc.): The indexes are unmanaged. 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. 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. Morningstar calculates the **Morningstar US Fund Large Growth Category Average** using its Fractional Weighting methodology. The Fund's Institutional Shares have been included in the category since May 29, 2009 and the Fund's Retail Shares since inception. © 2018 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. **Active Share:** 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. Active Share was introduced in 2006 in a study by Yale academics, M. Cremers and A. Petajisto, as a measure of active portfolio management. **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 1000 Growth Index
# of Equity Securities / % of Net Assets	33/97.2%	-
Turnover (3 Year Average)	14.10%	-
Active Share (%)	77.3	0
Median Market Cap†	\$46.68 billion	\$11.97 billion
Weighted Average Market Cap†	\$282.21 billion	\$233.86 billion
EPS Growth (3-5 year forecast)†	22.6%	15.7%
Price/Earnings Ratio (trailing 12-month)*†	36.6	24.0
Price/Book Ratio*†	5.8	5.5
Price/Sales Ratio*†	6.7	2.9

\* 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 Characteristics<sup>2</sup>

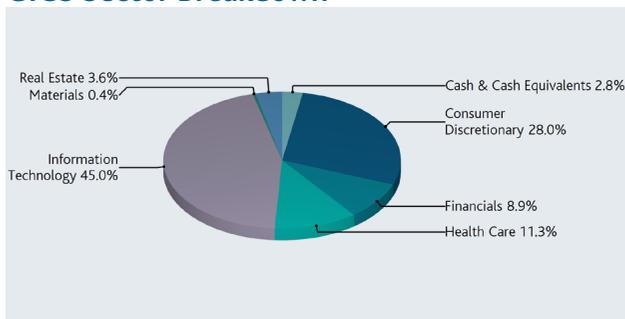
	3 Years	5 Years	10 Years
Std. Dev. (%) - Annualized	14.91	13.61	17.68
Sharpe Ratio	0.95	1.25	0.58
Alpha (%) - Annualized	-0.94	-0.71	-1.26
Beta	1.24	1.18	1.08
R-Squared (%)	84.07	82.00	87.41
Tracking Error (%)	6.51	6.06	6.39
Information Ratio	0.28	0.30	-0.12
Upside Capture (%)	120.72	113.84	105.00
Downside Capture (%)	129.33	118.34	112.50

## Top 10 Holdings

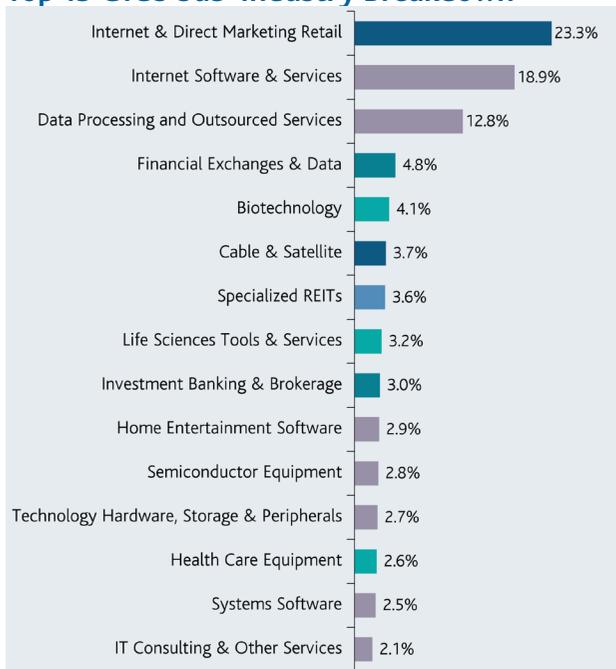
### % of Net Assets

Amazon.com, Inc.	16.0
Alibaba Group Holding Limited	7.5
Alphabet Inc.	5.5
Mastercard Incorporated	5.1
Visa, Inc.	4.4
Facebook, Inc.	4.2
Booking Holdings, Inc.	4.0
Naspers Limited	3.7
Equinix, Inc.	3.6
Illumina, Inc.	3.2
<b>Total</b>	<b>57.2</b>

## GICS Sector Breakdown<sup>1</sup>



## Top 15 GICS Sub-Industry Breakdown<sup>1</sup>



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

## Investment Strategy

The Fund invests mainly in large-sized U.S. companies with significant growth potential and competitive advantages. Diversified.

## Portfolio Manager

Alex Umansky joined Baron in 2011 as a portfolio manager. He has 25 years of research experience, 18 of which were at Morgan Stanley. From 2007 to 2011, he was a co-manager of the Morgan Stanley Opportunity Fund, while also co-managing the Global Opportunity Fund from 2008 to 2011, the International Opportunity Fund and the International Advantage Fund from 2010 to 2011. From 1998 to 2004, Alex was lead manager of the Morgan Stanley Institutional Technology Strategy and the Technology Fund. He was also the co-manager of the Information Fund from 2004 to 2005 and the Small Company Growth Fund from 1999 to 2002. Alex graduated from New York University Stern School of Business with a B.S. in Finance, Information Systems, and Mathematics in 1993.

## 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	April 30, 2004
Net Assets	\$226.55 million
<b>Institutional Shares</b>	
CUSIP	068278878
Gross Expense Ratio <sup>3</sup>	0.84%
Less: Reimbursement of Expenses by Adviser <sup>3</sup>	(0.09)%
Net Expense Ratio <sup>3</sup>	0.75%

The Fund invests primarily in equity securities, which are subject to price fluctuations in the stock market. Even though the Fund is diversified, it may establish significant positions where the Adviser has the greatest conviction. This could increase volatility of the Fund's returns.

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.

3 - As of FYE 9/17, restated to reflect current expense waiver.



## Performance as of March 31, 2018



	Total Returns(%)				Annualized Returns(%)											
	1st Q 2018		Year to Date		1 Year		3 Years		5 Years		11/1/11 - 3/31/18*		10 Years		Since Inception 4/30/2004	
	Return	+ -	Return	+ -	Return	+ -	Return	+ -	Return	+ -	Return	+ -	Return	+ -	Return	+ -
BFTIX - Institutional Shares	7.41		7.41		31.46		14.73		17.33		17.01		10.58		9.19	
Russell 1000 Growth Index	1.42	5.99	1.42	5.99	21.25	10.21	12.90	1.83	15.53	1.80	15.99	1.02	11.34	-0.76	9.65	-0.46
S&P 500 Index	-0.76	8.17	-0.76	8.17	13.99	17.47	10.78	3.95	13.31	4.02	14.73	2.28	9.49	1.09	8.68	0.51
Morningstar Large Growth Category Average	2.30	5.11	2.30	5.11	20.41	11.05	10.64	4.09	13.81	3.52	14.33	2.68	9.87	0.71	N/A	

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

\*Alex Umansky began managing Baron Fifth Avenue Growth Fund on 11/1/2011.

## Historical Performance(Calendar Year %)



	2011 <sup>1</sup>	2012	2013	2014	2015	2016	2017
BFTIX - Institutional Shares	-3.05	21.20	35.73	8.34	6.61	-1.76	40.97
Russell 1000 Growth Index	-0.33	15.26	33.48	13.05	5.67	7.08	30.21
S&P 500 Index	0.80	16.00	32.39	13.69	1.38	11.96	21.83

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](http://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](http://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.

1 - For the period 11/1/2011 to 12/31/2011



## Review and Outlook

With Baron Fifth Avenue Growth Fund up 7.4% in the first three months of the year, on top of last year's 41% rise, this has undeniably been a favorable environment for the way in which we invest. Since the beginning of last year, large growth has been the place to be, and we typically do well in favorable investing environments. We had some massive winners without any massive losers and a high number of solid contributors against a smaller number of detractors. Five holdings each contributed over 50 basis points to the quarterly results. We had no 50 basis point detractors. We had 10 additional investments each contributing 20 basis points or more against only three investments that detracted more than 20 basis points.

After good earnings growth last year, economists are predicting even better growth for S&P 500 Index earnings in 2018, driven by a reduction in corporate tax rates and an improved backdrop for Financials, Energy, and Industrials companies. The outlook for corporate earnings growth into 2019 appears favorable as well. Though helpful if it were to happen, we are not counting on any of this. More relevant to our portfolio, digital ad spending and e-commerce growth are continuing to accelerate, with spending on cloud computing still growing more than 60%. The digitization phenomenon, while still early, is starting to reach inflection points in many new areas (not only media and retail, but medicine, transportation, and consumer banking are in the midst of full blown disruptions now). We believe this should favor many of the companies in which we are invested.

Every day we live and invest in a world full of uncertainty. Fed policy, Putin's Russia, China's economy, energy prices, politics, terrorism—these are all serious challenges 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 remains to maximize long-term returns without taking significant risks of permanent loss of capital. We focus on identifying and investing in what we believe are unique companies with sustainable competitive advantages that have the ability to compound capital at high rates of return for extended periods of time. 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.

## Top Contributors/Detractors to Performance for the Quarter Ended March 31, 2018

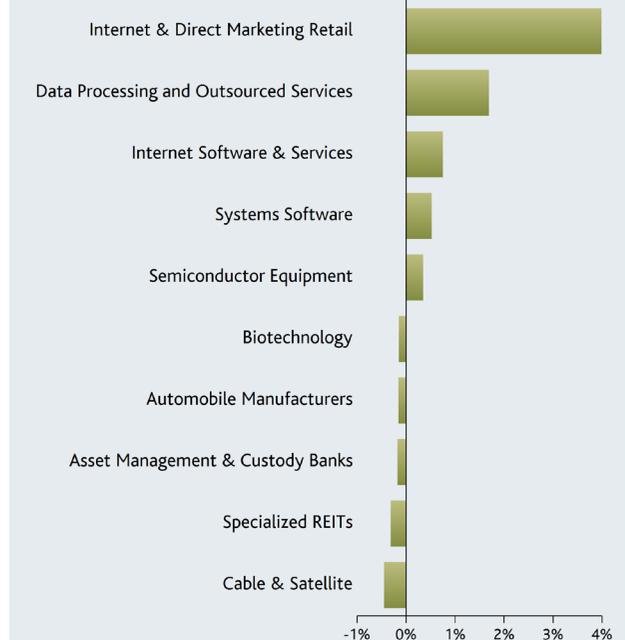
### Contributors

- Shares of **Amazon.com, Inc.**, the world's largest retailer and cloud services provider, rose on strong Q4 results as it continues to invest in video streaming and international expansion. Amazon's "flywheel effect" of growing participation from Prime members driving further activity on Amazon.com also persisted. Its cloud business is now highly profitable and remains the category leader in market share. We believe the company's continuing investments in new and potentially large segments such as grocery, auto parts, e-finance, and apparel could create additional growth opportunities.
- **Mastercard Incorporated** is a leading global payment network. The stock appreciated after the company reported results that beat Street expectations in Q4, with 20% revenue growth and 33% EPS growth. Management raised guidance for the 2016-2018 period, which now calls for 13-14% revenue growth and mid-20% EPS growth. We continue to own the stock because we believe Mastercard is a prime beneficiary of global consumer spending growth and the secular shift from cash to electronic payments.
- **Booking Holdings, Inc.**, known formerly as The Priceline Group, is the leading online hotel travel agency with websites that include Booking.com, Priceline.com, RentalCars.com, and Agoda.com. Shares appreciated on strong Q4 results and a robust outlook for first quarter hotel room bookings and earnings growth. Booking remains the leader in online travel. We believe the company could take market share from offline booking businesses globally, and could benefit from the growth opportunities it is addressing in the U.S., Asia, and Latin America.

### Detractors

- **Naspers Limited** is a South African company that operates pay television, print media, and an internet division. Most of Naspers' value is attributed to its large ownership of China-based Tencent. Naspers stock fell due to a widening gap between the value of its Tencent investment and the total net asset value of Naspers. This difference resulted from losses posted by late-stage venture investments, which comprise Naspers' business outside of Tencent. We retain conviction. Naspers plans to sell a part of its Tencent stake to focus on accelerating the venture segment growth.
- Shares of **Facebook, Inc.**, the world's largest social network, declined on investor concerns over data privacy, upcoming data privacy regulation in Europe, and the potential for additional regulation in the U.S. While these are valid concerns, we believe the company will take appropriate steps to comply with the European regulation and likely enforce similar data privacy policies worldwide. We continue to monitor the regulatory issue, but we believe Facebook is in the early stages of monetizing its vast customer base and its search, video, publishing, and Instagram platforms.
- **Equinix, Inc.**, a global operator of colocation data centers, detracted from performance during Q1 primarily due to 2018 guidance that was below Street expectations. Equinix had been among the best performing data center REITs, and we believe expectations were elevated heading into its results. We retain conviction due to the long demand runway behind cloud adoption and IT outsourcing, as well as Equinix's unique position as one of the only operators offering a global platform and continued execution on strategic M&A transactions to enhance its moat.

## Contribution to Return<sup>1</sup> By Sub-Industry



## By Holdings

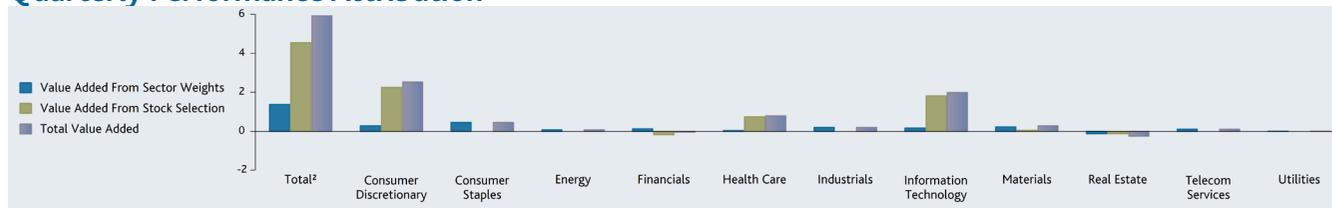
Top Contributors	Average Weight(%)	Contribution(%)
Amazon.com, Inc.	16.52	3.35
Mastercard Incorporated	5.02	0.76
Booking Holdings, Inc.	3.83	0.68
Alibaba Group Holding Limited	7.88	0.56
Red Hat, Inc.	2.37	0.52

Top Detractors	Average Weight(%)	Contribution(%)
Naspers Limited	4.30	-0.45
Facebook, Inc.	4.90	-0.36
Equinix, Inc.	3.73	-0.32
Brookfield Asset Management, Inc.	0.77	-0.18
Tesla, Inc.	1.29	-0.16

<sup>1</sup> - Source: FactSet PA.

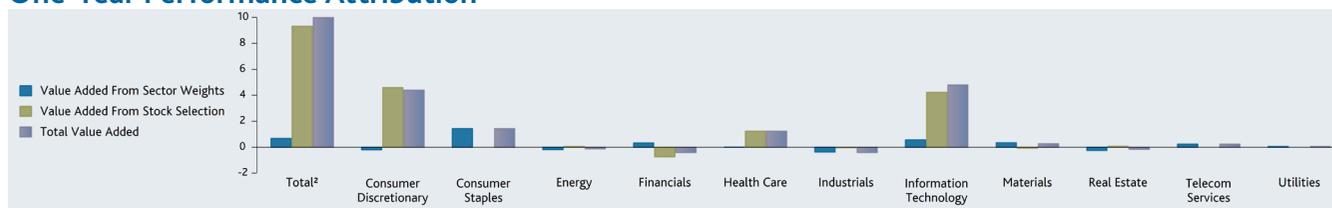


## Quarterly Performance Attribution<sup>1</sup>



Sector Average Weights(%)	Consumer Discretionary	Consumer Staples	Energy	Financials	Health Care	Industrials	Information Technology	Materials	Real Estate	Telecom Services	Utilities
Baron Fifth Avenue Growth Fund	29.44	-	-	8.96	10.55	-	44.41	0.57	3.73	-	-
Russell 1000 Growth Index	18.53	6.37	0.84	3.39	12.85	12.63	38.58	3.58	2.31	0.91	0.01
Over/Underweight	10.91	-6.37	-0.84	5.56	-2.29	-12.63	5.84	-3.02	1.42	-0.91	-0.01
<b>Total Return(%)</b>											
Baron Fifth Avenue Growth Fund	12.28	-	-	1.80	6.63	-	7.81	0.41	-7.20	-	-
Russell 1000 Growth Index	4.18	-4.81	-5.79	4.29	-0.24	-0.01	3.41	-5.64	-3.46	-8.12	7.32
Relative Return	8.10	4.81	5.79	-2.50	6.87	0.01	4.40	6.04	-3.74	8.12	-7.32

## One-Year Performance Attribution<sup>1</sup>



Sector Average Weights(%)	Consumer Discretionary	Consumer Staples	Energy	Financials	Health Care	Industrials	Information Technology	Materials	Real Estate	Telecom Services	Utilities
Baron Fifth Avenue Growth Fund	29.35	-	0.57	9.89	9.72	0.49	41.88	1.46	4.58	-	-
Russell 1000 Growth Index	18.77	7.26	0.75	3.24	13.86	12.00	36.94	3.68	2.55	0.95	0.02
Over/Underweight	10.58	-7.26	-0.18	6.64	-4.14	-11.50	4.94	-2.22	2.04	-0.95	-0.02
<b>Total Return(%)</b>											
Baron Fifth Avenue Growth Fund	35.66	-	-13.68	19.53	29.24	1.50	41.70	4.90	6.46	-	-
Russell 1000 Growth Index	19.52	3.19	-3.23	28.03	15.80	24.84	29.47	9.73	8.83	2.11	79.72
Relative Return	16.14	-3.19	-10.45	-8.51	13.45	-23.34	12.23	-4.83	-2.37	-2.11	-79.72

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.

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 Fifth Avenue Growth Fund increased 7.41% in the first quarter, outperforming the Russell 1000 Growth Index by 599 basis points due to stock selection and, to a lesser extent, relative sector weights.

Investments in Consumer Discretionary, Information Technology (IT), and Health Care and minimal or no exposure to the lagging Consumer Staples, Materials, and Industrials sectors contributed the most to relative results. Within Consumer Discretionary, Amazon.com, Inc. and Booking Holdings, Inc. and significantly higher exposure to this sub-industry added the most value. Amazon and Booking Holdings were two of the largest contributors on an absolute basis. Strength in IT was mostly attributable to data processing & outsourced services holdings, led by PagSeguro Digital Ltd. and Mastercard Incorporated. Shares of Brazilian payment processor PagSeguro rose during its first quarter as a publicly traded company on news that its business is growing rapidly. We believe credit card and digital payment penetration is low among the Brazil population, and PagSeguro's digital wallet and physical device form an attractive platform that should allow small merchants to accept digital currency and grow over time. Mastercard was the second largest contributor to absolute results. Open source software solutions provider Red Hat, Inc. and Chinese e-commerce giant Alibaba Group Holding Limited also lifted relative results in IT. Red Hat's stock price increased on sustained growth for the company's core business. The company's new products segment also benefited from changes in the infrastructure software market, mainly the increasing adoption of containers - technological platforms that allow users to run multiple applications efficiently. Alibaba's shares appreciated after both top- and bottom-line earnings results exceeded analyst expectations. The company also continued to benefit from strong mobile and advertising growth. Health Care holdings increased 6.6%, led by Veeva Systems Inc. and Intuitive Surgical, Inc., whose shares were up double-digits in the quarter. Veeva, which provides cloud-based solutions to the life sciences industry, reported another positive quarter, with management noting traction with newer solutions and commercial cloud solutions continuing to show healthy growth rates. Robotic surgical system maker Intuitive Surgical performed well after reporting solid financial results driven by strong procedure growth and system placements. Management guidance for 2018 was also solid, highlighted by 11%-15% expected procedure growth.

Underperformance of the Fund's only Real Estate holding, data center REIT Equinix, Inc., and moderately higher exposure to this poor performing sector weighed the most on relative results. Equinix was the third largest detractor on an absolute basis.



## Top 10 Holdings as of March 31, 2018

Company	Investment Premise	Company	Investment Premise
<p><b>Amazon.com, Inc. (AMZN)</b> is an e-commerce pioneer, innovator, and market share leader, with relentless focus on providing value and convenience to its customers. It also operates the industry-leading cloud infrastructure business Amazon Web Services.</p>	<p>Amazon's market share of U.S. online retail sales is over 30%, while its share of global online retail sales is less than 5%. Amazon has numerous avenues for new revenue growth opportunities, including consumer staples, apparel, international expansion, digital media offerings, office and industrial supplies, and advertising. We believe Amazon represents a unique opportunity to invest in the secular growth of both online retail and cloud computing. We estimate that Amazon Web Services will account for over 50% of the company's value over time.</p>	<p><b>Facebook, Inc. (FB)</b> is the world's largest social network with over 1.25 billion active monthly users, 950 million mobile users, and 750 million daily active users.</p>	<p>Facebook is a unique social platform whose users continue to demonstrate stickiness and high engagement. Advertisers want to be where users are, and Facebook's ability to analyze, target, and show clear, demonstrable, and rising returns on investment makes it particularly attractive to them. We believe the company is still in the early stages of monetizing its vast customer base. In addition, we see significant positive optionality from eventual monetization opportunities in search, video, publishing, and Instagram.</p>
<p><b>Alibaba Group Holding Limited (BABA)</b> is the largest e-commerce company in the world. Alibaba owns and operates the two largest online shopping platforms in China, Taobao and Tmall. It also participates in the profits of Ant Financial, which owns China's largest third-party online payment vendor Alipay.</p>	<p>With over 500 million active buyers and over 10 million merchants, we believe Alibaba is poised to benefit disproportionately from the increased penetration of internet, mobile, and e-commerce in China. It enjoys more than 50% market share of all e-commerce transactions in China, and we expect it to continue growing at a rate of more than 20% for years to come. We also see significant positive optionality in Alibaba's cloud computing, data management, and electronic payments platforms.</p>	<p><b>Booking Holdings Inc. (BKNG)</b> is a leading global online travel agent, with particular strength in international travel and hotel bookings. The company's brands include priceline.com, Booking.com, RentalCars.com, and Agoda.com.</p>	<p>We think Booking's financials are strong, having grown revenue at an annual rate of more than 15% for several years. Booking's penetration rate of international hotel bookings remains below 15%, providing a long runway for growth at an attractive valuation, in our view.</p>
<p><b>Alphabet Inc. (GOOG)</b> (formerly Google Inc.) is the world's most recognized and dominant online search provider, as well as the owner and operator of YouTube. The company provides a variety of services and tools for advertisers, primarily for search and display advertising.</p>	<p>Alphabet is the largest beneficiary of a secular shift of advertising from all other mediums to online and mobile. Data is becoming increasingly important, and Alphabet has processed and indexed more data than any other company. Alphabet's leadership position in artificial intelligence allows it to leverage its large data sets to quickly improve its products. With what we consider to be the greatest collection of engineering talent assembled for any company that we cover, we believe Alphabet will continue to grow and innovate for years to come.</p>	<p><b>Naspers Limited (NPN.SJ)</b> is a South Africa-based internet and media platform operator, offering services in more than 120 countries. Its main operations are in e-commerce (classifieds, marketplaces, and online retail, services, and payments), pay-TV, and print media.</p>	<p>Naspers operates mainly in markets with strong growth potential, and most of its businesses are market leaders in their sectors. Among its investment portfolio is a 34% stake in China's Instant Messaging leader Tencent and a 29% stake in Russian internet holding company Mail.ru. Naspers owns parts or all of another 140-plus internet assets. While we think Tencent may be close to fairly valued and an appropriate holding company discount should apply, we think the optionality offered by Naspers' other investments is significant and deserving of the substantial NAV discount.</p>
<p><b>Mastercard Incorporated (MA)</b> is a leading global payment network. The company authorizes and facilitates electronic payments for consumers, merchants, and banks.</p>	<p>Mastercard benefits from consumer spending growth and the secular shift from cash to electronic payments. A majority of the business comes from international markets, where consumer spending and the adoption rate of electronic payments have been rising quickly. Margins should continue expanding due to operating leverage. The company generates significant free cash flow, which is being returned to shareholders. We believe Mastercard enjoys high barriers to entry given its well-established brand, ubiquitous merchant acceptance network, and extensive banking relationships.</p>	<p><b>Equinix, Inc. (EQIX)</b> is a network neutral operator of state-of-the-art data centers across North America, Europe, and Asia-Pacific. It provides highly reliable facilities and offers low latency interconnection to and among business partners, networks, and cloud service providers, among others.</p>	<p>We believe Equinix continues to benefit from a number of key long-term trends, including growth in internet traffic, globalization, IT outsourcing, cloud computing, and mobility. Equinix began operating as a REIT in early 2015 and with the improved cost of capital, has announced several strategic acquisitions across the globe. We believe these acquisitions will create meaningful cost and revenue synergies, further enhancing Equinix's global platform. We also believe Equinix can continue to outgrow the market organically and supplement growth with prudent acquisitions.</p>
<p><b>Visa, Inc. (V)</b> is a leading global payment network. The company authorizes and facilitates electronic payments for consumers, merchants, and banks.</p>	<p>Visa benefits from consumer spending growth and the secular shift from cash to electronic payments. We expect the integration of Visa Europe to create significant value through faster revenue growth and cost synergies. Margins should continue expanding due to operating leverage. The company generates significant free cash flow, which is being returned to shareholders through dividends and share repurchases. We believe Visa enjoys high barriers to entry given its well established brand, ubiquitous merchant acceptance network, and extensive banking relationships.</p>	<p><b>illumina, Inc. (ILMN)</b> is the recognized leader in next-generation DNA sequencing platforms.</p>	<p>illumina has a dominant position in DNA sequencing technology, which is increasingly being used for patient care, such as in the diagnosis and treatment of cancer and in reproductive health. We believe the company has a large addressable market and is in the early stages of its growth. illumina's R&amp;D spend as a percentage of sales is significantly higher than that of its peers, which allows the company to continue to innovate. The company has an attractive razor/razorblade business model with strong recurring revenue and profit margins that we believe have room to expand.</p>



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