

June 30, 2016  
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. The **Morningstar US OE Mid-Cap Growth Category Average** is not weighted and represents the straight average of annualized returns of each of the funds in the Mid-Cap Growth category. The Fund's Institutional Shares have been included in the category since 5/29/09 and the Retail Shares since inception. As of 6/30/16, the category consisted of 737, 732, 724, 650, 573 and 429 funds for the 3-month, year-to-date, 1-, 3-, 5-, and 10-year periods. © 2016 Morningstar, Inc. All Rights Reserved. The Morningstar information contained herein: (1) is proprietary to Morningstar and/or its content providers; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information. **Standard Deviation (Std. Dev.):** measures the degree to which a fund's performance has varied from its average performance over a particular time period. The greater the standard deviation, the greater a fund's volatility (risk). **Sharpe Ratio:** is a risk-adjusted performance statistic that measures reward per unit of risk. The higher the Sharpe ratio, the better a fund's risk adjusted performance. **Alpha:** measures the difference between a fund's actual returns and its expected performance, given its level of risk as measured by beta. **Beta:** measures a fund's sensitivity to market movements. The beta of the market is 1.00 by definition. **R-Squared:** measures how closely a fund's performance correlates to the performance of the benchmark index,

and thus is a measurement of what portion of its performance can be explained by the performance of the index. Values for R-Squared range from 0 to 100, where 0 indicates no correlation and 100 indicates perfect correlation. **Tracking Error:** measures how closely a fund's return follows the benchmark index returns. It is calculated as the annualized standard deviation of the difference between the fund and the index returns. **Information Ratio:** measures the excess return of a fund divided by the amount of risk the fund takes relative to the benchmark index. The higher the information ratio, the higher the excess return expected of the fund, given the amount of risk involved. **Upside Capture:** explains how well a fund performs in time periods where the benchmark's returns are greater than zero. **Downside Capture:** explains how well a fund performs in time periods where the benchmark's returns are less than zero. **EPS Growth Rate (3-5 year forecast):** indicates the long-term forecasted EPS growth of the companies in the portfolio, calculated using the weighted average of the available 3-to-5 year forecasted growth rates for each of the stocks in the portfolio provided by FactSet Estimates. The EPS Growth rate does not forecast the Fund's performance. **Price/Earnings Ratio (trailing 12-months):** is a valuation ratio of a company's current share price compared to its actual earnings per share over the last twelve months. **Price/Book Ratio:** is a ratio used to compare a company's stock price to its tangible assets, and it is calculated by dividing the current closing price of the stock by the latest quarter's book value per share. **Price/Sales Ratio:** is a valuation ratio of a stock's price relative to its past performance. It represents the amount an investor is willing to pay for a dollar generated from a particular company's operations. Price/Sales is calculated by dividing a stock's current price by its revenue per share for the last 12 months. Historical portfolio characteristics are provided by Compustat and FactSet Fundamentals. **Weighted Harmonic Average:** is a calculation that reduces the impact of extreme observations on the aggregate calculation by weighting them based on their size in the fund.

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



## Portfolio Facts and Characteristics

	Fund	Russell 3000 Growth Index
# of Equity Securities / % of Net Assets	43/98.5%	-
Turnover (3 Year Average)	48.22%	-
Median Market Cap†	\$13.63 billion	\$1.53 billion
Weighted Average Market Cap†	\$84.20 billion	\$123.41 billion
EPS Growth (3-5 year forecast)†	24.8%	14.0%
Price/Earnings Ratio (trailing 12-month)*†	34.5	21.9
Price/Book Ratio*†	4.3	4.6
Price/Sales Ratio*†	5.5	2.0

\* Weighted Harmonic Average

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

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

	3 Years	5 Years	10 Years
Std. Dev. (%) - Annualized	17.06	16.99	20.39
Sharpe Ratio	0.29	0.32	0.33
Alpha (%) - Annualized	-8.65	-7.20	-1.89
Beta	1.21	1.16	1.19
R-Squared (%)	71.80	76.40	85.27
Tracking Error (%)	9.28	8.44	8.36
Information Ratio	-0.82	-0.78	-0.12
Upside Capture (%)	107.36	105.10	117.31
Downside Capture (%)	177.56	159.21	129.70

## Top 10 Holdings<sup>2</sup>

### % of Net Assets

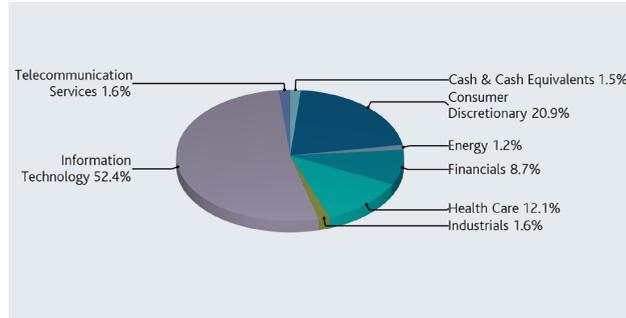
Amazon.com, Inc.	6.4
Alphabet Inc.	5.9
CoStar Group, Inc.	5.3
Guidewire Software, Inc.	5.1
Gartner, Inc.	3.9
Benefitfocus, Inc.	3.8
Facebook, Inc.	3.5
Tesla Motors, Inc.	3.4
Equinix, Inc.	3.0
The Priceline Group, Inc.	3.0
<b>Total</b>	<b>43.3</b>

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.

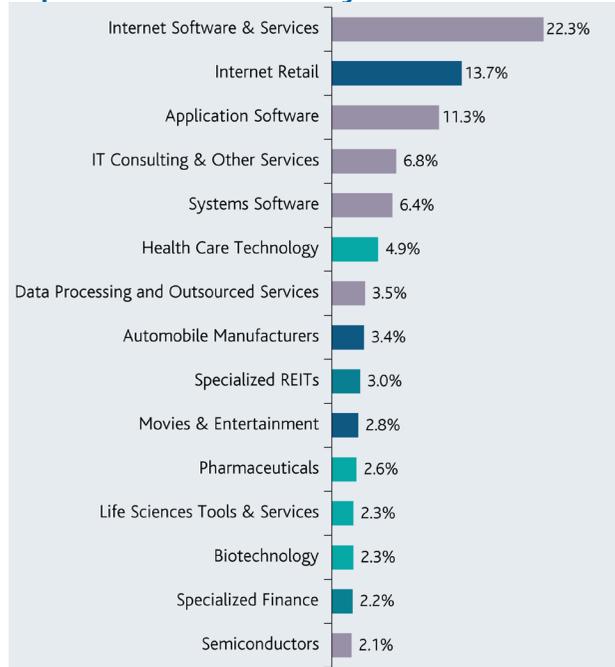
1 - Industry sector or sub-industry group levels are provided from the Global Industry Classification Standard ("GICS"), developed and exclusively owned by MSCI, Inc. ("MSCI") and Standard & Poor's Financial Services LLC ("S&P"). All GICS data is provided "as is" with no warranties. The Adviser may have 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.

## 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 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 has been the portfolio manager since 2006. Michael joined Baron in 2001 as a research analyst and has 15 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

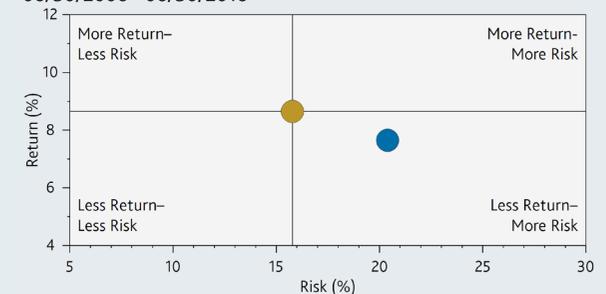
Inception Date	February 29, 2000
Net Assets	\$250.83 million

### Institutional Shares

CUSIP	068278886
Expense Ratio (as of FYE 09/15)	1.10%

## Risk/Return Comparison<sup>2</sup>

06/30/2006 - 06/30/2016



- Baron Opportunity Fund - I
- Russell 3000 Growth Index



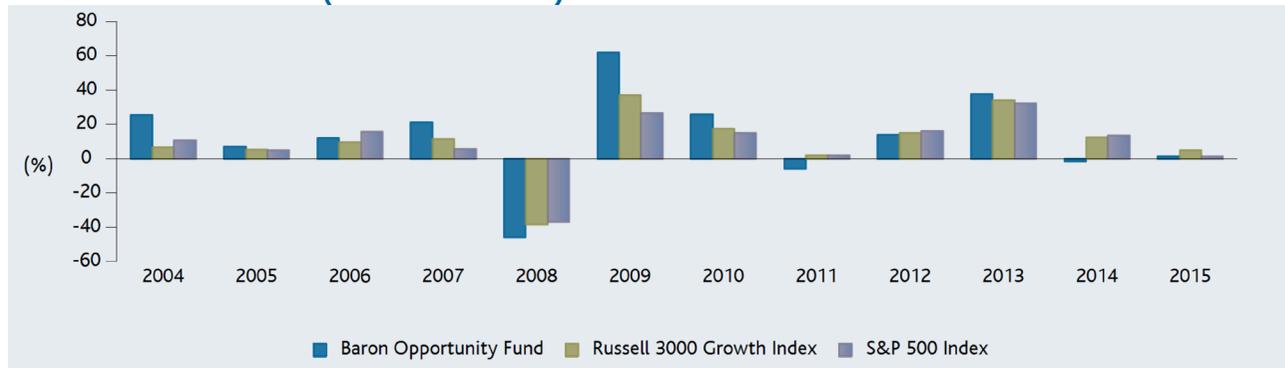
## Performance as of June 30, 2016



	Total Returns(%)				Annualized Returns(%)									
	2nd Q 2016		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	3.44		-4.59		-9.64		5.02		5.44		7.65		4.51	
Russell 3000 Growth Index	0.80	2.64	1.14	-5.73	1.88	-11.52	12.65	-7.63	12.04	-6.60	8.65	-1.00	2.46	2.05
S&P 500 Index	2.46	0.98	3.84	-8.43	3.99	-13.63	11.66	-6.64	12.10	-6.66	7.42	0.23	4.67	-0.16
Morningstar Mid-Cap Growth Category Average	1.98	1.46	0.04	-4.63	-6.43	-3.21	8.21	-3.19	7.93	-2.49	6.79	0.86	N/A	

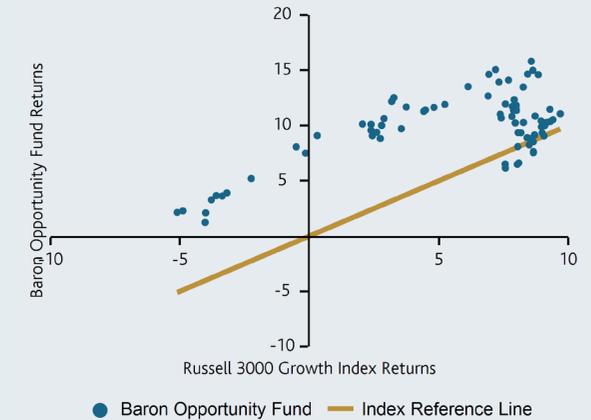
The blue shading represents Fund outperformance vs. the corresponding benchmark. The yellow shading represents underperformance.

## Historical Performance(Calendar Year %)



	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
BIOIX - Institutional Shares	25.59	7.05	12.14	21.10	-46.06	62.08	25.74	-5.93	14.04	37.90	-1.40	1.45
Russell 3000 Growth Index	6.93	5.17	9.46	11.40	-38.44	37.01	17.64	2.18	15.21	34.23	12.44	5.09
S&P 500 Index	10.88	4.91	15.79	5.49	-37.00	26.46	15.06	2.11	16.00	32.39	13.69	1.38

BIOIX has outperformed the Russell 3000 Growth Index 88% of the time (since its inception and using rolling 10-year annualized returns).



The performance data quoted represents past performance. Past performance is no guarantee of future results. The investment return and principal value of an investment will fluctuate; an investor's shares, when redeemed, may be worth more or less than their original cost. The Adviser has reimbursed certain Fund expenses (by contract as long as BAMCO, Inc. is the adviser to the Fund) and the Fund's transfer agency expenses may be reduced by expense offsets from an unaffiliated transfer agent, without which performance would have been lower. Current performance may be lower or higher than the performance data quoted. For performance information current to the most recent month end, visit [www.BaronFunds.com](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

Through much of the second quarter, the market continued to recover nicely from the sharp risk-off mindset that prevailed the first six weeks of the year. In January and February, investors appeared to put significant weight on macro downside risks: a sharp economic slowdown in China, the end of the U.S. economic recovery, persistent low and even negative sovereign interest rates, collapsing oil prices, etc. It appears that concerns over these fears have turned more optimistic as the data (including expanding U.S. leading indicators, rising oil prices, and declining high yield credit spreads) has improved. In the last week of the quarter, the surprising Brexit vote drove a temporary sell-off in the market.

While we, of course, stay well-versed on such things as the domestic and global economy, the Fed, terrorism and military actions, politics, and anomalous events like Brexit, these have little impact on Baron's investing philosophy and approach. Yes, Brexit has created uncertainty regarding whether Great Britain will abide by the referendum vote and leave the European Union; what the terms of an exit, if it occurs, will ultimately be; and what impact an exit or merely the risk of one will have on the global economy and the tone of the world's stock markets. While we intend to stay informed, it is almost impossible to predict what will happen. Who would have thought that all British politicians involved in both sides of the Brexit vote would have lost power? Or that the market would have shot up after just a two-day sell-off? We have not made any changes to the portfolio due to Brexit alone and have no present intention of doing so.

With Baron Opportunity Fund, we aim to offer our investors a portfolio focused on high growth, innovative businesses capitalizing on powerful secular trends - a Fund highly differentiated from a passive index or ETF, as well as a generalized growth fund. We aim to differentiate not by trying to figure out cyclical growth drivers but by focusing, almost exclusively, on secular growth. We seek to identify powerful long-term trends - which we refer to as generational, paradigm, or tectonic shifts - that will drive robust growth regardless of the strength or weakness of the underlying economy.

Some of the secular themes in which we invest include cloud computing and software-as-a-service (SaaS), mobile, big data, digital media, targeted digital advertising, e-commerce, genetics, electronic medical records, immune-oncology, cybersecurity, electric vehicles and autonomous driving, and electronic payments. These themes span industries and represent the world's future, not its past. They are visible, impactful, and persistent. They will play out over a long period of time, literally 10 years or more. They will disrupt existing industry dynamics. We believe the winners will capture large profit pools from the legacy way of doing things. By investing in these themes, our goal is to deliver dependable high-growth rates that are greater than the general economy, as reflected in broad market indexes, although we cannot guarantee it.

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

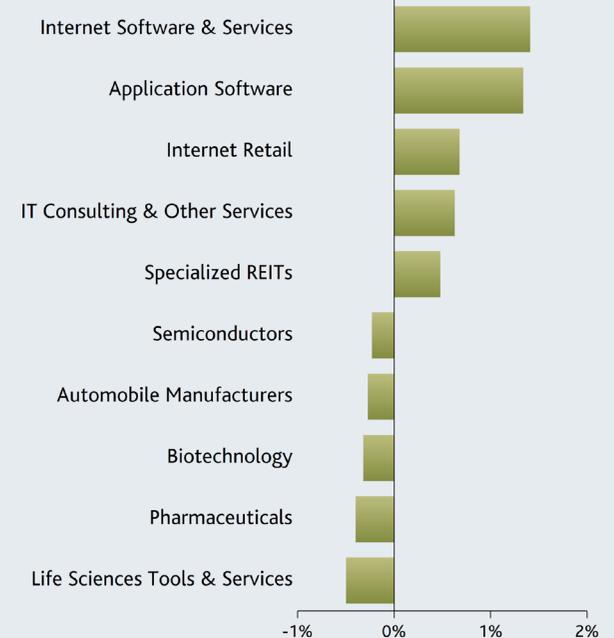
### Contributors

- Shares of **Amazon.com, Inc.**, the world's largest retailer and cloud services provider, rose in Q2 on strong revenue growth and improving margins in the core business. Amazon's other major business segment, Amazon Web Services (AWS) continues to gain traction with enterprise customers, and had another strong quarter of growth. Over time, we expect AWS to be the larger contributor to value creation. Amazon continues to invest in new and potentially large business segments such as e-finance, business supplies, and apparel.
- Shares of **CoStar Group, Inc.**, a real estate information and marketing services company, increased on outstanding financial results. Revenue growth accelerated to 25%, margins expanded 14% year over year, and earnings almost tripled. CoStar grew in its core commercial real estate market and captured share in the multifamily space. We believe CoStar is poised to generate accelerating organic revenue growth and significant margin expansion as it leverages recent investments in sales headcount, product expansion, and multifamily marketing.
- Shares of property and casualty insurance software vendor **Guidewire Software, Inc.** increased in Q2. Guidewire enjoys near-perfect retention rates, a growing installed base, and accelerating adoption. The company is early in its core system replacement cycle, and is expanding its addressable market through persistent innovation. We believe Accenture's April sale of rival insurance software vendor Duck Creek and its new relationship with Guidewire will help to enhance pricing and win rates and shorten sales cycles.

### Detractors

- Shares of DNA sequencing company **Illumina, Inc.** fell in Q2 on first quarter revenue that missed Street expectations and a lowered forecast for 2016 due to weak first quarter sales of its HiSeq instrument line and a lower forecast for Europe. Management believes the issues are short-term, fixable, and unrelated to fundamental market demand. We continue to believe Illumina has a long runway for growth driven by increasing adoption of DNA sequencing in clinical markets such as cancer screening, diagnosis, and treatment.
- **Alphabet Inc.** is the world's largest search and online advertising-related company. Shares of Alphabet were driven down by Q1 results that missed Street expectations. We believe that while desktop search is becoming a more mature business for the company, Alphabet is well positioned to benefit from substantial growth in mobile and online video advertising.
- **Pacira Pharmaceuticals, Inc.**, a pharmaceutical that makes pain control drug EXPAREL, had a watershed event in mid-December 2015 when it won a favorable settlement of a marketing dispute with the FDA. Pacira received broad, definitive labeling for many major surgical uses. Shares peaked earlier in 2016, but have since dropped due to broader concerns in the pharma sector as well as growth guidance biased toward the second half of 2016. We believe Pacira has the potential for 25-35% top line growth for years to come.

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



## By Holdings

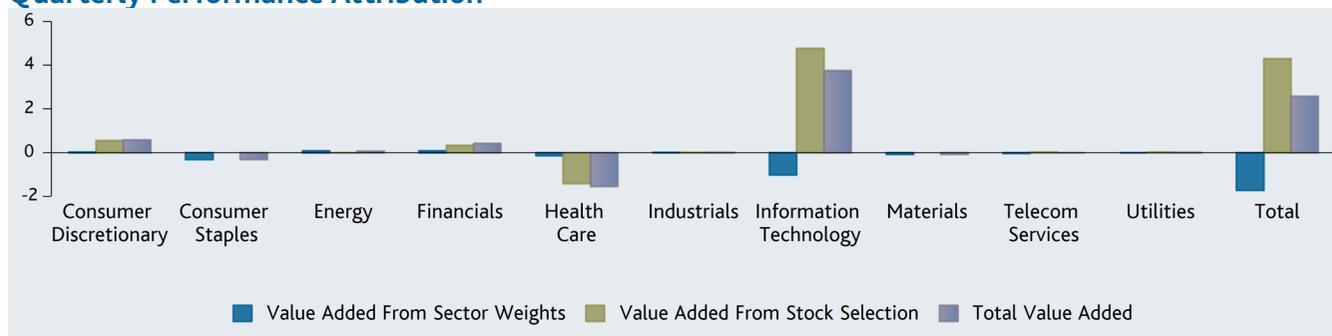
Top Contributors	Average Weight(%)	Contribution(%)
Amazon.com, Inc.	5.93	1.11
CoStar Group, Inc.	5.64	0.86
Guidewire Software, Inc.	6.30	0.80
Zillow Group, Inc.	1.38	0.66
Gartner, Inc.	4.79	0.57

Top Detractors	Average Weight(%)	Contribution(%)
Illumina, Inc.	2.68	-0.50
Alphabet Inc.	6.41	-0.48
Pacira Pharmaceuticals, Inc.	0.60	-0.37
Tesla Motors, Inc.	3.50	-0.27
Alexion Pharmaceuticals, Inc.	1.42	-0.25

1 - Source: FactSet PA.

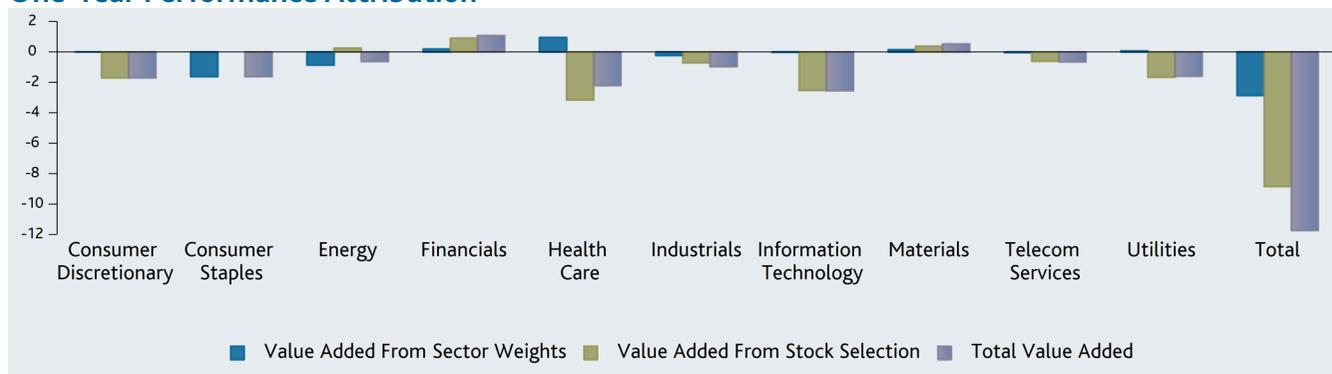


## Quarterly Performance Attribution<sup>1</sup>



Sector Average Weights(%)	Consumer Discretionary	Consumer Staples	Energy	Financials	Health Care	Industrials	Information Technology	Materials	Telecom Services	Utilities	Total <sup>2</sup>
Baron Opportunity Fund	19.11	-	1.10	8.82	11.88	1.63	55.00	-	1.50	0.02	100.00
Russell 3000 Growth Index	20.87	11.06	0.61	5.93	16.70	11.26	27.69	3.68	2.15	0.06	100.00
Over/Underweight	-1.76	-11.06	0.50	2.89	-4.82	-9.63	27.31	-3.68	-0.65	-0.04	-
<b>Total Return(%)</b>											
Baron Opportunity Fund	3.00	-	18.21	7.56	-7.35	1.42	5.71	-	7.75	9.08	3.37
Russell 3000 Growth Index	-0.27	3.89	18.80	3.84	4.07	0.75	-3.06	2.93	5.80	6.23	0.80
Relative Return	3.27	-3.89	-0.59	3.72	-11.42	0.67	8.77	-2.93	1.96	2.85	2.57

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



Sector Average Weights(%)	Consumer Discretionary	Consumer Staples	Energy	Financials	Health Care	Industrials	Information Technology	Materials	Telecom Services	Utilities	Total <sup>2</sup>
Baron Opportunity Fund	18.72	-	1.87	7.78	11.07	4.30	52.20	0.14	2.04	0.72	100.00
Russell 3000 Growth Index	20.95	10.77	0.67	5.71	17.45	11.17	27.58	3.62	2.05	0.05	100.00
Over/Underweight	-2.23	-10.77	1.21	2.08	-6.38	-6.87	24.63	-3.47	0.00	0.67	-
<b>Total Return(%)</b>											
Baron Opportunity Fund	-5.37	-	-26.54	22.76	-33.36	-7.64	-3.76	59.51	-6.20	-79.51	-9.78
Russell 3000 Growth Index	3.55	19.89	-34.93	7.15	-10.78	2.84	1.91	-3.30	24.74	19.59	1.88
Relative Return	-8.92	-19.89	8.39	15.61	-22.58	-10.48	-5.68	62.81	-30.94	-99.09	-11.66

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 Opportunity Fund increased 3.44% in the second quarter and outperformed the Russell 3000 Growth Index by 264 basis points, primarily due to stock selection. Smaller cap stocks outperformed large cap stocks during the quarter, and greater exposure to smaller cap stocks also aided relative performance.

Outperformance of Information Technology (IT), Consumer Discretionary, and Financials investments contributed the most to relative results. IT holdings added 375 basis points, driven by Internet software & services holdings CoStar Group, Inc., Zillow Group, Inc., and Benefitfocus, Inc. CoStar was the second largest contributor to absolute performance, while shares of real estate website operator Zillow rose on improving fundamentals and the favorable settlement of a lawsuit with Move, Inc. Shares of benefits software vendor Benefitfocus rose on outstanding financial results driven by traction in new logo acquisition and cross-sales of new modules. Favorable stock selection in Internet software & services was partly offset by meaningfully larger exposure to this poor performing sub-industry, which declined 2.0% in the index. Outperformance of application software holdings, led by Guidewire Software, Inc. and Mobyleye N.V., and larger exposure to this strong performing sub-industry also added value. Guidewire was the third largest contributor to absolute performance, while driver assistance software company Mobyleye recouped first quarter losses on news of two autonomous program wins. Lack of exposure to Apple, Inc., a sizeable position in the index whose shares fell nearly 12%, and outperformance of Gartner, Inc. also lifted relative performance in IT. Strength in Consumer Discretionary was mostly attributable to Amazon.com, Inc., the largest contributor on an absolute basis, and Manchester United plc, an English Premier League professional sports team. Manchester United's shares recovered in anticipation of potentially better field results under new coach Jose Mourinho. Within Financials, outperformance of global colocation REIT Equinix, Inc. contributed the most to relative results.

Underperformance of Health Care investments and lack of exposure to Consumer Staples, which rose 3.9% in the index, detracted the most from relative performance. Weakness in Health Care was partly due to the underperformance of pharmaceutical holdings, led by Pacira Pharmaceuticals, Inc. and Allergan plc. Pacira was the third largest detractor from absolute results, while shares of Botox manufacturer Allergan fell after the U.S. Treasury disallowed the Pfizer-Allergan inversion. Investments in Illumina, Inc., the largest detractor on an absolute basis, and Alexion Pharmaceuticals, Inc., a biotechnology company serving orphan disease markets, also hurt relative performance. Alexion's shares fell due to slowing growth of lead product Soliris and a light launch for new drug Kanuma.



## Top 10 Holdings as of June 30, 2016

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 customers value and convenience. It also operates the industry-leading cloud infrastructure business Amazon Web Services.</p>	<p>Amazon accounts for about 25% of U.S. online retail sales but less than 5% of global retail sales, while continuing to take share. Amazon has several 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 both the secular growth of online retail, and the growth of the cloud computing.</p>	<p><b>Benefitfocus, Inc. (BNFT)</b> is a leading provider of cloud-based benefits software for consumers, employers, insurance carriers, and brokers. The company offers an integrated suite of solutions to help customers more efficiently shop, enroll, manage, and exchange benefits information.</p>	<p>Benefitfocus is modernizing the benefits administration process, resulting in lower health care costs, lower administrative costs, and higher employee satisfaction. The company serves a vast addressable market. It serves just 590 out of 18,000 domestic employers, which corresponds to a \$10 billion annual recurring opportunity. In its carrier business, the company serves just 43 of 313 domestic health carriers. Growth is being catalyzed by a fundamental shift towards defined contribution benefit programs.</p>
<p><b>Alphabet, Inc. (GOOG)</b> is the new name for Google, Inc., a company that focuses on improving the ways people connect with information. The company provides a variety of services and tools for advertisers, primarily for search and display advertising.</p>	<p>As the world's most recognized and dominant online search provider, Alphabet is the largest beneficiary of a secular shift of advertising from all other mediums to online. With data becoming increasingly more important, it has processed and indexed more data than any other company. With, in our opinion, the greatest collection of talent assembled in any company in our coverage, we believe Alphabet will continue to grow and innovate for many years to come.</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 where 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>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 research and data collection research over a 20-year period, creating high barriers to entry. We believe the acquisitions of Apartments.com and ApartmentFinder offer dramatic cross-sell synergies that can add \$1 billion of revenue and \$600 million of EBITDA over the next decade. CoStar currently has retention rates in the low 90% range, giving great visibility into the future earnings stream. We believe that margins will improve towards 50% given the high operating leverage.</p>	<p><b>Tesla Motors, Inc. (TSLA)</b> manufactures luxury automobiles powered by purely electric drivetrains. It offers a sedan, Model S, and its recently launched CUV, Model X; in March 2016 it unveiled its lower cost Model 3 planned for production in 2017. It also commercializes battery-based energy storage solutions.</p>	<p>In our view, Tesla could continue to grow its business rapidly at least through 2020. Management is targeting 5x growth between 2016 and 2018. We believe Tesla's strong engineer talent pool, first mover advantage, scale with its existing facilities, new \$5 billion Giga battery plant, and recognized brand could result in Tesla having a market capitalization of \$100 billion in five years and much more in following years. We found the recent 373,000 orders for its new Model 3 to be a testament to the strong brand TSLA has built in its short existence.</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 recent launch of data, benchmarking, and ancillary applications could drive a network effect, provide significant upside to financial estimates, and double the company's addressable market.</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 (including video), globalization of financial markets, IT outsourcing, cloud computing, and mobility. Equinix began operating as a REIT at the beginning of 2015. With its improved cost of capital, Equinix was able to bid for its largest European competitor and a Japanese firm; we believe these deals will create meaningful cost and revenue synergies and will further enhance Equinix's global platform and competitive advantage in an accommodative market.</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 is in excess of \$47 billion annually, implying a penetration rate of less than 3%. IT is rapidly changing and is growing in strategic importance, leading users to turn to third-party providers for insight into trends. The Gartner brand is highly valued in the IT community, and the company is frequently cited in the mass media as the leading expert on IT trends. The low price of Gartner's research relative to its value has created strong renewal trends, with retention rates running above 100%.</p>	<p><b>The Priceline Group, Inc. (PCLN)</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>The company's sites have become an important source of customers for hotels. In our view, Priceline's financials are strong, growing more than 20% on the topline. We believe that Priceline continues to have significant growth potential, as its penetration rate of international hotel bookings remains below 15%.</p>



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