

# Baron Asset Fund

Retail Shares (BARAX) and Institutional Shares (BARIX)

BAMCO, Inc., Registered Investment Adviser



## 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

## Investment Strategy

The Fund invests mainly in mid-sized U.S. companies that have matured beyond their start-up phase and have significant secular growth opportunities. Diversified.

## Portfolio Manager

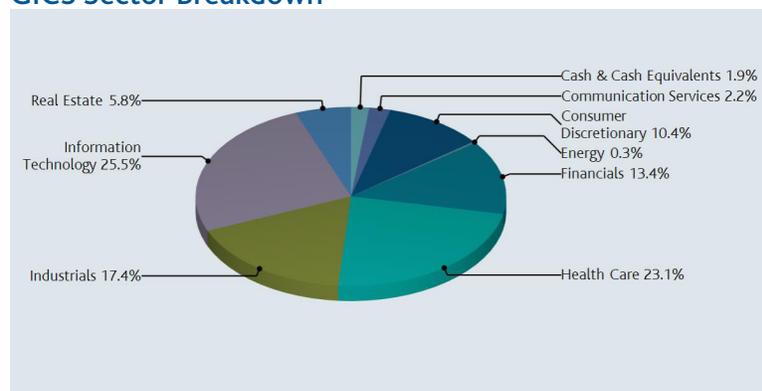
Andrew Peck joined Baron in 1998 as a research analyst and was named portfolio manager in 2003. He has 23 years of research experience. From 1992 to 1994, Andrew worked at Salomon Brothers as an analyst in the Equity Capital Markets group. Andrew graduated magna cum laude from Yale College with a B.A. in History in 1991 and from Stanford Law School and Graduate School of Business with a J.D. and M.B.A. in 1998.

## Portfolio Facts and Characteristics

Inception Date	June 12, 1987
Net Assets	\$3.06 billion
# of Equity Securities / % of Net Assets	59 / 98.1%
Turnover (3 Year Average)	10.33%
Active Share	85.2%
Median Market Cap†	\$11.82 billion
Weighted Average Market Cap†	\$15.87 billion
<b>Retail Shares</b>	
CUSIP	068278100
Expense Ratio <sup>3</sup>	1.30%
<b>Institutional Shares</b>	
CUSIP	068278605
Expense Ratio <sup>3</sup>	1.04%

†Source: FactSet PA and BAMCO.  
R6 Shares are also available for this Fund.

## GICS Sector Breakdown<sup>1</sup>



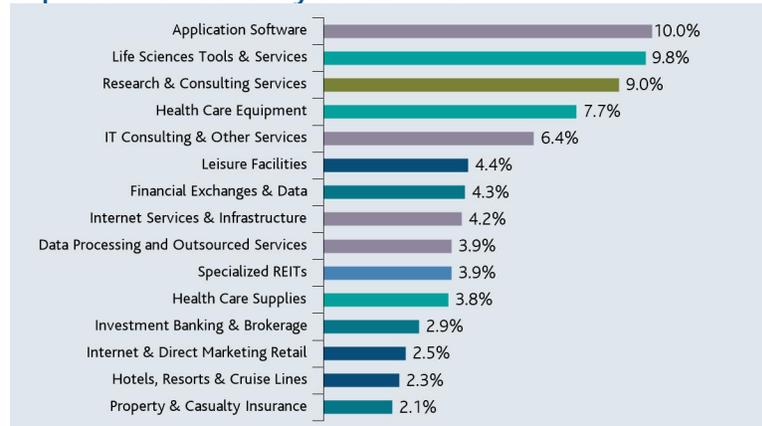
## Performance Based Characteristics - Retail Shares<sup>2</sup>

	3 Years	5 Years	10 Years
Std. Dev. (%) - Annualized	13.90	13.13	15.68
Sharpe Ratio	0.66	0.56	0.86
Alpha (%) - Annualized	1.39	0.51	-0.88
Beta	1.02	1.00	0.98
R-Squared (%)	91.67	91.76	93.09
Tracking Error (%)	4.02	3.77	4.13
Information Ratio	0.40	0.13	-0.33
Upside Capture (%)	103.65	102.61	97.71
Downside Capture (%)	94.28	100.43	103.71

## Top 10 Holdings

	% of Net Assets
Gartner, Inc.	6.4
IDEXX Laboratories, Inc.	5.9
Verisk Analytics, Inc.	4.4
Vail Resorts, Inc.	4.4
Mettler-Toledo International, Inc.	4.3
Guidewire Software, Inc.	3.3
Verisign, Inc.	3.1
Illumina, Inc.	3.0
The Charles Schwab Corp.	2.9
FactSet Research Systems, Inc.	2.6
<b>Total</b>	<b>40.3</b>

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



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

## Risks

Securities issued by medium sized companies may be thinly traded and may be 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.

Value	Blend	Growth	
			Large
			Medium
			Small

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.

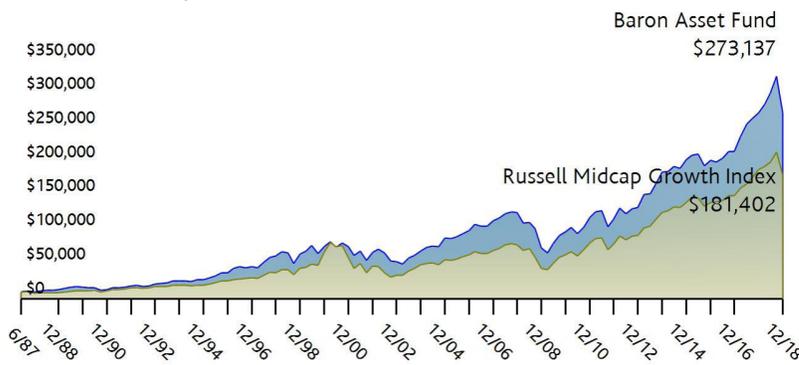
2 - Source: FactSet SPAR. Except for Standard Deviation and Sharpe Ratio, the performance based characteristics above were calculated relative to the Fund's benchmark.

3 - As of FYE 9/30/2018

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## Comparison of Change in Value of \$10,000 Investment in Baron Asset Fund - Retail Shares vs. the Russell Midcap Growth Index as of December 31, 2018



## Historical Performance (Calendar Year %)

Year	BARAX	Russell Midcap Growth Index	S&P 500 Index
2004	27.13	15.48	10.88
2005	12.47	12.10	4.91
2006	14.64	10.66	15.79
2007	10.13	11.43	5.49
2008	-40.75	-44.32	-37.00
2009	31.70	46.29	26.46
2010	21.29	26.38	15.06
2011	-2.94	-1.65	2.11
2012	15.31	15.81	16.00
2013	38.88	35.74	32.39
2014	9.48	11.90	13.69
2015	-0.08	-0.20	1.38
2016	6.23	7.33	11.96
2017	26.13	25.27	21.83
2018	-0.14	-4.75	-4.38

## Performance as of December 31, 2018

	Total Return (%)				Annualized Returns (%)					Cumulative Returns (%)
	4th Q 2018	3rd Q 2018	2nd Q 2018	YTD	1 Year	3 Years	5 Years	10 Years	Since Inception <sup>4</sup> 6/12/1987	Since Inception <sup>4</sup> 6/12/1987
BARAX-Retail Shares	-16.41	8.05	5.69	-0.14	-0.14	10.19	7.92	13.77	11.05	2631.37
BARIX-Institutional Shares	-16.35	8.13	5.76	0.14	0.14	10.49	8.21	14.07	11.14	2702.52
Russell Midcap Growth Index	-15.99	7.57	3.16	-4.75	-4.75	8.59	7.42	15.12	9.64	1714.02
S&P 500 Index	-13.52	7.71	3.43	-4.38	-4.38	9.26	8.49	13.12	9.36	1580.94
Morningstar Mid-Cap Growth Category Average	-17.57	6.48	4.16	-6.65	-6.65	7.27	5.61	13.16	N/A	N/A

## Top Contributors/Detractors to Performance for the Quarter Ended December 31 2018<sup>5</sup>

### BY SUB-INDUSTRIES<sup>1</sup>

Top Contributors	Average Weight(%)	Contribution(%)
Insurance Brokers	1.63	0.11

Top Detractors	Average Weight(%)	Contribution(%)
Application Software	9.61	-2.07
Health Care Equipment	7.64	-1.67
Life Sciences Tools & Services	9.63	-1.51
Research & Consulting Services	9.01	-1.44
IT Consulting & Other Services	6.73	-1.37

### BY HOLDINGS

Top Contributors	Average Weight(%)	Contribution(%)
MarketAxess Holdings Inc.	1.53	0.20
Willis Towers Watson Public Limited Company	1.63	0.11
SBA Communications Corp.	2.28	0.01

Top Detractors	Average Weight(%)	Contribution(%)
IDEXX Laboratories, Inc.	6.06	-1.65
Gartner, Inc.	6.73	-1.37
Vail Resorts, Inc.	4.80	-1.05
Guidewire Software, Inc.	3.33	-0.70
Bio-Techne Corporation	2.00	-0.65

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.

Footnotes continued from prior page.

4 - For this report, the Since Inception date for Russell Midcap Growth Index is 6/30/1987.

5 - Source: FactSet PA.

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.

The Fund's historical performance was impacted by gains from IPOs and/or secondary offerings, and there is no guarantee that these results can be repeated or that the Fund's level of participation in IPOs and secondary offerings will be the same in the future.

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

Prior to 2/15/2007, the Fund's strategy was to invest primarily in small and mid-sized growth companies. Since then, the Fund's investment strategy has shifted to mid-sized companies.

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. Morningstar calculates the **Morningstar US Mid-Cap Growth Category Average** using its Fractional Weighting methodology. The Fund's Retail Shares have been included in the category since 4/1/1999 and the Fund's Institutional Shares since 5/29/2009. © 2018 Morningstar, Inc. All Rights Reserved.

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