

March 31, 2018
Institutional Shares (BINIX)

Baron International Growth Fund Fact Sheet

BAMCO, Inc., Registered Investment Adviser



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.

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.

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

Definitions (provided by BAMCO, Inc.): The MSCI AC World ex USA indexes cited are unmanaged, free float-adjusted market capitalization weighted indexes. The **MSCI ACWI ex USA Index Net USD** measures the equity market performance of large and mid cap securities across developed and emerging markets, excluding the United States. The **MSCI ACWI ex USA IMI Growth Index Net USD** measures the performance of large, mid and small cap growth securities across developed and emerging markets, excluding the United States. The indexes and the Fund include reinvestment of dividends, net of foreign withholding taxes, which positively impact the performance results. Morningstar moved the Fund from the Foreign Small/Mid Growth Category effective May 31, 2016 to the Foreign Large Growth Category. Morningstar calculates the **Morningstar US Fund Foreign Large Growth Average** using its Fractional Weighting methodology. © 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	MSCI ACWI ex USA Index
# of Equity Securities / % of Net Assets	77/88.5%	-
Turnover (3 Year Average)	39.97%	-
Active Share (%)	93.4	0
Median Market Cap†	\$10.68 billion	\$8.49 billion
Weighted Average Market Cap†	\$44.44 billion	\$64.81 billion
EPS Growth (3-5 year forecast)†	13.9%	13.5%
Price/Earnings Ratio (trailing 12-month)*†	18.4	14.1
Price/Book Ratio*†	2.3	1.6
Price/Sales Ratio*†	2.4	1.1

* 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

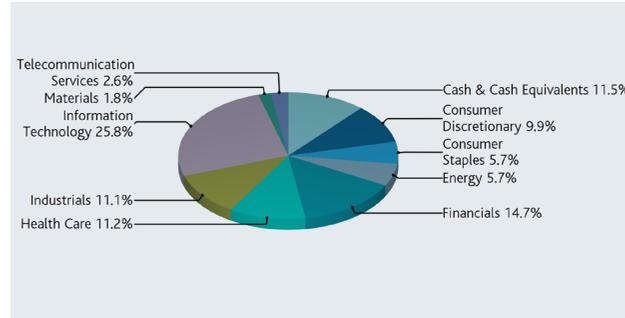
	3 Years	5 Years	Since Inception
Std. Dev. (%) - Annualized	11.70	11.66	15.30
Sharpe Ratio	0.97	0.92	0.83
Alpha (%) - Annualized	6.30	5.78	5.16
Beta	0.86	0.87	0.85
R-Squared (%)	84.20	78.87	85.05
Tracking Error (%)	4.96	5.57	6.42
Information Ratio	1.15	0.93	0.65
Upside Capture (%)	102.14	103.25	96.40
Downside Capture (%)	66.96	69.75	74.03

Top 10 Holdings

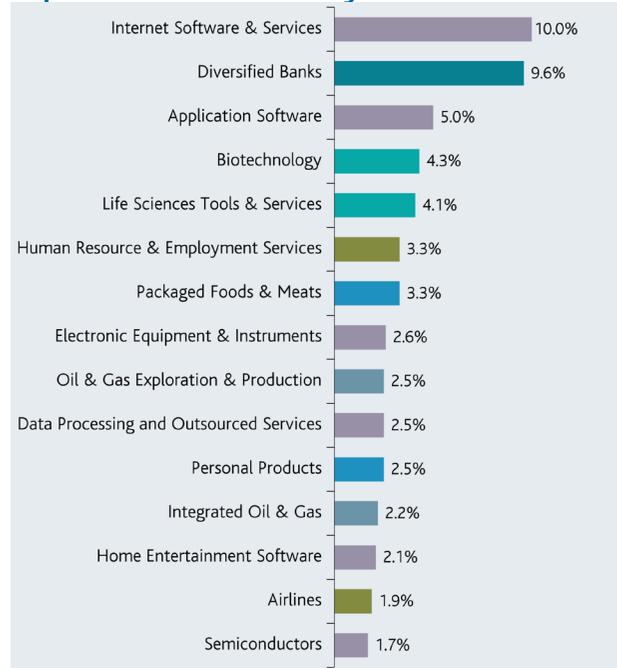
% of Net Assets

KOSÉ Corporation	2.5
Constellation Software, Inc.	2.4
Square Enix Holdings Co., Ltd.	2.1
Wix.com Ltd.	2.0
argenx SE	1.9
Eurofins Scientific SE	1.9
SMS CO., LTD.	1.8
Danone SA	1.8
Recruit Holdings Co., Ltd.	1.7
Mellanox Technologies Ltd.	1.7
Total	19.8

GICS Sector Breakdown¹



Top 15 GICS Sub-Industry Breakdown¹



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

Investment Strategy

The Fund invests mainly in non-U.S. companies of any size with significant growth potential. The Fund invests principally in companies in developed countries. Diversified.

Portfolio Manager

Michael Kass joined Baron in 2007 and has 31 years of research experience. From 2003 to 2007, he was a managing principal of Artemis Advisors, which acquired the Artemis Funds, a long-short equity strategy he co-founded in 1998. From 1993 to 2003, he worked at ING as a director of proprietary trading and was named senior managing director and portfolio manager in 1996. From 1989 to 1993, he worked at Lazard Frères in investment banking. From 1987 to 1989, Michael was an analyst at Bear Stearns. Michael graduated summa cum laude from Tulane University with a B.A. in Economics in 1987.

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	December 31, 2008
Net Assets	\$196.59 million
Institutional Shares	
CUSIP	06828M603
Gross Expense Ratio ³	1.24%
Less: Reimbursement of Expenses by Adviser ³	(0.29)%
Net Expense Ratio ³	0.95%

Non-U.S. investments may involve additional risks to those inherent in U.S. investments, including exchange-rate fluctuations, political or economic instability, the imposition of exchange controls, expropriation, limited disclosure and illiquid markets. This may result in greater share price volatility. Securities of small and medium-sized companies may be thinly traded and more difficult to sell. 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.

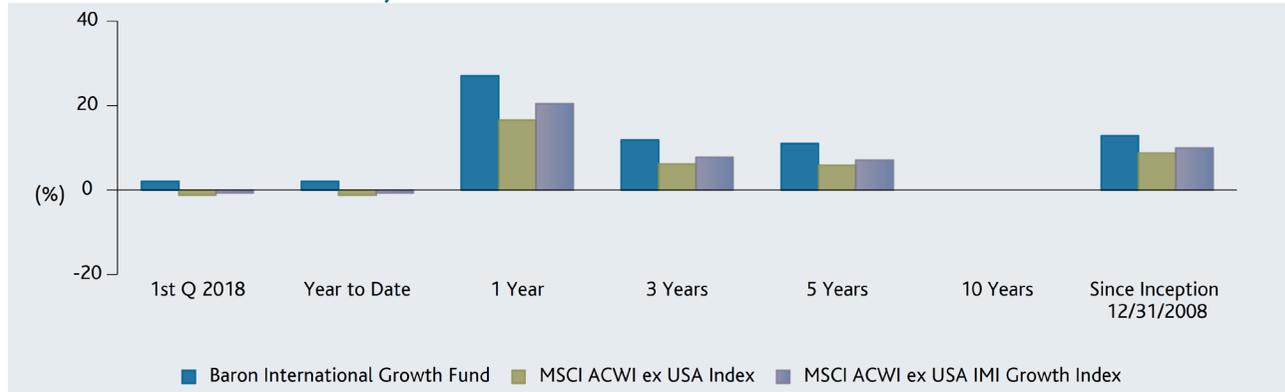
1 - Industry sector or sub-industry group levels are provided from the Global Industry Classification Standard ("GICS"), developed and exclusively owned by MSCI, Inc. ("MSCI") and Standard & Poor's Financial Services LLC ("S&P"). All GICS data is provided "as is" with no warranties. The Adviser may have 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 12/16, restated to reflect management fee reduction from 1.00% to 0.88% and current expense waiver.



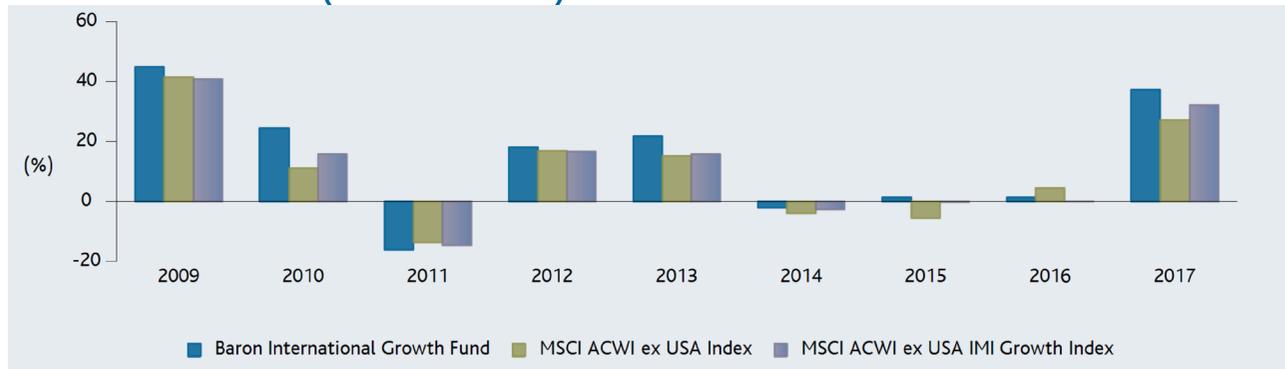
Performance as of March 31, 2018



	Total Returns(%)				Annualized Returns(%)											
	1st Q 2018		Year to Date		1 Year		3 Years		5 Years		10 Years		Since Inception 12/31/2008			
	Return	+ -	Return	+ -	Return	+ -	Return	+ -	Return	+ -	Return	+ -	Return	+ -		
BINIX - Institutional Shares	2.03		2.03		27.03		11.89		11.09		N/A		12.92			
MSCI ACWI ex USA Index	-1.18	3.21	-1.18	3.21	16.53	10.50	6.18	5.71	5.89	5.20	N/A		8.77	4.15		
MSCI ACWI ex USA IMI Growth Index	-0.63	2.66	-0.63	2.66	20.45	6.58	7.78	4.11	7.13	3.96	N/A		9.94	2.98		
Morningstar Foreign Large Growth Category Average	0.20	1.83	0.20	1.83	20.06	6.97	7.35	4.54	7.62	3.47	N/A		N/A			

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

Historical Performance(Calendar Year %)



	2009	2010	2011	2012	2013	2014	2015	2016	2017
BINIX - Institutional Shares	44.89	24.54	-16.13	18.17	21.89	-2.07	1.48	1.35	37.33
MSCI ACWI ex USA Index	41.45	11.15	-13.71	16.83	15.29	-3.87	-5.66	4.50	27.19
MSCI ACWI ex USA IMI Growth Index	40.90	15.90	-14.66	16.69	15.85	-2.77	-0.26	0.06	32.25

Top 25 Countries

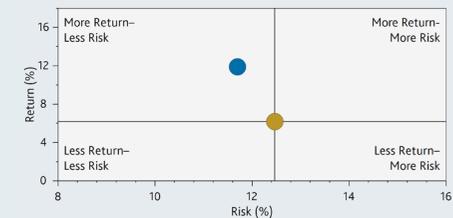
	% of Net Assets		% of Net Assets
Developed	64.2	Developed (Cont'd)	
Japan	18.7	Belgium	0.9
France	6.8	Hong Kong	0.6
Canada	5.1	Emerging	21.1
Germany	4.8	China	8.6
Netherlands	4.5	India	4.8
United Kingdom	4.5	Brazil	2.6
Israel	3.7	Russia	2.4
United States	2.8	Mexico	1.2
Spain	2.5	Korea	1.0
Switzerland	2.4	Indonesia	0.5
Australia	2.2	Frontier	3.0
Norway	1.8	Argentina	2.5
Italy	1.5	Panama	0.5
Ireland	1.4	Total	88.3

BINIX has outperformed the MSCI ACWI ex USA Index 100% of the time (since its inception and using rolling 3-year annualized returns).



Risk/Return Comparison¹

03/31/2015 - 03/31/2018



- Baron International Growth Fund - I
- MSCI ACWI ex USA Index

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 - Source: FactSet SPAR.



Review and Outlook

Early in the quarter, international equities continued the powerful advance of 2017, only to reverse and end the quarter with a marginal loss, as concerns regarding monetary and liquidity support, as well as the re-emergence of trade protectionism risk, deflated investor optimism.

Our baseline expectation for 2018 has been that solid coincident economic and earnings momentum and rising inflation measures would necessitate incremental tightening and liquidity withdrawal by central bankers in the U.S., Europe, and Japan. The coalescence of improved global macroeconomic momentum, increased forward-looking confidence, and significant fiscal easing in the U.S. via tax cuts and likely deficit spending was reason to temper enthusiasm in the midst of what appeared an overshoot to the upside in global equities, in our view.

One quarter into the new year, we now update our baseline expectation for international equities. What has changed is twofold. First, we have observed several signs that forward looking, leading indicators of global economic activity may be peaking. A notable slowing of credit growth and trade flows in several countries, and a peak in developed world sovereign bond yields stand out. Second, Donald Trump has opened a Pandora's box with regard to protectionist measures, further illuminating the risk of slower growth and higher inflation. On February 5, 2018, Jerome Powell assumed the position of Federal Reserve Chairman. We believe this development has particular significance, as a new Fed Chairman, under pressure to establish credibility, presents a greater risk of policy error in reacting to backward-looking data and perhaps tightening into a slowdown.

To us, the above supports our view that the record low volatility environment of recent years should not be expected. However, a return to more normalized volatility is not necessarily a bad thing and would likely present attractive opportunities. Further, while we believe that the recent increase in equity risk premium is largely appropriate, in our view driven by questions regarding the longer-term growth outlook as well as broad uncertainty related to Trump's trade policy proposals and cabinet restructurings, we note that we are exiting a phase of uber-optimism and we do not currently foresee a scenario worse than a broad consolidation, perhaps ending with a correction should monetary tightening proceed too far.

Taking a longer-term view, we remain quite encouraged by the ongoing foundation of productivity-enhancing reforms in Japan and other international countries, as well as a less mature phase of cyclical or secular economic expansion. As always, we continue to believe our unique forward-looking and bottom-up, fundamental approach and process position us well to identify attractive investments as they arise.

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

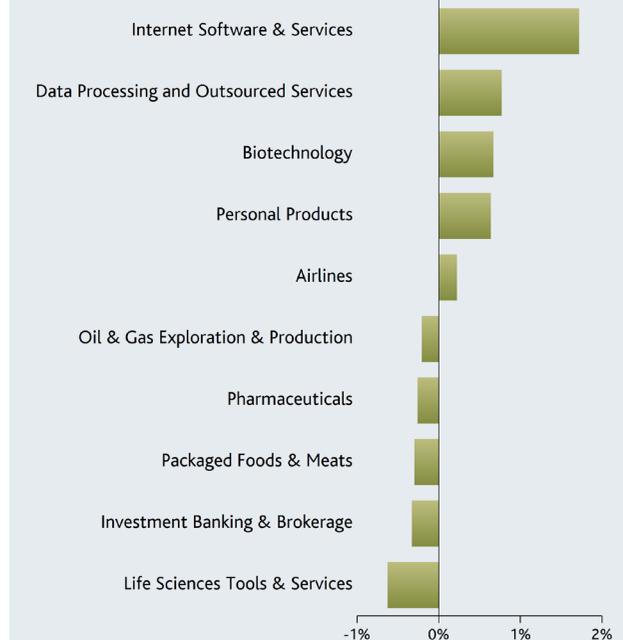
Contributors

- **PagSeguro Digital Ltd.** is a Brazilian payment processor and merchant acquirer. Shares rose during PagSeguro's first quarter as a publicly traded company on news that its business is growing at a rapid rate. 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, in our view.
- **KOSÉ Corporation** is one of the leading cosmetics manufacturers in Japan. The company benefited from both geopolitical events and growth initiatives. Geopolitically, the tension between Korea and China over the U.S. Army's Terminal High-Altitude Area Defense has shifted more Chinese travelers to Japan, increasing KOSÉ's sales among that group. At the company level, KOSÉ has been ramping up innovation, expanding its product mix to premium lines, and monetizing on its successful Tarte acquisition.
- Shares of **Kingdee International Software Group Co. Ltd.**, an enterprise management software provider in China, rose during the quarter on solid cloud software sales. We believe Kingdee's cloud suite will provide significant value to customers seeking ways to counter rising labor costs in China, and see cloud adoption in China rapidly rising from a low base. The Chinese government is emphasizing business productivity growth via software automation; and we believe the company is on track for expansion after a management transition, a repositioned sales channel, and a recent JD.com investment.

Detractors

- Shares of **RIB Software SE**, a software company servicing the construction industry, had an exceptionally volatile quarter. Shares had been increasing on investor expectations that its recent partnerships with Flextronic and Microsoft would produce significant growth in its underlying business. However, the company's poorly coordinated and communicated equity offering after the Microsoft partnership announcement sent shares downward. We retain conviction. RIB offers 3D modeling with time and cost management, which competitors do not provide end-to-end.
- **Horizon Discovery Group plc** is a U.K.-based genomics company that develops cells for research and clinical uses. Shares declined on news of the resignation of CEO Darrin Disley and results for 2017 that missed previously stated guidance. We think Horizon Discovery is in the early phases of its business cycle, with an undeveloped end market that is ripe for growth. The company has secured intellectual property in the space and is building a market we believe could lead to important scientific breakthroughs.
- Shares of **JM Financial Limited**, a leading non-bank financial company in India, declined in the quarter due to investor concerns about rising bond yields that would potentially lead to margin headwinds for the firm. We think JM is well-positioned to benefit from growing demand for real estate lending, asset restructuring, and brokerage services. We also expect JM to benefit from distressed asset sales by leading financial institutions that are under pressure to dispose of non-performing loans and raise equity.

Contribution to Return¹ By Sub-Industry



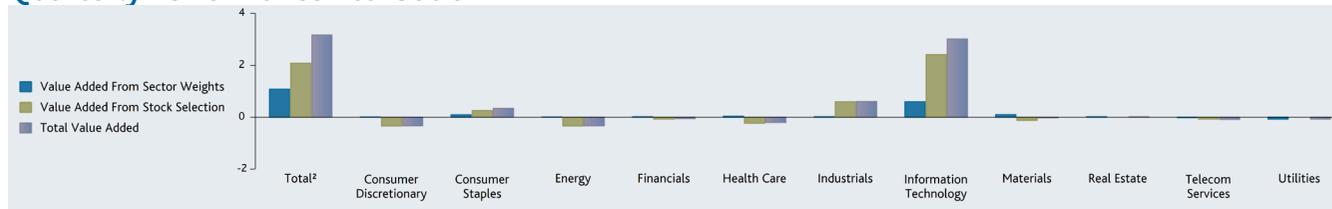
By Holdings

Top Contributors	Average Weight(%)	Contribution(%)
PagSeguro Digital Ltd.	1.03	0.69
KOSÉ Corporation	2.06	0.64
Kingdee International Software Group Co. Ltd.	0.97	0.63
Wix.com Ltd.	1.71	0.54
SMS CO., LTD.	1.62	0.48

Top Detractors	Average Weight(%)	Contribution(%)
RIB Software SE	3.17	-0.73
Horizon Discovery Group plc	0.86	-0.35
JM Financial Limited	1.55	-0.27
Eurofins Scientific SE	2.24	-0.27
Takeda Pharmaceutical Company Limited	1.88	-0.26

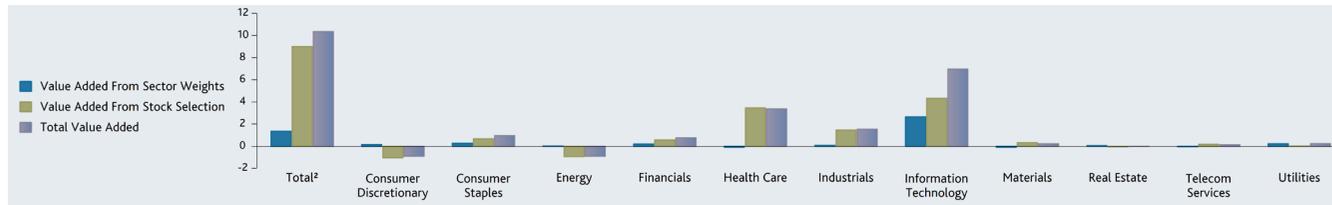
1 - Source: FactSet PA.

Quarterly Performance Attribution¹



Sector Average Weights(%)	Consumer Discretionary	Consumer Staples	Energy	Financials	Health Care	Industrials	Information Technology	Materials	Real Estate	Telecom Services	Utilities
Baron International Growth Fund	11.19	5.21	5.43	16.29	12.01	10.02	28.59	2.15	-	3.30	-
MSCI All Country World Ex-United States Index	11.36	9.29	6.66	23.49	7.56	11.83	11.74	8.15	3.13	3.93	2.84
Over/Underweight	-0.17	-4.07	-1.23	-7.19	4.45	-1.81	16.85	-6.00	-3.13	-0.64	-2.84
Total Return(%)											
Baron International Growth Fund	-4.08	2.26	-7.54	-1.53	-2.24	4.48	10.58	-8.76	-	-6.43	-
MSCI All Country World Ex-United States Index	-1.04	-2.77	-1.81	-1.09	-0.30	-1.61	1.83	-2.91	-1.66	-4.11	1.19
Relative Return	-3.04	5.03	-5.73	-0.45	-1.94	6.08	8.74	-5.85	1.66	-2.31	-1.19

One-Year Performance Attribution¹



Sector Average Weights(%)	Consumer Discretionary	Consumer Staples	Energy	Financials	Health Care	Industrials	Information Technology	Materials	Real Estate	Telecom Services	Utilities
Baron International Growth Fund	14.32	3.97	4.61	15.44	11.04	11.34	27.07	1.92	0.40	4.52	0.05
MSCI All Country World Ex-United States Index	11.31	9.63	6.57	23.27	7.88	11.80	11.16	7.93	3.20	4.22	3.04
Over/Underweight	3.01	-5.66	-1.97	-7.82	3.16	-0.46	15.90	-6.01	-2.79	0.30	-2.99
Total Return(%)											
Baron International Growth Fund	9.32	29.39	-3.48	20.22	44.98	30.63	54.84	37.87	1.66	4.69	0.94
MSCI All Country World Ex-United States Index	18.58	11.06	15.43	15.91	9.36	16.01	34.28	18.50	16.55	3.62	10.88
Relative Return	-9.26	18.34	-18.90	4.31	35.62	14.62	20.56	19.37	-14.89	1.07	-9.94

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 International Growth Fund was up 2.03% in the first quarter, outperforming the MSCI ACWI ex USA Index by 321 basis points due to stock selection, relative sector weights, and cash exposure in a down market.

Stock selection in developed markets added the most value, driven by investments in Israel, Japan, the Netherlands, Canada, and Ireland. Investments in emerging markets also increased 3.2%, led by those in China and Brazil. Lastly, average cash exposure of 5.8% added value as developed market equities pushed the market lower during the quarter. On a sector basis, investments in Information Technology (IT), Industrials, and Consumer Staples contributed the most to relative performance. Stock selection in IT added 241 basis points to relative results, driven by PagSeguro Digital Ltd. of Brazil and Kingdee International Software Group Co. Ltd. of China.. PagSeguro and Kingdee were two of the largest contributors on an absolute basis. Their shares rose 77.0% and 82.4%, respectively. Outperformance of internet software & services holdings, led by Wix.com Ltd. of Israel and SMS CO., LTD. of Japan, Cimpress N.V. of the Netherlands, and higher exposure to this sub-industry also aided relative results. Shares of Israeli website builder Wix increased as the company continued to show rapid growth. Shares of Japanese recruitment firm SMS were up after reporting strong earnings as sales growth accelerated quarter-over-quarter in the Career, Elderly Care and Overseas segments. Shares of e-commerce printing company Cimpress increased after the company reported strong earnings results with double-digit organic growth and improving operating margins. Industrials holdings outperformed after increasing 4.5% as a group, led by Irish low-cost airline Ryanair Holdings plc, Japanese staffing firm TechnoPro Holdings, Inc., and Japanese factory robots and automation equipment manufacturer FANUC Corp. Strength in Consumer Staples was mostly attributable to KOSÉ Corporation of Japan. The company was the second largest contributor on an absolute basis.

Stock selection in Consumer Discretionary, Energy, and Health Care weighed the most on relative results. Internet & direct marketing retail holdings hampered performance in Consumer Discretionary, led by Start Today Co., Ltd., the leading fashion apparel e-commerce company in Japan. Additionally, concerns about rising competition from Amazon and delays in the ramp of a new product line dampened sentiment. Domino's Pizza Enterprises Limited of Australia, Man Wah Holdings Ltd. of Hong Kong, and Maruti Suzuki India Limited also weighed on relative performance in the sector. Most of the Fund's Energy holdings underperformed, falling 7.5% as a group, with Encana Corporation of Canada leading the decline. Weakness in Health Care was mainly due to the underperformance of Horizon Discovery Group plc of the U.K. and Eurofins Scientific SE of France.



Top 10 Holdings as of March 31, 2018

Company	Investment Premise	Company	Investment Premise
<p>KOSÉ Corporation (4922.JT) is the third largest cosmetics company in Japan, with a broad portfolio of brands from high-end to mass market to toiletries.</p>	<p>KOSÉ enjoys a stable and growing business in Japan, driven by an aging population and a growing number of women in the workforce. Inbound travel into Japan is also driving tourist consumption of cosmetics. The company is enjoying strong growth internationally due to increasing usage of cosmetics in China and its acquisitions in emerging brands such as Tarte.</p>	<p>Eurofins Scientific SE (erf. fp) provides analytical testing services to clients in the food, pharmaceutical, and environmental sectors.</p>	<p>Luxembourg-based Eurofins benefits from favorable secular trends, including strong demand for safe, high-quality food, increasing regulation, outsourcing of testing by pharmaceutical companies, and heightened environmental concerns. We think the company is well-positioned to grow its revenue while improving its profitability. Management aspires to double the size of the business from 2015 to 2020 through organic growth and acquisitions.</p>
<p>Constellation Software, Inc. (CSU. CN) is a holding company that owns and operates approximately 200 small- and medium-sized software businesses. These businesses allow customers across a wide range of verticals to automate key activities, with the goal of saving on labor costs.</p>	<p>Constellation has valuable experience to offer its acquisition targets, largely around building high-touch, low-cost modules and contract pricing. We see this experience as a competitive advantage, and we think it remains sustainable as long as the company continues to acquire targets. Since we believe there are over 20,000 small owner-operated vertical market software businesses in the U.S. and Europe, we think Constellation's successful acquisition program will continue, and its moat will remain intact for years to come.</p>	<p>SMS CO, LTD. (2175.JT) is the leader in nurse recruitment in Japan, with 25% market share. SMS has expanded from traditional online job postings and recruiting services to productivity tools for home nurses. SMS also owns an online drug database and online health communities.</p>	<p>SMS is a play on the aging population and resultant health care worker shortage in Japan. An innovative company with a dominant position in the nurse recruiting business in Japan, SMS is cultivating adjacencies. Its self-developed, iPad-enabled Kaipoke business increases the productivity of home visiting nurses. Its recent acquisition of MIMS, a drug database platform in Southeast Asia, offers the potential to cross-sell existing products overseas. Additionally, SMS's online health communities offer the potential for future monetization.</p>
<p>Square Enix Holdings Co., Ltd. (9684.JP) is a leading video game content producer based in Japan. Its core IP portfolio consists of well known titles such as Final Fantasy Dragon Quest.</p>	<p>We think Square Enix will continue to benefit from strong monetization potentials in its core IP portfolios, increasing digital penetration, and rising mobile adoption in the overseas market. Its Final Fantasy franchise continues to have a strong fan base, and there are a number of highly anticipated titles such as the FFXVII remake that have the potential to meaningfully boost earnings, in our view.</p>	<p>Danone SA (BN.FP) is a global packaged food company that manufactures dairy and plant-based products, baby nutrition, medical nutrition, and bottled water products. Worldwide, Danone is the top producer of fresh dairy and the second largest producer of baby nutrition and bottled water.</p>	<p>Danone has leading market shares in health and wellness-related categories, which enjoy high growth and margins. Danone has exposure to emerging markets, which comprise 45% of sales. We expect revenue growth to be 3% to 5% and EBIT margin to expand to over 16% by 2020. Market sentiment is still mixed due to Danone's long history of execution mishaps, but since the new management team joined in 2014, Danone has become more focused on delivering sustainable, profitable growth. Danone trades at a discount to peers and we see additional upside from potential acquisitions.</p>
<p>Wix.com Ltd. (WIX) is an internet company providing an operating system to help micro businesses build and maintain websites and operate their businesses. Wix has over 120 million registered users and over three million premium users.</p>	<p>Wix is a leader in the do-it-yourself website construction market, which is large and relatively under-penetrated, as most businesses still use professional website development services. We think Wix has strong competitive advantages based on its layered technological architecture that enables ease of use and design flexibility. Wix's technological edge, supported by about 1,000 R&D personnel, results in faster iteration with first-to-market features and vertical offerings. In our view, Wix also has strong cohort economics with high returns on marketing investments.</p>	<p>Recruit Holdings Co., Ltd. (6098.JT) is a Japan-based company that owns and operates multiple recruiting, staffing, and classified media websites in the U.S., Japan, Australia, and Europe. Recruit has been active in M&A, especially outside Japan. It acquired popular U.S. job search engine Indeed in 2012.</p>	<p>Recruit operates multiple business lines in the global recruiting and staffing industry with a total available market of \$436 billion. Its core Japanese businesses enjoy strong brand recognition, market dominance in both hiring companies and user applicants, and high margins. Its overseas business in recruiting has been growing at a rapid pace and has the potential to increase monetization when critical mass is reached, in our view. Its overseas staffing business has grown by acquisition, enabling Recruit to extract efficiencies and bring acquired margins to group level.</p>
<p>argenx SE (ARGX) is a biotech company developing antibodies for the treatment of autoimmune disorders and cancer based on the uniquely powerful immune system of llamas.</p>	<p>argenx's main product, ARGX-113, which treats a rare muscle weakness disorder, showed positive results in a recent clinical trial and has potentially broad applicability in ameliorating overactive antibody-based diseases. We expect the share price to increase as the company proves its products' effectiveness in treating immune thrombocytopenia purpura, a blood disorder, and pemphigus vulgaris, a skin and mucus membrane disease.</p>	<p>Mellanox Technologies Ltd. (MLNX) is a supplier of high-performance switch systems, adapters, cables, and software supporting InfiniBand and Ethernet networking technologies.</p>	<p>Mellanox has been a long-term share gainer in its markets. Its products enable servers to communicate faster and more efficiently, reducing total IT costs. We expect the growing use of cloud-based services to increase demand for faster and more reliable communications hardware. Mellanox is a leading provider of high bandwidth, low latency interconnect solutions in the market, and is one generation ahead of its competition. With continuous share gains in the interconnect market, we believe Mellanox can meaningfully grow its earnings over the next five years.</p>



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