

September 30, 2016
Institutional Shares (BSFIX)

Baron Small Cap 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 2000® Growth Index** measures the performance of small-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 OE Small Growth Category Average** is not weighted and represents the straight average of annualized returns of each of the funds in the Small Growth category. The Fund's Institutional Shares have been included in the category since May 29, 2009 and the Fund's Retail Shares since inception. As of 9/30/16, the category consisted of 760, 741, 736, 660, 596 and 433 funds for the 3-month, YTD, 1-, 3-, 5-, and 10-year time 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 2000 Growth Index
# of Equity Securities / % of Net Assets	74/99.1%	-
Turnover (3 Year Average)	13.77%	-
Median Market Cap†	\$2.33 billion	\$0.85 billion
Weighted Average Market Cap†	\$6.04 billion	\$1.99 billion
EPS Growth (3-5 year forecast)†	16.1%	14.8%
Price/Earnings Ratio (trailing 12-month)*†	29.0	23.3
Price/Book Ratio*†	3.3	3.6
Price/Sales Ratio*†	2.2	1.5

* Weighted Harmonic Average

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

R6 Shares are also available for this Fund.

Performance Based Characteristics²

	3 Years	5 Years	10 Years
Std. Dev. (%) - Annualized	13.67	13.97	17.98
Sharpe Ratio	0.37	1.01	0.38
Alpha (%) - Annualized	-0.43	0.73	0.39
Beta	0.83	0.83	0.86
R-Squared (%)	91.62	91.50	93.83
Tracking Error (%)	4.76	4.92	5.32
Information Ratio	-0.32	-0.42	-0.12
Upside Capture (%)	82.41	84.78	85.49
Downside Capture (%)	84.66	82.28	83.92

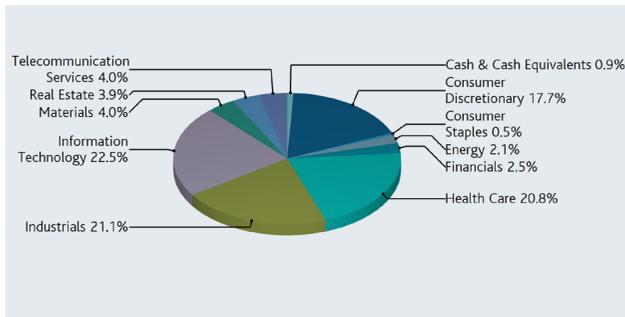
Top 10 Holdings

% of Net Assets

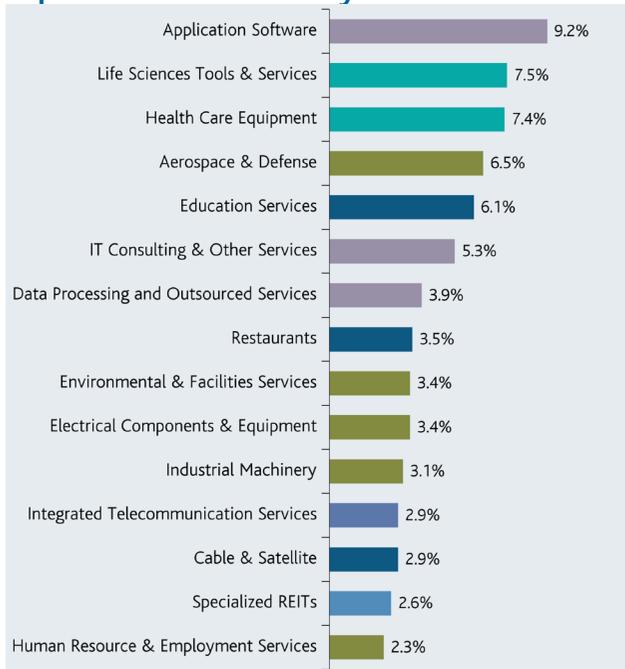
TransDigm Group, Inc.	5.6
Gartner, Inc.	4.2
IDEXX Laboratories, Inc.	4.0
Bright Horizons Family Solutions, Inc.	4.0
The Ultimate Software Group, Inc.	3.8
Waste Connections, Inc.	3.4
Acuity Brands, Inc.	3.4
SBA Communications Corp.	2.9
Guidewire Software, Inc.	2.7
Gaming and Leisure Properties, Inc.	2.6
Total	36.6

Specific risks associated with investing in smaller companies include that the securities may be thinly traded and more difficult to sell during market downturns. 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.

GICS Sector Breakdown¹



Top 15 GICS Sub-Industry Breakdown¹



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

Investment Strategy

The Fund invests in small-sized U.S. companies with significant growth potential. Investments include fallen angels with strong long-term franchises that have disappointed investors, and special situations where lack of investor awareness creates opportunities. Diversified.

Portfolio Manager

Cliff Greenberg has been portfolio manager since inception. Cliff joined Baron in 1997 and has 32 years of research experience. From 1984 to 1996, Cliff worked at HPB Associates, as a securities analyst, fund manager and was named general partner in 1991. Cliff graduated from Cornell University with a B.A. in 1981 and from Columbia Law School with a J.D. in 1984.

Investment Principles

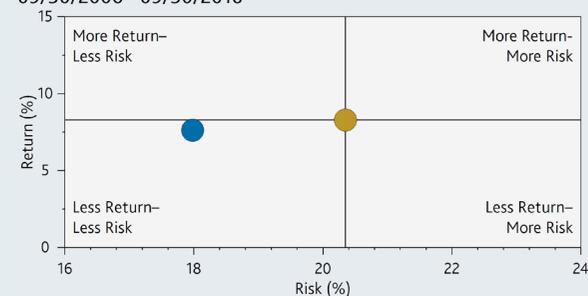
- Long-term perspective allows us to think like an owner of a business
- Independent and exhaustive research is essential to understanding the long-term fundamental growth prospects of a business
- We seek appropriately capitalized open-ended growth opportunities, exceptional leadership, and sustainable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

Fund Facts

Inception Date	September 30, 1997
Net Assets	\$3.51 billion
Institutional Shares	
CUSIP	068278803
Expense Ratio (as of FYE 09/15)	1.04%

Risk/Return Comparison²

09/30/2006 - 09/30/2016



- Baron Small Cap Fund - I
- Russell 2000 Growth Index



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.

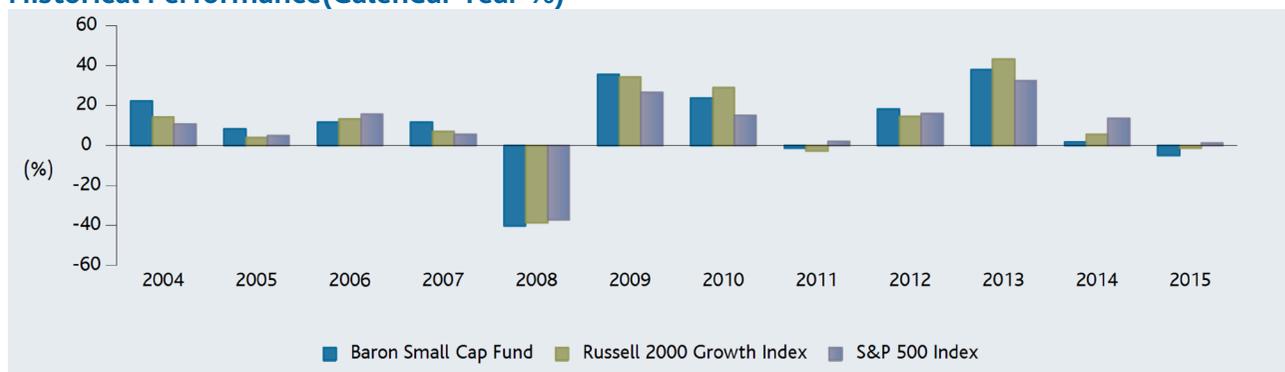
Performance as of September 30, 2016



	Total Returns(%)				Annualized Returns(%)											
	3rd Q 2016		Year to Date		1 Year		3 Years		5 Years		10 Years		Since Inception 9/30/1997			
	Return	+ -	Return	+ -	Return	+ -	Return	+ -	Return	+ -	Return	+ -	Return	+ -		
BSFIX - Institutional Shares	6.50		8.76		13.21		5.06		14.10		7.63		9.39			
Russell 2000 Growth Index	9.22	-2.72	7.48	1.28	12.12	1.09	6.58	-1.52	16.15	-2.05	8.29	-0.66	5.30	4.09		
S&P 500 Index	3.85	2.65	7.84	0.92	15.43	-2.22	11.16	-6.10	16.37	-2.27	7.24	0.39	6.42	2.97		
Morningstar Small Growth Category Average	8.22	-1.72	7.39	1.37	10.47	2.74	5.09	-0.03	14.42	-0.32	7.56	0.07	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
BSFIX - Institutional Shares	22.16	8.34	11.83	11.69	-40.24	35.47	23.79	-1.37	18.30	38.10	1.95	-5.01
Russell 2000 Growth Index	14.31	4.15	13.35	7.05	-38.54	34.47	29.09	-2.91	14.59	43.30	5.60	-1.38
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

BSFIX has outperformed the Russell 2000 Growth Index 77% 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 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.

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

The market continued its uptrend in the third quarter, recovering from the post-Brexit dip. The U.S. economy proved to be quite resilient. Job growth is solid and the unemployment rate has held at 5%. The figures are not too strong, though, so the Federal Reserve can delay raising interest rates until late this year. There is little to suggest that significantly higher inflation is in the offing. This environment of continued growth, even if muted, low interest rates, and modest inflation is a good backdrop for stocks.

Scant growth and cheap borrowing costs has led to an increase in mergers and acquisitions which have been positive for Baron Small Cap Fund. Year-to-date, six Fund holdings have been acquired (Press Ganey Holdings, Inc., FEI Company, Mattress Firm Holding Corp., ExamWorks Group, Inc., Bats Global Markets, Inc. and ITC Holdings Corp.), four by other public companies and two by private equity funds. Another holding, WasteConnections, Inc., was actually purchased in a reverse acquisition, though it is the surviving business.

The Fund increased in the quarter. Health Care, Industrials, and Consumer Discretionary were the top contributing sectors. Health Care benefited from increases in the share price of 17 out of 18 investments, including second largest contributor IDEXX Laboratories, Inc. TransDigm Group Inc., which was the Fund's third biggest contributor, led contribution of the Industrials sector. Consumer Staples and Energy holdings detracted. Positive performance of Consumer Discretionary investments included top contributor Mattress Firm Holding Corp., which was acquired in the period. A decline in the share price of the Fund's sole Consumer Staples investment, Chefs' Warehouse, Inc., hurt that sector's performance. Chefs' was the second largest detractor in the quarter. Energy was a modest detractor as three of four sector holdings declined in the third quarter.

The negative tone of the presidential election is causing anxiety that we believe is temporarily weighing on consumer spending. Once it is over, we suspect we will revert to same fine environment for stocks, as has been the case year to date. We foresee continued moderate growth and do not fear a recession in the near future. We expect bond yields will rise, but moderately, and we believe that is already built into stock prices. Wages are increasing, which will pressure some businesses, but we still see margin expansion opportunities for companies with above average revenue growth. We are concerned that the dollar is back on the rise, since that would dampen growth somewhat and hurt earnings because of negative translation. We view the market as fairly valued, but believe multiples will stay in their present range. We think we will make our returns based on the growth of our companies' earnings and their additive use of the cash flow their businesses generate.

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

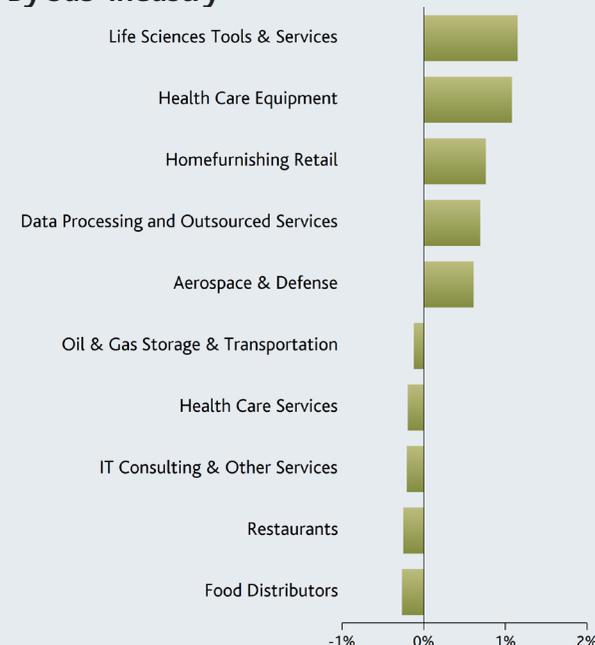
Contributors

- Shares of **Mattress Firm Holding Corp.**, the largest mattress retailer in the U.S., contributed to Q3 performance. On August 8, the company announced that it had agreed to be acquired by South African firm Steinhoff International Holdings N.V. for \$64 per share in cash, representing a premium of 115% over the company's closing stock price on the business day prior to the announcement. The deal closed in mid-September.
- Shares of veterinary diagnostics leader **IDEXX Laboratories, Inc.** increased in Q3. The stock continued to rally on strong financial results and multiple expansion. Competitive trends are strong and improving, highlighted by instrument revenue growth, domestic lab growth, rising sales productivity, and stability in rapid assays. We believe that IDEXX's direct go-to-market model coupled with research and development-driven product enhancements will put steady upward pressure on organic revenue and earnings growth over time.
- Shares of aircraft parts manufacturer **TransDigm Group, Inc.** were up in Q3. The company has continued to make accretive acquisitions, completing a \$1 billion deal in Q3 (the second largest in its history), as well as a smaller deal. Its end markets, dominated by aftermarket revenue, remain strong. We believe TransDigm will continue to accrete value via synergistic acquisitions, or will return money to shareholders by means of special dividends.

Detractors

- Shares of **Gartner, Inc.**, a provider of syndicated IT research, relinquished some gains due to tougher comparisons and slightly more challenging macro conditions. We believe Gartner's key metrics are solid. The company has significant financial flexibility, and we think it will aggressively deploy capital for repurchases or mergers and acquisitions. Over time, in our view, Gartner will generate accelerating top line growth, significant growth in earnings and free cash flow, and persistent return of capital.
- Shares of **The Chefs' Warehouse, Inc.**, the leading foodservice distributor to high-end, independent restaurants in North America, fell on mixed financial results. Though organic growth in its core specialty is steady, Chefs is facing challenges in managing its proteins business and filling up newly built capacity. The result has been in-line sales growth but choppy margin performance. We have reduced our position, though we believe the company is well positioned to resume its consolidation of the finer dining restaurant distribution business.
- Shares of **BJ's Restaurants, Inc.**, a casual dining restaurant chain, detracted in Q3. The company faced macro headwinds that are affecting the entire casual dining sector. We believe in the long-term viability of the concept and believe BJ's Restaurants can continue to add new restaurants at a double-digit percentage rate.

Contribution to Return¹ By Sub-Industry



By Holdings

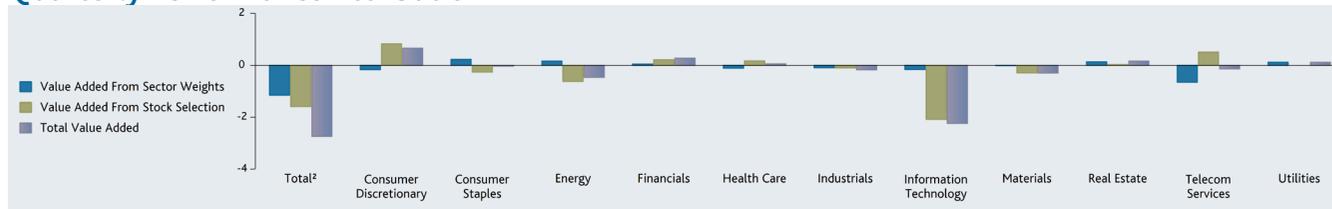
Top Contributors	Average Weight(%)	Contribution(%)
Mattress Firm Holding Corp.	0.66	0.76
IDEXX Laboratories, Inc.	3.65	0.72
TransDigm Group, Inc.	5.14	0.48
FleetCor Technologies, Inc.	2.17	0.43
PRA Health Sciences, Inc.	1.29	0.40

Top Detractors	Average Weight(%)	Contribution(%)
Gartner, Inc.	4.22	-0.40
The Chefs' Warehouse, Inc.	0.70	-0.27
BJ's Restaurants, Inc.	1.16	-0.24
Diplomat Pharmacy, Inc.	0.96	-0.20
Summit Materials, Inc.	1.29	-0.12

1 - Source: FactSet PA.

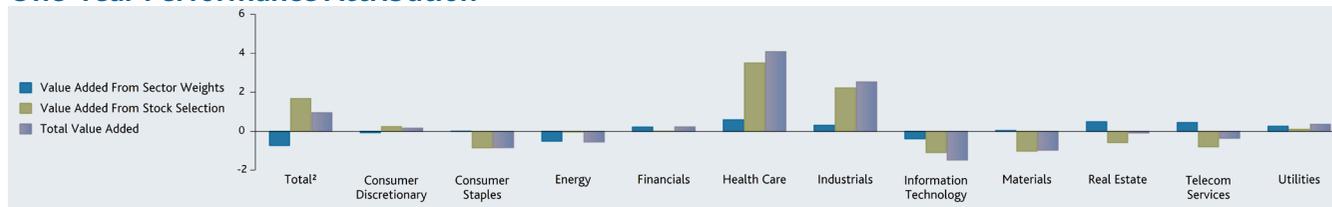


Quarterly Performance Attribution¹



Sector Average Weights(%)	Consumer Discretionary	Consumer Staples	Energy	Financials	Health Care	Industrials	Information Technology	Materials	Real Estate ³	Telecom Services	Utilities
Baron Small Cap Fund	18.01	0.70	2.13	2.39	19.98	20.27	21.92	4.05	3.93	3.85	-
Russell 2000 Growth Index	15.75	3.16	1.06	4.94	22.86	15.65	24.72	4.72	5.48	0.86	0.80
Over/Underweight	2.26	-2.46	1.07	-2.55	-2.89	4.61	-2.81	-0.68	-1.54	3.00	-0.80
Total Return(%)											
Baron Small Cap Fund	7.01	-30.37	-5.17	17.76	14.68	6.67	5.38	4.16	1.14	0.55	-
Russell 2000 Growth Index	2.15	-0.43	23.91	7.49	13.37	6.99	15.52	11.66	0.57	-11.98	-5.15
Relative Return	4.86	-29.94	-29.08	10.27	1.31	-0.31	-10.14	-7.49	0.57	12.53	5.15

One-Year Performance Attribution¹



Sector Average Weights(%)	Consumer Discretionary	Consumer Staples	Energy	Financials	Health Care	Industrials	Information Technology	Materials	Real Estate ³	Telecom Services	Utilities
Baron Small Cap Fund	17.89	1.42	3.08	2.77	18.88	18.81	21.05	4.40	4.81	4.17	0.23
Russell 2000 Growth Index	17.13	3.49	1.08	4.75	24.81	14.05	25.12	4.38	4.02	0.87	0.30
Over/Underweight	0.75	-2.07	2.00	-1.98	-5.94	4.76	-4.06	0.02	0.79	3.30	-0.07
Total Return(%)											
Baron Small Cap Fund	2.01	-47.51	-14.63	2.07	26.93	32.61	16.82	4.29	14.27	6.36	21.73
Russell 2000 Growth Index	-0.18	13.99	3.09	0.58	7.32	17.36	23.07	27.09	25.49	16.61	5.19
Relative Return	2.19	-61.51	-17.72	1.49	19.61	15.25	-6.26	-22.80	-11.22	-10.25	16.54

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 Small Cap Fund rose 6.50% in the third quarter, yet underperformed the Russell 2000 Growth Index by 272 basis points due to a combination of stock selection, relative sector weights, and average cash exposure of 2.8% in an up market.

Consumer Discretionary and Financials investments contributed the most to relative performance. Strength in Consumer Discretionary was mostly attributable to the outperformance of Mattress Firm Holding Corp., whose stock price more than doubled after being acquired by South African firm Steinhoff International Holdings N.V. Investments in Liberty Media Group, a media holding company, and Party City Holdco Inc., which manufactures and distributes specialty party goods, also added value. Liberty Media's shares performed well in reaction to the company's plan to purchase a stake in Formula One Group, while Party City's stock price rose after reporting strong same-store sales, revenues and earnings despite an otherwise lackluster environment for traditional specialty retailers. Within Financials, outperformance of investment bank Moelis & Company and financial exchange operator Bats Global Markets, Inc. lifted relative results. Shares of Moelis increased on solid revenue growth as the company's advisory business topped Street expectations, while shares of Bats rose sharply after CBOE Holdings Inc. agreed to acquire the company.

Information Technology (IT) and Energy investments were the primary detractors from relative performance. Within IT, underperformance of application software holdings, led by The Ultimate Software Group, Inc. and Guidewire Software, Inc., weighed on relative results. Ultimate's shares fell after Oracle, which owns a rival HR software solution, acquired NetSuite, giving rise to concerns that the acquisition would cause Ultimate to lose its existing partnership with NetSuite. Guidewire's shares declined after earnings guidance was slightly below Street expectations due to an accounting-related deferral that we expect will reverse next year. Underperformance of Gartner, Inc., the largest detractor on an absolute basis, and lack of exposure to the strong performing semiconductors, systems software, and communications equipment sub-industries also hurt relative results. Weakness in Energy was due to the underperformance of oil & gas storage & transportation holdings, led by master limited partnerships (MLPs) Valero Energy Partners LP, PBF Logistics LP, and Dominion Midstream Partners, L.P. These "drop-down" MLPs underperformed as signs of OPEC stabilizing production caused investors in MLPs to shift from safety and commodity risk aversion to risk-on and commodity upside. Despite recent underperformance, we continue to view the above-market yield, stable fee-based cash flows, and visible growth that these MLPs offer as an attractive combination for long-term investors.



Top 10 Holdings as of September 30, 2016

Company

Investment Premise

TransDigm Group, Inc. (TDG), through its subsidiaries, designs, produces, and supplies engineered aerospace components for commercial and military aircraft customers in the United States.

TransDigm Group's parts are custom designed at the preproduction stage and are specifically approved by the Federal Aviation Administration and aircraft manufacturers. It is typically the sole supplier of 75% of the parts that it manufactures. While the company earns a modest return on original equipment parts, it earns large margins on after-market replacement parts on airframes that stay in service for decades, creating recurring cash flow used for acquisitions and shareholder dividends.

Gartner, Inc. (IT) is the leading independent provider of research and analysis on the information technology industry.

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 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%.

IDEXX Laboratories, Inc. (IDXX) is the leading provider of diagnostics to the veterinary industry.

IDEXX continues to benefit from secular growth spending on pets, due to a growing human-animal bond, favorable demographics, increased use of diagnostics, and an increasing focus on preventative care. We believe IDEXX has the best menu of diagnostics, which it has continuously improved by spending six times more on R&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 outstanding cash flow, which it has returned to shareholders via repurchases.

Bright Horizons Family Solutions, Inc. (BFAM) is the leading provider of high quality corporate sponsored childcare in the U.S. and U.K., as well as other countries. It provides child care and early education services under multi-year contracts in its own or sponsor-owned centers.

We think Bright Horizons has an attractive business model, characterized by high revenue and earnings visibility, low capital intensity, superior ROI, and cash flows. We think it will benefit from increasing numbers of women and dual income families in the workplace. Growth avenues include additional centers and back up services for new and existing clients, accretive acquisition or assumption of established centers in a highly fragmented market, further geographic expansion, expansion and cross selling of new higher margin services, and greater center utilization.

The Ultimate Software Group, Inc. (ULTI) is a leading provider of cloud-based payroll and human resources software.

Ultimate Software operates in a multi-billion dollar market with high barriers to entry created by employers having to comply with over 13,000 local tax codes and other complex employee-related regulations. Its unique product gives clients more control over their payroll and human resources functions. We believe Ultimate Software will continue to gain market share. As recurring revenue grows, we expect profit margins to expand and earnings to increase. We think the company should benefit from employment growth and increases in short-term interest rates.

Company

Investment Premise

Waste Connections, Inc. (WCN) is an integrated solid-waste services company that provides solid-waste collection, transfer, disposal, and recycling services in mostly secondary markets in western and southern areas of the United States as well as Canada (via acquisition).

Due to high barriers to entry in the solid-waste industry and the company's avoidance of competitive urban markets, Waste Connections has been able to establish a monopoly in the majority of the areas in which it operates. More than half of its revenue comes from these long-term, exclusive agreements. The company has achieved best-in-class organic growth in its existing markets, along with leading margins and recently acquired Progressive Waste, bringing new growth opportunities and significant synergies.

Acuity Brands, Inc. (AYI) is North America's leading provider of lighting solutions.

With strong brands and an extensive agency network, we believe Acuity stands to benefit from the secular demand for energy efficiency, driven near-term by government regulations and long-term by attractive returns on investments for customers. In our view, the "retrofit" opportunity for older, less efficient structures in the U.S. is large, and the company has significant leverage to a non-residential construction recovery and trend towards "smart" cities/buildings.

SBA Communications Corp. (SBAC) is the third largest independent owner of wireless towers in the U.S. and has a growing presence in Canada, Central America, and Brazil. SBA owns and operates over 25,000 towers in total.

Consumers continue to adopt smartphones and use increasing amounts of wireless data bandwidth, forcing carriers to augment their networks. To increase network density, carriers lease space for equipment on existing and new towers. We think SBA can generate additional leasing revenue from new lease and amendment activity, leading to strong cash flow growth. Given its strong balance sheet, we believe SBA has many opportunities to grow internationally, particularly in Brazil, where SBA has recently acquired over 5,000 towers.

Guidewire Software, Inc. (GWRE) is a leading provider of core systems software to the global P&C insurance industry.

Guidewire is a small player in a vast addressable market and has been benefiting from the inevitable need for P&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.

Gaming and Leisure Properties, Inc. (GLPI) holds all of the real property interests related to the gaming operations of Penn National Gaming and Pinnacle Entertainment, as well as the Casino Queen in Illinois. It also has full ownership of and operates Penn's Baton Rouge and Maryland casinos.

Management has indicated it has a pipeline of potential acquisitions and expects to spend about \$500 million a year on acquisitions. The company expects to finance these acquisitions with half debt and half equity. It has a \$700 million credit facility at 2% interest, and its stock trades at 13.5 times forward EBITDA, so these acquisitions will be free cash flow accretive and add significantly to the dividend, in our view.



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