

March 31, 2018  
Institutional Shares (BIOIX)

# Baron Opportunity 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 3000® Growth Index** measures the performance of the broad growth segment of the U.S. equity universe comprised of the largest 3000 U.S. companies representing approximately 98% of the investable U.S. equity market 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. Morningstar calculates the **Morningstar US Fund Mid-Cap Growth Category Average** using its Fractional Weighting methodology. The Fund's Institutional Shares have been included in the category since 5/29/09 and the 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 3000 Growth Index
# of Equity Securities / % of Net Assets	55/94.2%	-
Turnover (3 Year Average)	36.59%	-
Active Share (%)	72.6	0
Median Market Cap†	\$16.76 billion	\$1.89 billion
Weighted Average Market Cap†	\$202.71 billion	\$215.69 billion
EPS Growth (3-5 year forecast)†	21.4%	15.6%
Price/Earnings Ratio (trailing 12-month)*†	40.6	23.8
Price/Book Ratio*†	6.6	5.3
Price/Sales Ratio*†	6.2	2.7

\* Weighted Harmonic Average

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

R6 Shares are also available for this Fund.

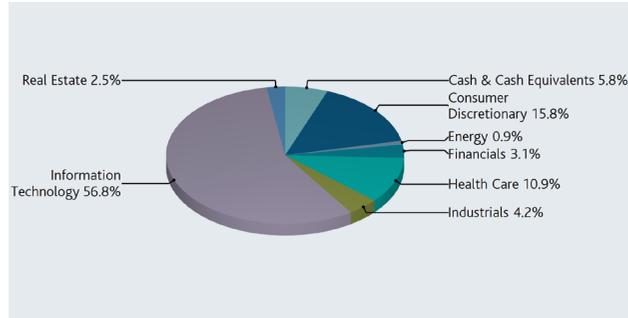
## Performance Based Characteristics<sup>2</sup>

	3 Years	5 Years	10 Years
Std. Dev. (%) - Annualized	15.25	15.22	19.74
Sharpe Ratio	0.80	0.85	0.54
Alpha (%) - Annualized	-2.02	-4.00	-1.55
Beta	1.21	1.19	1.17
R-Squared (%)	77.29	67.67	84.78
Tracking Error (%)	7.64	8.88	8.14
Information Ratio	0.01	-0.24	-0.04
Upside Capture (%)	115.06	111.19	114.96
Downside Capture (%)	132.00	150.14	125.83

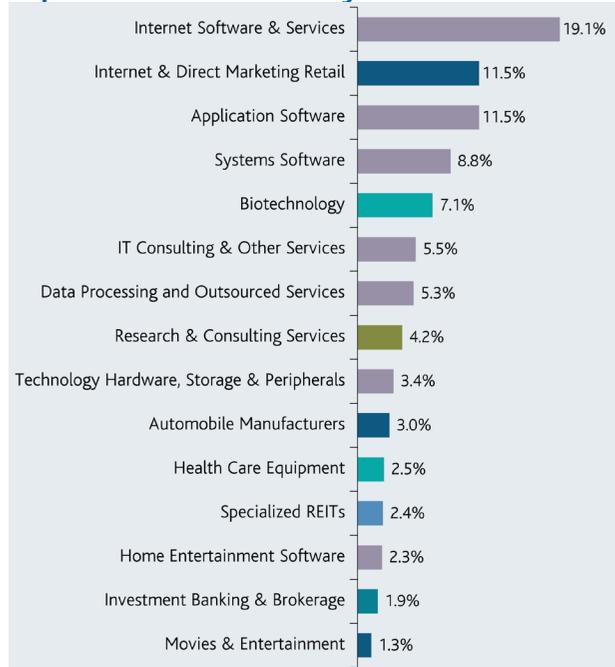
## Top 10 Holdings

	% of Net Assets
Amazon.com, Inc.	6.5
Guidewire Software, Inc.	5.0
Microsoft Corporation	4.5
Alphabet Inc.	4.5
Gartner, Inc.	4.0
Apple, Inc.	3.4
CoStar Group, Inc.	3.4
Tesla, Inc.	3.0
Mastercard Incorporated	2.5
Electronic Arts Inc.	2.3
<b>Total</b>	<b>39.1</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.

Securities issued by small and medium sized companies may be thinly traded and may be more difficult to sell during market downturns. Companies propelled by innovation, including technology advances and new business models, may present the risk of rapid change and product obsolescence, and their success may be difficult to predict for the long term. 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.

## Investment Strategy

The Fund invests primarily in high growth businesses of any market capitalization benefiting from innovation through development of pioneering, transformative, or technologically advanced products and services. Diversified.

## Portfolio Manager

Michael Lippert joined Baron in 2001 as a research analyst and was named portfolio manager in 2006. He has 17 years of research experience. In 2001, Michael worked at JLF Asset Management as a financial analyst and general counsel. From 1991 to 2001, Michael worked at Baker & Botts L.L.P. as a trial partner. Michael graduated summa cum laude from Tufts University with a B.A. in History in 1988 and from Columbia Law School with a J.D. in 1991.

## Investment Principles

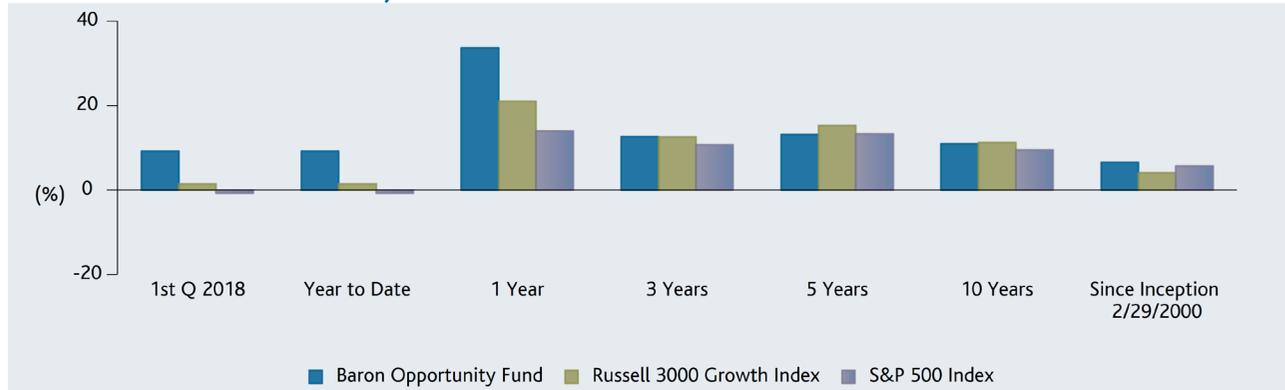
- Long-term perspective allows us to think like an owner of a business
- Independent and exhaustive research is essential to understanding the long-term fundamental growth prospects of a business
- We seek appropriately capitalized open-ended growth opportunities, exceptional leadership, and sustainable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

## Fund Facts

Inception Date	February 29, 2000
Net Assets	\$332.04 million
<b>Institutional Shares</b>	
CUSIP	068278886
Expense Ratio (as of FYE 09/17)	1.14%



## 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 2/29/2000	
	Return	+ -	Return	+ -	Return	+ -	Return	+ -	Return	+ -	Return	+ -	Return	+ -
BIOIX - Institutional Shares	9.20		9.20		33.67		12.68		13.20		10.98		6.58	
Russell 3000 Growth Index	1.48	7.72	1.48	7.72	21.06	12.61	12.57	0.11	15.32	-2.12	11.31	-0.33	4.12	2.46
S&P 500 Index	-0.76	9.96	-0.76	9.96	13.99	19.68	10.78	1.90	13.31	-0.11	9.49	1.49	5.75	0.83
Morningstar Mid-Cap Growth Category Average	2.15	7.05	2.15	7.05	18.34	15.33	8.28	4.40	11.94	1.26	9.39	1.59	N/A	

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

## Historical Performance(Calendar Year %)



	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
BIOIX - Institutional Shares	12.14	21.10	-46.06	62.08	25.74	-5.93	14.04	37.90	-1.40	1.45	-4.56	40.88
Russell 3000 Growth Index	9.46	11.40	-38.44	37.01	17.64	2.18	15.21	34.23	12.44	5.09	7.39	29.59
S&P 500 Index	15.79	5.49	-37.00	26.46	15.06	2.11	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.



## Review and Outlook

So far this year, the market environment has become more volatile and uncertain. Market leadership is unclear and shifting. The market appears to be wrestling with geopolitical challenges, domestic political dysfunction, and market-related debates. We believe our portfolio - focused on platform businesses and predictable secular growth trends - continues to be in a strong position to weather and thrive in a period such as this. Moreover, we expect stock picking will play an even more important role in Baron Opportunity Fund's performance this year. We are confident we are well-positioned and well prepared to generate positive returns in such an environment. Of course, we cannot guarantee that will be the case.

The Fund increased 9.20% in the first quarter, building on robust year-long gains in 2017. In our view, these results are due to our consistent focus on secular innovation trends and sustainable growth. We target our investments towards how the world has changed and is changing: the generational, disruptive and tectonic shifts impacting how we live and work.

Information Technology (IT), Consumer Discretionary, and Health Care investments contributed the most in the quarter. IT had a strong quarter, with seven out of ten top contributors to the portfolio. In addition, 17 IT holdings posted double-digit returns. Sector gains were led by website developer Wix.com Ltd., financial software-as-a-service (SaaS) provider SS&C Technologies Holdings, Inc., and workflow management SaaS ServiceNow, Inc. Third largest contributor CoStar Group, Inc., which was moved from IT to Industrials in the quarter, also posted strong gains. Top contributors Amazon.com, Inc. and Netflix, Inc. helped drive appreciation of the Consumer Discretionary sector. Health Care's positive performance was led by argenx SE, a Netherlands-based biotech company focused on cancer and autoimmune disorder treatments. Shares rose on promising clinical trial results of the company's product for treating myasthenia gravis, a rare autoimmune disorder that causes muscle weakness. Real Estate holdings detracted somewhat as concerns over rising interest rates pressured stocks in the overall sector. No other sector detracted.

We remain convinced that identifying secular trends and selecting winning companies is a superior and more repeatable long-term investment approach than the short-termism in vogue today. Some of the powerful secular themes in which we invest include 1) cloud computing and software-as-a-service, 2) mobile, 3) big data and artificial intelligence, 4) digital (internet-delivered) media, 5) e-commerce, 6) genetics, 7) minimally invasive surgical procedures, 8) targeted digital advertising, 9) cybersecurity, 10) electric drive vehicles and autonomous driving, and 11) electronic payments.

We believe wholeheartedly in our investment strategy. In the highly uncertain world we live in, we believe non-cyclical, sustainable, and resilient growth should be part of investors' portfolios.

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

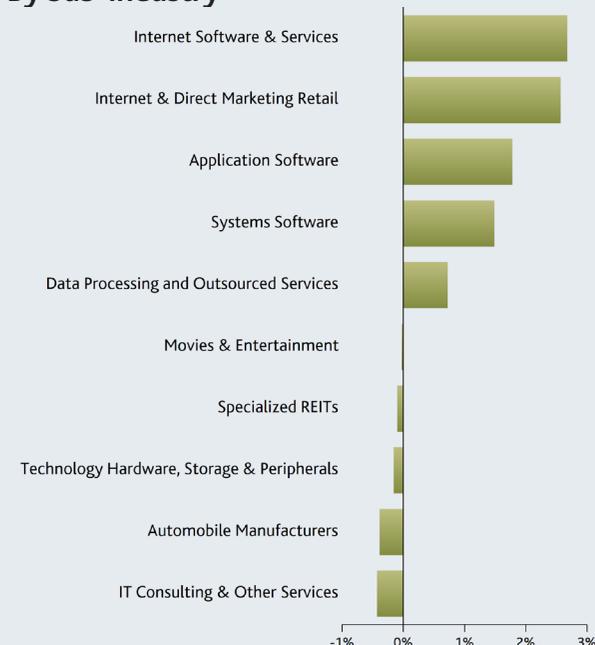
### Contributors

- 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.
- **Netflix, Inc.** is the global leader in on-demand video service, with over 150 million paid subscribers. Shares appreciated sharply in the quarter on subscriber additions that beat analyst consensus. The company grew its average streaming hours per membership in 2017, reflecting an improving level of engagement on its extensive content. We believe the company's substantial investments in original programming could reduce the time it takes to reach its goal of over 250 million global subscribers.
- Shares of **CoStar Group, Inc.**, a real estate information and marketing services company, contributed to performance. Business trends are excellent, with the company announcing that Q4 sales jumped approximately 50% year-over-year. We are excited about the upsell of Loopnet Premium Searcher customers to the flagship CoStar product, which we believe can contribute an incremental \$150 million to \$200 million of recurring revenue. We think CoStar has an even larger opportunity to optimize its Premium Lister product, and we expect the recent acquisition of ForRent to be meaningfully accretive.

### Detractors

- **Tesla, Inc.** makes electric vehicles, solar products, and energy storage solutions. Shares declined on a series of events, including the Model 3 ramp-up that was slower than market expectations, a government investigation into a fatal Model X accident, a Moody's downgrade of Tesla's bond rating, and a recall of more than 100,000 Model S vehicles. Though they impacted short-term results, we maintain our long-term investment thesis on Tesla based on its potential to disrupt multiple large markets.
- **Adamas Pharmaceuticals, Inc.** is a biotech company focused on reformulating the interactions and effects of existing drugs to improve their safety and efficacy. Adamas' current focus is on a reformulated version of amantadine, an antiviral and antiparkinsonian drug. Shares fell after a peer company filed for approval of a potentially competing product that was unforeseen by investors. We expect the share price to increase after the commercial launch of the amantadine product later in 2018 followed by a slew of clinical readouts from other pipeline assets.
- **Acxiom Corporation** is a leader in marketing data services and identity management for enterprises. Shares dropped on negative investor sentiment after Facebook banned advertisers from buying Acxiom data on its platform. We retain conviction. The company announced its plans to buy back approximately 10% of its shares as a result of the price decline. We believe the potential sale of Acxiom's marketing services business will be a positive catalyst for the company's growth throughout the year, and that Acxiom maintains its unique position in the marketing and advertising ecosystem.

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



## By Holdings

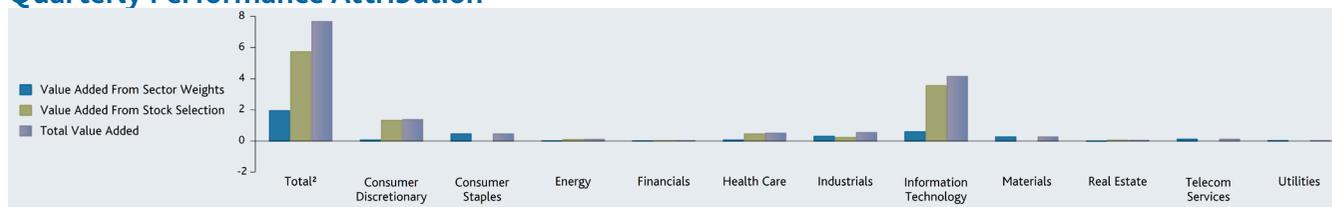
Top Contributors	Average Weight(%)	Contribution(%)
Amazon.com, Inc.	7.24	1.63
Netflix, Inc.	1.92	0.87
CoStar Group, Inc.	3.68	0.79
Wix.com Ltd.	2.04	0.70
SS&C Technologies Holdings, Inc.	2.09	0.61

Top Detractors	Average Weight(%)	Contribution(%)
Tesla, Inc.	4.24	-0.39
Adamas Pharmaceuticals, Inc.	0.81	-0.32
Acxiom Corporation	1.78	-0.29
Expedia Group, Inc.	2.05	-0.22
Apple, Inc.	1.05	-0.16

1 - Source: FactSet PA.

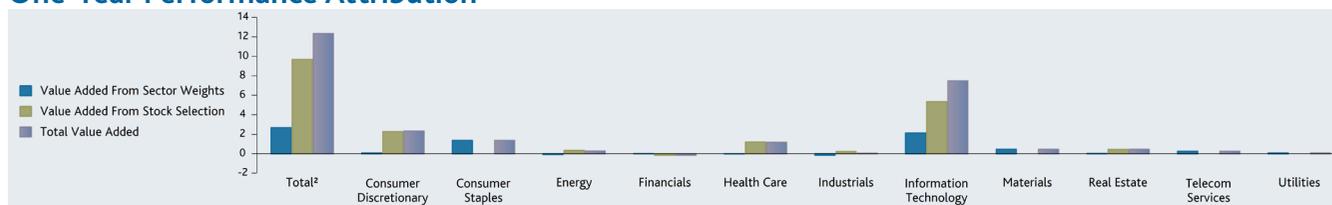


## Quarterly Performance Attribution<sup>1</sup>



Sector Average Weights(%)	Consumer Discretionary	Consumer Staples	Energy	Financials	Health Care	Industrials	Information Technology	Materials	Real Estate	Telecom Services	Utilities
Baron Opportunity Fund	18.55	-	0.93	3.04	11.80	2.00	57.03	-	2.38	-	-
Russell 3000 Growth Index	18.15	6.07	0.87	3.60	13.75	13.04	37.51	3.66	2.37	0.91	0.06
Over/Underweight	0.40	-6.07	0.06	-0.56	-1.96	-11.04	19.52	-3.66	0.01	-0.91	-0.06
<b>Total Return(%)</b>											
Baron Opportunity Fund	10.21	-	0.51	4.27	4.65	9.63	10.76	-	-2.82	-	-
Russell 3000 Growth Index	3.73	-4.79	-6.92	4.03	0.67	-0.39	3.75	-5.18	-3.85	-7.61	-6.91
Relative Return	6.48	4.79	7.43	0.24	3.98	10.02	7.01	5.18	1.03	7.61	6.91

## 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 Opportunity Fund	20.14	-	1.00	3.11	10.80	1.25	58.21	-	2.80	-	-
Russell 3000 Growth Index	18.41	6.91	0.78	3.45	14.61	12.40	36.01	3.76	2.65	0.95	0.07
Over/Underweight	1.73	-6.91	0.22	-0.34	-3.81	-11.15	22.20	-3.76	0.15	-0.95	-0.07
<b>Total Return(%)</b>											
Baron Opportunity Fund	29.25	-	17.66	20.13	28.84	30.09	40.65	-	19.20	-	-
Russell 3000 Growth Index	19.11	3.23	-6.49	26.13	17.45	23.67	29.20	9.77	8.33	4.04	12.27
Relative Return	10.14	-3.23	24.15	-6.00	11.40	6.42	11.45	-9.77	10.87	-4.04	-12.27

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 Opportunity Fund rose 9.20% in the first quarter, outperforming the Russell 3000 Growth Index by 772 basis points due to stock selection. Relative sector and sub-industry weights and overexposure to the strong-performing growth factor also lifted relative results.

Investments in Information Technology (IT), Consumer Discretionary, Industrials, and Health Care and lack of exposure to the underperforming Consumer Staples sector contributed the most to relative performance. Stock selection in IT added 356 basis points to relative results, driven by investments in internet software & services and systems software. Wix.com Ltd. and ServiceNow, Inc. led the way in these sub-industries with significant stock price gains in the quarter. Shares of Israeli web development platform Wix appreciated on the company's rapid growth, with revenues increasing by over 40% year-over-year thanks to increasing customer adoption. Shares of ServiceNow, which provides SaaS-based solutions for workflow management, rose on the company's rapid growth at scale, strong cash flow generation, and increased traction with new products. In addition, greater exposure to better-performing application software stocks through sizeable positions in SS&C Technologies Holdings, Inc. and Guidewire Software, Inc. aided relative results. Strength in Consumer Discretionary came from Amazon.com, Inc., Netflix, Inc., and Booking Holdings, Inc. Amazon and Netflix were the two largest contributors on an absolute basis, while shares of online hotel travel agency Booking Holdings appreciated on strong Q4 results and a robust outlook for hotel room bookings and earnings growth in Q1. Within Industrials, outperformance of CoStar Group, Inc., which was reclassified from IT at the end of February, and lower exposure to this lagging sector helped relative results. CoStar was the third largest contributor to absolute results. Favorable stock selection in Health Care resulted from the outperformance of argenx SE, a Netherlands-based biotech company focused on cancer and autoimmune disorder treatments. Shares of argenx rose on positive clinical trial results of the company's product for treating myasthenia gravis, a rare autoimmune disorder that causes muscle weakness. Health care equipment holdings Edwards Lifesciences Corp. and Intuitive Surgical, Inc. also added value in the sector after the companies reported strong Q4 financial results and solid guidance for 2018.

No sectors detracted from relative performance in the quarter.

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.



## 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>Apple, Inc. (AAPL)</b> designs, manufactures, and markets consumer electronics, computer software, and online services. Its products include the iPhone, iPad, Mac personal computer, Apple smartwatch, Apple TV, and HomePod.</p>	<p>As the creator and owner of one of the largest and most popular consumer electronics platforms, Apple is, in our view, well positioned to benefit from the network effect that typically accrues to platform companies. It has a large and growing ecosystem, a trusted brand, and positive optionality due to its effort to push into additional consumer and enterprise services with its large install base. We believe Apple trades at a discount to the market and to our estimate of its intrinsic value.</p>
<p><b>Guidewire Software, Inc. (GWRE)</b> is a leading provider of core systems software to the global P&amp;C insurance industry.</p>	<p>Guidewire is a small player in a vast addressable market and has been benefiting from the inevitable need for P&amp;C insurers to upgrade 30-year-old systems. The company offers best-in-class functionality, as evidenced by its growing installed base and 100% retention rates, and we believe it has a significant amount of off-balance sheet revenue. We think the company's launch of data and digital applications meaningfully expand the total addressable market, and growing demand for cloud deployments could increase prices by two to three times.</p>	<p><b>CoStar Group, Inc. (CSGP)</b> 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. The conversion of legacy Loopnet search customers to CoStar suite customers should add \$200mm+ of recurring revenue with almost no cost, and the conversion of Loopnet listing customers can be even more material. CoStar has expanded into the apartment space via several acquisitions, and we think it can grow its apartment marketing offerings at 20% sustainable with few incremental costs.</p>
<p><b>Microsoft Corporation (MSFT)</b> is a software company traditionally known for its Windows and Office products.</p>	<p>Microsoft is now led by Satya Nadella, who has refocused the company on cloud computing and AI. He has been quite successful thus far, with Microsoft's commercial cloud business now representing about 20% of its revenues and growing at a 50% rate. The company's strong moat is based on the wide reach of its sales channel into enterprises, its hybrid cloud offering, its positioning in the public cloud market, high barriers to entry and high switching costs. We believe Microsoft can grow by double digits for the next five years.</p>	<p><b>Tesla, Inc. (TSLA)</b> manufactures purely electric automobiles, energy storage, and solar solutions. It offers a sedan (Model S), a CUV (Model X), and battery-based energy storage. Tesla is now producing and delivering its highly anticipated lower cost vehicle, Model 3, with a base price of \$35,000.</p>	<p>In our view, Tesla could continue to grow its business rapidly at least through 2020. We believe its strong engineer talent pool, first mover advantage, scale with its existing facilities, \$5 billion Giga battery plant, solar activity, and recognized brand could potentially result in a market capitalization of \$100 billion in five years and more thereafter. We find the more than 450,000 pre-orders for its new Model 3 to be a testament to the strong brand Tesla has built in its short existence.</p>
<p><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>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>Gartner, Inc. (IT)</b> is the leading independent provider of research and analysis on the information technology industry.</p>	<p>Gartner has a vast addressable market, which management estimates exceeds \$70 billion annually, implying a penetration rate of less than 3%. IT is rapidly changing and growing in strategic importance, leading users to turn to third-party providers for insight into trends. The low price of Gartner's research relative to its value has created strong renewal trends, with retention rates running above 100%. We think management can improve results with its recent acquisition of CEB, accelerating growth towards 15% over the next 3 years.</p>	<p><b>Electronic Arts Inc. (EA)</b> is a global leader in digital interactive entertainment. The company develops, markets, publishes, and distributes games, content, and services consumers can use on a variety of platforms, such as game consoles, PCs, mobile phones, and tablets.</p>	<p>There is a number of strong tailwinds that should benefit the company going forward, including the shift to digital in gaming, mobile gaming, advertising, eSports, and virtual reality, and international expansion. Over the next five years, Electronic Arts could increase revenues at a mid to upper single-digit compounded annual growth rate, continue to expand margins through the shift to digital, and return meaningful cash to shareholders.</p>



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