June 30, 2018

Institutional Shares (BREIX)

Baron Real Estate Fund
Fact Sheet

BAMCO, Inc., Registered Investment Adviser

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

Definitions (provided by BAMCO, Inc.): The indexes are unmanaged. The **MSCI USA IMI Extended Real Estate Index** is a custom index calculated by MSCI for, and as requested by, BAMCO, Inc. The index includes real estate and real estate-related GICS classification securities. MSCI makes no express or implied warranties or representations and shall have no liability whatsoever with respect to any MSCI data contained herein. The MSCI data may not be further redistributed or used as a basis for other indices or any securities or financial products. This report is not approved, reviewed or produced by MSCI. The **MSCI US REIT Index** is an unmanaged free float-adjusted market capitalization index that measures the performance of all equity REITs in the US equity market, except for specialty equity REITs that do not generate a majority of their revenue and income from real estate rental and leasing operations. The **S&P 500 Index** measures the performance of 500 widely held large-cap U.S. companies. The indexes and the Fund include reinvestment of interest, capital gains and dividends, which positively impact the performance results. Morningstar calculates the **Morningstar US Fund Real Estate Category Average** using its Fractional Weighting methodology. The Fund's Institutional Shares have been included in the category since December 31, 2010. **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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Portfolio Facts and Characteristics

	Fund	MSCI USA IMI Extended Real Estate Index
# of Equity Securities / % of Net Assets	48 / 97.0%	-
Turnover (3 Year Average)	49.58%	-
Active Share	74.2%	-
Median Market Cap†	$8.84 billion	$2.68 billion
Weighted Average Market Cap†	$28.52 billion	$42.65 billion
EPS Growth (3-5 year forecast)†	15.2%	11.1%
Price/Earnings Ratio (trailing 12-month)*†	20.4	21.1
Price/Book Ratio*†	2.8	2.1
Price/Sales Ratio*†	2.5	2.2

* Weighted Harmonic Average
† Source: FactSet PA – Compustat, FactSet and BAMCO. Internal valuations metrics may differ.
R6 Shares are also available for this Fund.

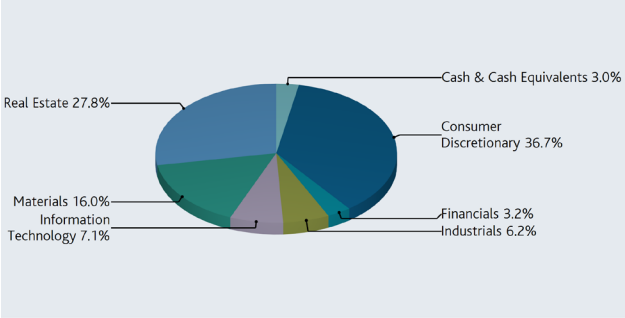
Performance Based Characteristics[2]

	3 Years	5 Years	Since Inception
Std. Dev. (%) - Annualized	14.73	13.30	15.73
Sharpe Ratio	0.33	0.72	0.92
Alpha (%) - Annualized	-4.56	-0.81	1.76
Beta	1.15	1.06	1.02
R-Squared (%)	80.54	78.08	84.28
Tracking Error (%)	6.72	6.27	6.24
Information Ratio	-0.58	-0.07	0.31
Upside Capture (%)	98.47	102.05	105.63
Downside Capture (%)	130.56	107.89	97.78

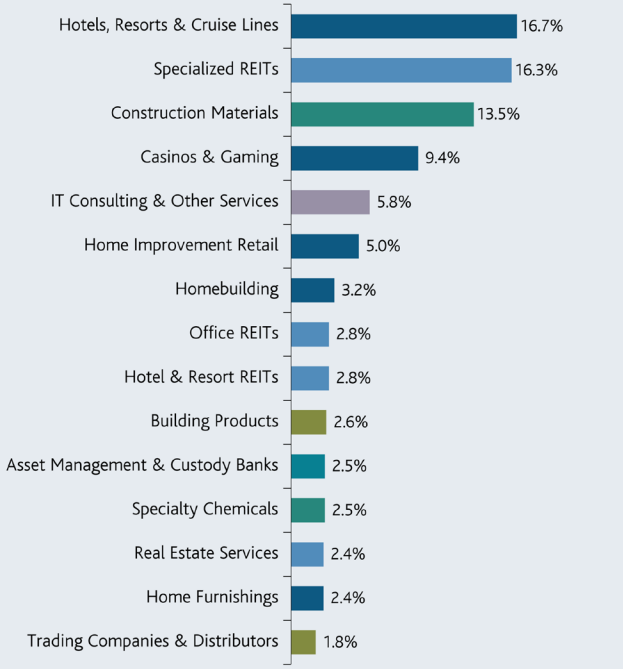
Top 10 Holdings

	% of Net Assets
American Tower Corp.	6.5
Vulcan Materials Company	6.1
Home Depot, Inc.	5.0
Equinix, Inc.	4.7
InterXion Holding N.V.	3.8
MGM Resorts International	3.3
Penn National Gaming, Inc.	2.9
Extended Stay America, Inc.	2.7
Eagle Materials Inc.	2.5
Martin Marietta Materials, Inc.	2.5
Total	**40.0**

GICS Sector Breakdown[1]



Top 15 GICS Sub-Industry Breakdown[1]



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

In addition to general market conditions, the value of the Fund will be affected by the strength of the real estate markets as well as by interest rate fluctuations, credit risk, environmental issues and economic conditions. 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.

Investment Strategy

The Fund invests broadly in real estate businesses with significant growth potential. It maintains exposure across different industries and all capitalization ranges. Diversified.

Portfolio Manager

Jeff Kolitch has been portfolio manager of the Baron Real Estate Fund since its inception in December 2009, and has 26 years of research experience. He joined the firm in 2005 as a research analyst specializing in real estate. Previously, Jeffrey was with Goldman Sachs & Co. from 1995 to 2005, where in 2002 he was named a managing director of its Equity Capital Markets group. Jeffrey graduated from the Wharton School, University of Pennsylvania with a B.S. in Economics in 1990, and from the Kellogg Graduate School of Management, Northwestern University with a Masters of Management in 1995.

Investment Principles

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

Fund Facts

Inception Date	December 31, 2009
Net Assets	$964.61 million
Institutional Shares	
CUSIP	06828M801
Expense Ratio	1.06%

1 - Industry sector or sub-industry group levels are provided from the Global Industry Classification Standard ("GICS"), developed and exclusively owned by MSCI, Inc. ("MSCI") and Standard & Poor's Financial Services LLC ("S&P"). All GICS data is provided "as is" with no warranties. The Adviser may have reclassified/classified certain securities in or out of a sub-industry. Such reclassifications are not supported by S&P or MSCI.
2 - Source: FactSet SPAR. Except for Standard Deviation and Sharpe Ratio, the performance based characteristics above were calculated relative to the Fund's benchmark.
3 - As of FYE 12/31/2017

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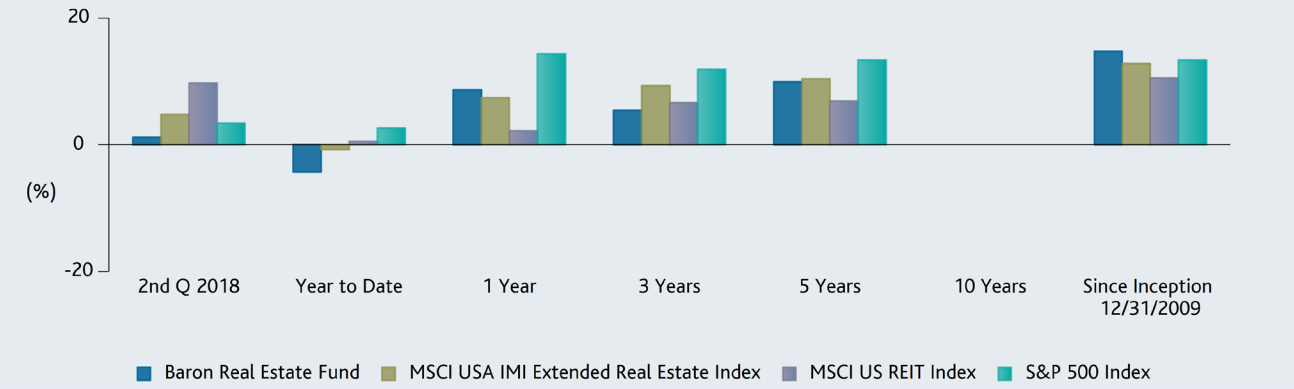
Baron Real Estate Fund Institutional Shares (BREIX)

June 30, 2018

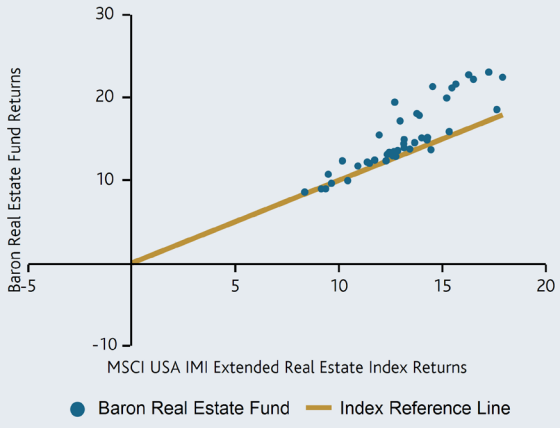
Performance as of June 30, 2018



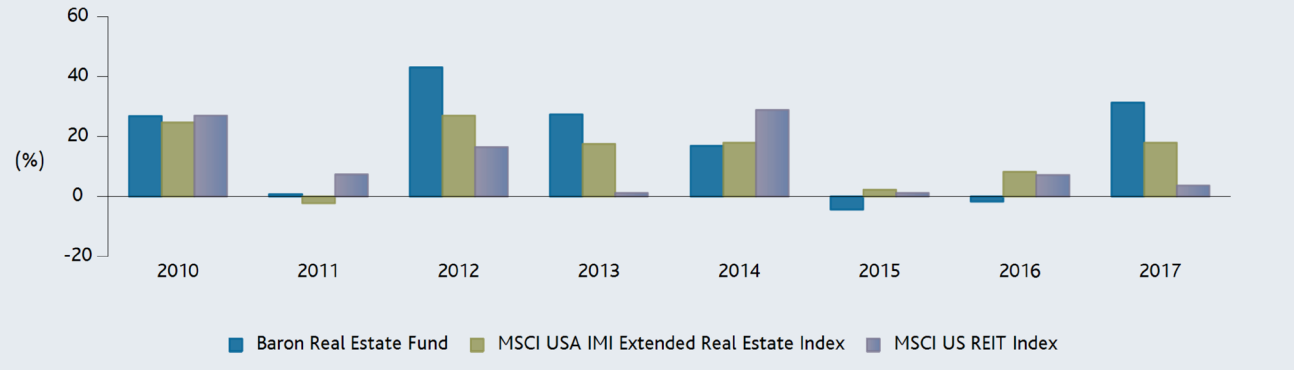
	Total Returns(%)				Annualized Returns(%)									
	2nd Q 2018		Year to Date		1 Year		3 Years		5 Years		10 Years		Since Inception 12/31/2009	
	Return	+ –	Return	+ –	Return	+ –	Return	+ –	Return	+ –	Return	+ –	Return	+ –
BREIX - Institutional Shares	1.20		-4.27		8.69		5.46		9.96		N/A		14.75	
MSCI USA IMI Extended Real Estate Index	4.82	-3.62	-0.72	-3.55	7.44	1.25	9.37	-3.91	10.43	-0.47	N/A		12.80	1.95
MSCI US REIT Index	9.74	-8.54	0.54	-4.81	2.22	6.47	6.65	-1.19	6.90	3.06	N/A		10.56	4.19
S&P 500 Index	3.43	-2.23	2.65	-6.92	14.37	-5.68	11.93	-6.47	13.42	-3.46	N/A		13.40	1.35
Morningstar Real Estate Category Average	7.98	-6.78	0.54	-4.81	3.39	5.30	7.22	-1.76	7.70	2.26	N/A		N/A	

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

BREIX has outperformed the MSCI USA IMI Extended Real Estate Index 88% of the time (since its inception and using rolling 5-year annualized returns).



Historical Performance(Calendar Year %)



	2010	2011	2012	2013	2014	2015	2016	2017
BREIX - Institutional Shares	26.90	0.80	42.99	27.48	16.93	-4.42	-1.75	31.42
MSCI USA IMI Extended Real Estate Index	24.81	-2.26	27.00	17.44	17.96	2.27	8.24	18.04
MSCI US REIT Index	26.98	7.48	16.47	1.26	28.82	1.28	7.14	3.74

The performance data quoted represents past performance. Past performance is no guarantee of future results. The investment return and principal value of an investment will fluctuate; an investor's shares, when redeemed, may be worth more or less than their original cost. The Adviser has reimbursed certain Fund expenses (by contract as long as BAMCO, Inc. is the adviser to the Fund) and the Fund's transfer agency expenses may be reduced by expense offsets from an unaffiliated transfer agent, without which performance would have been lower. Current performance may be lower or higher than the performance data quoted. For performance information current to the most recent month end, visit www.BaronFunds.com or call 1-800-99BARON.

You should consider the investment objectives, risks, charges, and expenses of the Fund carefully before investing. The prospectus and summary prospectus contain this and other information about the Fund and can be obtained from the Fund's distributor, Baron Capital, Inc., by calling 1-800-99BARON or visiting www.BaronFunds.com. Please read them carefully before investing.

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Baron Real Estate Fund Institutional Shares (BREIX)

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Review and Outlook

Despite continued volatility in the second quarter, real estate-related securities ended the period moderately higher, boosted primarily by a sharp increase in REITs. The MSCI USA IMI Extended Real Estate Index increased 4.82%.

Baron Real Estate Fund had modest gains in the second quarter, although it lagged its index. This was primarily due to two factors:

First, REITs generated strong gains of close to 10% due, in part, to trade war fears that led to a stabilization in interest rates and a "risk-off" pivot from equities into REITs and other bond-like and dividend paying securities.

The Fund, with its long-term focus on managing a broad and diversified real estate-related portfolio, is comprised of REITs plus other important non-REIT real estate categories. At times, the Fund temporarily lags when defensive-oriented securities such as REITs perform strongly. The most recent quarter was a case in point. Notably, however, over the long-term, the merits of the Fund's broader and more diverse real estate strategy are clear. Since inception on December 31, 2009, the Fund has generated a cumulative return of 222.11% which compares favorably versus the 134.65% return of the MSCI US REIT Index.

Second, despite continued strength in the home building market, many residential real estate-related companies such as homebuilders and building product and services companies underperformed, primarily due to unfavorable weather, cost increases, and interest rate concerns that have pressured many stocks. We maintain that the housing recovery is intact, and many of the concerns that have been weighing on the shares of residential real estate companies will prove to be transitory. At current prices, we believe valuations are highly compelling.Our view is that this real estate cycle will last longer than most prior cycles because it has been relatively free of the excesses that typically accompany most real estate cycles. In addition, the factors that have fueled the resurgence in real estate largely remain in place: Demand continues to outstrip supply in most U.S. markets, balance sheets are generally in solid shape, and credit remains available at attractive interest rate levels. We believe business conditions are solid for the Fund's companies, and the outlook does not portend a recession.

Of course, we will remain vigilant in researching and monitoring possible factors that would cause us to turn more cautious, such as a deceleration in demand, excessive increases in construction activity, increased restrictive lending policies, spikes in interest rates, and overly elevated valuations. While our antenna remains up, we maintain a favorable outlook.

Top Contributors/Detractors to Performance for the Quarter Ended June 30, 2018

Contributors

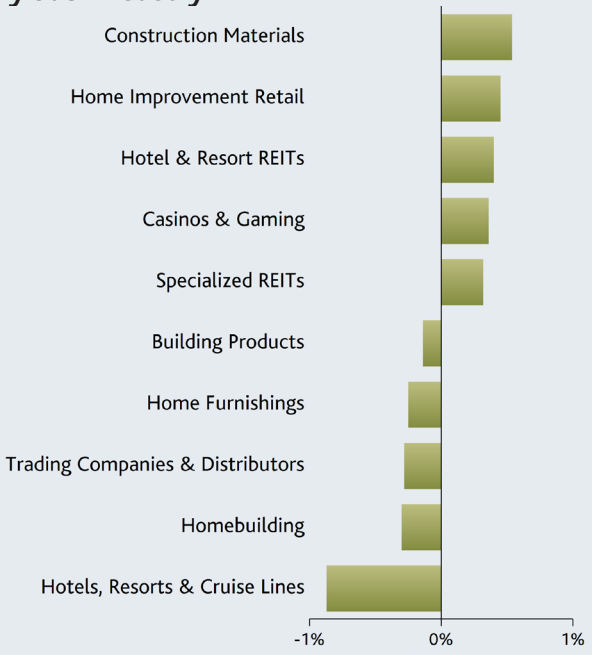
- **Vulcan Materials Company** is a leading supplier of aggregates products, such as crushed stone, sand, and gravel, used for construction of infrastructure, nonresidential, and residential projects. Shares contributed to performance during the second quarter thanks to first quarter financial results that exceeded market expectations. We believe Vulcan should benefit from a continued cyclical recovery across its end markets and its accretive acquisition strategy.
- Shares of regional casino operator **Penn National Gaming, Inc.** appreciated in the quarter on an earnings beat despite harsh winter weather at most of its properties. The company's margins continued to improve through its margin enhancement program. We think margins could expand even more after the planned completion of the Pinnacle acquisition this coming fall. Management retains confidence in its $100 million synergy target for the deal, and we believe it will raise this target as the integration progresses.
- Shares of **Home Depot, Inc.**, the largest home improvement retailer in the U.S., contributed to performance during the second quarter. The positive outlook conveyed by management during the first quarter earnings call helped boost the stock. We remain excited about our investment in Home Depot due to strong market trends in home improvement spending.

Detractors

- Shares of **MGM Resorts International**, a global casino operator, decreased on lowered 2018 guidance for revenue per available room due to slowed growth at its Mandalay Bay casino following a 2017 mass shooting incident, construction disruptions at its new Park MGM location, and the cancellation of a major boxing match in May. We believe these are short-term headwinds. The company is completing all of its major new developments this year, and we see its free cash flow inflecting. Moreover, it has been aggressively buying back stock, which we expect to continue for some time.
- **Wyndham Destinations, Inc.** is a global timeshare company that spun out of Wyndham Worldwide during the quarter. Shares declined as investors sold out of the stock after the spinoff due to perceived challenges in the timeshare industry. We retain conviction. The company is trading at a steep discount to its peers despite its status as the largest timeshare operator. We think its accretive capital allocation policies should result in significant free cash flow, some of which it could use to buy back shares, which should help its valuation discount narrow over time, in our view.
- Shares of **Hilton Grand Vacations Inc.**, a timeshare company, decreased in the quarter on profit taking driven by investor concerns about a potential recession, despite the company's strong earnings results. We retain conviction as we believe Hilton Grand Vacations' investments in geographic expansion and inventory development should result in faster growth over the next few years and higher cash flow that could benefit shareholders via dividends or a buyback program.

Contribution to Return[1]

By Sub-Industry



By Holdings

Top Contributors	Average Weight(%)	Contribution(%)
Vulcan Materials Company	5.65	0.71
Penn National Gaming, Inc.	2.85	0.70
Home Depot, Inc.	4.73	0.45
GDS Holdings Limited	0.86	0.27
Extended Stay America, Inc.	2.52	0.25

Top Detractors	Average Weight(%)	Contribution(%)
MGM Resorts International	3.57	-0.65
Wyndham Destinations, Inc.	2.09	-0.51
Hilton Grand Vacations Inc.	1.63	-0.34
Summit Materials, Inc.	2.23	-0.33
Beacon Roofing Supply, Inc.	1.16	-0.31

1 - Source: FactSet PA.

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Top 10 Holdings as of June 30, 2018

Company	Investment Premise
American Tower Corp. (AMT) is the largest independent wireless tower operator worldwide, with 144,000 towers in 13 countries on five continents.	Increasing demand for wireless voice and data coverage is driving leasing activity for wireless carriers. Because zoning for new towers is difficult to obtain, leasing on an existing tower (tenant colocation) is typically the best option. American Tower has been expanding internationally, bringing the U.S. tower model to new markets. We expect new tenants and higher colocation activity to drive continued strong organic cash flow growth. In addition, we believe American Tower will continue to acquire tower portfolios opportunistically.
Vulcan Materials Company (VMC) is a leading supplier of aggregates products (crushed stone, sand, and gravel) for the construction industry, used for infrastructure, nonresidential, and residential projects.	In our view, Vulcan is a high quality company in a high barrier to entry industry. We think the company is poised to grow significantly over the next several years from a continued cyclical recovery across its construction end markets and price increases. Vulcan should also benefit from the recently enacted federal highway bill and associated state spending, which should provide a secular growth tailwind over the next several years, in our view. We believe the valuation is reasonable relative to the quality of the company and growth potential.
Home Depot, Inc. (HD) is the largest home improvement retailer in the U.S. It operates 2,270 stores in the U.S., Canada, and Mexico.	In our view, Home Depot is a best-in-class company, and its sales and profits should benefit from an increase in U.S. repair and remodel spending, which is in the early stages of recovery. We believe that the company can grow earnings per share by 15-20% over the next several years, as growth in home improvement spending accelerates, margins expand, and free cash flow is used for dividends and share repurchases.
Equinix, Inc. (EQIX) 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.	We believe Equinix continues to benefit from a number of key long-term trends, including growth in internet traffic, globalization, IT outsourcing, cloud computing, and mobility. Equinix began operating as a REIT in early 2015 and with the improved cost of capital, has announced several strategic acquisitions across the globe. We believe these acquisitions will create meaningful cost and revenue synergies, further enhancing Equinix's global platform. We also believe Equinix can continue to outgrowth the market organically and supplement growth with prudent acquisitions.
InterXion Holding N.V. (INXN) is a European provider of cloud and carrier-neutral colocation data center services. It has 50 data centers across 13 cities in 11 countries, over 118,000 square meters of equipped space, and 1,600 customers.	With its expansive, pan-European footprint, we think InterXion is well positioned to benefit from strong secular tailwinds as the European market is still in the early stages of cloud adoption and IT outsourcing, roughly two years behind the U.S. InterXion has a sticky customer base with low churn and network effects and 95% recurring revenue. In our view, it also benefits from significant barriers to entry, as it takes three to four years to plan, permit, and build a data center.
MGM Resorts International (MGM) is a casino hospitality company with properties in Macau, Las Vegas, and other regions across the U.S. 75% of its EBITDA is in the U.S., while 25% is from Macau. The company owns a 74.5% stake in gaming REIT MGM Growth Properties and a 56% stake in MGM China.	MGM Resorts has a pipeline of projects, with a planned August 2018 opening in Massachusetts and the December 2018 redevelopment of its Monte Carlo casino in Vegas into Park MGM. These projects, combined with a recovery in Macau, should add significant value over time, in our view. We also believe the ongoing recovery in Las Vegas post the October 2017 shooting will drive results. While the company is levered, we believe it will lower leverage organically as the new projects open and continue to return capital to shareholders through increased dividends and buybacks.
Penn National Gaming, Inc. (PENN) is the largest and most diversified regional casino operator, with 23 facilities in 17 jurisdictions. It has been making acquisitions since 2015 and is currently finalizing its largest deal, the buyout of Pinnacle Entertainment, slated to close in the second half of 2018.	Penn is one of the best regional operators of gaming with a strong and experienced management team. The company has a history of acquiring quality gaming companies at favorable prices. We think there is much potential for it to grow through the ramp up of a racetrack with slot machines in Massachusetts, the acquisition of the Tropicana in Las Vegas, and the expected closing of the Pinnacle Entertainment acquisition later in 2018. Penn should generate substantial synergies from the Pinnacle deal that will add value for shareholders, in our view.
Extended Stay America (STAY) is the largest owner and operator of mid-scale extended stay hotels in North America (40% of revenues from stays of 30+ nights). It owns and operates 600 hotel properties with 68,000 rooms in 44 states across the US with 70% of operating profit derived from coastal states.	After a busted IPO in Nov 2013 and several years in the penalty box due to under-investment in its properties and associated poor performance, the company completed a $600 million renovation program in May 2017. The company is currently at an inflection point given its significant ramp in free cash flow generation, asset sales, and re-franchising to demonstrate value, return to growth mainly through franchising and several on-balance sheet developments, and removal of a significant sponsor overhang. We believe the company has potential to double its footprint.
Eagle Materials Inc. (EXP) is a diversified producer of basic building products used in construction, with 40 production plants, 40 distribution facilities, and unique vertical integration. Founded in 1963 as a subsidiary of Centex Corp that spun out in 2004, it is based in Dallas.	Eagle Materials is a high quality materials company with a low cost manufacturing process, a respected management team, and low leverage. We believe it is an opportune time to invest in materials companies because of the positive outlook for residential, non-residential, and infrastructure construction, which will drive materials demand. We believe Eagle trades at an attractive valuation relative to its historical range, its peers, and its free cash flow potential. We expect a 25% or higher one-year return and believe the company may be an attractive acquisition candidate.
Martin Marietta Materials, Inc. (MLM) is a leading supplier of aggregates products (crushed stone, sand, and gravel) for the construction industry, used in the construction of infrastructure, nonresidential, and residential projects. The company was formed in 1993 and is headquartered in North Carolina.	Martin Marietta is a high-quality company in an industry with high barriers to entry. We believe the company is poised to grow significantly over the next several years given price increases and a cyclical recovery across its construction end markets (infrastructure, nonresidential, and residential). MLM should also benefit from the recently passed Federal Highway Bill and associated state spending, which provides a secular growth tailwind over the next several years. We believe the company's valuation is attractive relative to its quality and growth potential.

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