

June 30, 2017  
Institutional Shares (BPTIX)

# Baron Partners Fund Fact Sheet

BAMCO, Inc., Registered Investment Adviser



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

Definitions (provided by BAMCO, Inc.): The indexes are unmanaged. The **Russell Midcap® Growth Index** measures the performance of medium-sized U.S. companies that are classified as growth and the **S&P 500 Index** of 500 widely held large-cap U.S. companies. The indexes and the Fund are with dividends, which positively impact the performance results. Russell Investment Group is the source and owner of the trademarks, service marks and copyrights related to the Russell Indexes. Russell is a trademark of Russell Investment Group. The **Morningstar US Fund 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 Retail Shares have been included in the category since 4/30/03 and the Fund's Institutional Shares since 5/29/2009. As of 6/30/17, the category consisted of 654, 647, 626, 576, 502, and 370 funds for the 3-month, year-to-date, 1-, 3-, 5-, and 10-year periods. © 2017 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. **Interest Expense Ratio:** measures interest expense as a percentage of the Fund's daily average net assets. **Leverage:** measures the degree to which a fund is utilizing borrowed money. **Long Equity Exposure:** is the total value of all long positions held in the portfolio divided by the Fund's total net assets.

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



## Portfolio Facts and Characteristics

	Fund	Russell Midcap Growth Index
# of Equity Securities / % of Net Assets	25 / 118.1%	-
Turnover (3 Year Average)	20.24%	-
Median Market Cap†	\$7.84 billion	\$7.86 billion
Weighted Average Market Cap†	\$24.65 billion	\$13.64 billion
EPS Growth (3-5 year forecast)†	19.0%	15.4%
Price/Earnings Ratio (trailing 12-month)*†	30.0	26.0
Price/Book Ratio*†	3.9	5.1
Price/Sales Ratio*†	3.6	2.1

\* 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 Characteristics<sup>3</sup>

	3 Years	5 Years	10 Years	Since Inception
Std. Dev. (%) - Annualized	16.99	15.63	21.27	24.36
Sharpe Ratio	0.55	1.18	0.37	0.43
Alpha (%) - Annualized	0.00	0.68	0.22	4.06
Beta	1.28	1.27	1.09	1.04
R-Squared (%)	78.32	78.90	86.24	69.65
Tracking Error (%)	8.58	7.76	8.06	13.44
Information Ratio	0.20	0.57	0.06	0.27
Upside Capture (%)	135.31	130.48	114.27	117.65
Downside Capture (%)	143.06	131.59	116.73	108.96

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

### % of Total Investments

Tesla, Inc.	16.5
CoStar Group, Inc.	11.9
Arch Capital Group Ltd.	9.2
Vail Resorts, Inc.	7.7
Hyatt Hotels Corp.	6.0
IDEXX Laboratories, Inc.	6.0
FactSet Research Systems, Inc.	5.3
Zillow Group, Inc.	5.0
The Charles Schwab Corp.	4.9
Gartner, Inc.	4.3
<b>Total</b>	<b>76.8</b>
Long Equity Exposure (% of Net Assets)	118.1
Cash & Equivalents (% of Net Assets)	-18.1

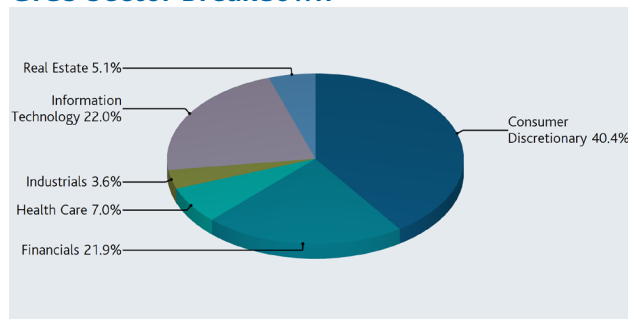
Specific risks associated with non-diversification and leverage include increased volatility of the Fund's returns and exposure of the Fund to greater risk of loss in any given period. The Fund invests in companies of all sizes, including small and medium sized companies whose securities may be thinly traded and more difficult to sell during market downturns.

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

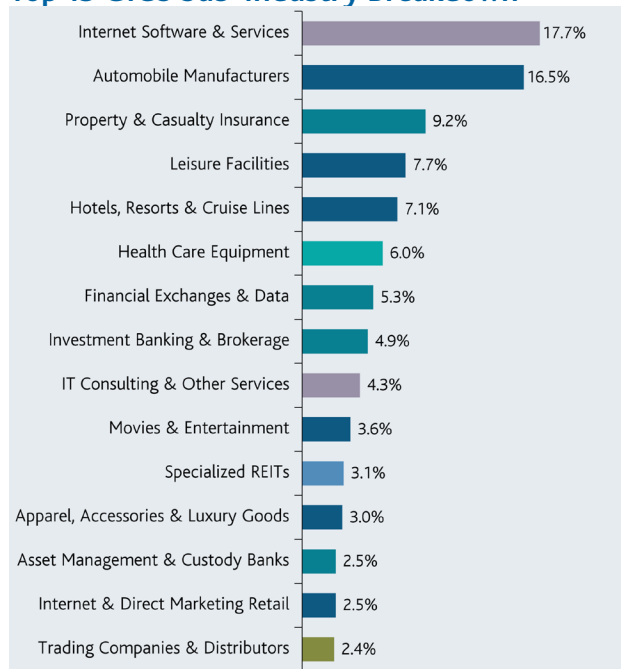
2 - The Fund's top 10 holdings and the sector and sub-industry breakdowns are expressed as a percentage of the Fund's long positions. These percentages may change over time.

3 - 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>1,2</sup>



## Top 15 GICS Sub-Industry Breakdown<sup>1,2</sup>



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

## Investment Strategy

This is a focused Fund that invests mainly in U.S. companies of any size with significant growth potential. A substantial percentage of the Fund's assets are in its top 10 holdings. It also uses leverage. Non-diversified.

## Portfolio Manager

Ron Baron founded Baron Capital in 1982 and has 47 years of research experience. From 1970 to 1982, Ron worked for several brokerage firms as an institutional securities analyst. From 1966 to 1969, Ron worked at the U.S. Patent Office as a patent examiner, while attending George Washington University Law School. From 1965 to 1966, Ron worked at Georgetown University as a teaching fellow in biochemistry. Ron graduated from Bucknell University with a B.A. in Chemistry in 1965.

## Investment Principles

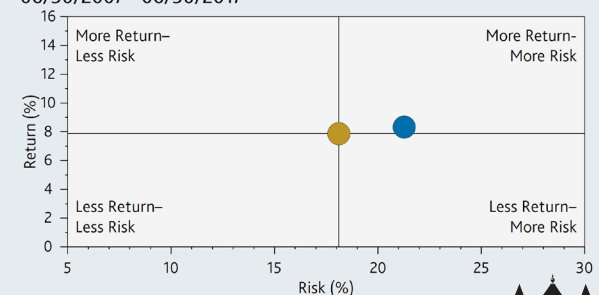
- Long-term perspective allows us to think like an owner of a business
- Independent and exhaustive research is essential to understanding the long-term fundamental growth prospects of a business
- We seek appropriately capitalized open-ended growth opportunities, exceptional leadership, and sustainable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

## Fund Facts

Inception Date	January 31, 1992
Net Assets	\$2.06 billion
<b>Institutional Shares</b>	
CUSIP	06828M405
Expense Ratio (as of FYE 12/16)	1.09%
Interest Expense Ratio (as of FYE 12/16)	0.43%
Total Expense Ratio (as of FYE 12/16)	1.52%

## Risk/Return Comparison<sup>3</sup>

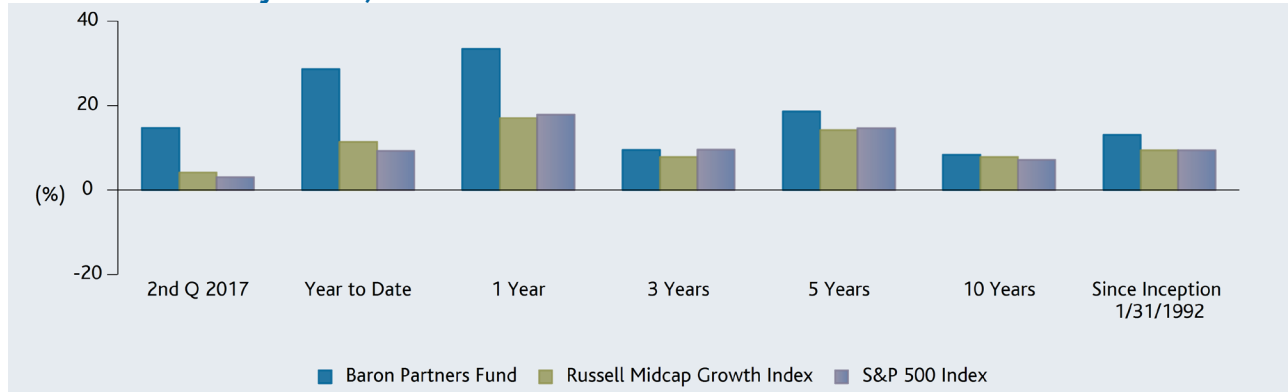
06/30/2007 - 06/30/2017



- Baron Partners Fund - I
- Russell Midcap Growth Index



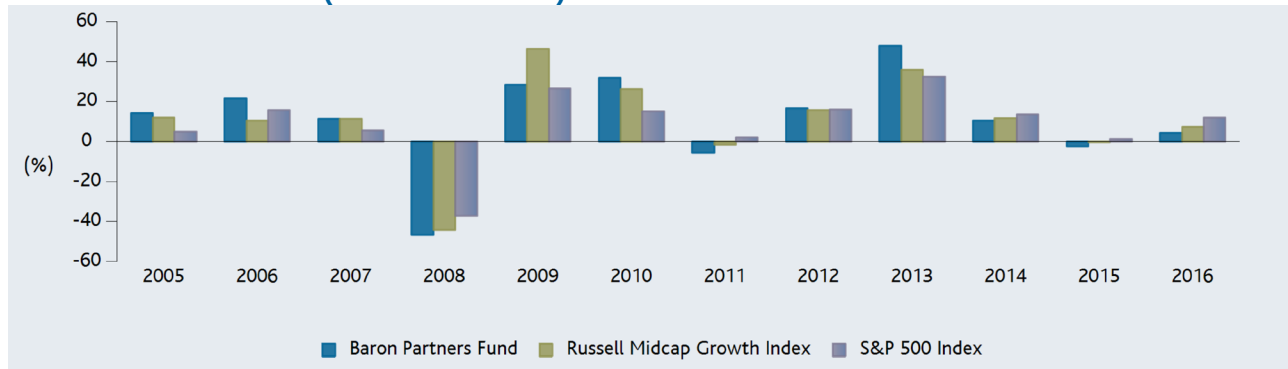
## Performance as of June 30, 2017



	Total Returns(%)				Annualized Returns(%)											
	2nd Q 2017		Year to Date		1 Year		3 Years		5 Years		10 Years		Since Inception 1/31/1992			
	Return	+ -	Return	+ -	Return	+ -	Return	+ -	Return	+ -	Return	+ -	Return	+ -		
BPTIX - Institutional Shares	14.69		28.62		33.43		9.51		18.58		8.33		13.09			
Russell Midcap Growth Index	4.21	10.48	11.40	17.22	17.05	16.38	7.83	1.68	14.19	4.39	7.87	0.46	9.48	3.61		
S&P 500 Index	3.09	11.60	9.34	19.28	17.90	15.53	9.61	-0.10	14.63	3.95	7.18	1.15	9.46	3.63		
Morningstar Mid-Cap Growth Category Average	4.68	10.01	12.37	16.25	18.58	14.85	6.86	2.65	12.72	5.86	6.81	1.52	N/A			

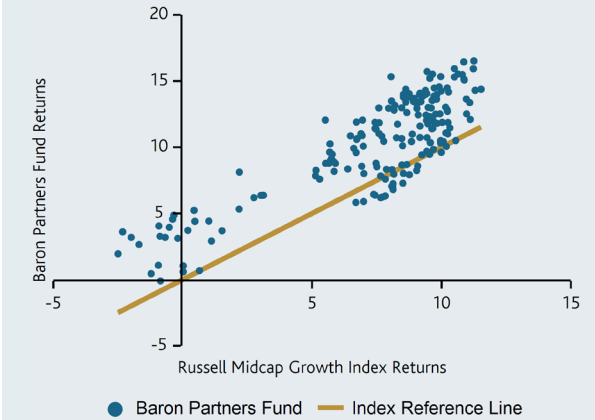
The blue shading represents Fund outperformance vs. the corresponding benchmark. The yellow shading represents underperformance.

## Historical Performance(Calendar Year %)



	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
BPTIX - Institutional Shares	14.37	21.55	11.34	-46.67	28.36	31.93	-5.52	16.70	48.02	10.56	-2.43	4.29
Russell Midcap Growth Index	12.10	10.66	11.43	-44.32	46.29	26.38	-1.65	15.81	35.74	11.90	-0.20	7.33
S&P 500 Index	4.91	15.79	5.49	-37.00	26.46	15.06	2.11	16.00	32.39	13.69	1.38	11.96

BPTIX has outperformed the Russell Midcap 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 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. Performance reflects the actual fees and expenses that were charged when the Fund was a partnership. The predecessor partnership charged a 20% performance fee after reaching a certain performance benchmark. If the annual returns for the Fund did not reflect the performance fees for the years the predecessor partnership charged a performance fee, the returns would be higher. The Fund's shareholders will not be charged a performance fee. The predecessor partnership's performance is only for periods before the Fund's registration statement was effective, which was April 30, 2003. During those periods, the predecessor partnership was not registered under the Investment Company Act of 1940 and was not subject to its requirements or the requirements of the Internal Revenue Code relating to registered investment companies, which, if it were, might have adversely affected its performance.



## Review and Outlook

U.S. equity markets delivered solid gains in the second quarter, extending the rally that began shortly after the November election. Growth outpaced value stocks, and the Information Technology and Health Care sectors led the markets, continuing a trend from the prior quarter. Gains were partially fueled by mostly positive economic news, including a strong first quarter earnings season, low unemployment, and elevated consumer confidence.

Baron Partners Fund increased 14.69% in the quarter. Investments in Consumer Discretionary, Information Technology (IT), and Financials led performance. Industrials was the only detracting sector. Top contributor Tesla, Inc., which is the largest position in the Fund, led performance of the Consumer Discretionary sector as its stock price surged almost 30%. Other significant performers in the sector included Vail Resorts, Inc., which benefited from a strong end to the 2016-17 ski season and robust season pass sales, and Hyatt Hotels Corp., whose stock price rose on company reports of industry-leading first quarter margins and revenue per available room. All four IT investments advanced, including top contributors CoStar Group, Inc. and Zillow Group, Inc. Gartner, Inc., a provider of syndicated IT research, was another noteworthy performer in the quarter. Industrials gave up ground on share price drops in all four of the Fund's investments in the sector.

While we are certainly aware of political developments, we believe government policies are unpredictable and cannot be relied on for long-term business and investment success. We think companies are now being valued more on their fundamentals and prospects and less on the U.S. government's anticipated programmatic impact. As long-term, bottom up, fundamental investors, we believe the stock market has once again begun to favor our investment style. We believe our investments will be ultimately rewarded based on their fundamentals. Stock correlations have also declined after being elevated for the past decade. Lower correlations are increasing the importance of stock selection and analysis over sector allocations.

We invest only in growth businesses that we think can double in value about every five or six years. This compares to the stock market and economy which have doubled in value about every 11 years since 1960. We remain optimistic that our research-driven approach to investing in companies with competitive advantages, experienced management, and strong, long-term growth prospects will lead to continued outperformance, although there are no guarantees.

## Top Contributors/Detractors to Performance for the Quarter Ended June 30, 2017

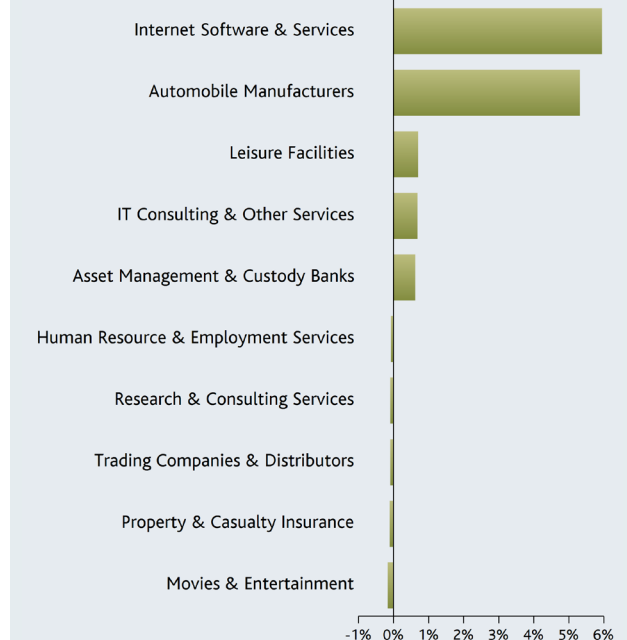
### Contributors

- **Tesla, Inc.** makes fully electric vehicles, solar products and energy storage solutions. Shares appreciated as a result of enhanced investor confidence in the Model 3 production schedule following management's comments suggesting no fundamental issues that will limit initial production. Management also noted an increase in reservations for Model 3 before its launch and without marketing. Further, Tesla now offers its solar roof product and has downsized the operations of recent acquisition SolarCity, focusing instead on cash generation that suggests lower merger-related risks.
- Shares of **CoStar Group, Inc.**, a real estate information and marketing services company, increased in Q2. Business trends were solid, with revenue growth of 13% and bookings growth of 17%. We are excited about the dissolution of LoopNet Premium Searcher and subsequent upsell of its customers to the flagship CoStar information product. We believe this transition could contribute an incremental \$150-200 million of recurring revenue with almost no added cost. We also see an opportunity to optimize its Premium Lister product, which will potentially impact results next year.
- **Zillow Group, Inc.** operates online real estate sites, including Zillow.com, which offers information on homes for sale and rent; Zillow Mortgage Marketplace, which enables home buyers to get online mortgage quotes; and Street Easy, New York City's leading real estate site. Shares rose on strong Q1 results and a robust outlook for 2017. We expect Zillow to benefit from recent product launches including auction-based pricing. As the dominant U.S.-based online real estate company, we think Zillow is well positioned to grow its share of the \$8 billion real estate advertising market.

### Detractors

- **Manchester United plc**, the best known team in the English Premier League, generates revenue from broadcasting, sponsorship, and licensing. Shares fell on speculation around team performance next year, despite qualifying for Champions League. The company recently launched MUTV, a global video subscription offering. It maintains a strong pipeline of sponsorship deals, and we expect to hear more about its merchandising and licensing strategy. We believe Manchester United is a unique media company with broad global appeal.
- **AO World plc** is a leading online seller of major domestic appliances in the U.K. with over 15% market share. Shares of AO were down in Q2 as the company was hit by rising vendor prices resulting from the Pound's devaluation relative to the Euro. We expected to see subsequent stabilization, but current U.K. trends point to a weaker consumer demand that is lasting longer than we had anticipated. We retain conviction based on our expectations of modest growth in AO's German business, while the company works to improve terms with vendors in advance of volume expansion.
- **Arch Capital Group Ltd.** is a specialty insurance and reinsurance company based in Bermuda. Shares detracted in the second quarter after a period of significant rallying and multiple expansion. The stock was also pressured by a secondary sale from AIG and the pre-announcement of an unusually large underwriting loss in Q2. We retain conviction in Arch Capital due to its quality management team and underwriting discipline.

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



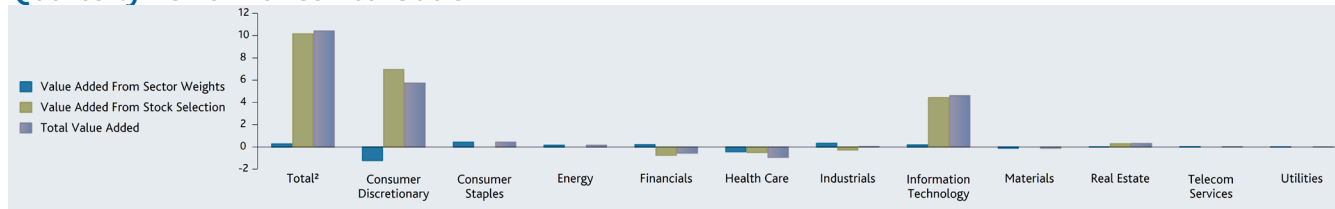
## By Holdings

Top Contributors	Average Weight(%)	Contribution(%)
Tesla, Inc.	19.17	5.31
CoStar Group, Inc.	14.01	3.62
Zillow Group, Inc.	5.45	2.11
Vail Resorts, Inc.	9.85	0.70
Gartner, Inc.	4.58	0.68

Top Detractors	Average Weight(%)	Contribution(%)
Manchester United plc	4.71	-0.17
AO World plc	1.89	-0.15
Arch Capital Group Ltd.	12.11	-0.11
Air Lease Corp.	1.96	-0.09
Verisk Analytics, Inc.	1.12	-0.09

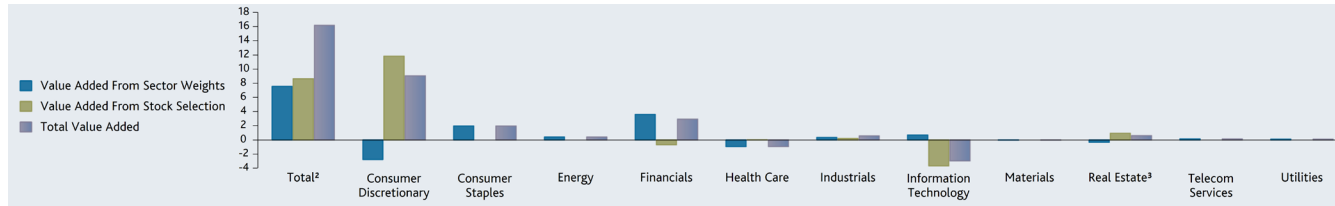
1 - Source: FactSet PA.

## 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 Partners Fund	49.43	-	-	27.55	9.57	4.99	24.86	-	6.37	-	-
Russell Midcap Growth Index	22.18	6.49	1.28	5.46	16.08	14.57	23.30	5.25	5.21	0.18	0.00
Over/Underweight	27.24	-6.49	-1.28	22.09	-6.51	-9.58	1.56	-5.25	1.16	-0.18	0.00
<b>Total Return(%)</b>											
Baron Partners Fund	13.40	-	-	2.98	4.38	-3.82	28.86	-	9.37	-	-
Russell Midcap Growth Index	-0.55	-2.58	-9.79	5.77	10.83	0.65	8.53	6.40	4.41	-6.08	-0.98
Relative Return	13.95	2.58	9.79	-2.80	-6.45	-4.48	20.33	-6.40	4.97	6.08	0.98

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



Sector Average Weights(%)	Consumer Discretionary	Consumer Staples	Energy	Financials	Health Care	Industrials	Information Technology	Materials	Real Estate <sup>3</sup>	Telecom Services	Utilities
Baron Partners Fund	49.27	-	-	28.79	11.68	8.92	24.67	-	6.82	-	-
Russell Midcap Growth Index	23.28	7.12	1.34	5.23	15.72	14.45	22.35	5.14	4.94	0.39	0.04
Over/Underweight	25.99	-7.12	-1.34	23.56	-4.04	-5.52	2.32	-5.14	1.88	-0.39	-0.04
<b>Total Return(%)</b>											
Baron Partners Fund	31.78	-	-	29.08	22.22	12.97	24.14	-	14.83	-	-
Russell Midcap Growth Index	5.77	-5.63	-8.85	32.15	26.19	15.69	34.44	19.29	2.95	5.25	-3.18
Relative Return	26.01	5.63	8.85	-3.07	-3.97	-2.72	-10.30	-19.29	11.87	-5.25	3.18

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

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

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

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

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

## Quarterly Analysis

Baron Partners Fund rose 14.69% in the second quarter and significantly outperformed the Russell Midcap Growth Index by 10.48%, largely as a result of stock selection. The Fund's use of leverage in an up market and overexposure to growth also contributed to relative performance.

The Fund may use leverage and is especially likely to do so when we believe prospects for businesses are favorable and stock prices of those businesses do not reflect those prospects. As of June 30, 2017, Baron Partners Fund had 118.1% of its net assets invested in securities, and this use of leverage in a rising market contributed 112 basis points to relative performance.

Aside from leverage, stock selection in Consumer Discretionary and Information Technology (IT) accounted for the majority of the Fund's outperformance in the quarter. Strength in Consumer Discretionary was mostly attributable to the outperformance of electric vehicle maker Tesla, Inc. and ski resort operator Vail Resorts, Inc. Tesla was the largest contributor on an absolute basis, while Vail's stock price increased as the company had a strong end of the ski season and indicated season pass sales for next year were up 16%, a meaningful increase over last year's record sales. Positive stock selection in Consumer Discretionary was partly offset by meaningfully higher exposure to this lagging sector, which was down in the index due to declines of more than 15% from automotive and apparel retailers. Within IT, outperformance of internet software & services holdings CoStar Group, Inc. and Zillow Group, Inc. and greater exposure to this sub-industry, which increased nearly 12% in the index, added value. CoStar and Zillow were two of the largest contributors to absolute results. Additionally, outperformance of syndicated IT research provider Gartner, Inc. helped relative performance.

Investments in Health Care and Financials hampered relative performance. Within Health Care, lack of exposure to the strong performing life sciences tools & services, health care supplies, and pharmaceuticals sub-industries detracted nearly 50 basis points from relative results. Additionally, the Fund's two investments in the sector, IDEXX Laboratories, Inc. and Inovalon Holdings, Inc., underperformed despite managing modest gains in the quarter. Weakness in Financials was mainly due to the underperformance of Arch Capital Group Ltd., the third largest detractor on an absolute basis, and FactSet Research Systems, Inc., a provider of financial information to the global investment community. FactSet's shares lagged after growth decelerated modestly, weighing on investor sentiment. FactSet's financial results have demonstrated consistent and accelerating market share gains, which is being partially offset by more challenging end markets.





## Top 10 Holdings as of June 30, 2017

Company	Investment Premise	Company	Investment Premise
<p><b>Tesla, Inc. (TSLA)</b> manufactures purely electric automobiles, energy storage, and solar solutions. It offers a sedan (Model S), a SUV (Model X), and battery-based energy storage. Tesla expects to start delivering its mass market vehicle, Model 3, later in 2017 for a base price of \$35,000.</p>	<p>In our view, Tesla could continue to grow its business rapidly at least through 2020. Management is targeting 5-times growth between 2016 and 2018. 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 result in Tesla having a market capitalization of \$100 billion in five years and much more thereafter. We find the 373,000 pre-orders for its new Model 3 to be a testament to the strong brand Tesla has built in its short existence.</p>	<p><b>IDEXX Laboratories, Inc. (IDXX)</b> is the leading provider of diagnostics to the veterinary industry.</p>	<p>IDEXX has continued to benefit from secular growth spending on pets, due to a growing human-animal bond, favorable demographics, increased use of diagnostics, and enhanced focus on preventative care. We think IDEXX has the best menu of diagnostics, which it has continuously improved by spending six times more on R&amp;D annually than all its competitors combined. The company's products are sold via a razor/razorblade model, which creates high retention rates and incremental margins. IDEXX generates strong cash flow, which it has returned to shareholders via repurchases.</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. We believe the acquisitions of Apartments.com and ApartmentFinder offer 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 into 40%+ given high operating leverage.</p>	<p><b>FactSet Research Systems, Inc. (FDS)</b> provides financial information to the global investment community.</p>	<p>FactSet serves only a small part of the addressable market, which we estimate is roughly \$20 billion annually. The company has been taking market share and offering broader data sets and more advanced portfolio analytics than its competitors, and has a highly regarded customer service model. FactSet has also been expanding into fixed income markets. Its products are sticky, leading to retention rates of over 95% and high visibility. FactSet generates robust free cash flow, which it has aggressively returned to shareholders via share repurchases and dividends.</p>
<p><b>Arch Capital Group Ltd. (ACGL)</b> is a specialty insurance and reinsurance company with operations in Bermuda, the U.S., Europe, and Canada.</p>	<p>Arch Capital is led by an experienced management team with a successful track record across several insurance cycles. We believe the company excels at underwriting specialized policies and can nimbly shift its business mix to target the most profitable lines. Arch has a compensation system that rewards long-term profitability rather than short-term premium growth. In our view, management has demonstrated strong underwriting discipline and capital stewardship, allowing Arch to maintain industry-leading returns on equity.</p>	<p><b>Zillow Group, Inc. (ZG)</b> operates the leading residential real estate websites in the U.S., including Zillow.com, Trulia.com, StreetEasy.com, and Hotpads.com. The company sells advertising on its sites to real estate brokerages, home builders, lenders, and home service providers.</p>	<p>Zillow Group still represents less than 8% of the \$10 billion-plus real estate advertising market. With the leading brands in each of its relevant categories, we believe Zillow will continue to take share in the online and offline real estate advertising markets for years to come.</p>
<p><b>Vail Resorts, Inc. (MTN)</b> is the largest operator of ski resorts in the U.S. It owns 14 resorts, including Vail and three others in Colorado; two in Utah; three in Lake Tahoe, California; Whistler Blackstone in Canada; Perisher in Australia; and Stowe in Vermont.</p>	<p>Most of Vail's revenues come from its ski resorts. The company has been upgrading its properties to offer new and higher quality services and amenities and summer recreational activities, which we believe should help attract more visitors and allow it to raise ski ticket prices. Vail is also focused on increasing season-pass sales, which are helpful in poor ski conditions. It has been acquiring resorts to enhance the attractiveness of its multi-resort season pass. The company generates strong free cash flow that it is using for increased dividends and debt reduction.</p>	<p><b>The Charles Schwab Corp. (SCHW)</b> is a premier discount brokerage firm offering securities brokerage and other financial services to individual investors directly and through independent financial advisors.</p>	<p>Schwab's emphasis on earning customer trust has made it a sterling brand in financial services, in our view. Schwab's stability stands out, given the credit-related struggles of some of its traditional and discount-brokerage competitors. We believe the company's Investor Services division is well positioned to take share from traditional brokerages. Its institutional business has continued to gain RIA relationships. We expect organic growth to hold above 10% once interest rates normalize.</p>
<p><b>Hyatt Hotels Corp. (H)</b> is a global hospitality company with 673 Hyatt-branded properties representing 175,048 keys. The company's brands include Park Hyatt, Grand Hyatt, Hyatt Regency, Hyatt, Hyatt Place, and Hyatt Summerfield Suite.</p>	<p>We believe Hyatt has a significant opportunity to market more of its brands globally, given an undersupply of rooms in developing countries. Compared to its competitors, Hyatt has the least brand penetration across the globe and the largest pipeline of unit growth. We believe its new online availability of rooms and strong balance sheet, coupled with recovery in the global lodging industry give Hyatt an opportunity to generate strong growth in the years ahead. The resulting potential increased cash flow could be used for continued share repurchases and further acquisitions.</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 while driving \$50 million of cost synergies.</p>



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