

September 30, 2018
Institutional Shares (BARIX)

Baron Asset Fund Fact Sheet

BAMCO, Inc., Registered Investment Adviser



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

Prior to February 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 Institutional Shares have been included in the category since May 29, 2009 and the Fund's Retail Shares since April 1, 1999. © 2018 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. **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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Not bank guaranteed, may lose value, not FDIC insured



Portfolio Facts and Characteristics

	Fund	Russell Midcap Growth Index
# of Equity Securities / % of Net Assets	58 / 97.6%	-
Turnover (3 Year Average)	10.92%	-
Active Share	85.2%	-
Median Market Cap†	\$13.62 billion	\$8.99 billion
Weighted Average Market Cap†	\$18.98 billion	\$16.83 billion
EPS Growth (3-5 year forecast)†	17.6%	17.6%
Price/Earnings Ratio (trailing 12-month)*†	34.4	25.0
Price/Book Ratio*†	5.2	5.7
Price/Sales Ratio*†	5.0	2.5

* Weighted Harmonic Average

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

R6 Shares are also available for this Fund.

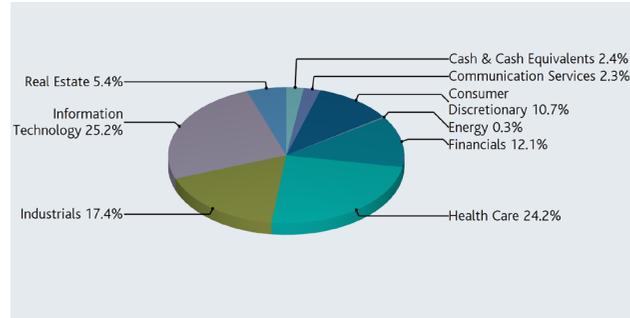
Performance Based Characteristics²

	3 Years	5 Years	10 Years
Std. Dev. (%) - Annualized	10.73	11.25	16.83
Sharpe Ratio	1.70	1.24	0.72
Alpha (%) - Annualized	2.63	1.45	-0.51
Beta	0.97	0.99	0.97
R-Squared (%)	86.39	88.99	93.80
Tracking Error (%)	3.97	3.73	4.22
Information Ratio	0.61	0.39	-0.24
Upside Capture (%)	103.54	104.80	97.88
Downside Capture (%)	80.12	97.12	101.89

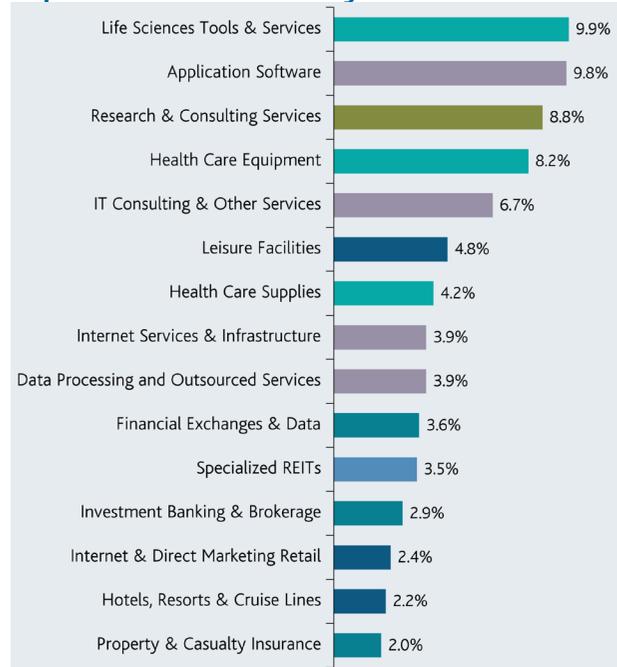
Top 10 Holdings

	% of Net Assets
IDEXX Laboratories, Inc.	6.7
Gartner, Inc.	6.7
Vail Resorts, Inc.	4.8
Verisk Analytics, Inc.	4.1
Mettler-Toledo International, Inc.	3.9
Guidewire Software, Inc.	3.5
Illumina, Inc.	3.0
The Charles Schwab Corp.	2.9
Verisign, Inc.	2.8
ANSYS, Inc.	2.8
Total	41.2

GICS Sector Breakdown¹



Top 15 GICS Sub-Industry Breakdown¹



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

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.

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 9/30/2017

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 22 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.

Investment Principles

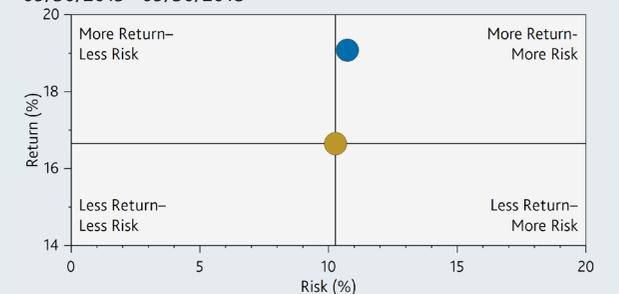
- Long-term perspective allows us to think like an owner of a business
- Independent and exhaustive research is essential to understanding the long-term fundamental growth prospects of a business
- We seek appropriately capitalized open-ended growth opportunities, exceptional leadership, and sustainable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

Fund Facts

Inception Date	June 12, 1987
Net Assets	\$3.65 billion
Institutional Shares	
CUSIP	068278605
Expense Ratio ³	1.04%

Risk/Return Comparison²

09/30/2015 - 09/30/2018



- Baron Asset Fund - I
- Russell Midcap Growth Index



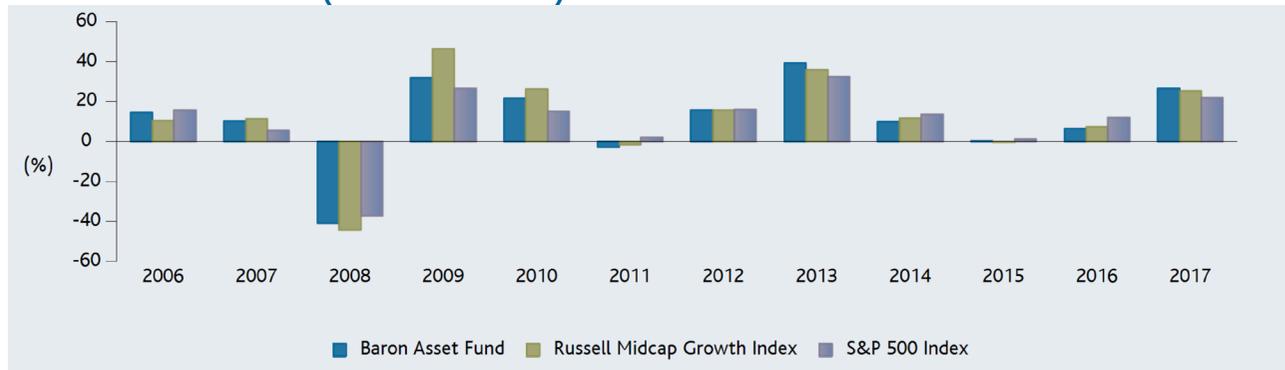
Performance as of September 30, 2018



	Total Returns(%)				Annualized Returns(%)									
	3rd Q 2018		Year to Date		1 Year		3 Years		5 Years		10 Years		Since Inception ¹ 6/12/1987	
	Return	+ -	Return	+ -	Return	+ -	Return	+ -	Return	+ -	Return	+ -	Return	+ -
BARIX - Institutional Shares	8.13		19.71		23.43		19.08		14.45		12.45		11.87	
Russell Midcap Growth Index	7.57	0.56	13.38	6.33	21.10	2.33	16.65	2.43	13.00	1.45	13.46	-1.01	10.33	1.54
S&P 500 Index	7.71	0.42	10.56	9.15	17.91	5.52	17.31	1.77	13.95	0.50	11.97	0.48	9.94	1.93
Morningstar Mid-Cap Growth Category Average	6.48	1.65	13.42	6.29	20.31	3.12	15.81	3.27	11.68	2.77	11.97	0.48	N/A	

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

Historical Performance(Calendar Year %)



	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
BARIX - Institutional Shares	14.64	10.13	-40.75	31.85	21.66	-2.68	15.63	39.25	9.77	0.20	6.51	26.49
Russell Midcap Growth Index	10.66	11.43	-44.32	46.29	26.38	-1.65	15.81	35.74	11.90	-0.20	7.33	25.27
S&P 500 Index	15.79	5.49	-37.00	26.46	15.06	2.11	16.00	32.39	13.69	1.38	11.96	21.83

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.

Unless otherwise noted, all performance and performance related calculations are based on the Institutional Shares. 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.

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



Review and Outlook

U.S. equity indexes rose meaningfully during the quarter. Corporate earnings continued to impress, and the domestic unemployment rate reached new lows. Interest rates moved higher, as did most gauges of price inflation. Growth stocks continued to outpace value stocks, and large-cap stocks generally outperformed.

Against this backdrop, Baron Asset Fund gained 8.13% in the quarter. Health Care, Information Technology (IT), and Industrials holdings contributed the most to performance. Health Care holdings had a strong quarter, with 10 out of 12 stocks advancing, led by IDEXX Laboratories, Inc. and Illumina, Inc., the second and third largest contributors respectively. Life sciences tools manufacturer Bio-Techne Corporation was another noteworthy contributor after shares rose on strong quarterly results highlighted by 9% organic revenue growth. IT also gained on overall sector strength. All 12 of the Fund's holdings appreciated, led by top contributor Gartner, Inc. Leading data and analytics vendor Verisk Analytics, Inc. led contribution among Industrials holdings, after reporting earnings results that exceeded Street expectations.

Investments in Communication Services and Real Estate detracted. A drop in the share price of top detractor Zillow Group, Inc. weighed on performance of the new Communication Services sector. Real Estate holdings gave up ground on overall sector weakness due to rising interest rates.

We remain optimistic about the prospects for U.S. equities. The economy remains robust, and we believe that the outlook for continued strength in corporate earnings remains solid. U.S. unemployment is quite low, most leading economic indicators remain positive, and we believe that inflation fears may be overblown. Although the market has begun to focus on the implications of rising long-term interest rates, we believe that equities can continue to perform well in this environment.

We believe that our portfolio of well-managed, competitively advantaged, fast growing companies will continue to perform well, although we cannot guarantee that they will. We continue to believe that high quality, mid-sized growth stocks represent a compelling long-term investment opportunity. During the past 15-, 20- and 30-year periods, mid-cap growth stocks, as a category, have outperformed small-cap and large-cap growth stocks. However, mid-caps have underperformed both these asset classes during the past three-year period. We are optimistic that this trend will reverse, presenting an attractive opportunity for the mid-cap growth asset class in the future.

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

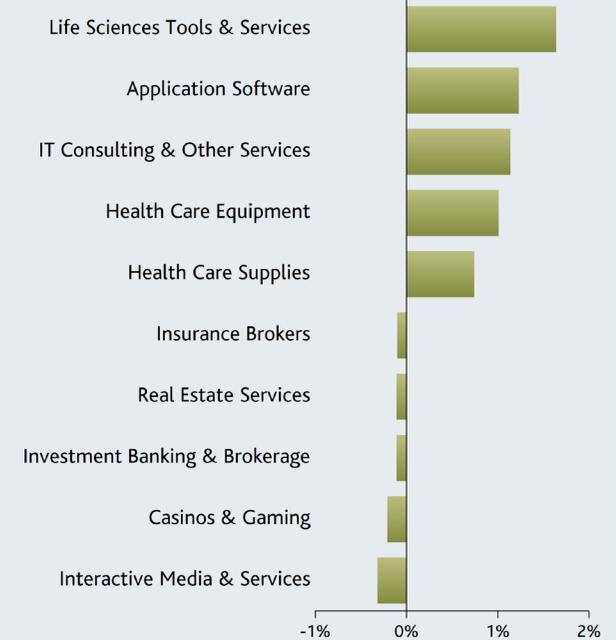
Contributors

- Shares of **Gartner, Inc.**, a provider of syndicated research, contributed to performance. We believe forward-looking metrics in Gartner's traditional IT research business are strong, with contract value growing at a mid-teens rate. Gartner recently introduced a seat-based product to heritage CEB clients, and is generating traction in closing new customers with this improved product. The company meaningfully expanded its sales force to pursue this large incremental opportunity, and we expect to see heritage CEB growth accelerate from 2% into the mid-to-high teens over time.
- Shares of veterinary diagnostics leader **IDEXX Laboratories, Inc.** contributed to performance, buoyed by continued strong competitive trends, highlighted by instrument installed base growth of 20%, domestic lab growth more than twice that of competitor VCA, and improving sales productivity. We think new proprietary innovations and field salesforce expansion should be meaningful contributors to growth. Margins are moving significantly higher, and we believe they can approach 30% over the next several years.
- **Illumina, Inc.** is the leading provider of next generation DNA sequencing instruments and consumables. The stock rose after the company reported financial results that exceeded investor expectations, driven by strong growth of sequencing consumables. We believe Illumina will continue to benefit from increased adoption of DNA sequencing in clinical applications such as cancer diagnosis and treatment.

Detractors

- **Zillow Group, Inc.** operates the leading online real estate sites in the U.S. Shares detracted based on a lower revenue and profitability outlook. Revenue guidance was negatively impacted by reduced rental revenue and a slight delay in the roll-out of Zillow Instant Offers, the company's new home buying initiative. We retain conviction, as we believe Zillow will continue to grow its share of the \$8 billion real estate advertising market.
- **The Stars Group Inc.** is a leading company in online wagering currently in the process of acquiring Skybet, another UK-based online wagering platform. Shares detracted as investors reduced their exposure to gaming shares globally based on weak results in Macao and slow growth in Las Vegas. We believe shares are attractively priced at current levels, and over time, we expect investors to understand that the opening of online wagering in the U.S. represents a substantial opportunity for the company.
- **MarketAxess Holdings Inc.** operates the leading electronic platform for trading corporate and sovereign bonds. Despite reporting strong second and third quarter results, with daily trading volume up double-digits in a market where total volume fell, the stock declined due to investor concerns about market competition. We remain invested because we expect MarketAxess will be the prime beneficiary of the secular shift to electronic trading in the corporate bond market.

Contribution to Return¹ By Sub-Industry



By Holdings

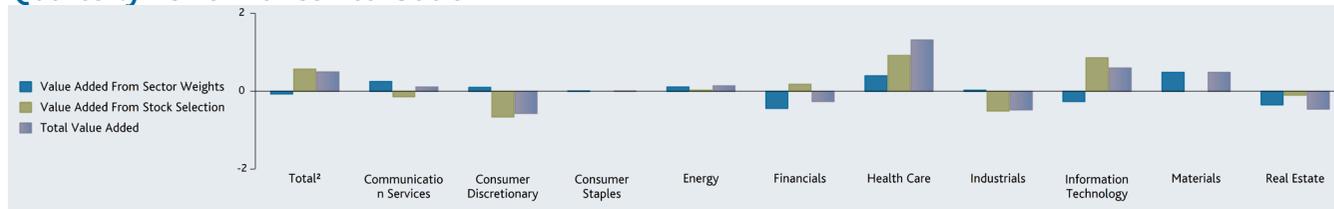
Top Contributors	Average Weight(%)	Contribution(%)
Gartner, Inc.	6.29	1.14
IDEXX Laboratories, Inc.	6.86	1.01
Illumina, Inc.	2.86	0.80
Bio-Techne Corporation	1.98	0.65
Verisk Analytics, Inc.	4.07	0.48

Top Detractors	Average Weight(%)	Contribution(%)
Zillow Group, Inc.	1.16	-0.34
The Stars Group Inc.	0.36	-0.21
MarketAxess Holdings Inc.	1.27	-0.12
The Charles Schwab Corp.	3.07	-0.11
CBRE Group, Inc.	1.51	-0.11

1 - Source: FactSet PA.

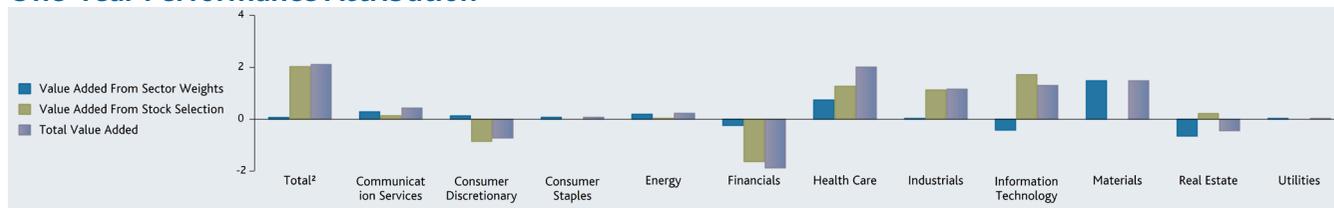


Quarterly Performance Attribution¹



Sector Average Weights(%)	Communication Services	Consumer Discretionary	Consumer Staples	Energy	Financials	Health Care	Industrials	Information Technology	Materials	Real Estate
Baron Asset Fund	1.99	11.59	-	0.30	12.89	23.60	17.82	24.23	-	5.75
Russell Midcap Growth Index	3.97	16.49	3.00	1.67	7.13	14.69	16.50	30.73	3.74	2.08
Over/Underweight	-1.98	-4.90	-3.00	-1.37	5.76	8.91	1.33	-6.50	-3.74	3.67
Total Return(%)										
Baron Asset Fund	-11.73	0.00	-	10.41	1.02	16.64	6.34	15.72	-	-3.60
Russell Midcap Growth Index	-4.74	5.77	7.38	-0.15	-0.24	12.30	9.41	11.82	-5.04	-1.78
Relative Return	-6.99	-5.77	-7.38	10.56	1.26	4.34	-3.07	3.89	5.04	-1.83

One-Year Performance Attribution¹



Sector Average Weights(%)	Communication Services	Consumer Discretionary	Consumer Staples	Energy	Financials	Health Care	Industrials	Information Technology	Materials	Real Estate	Utilities
Baron Asset Fund	1.70	12.00	-	0.33	14.84	22.76	16.99	23.06	-	6.81	-
Russell Midcap Growth Index	3.18	15.76	3.75	2.23	7.25	13.93	16.93	28.61	5.45	2.87	0.04
Over/Underweight	-1.47	-3.76	-3.75	-1.90	7.59	8.82	0.06	-5.55	-5.45	3.94	-0.04
Total Return(%)											
Baron Asset Fund	22.55	14.29	-	15.96	3.79	35.91	26.50	41.11	-	6.22	-
Russell Midcap Growth Index	9.66	19.66	21.40	12.06	12.90	29.38	19.81	30.95	-6.99	5.31	21.63
Relative Return	12.89	-5.37	-21.40	3.90	-9.11	6.53	6.69	10.16	6.99	0.91	-21.63

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

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

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

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

Quarterly Analysis

Baron Asset Fund gained 8.13% in the third quarter and outperformed the Russell Midcap Growth Index by 56 basis points due to a combination of stock selection and relative sector weights.

Investments in Health Care and Information Technology (IT) and lack of exposure to the lagging Materials sector contributed the most to relative results. Stock selection in Health Care added over 90 basis points to relative results, driven by the outperformance of DNA sequencing platform Illumina, Inc., life sciences tools developer and manufacturer Bio-Techne Corporation, and veterinary diagnostics leader IDEXX Laboratories, Inc. IDEXX and Illumina were the second and third largest contributors to absolute results respectively, while Bio-Techne's shares rose after reporting strong quarterly results, highlighted by 9% organic revenue growth. Bio-Techne recently acquired Exosome Diagnostics, which developed a non-invasive liquid biopsy test to help physicians determine whether a prostate biopsy is necessary in patients with ambiguous screening results. The transaction has potential to become a meaningful growth driver for the company, in our view. Aside from stock selection, meaningfully higher exposure to this sector, which was up more than 12% in the index, added value. Strength in IT was driven by the outperformance of syndicated research provider Gartner, Inc. and credit card processor Worldpay, Inc. Gartner was the largest contributor on an absolute basis, while Worldpay's stock price was up after the company's quarterly results exceeded Street expectations across all of its market segments.

Underperformance of investments in Consumer Discretionary and Industrials and higher exposure to the declining Financials and Real Estate sectors detracted the most from relative performance. Within Consumer Discretionary, underperformance of global ski resort operator Vail Resorts, Inc. and online gambling company The Stars Group Inc. hurt relative results. Vail's shares fell late in the quarter after season pass sales growth came in modestly below Street expectations, while Stars Group was the second largest detractor from absolute performance before being sold late in the quarter. Weakness in Industrials was mainly due to the underperformance of water heating equipment manufacturer A. O. Smith Corporation and real estate information and marketing services company CoStar Group, Inc. Shares of A. O. Smith declined due to disappointing organic sales growth in China. The primary drivers were soft water heater sales due to a weak housing market and poor air purifier sales due to an improvement in air quality. CoStar's stock price failed to keep pace with the broader Industrials sector after experiencing meaningful gains in the first half of the year.



Top 10 Holdings as of September 30, 2018

Company	Investment Premise	Company	Investment Premise
IDEXX Laboratories, Inc. (IDXX) is the leading provider of diagnostics to the veterinary industry.	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&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.	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 launch of data and digital applications meaningfully expand the total addressable market, and growing demand for cloud deployments could increase prices by two to three times.
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 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 three years.	illumina, Inc. (ILMN) is the recognized leader in next-generation DNA sequencing platforms.	illumina has a dominant position in DNA sequencing technology, which is increasingly being used for patient care, such as in the diagnosis and treatment of cancer and in reproductive health. We believe the company has a large addressable market and is in the early stages of its growth. illumina's R&D spend as a percentage of sales is significantly higher than that of its peers, which allows the company to continue to innovate. The company has an attractive razor/razorblade business model with strong recurring revenue and profit margins that we believe have room to expand.
Vail Resorts, Inc. (MTN) is the largest operator of ski resorts in the U.S. It owns 15 resorts across Colorado, Utah, Lake Tahoe, Whistler Blackstone in Canada, Perisher in Australia and Stowe in Vermont. It is in the process of closing on three other ski resorts in Vermont, New Hampshire, and Colorado.	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 continue to raise lift ticket prices. Vail is also focused on increasing season-pass sales and 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.	The Charles Schwab Corp. (SCHW) is a discount brokerage firm offering securities brokerage and other financial services to individual investors directly and through independent financial advisors.	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.
Verisk Analytics, Inc. (VRSK) provides information about risk to companies in the insurance, financial services, and energy industries. Verisk enables these businesses to better understand and manage their risks and optimize their decision-making processes.	We think Verisk has a unique competitive position. The company is investing to expand its product set in Insurance, Financials, and Energy, creating a path to sustained high single-digit organic growth. Verisk generates robust margins, which we believe can grow modestly over time with scale, excluding the impact of any future M&A. Verisk has been generating significant levels of free cash flow, which it has been using to repurchase stock and make acquisitions.	Verisign, Inc. (VRSN) provides internet infrastructure services worldwide. It offers registry services that operate the authoritative directory of .com, .net, .cc, .tv, and .name domain names, as well as the back-end systems for various .gov, .jobs, and .edu domain names.	Verisign is a defensive business with high barriers to entry resulting from its contract with Internet Corporation for Assigned Names and Numbers, where it provides registry for .com domains globally. We believe the company should benefit from global expansion of .com and additional domain names, in addition to substantial return of capital through buybacks due to the company's significant free cash flow generation capability over the next several years.
Mettler-Toledo International, Inc. (MTD) is the world's largest provider of weighing instruments for use in laboratory, industrial, and food retailing applications.	Mettler has a track record of consistent growth. In our opinion, the company has strong brand recognition, customer diversification, pricing power, and margin expansion opportunities. We think the business has attractive financial characteristics, including high returns on capital, minimal capital requirements, and strong free cash flow generation. The company uses all of its free cash flow to repurchase its stock. We believe the management team is an excellent steward of capital and skilled at developing sales and marketing initiatives to enhance growth.	ANSYS, Inc. (ANSS) is the market leader in simulation-driven product development. Engineers use its simulation software to test the effects of real-world forces on a design without a physical model.	ANSYS's software allows engineers to test a broad range of designs, enabling lower development costs, reduced time to market, and optimized products. The company has high recurring revenue and customer retention rates in excess of 95%. It generates high margins due to the scalability of its software and significant levels of free cash flow, which it has reinvested in R&D and niche acquisitions. The company has also increased the pace of its share repurchases in light of what we believe is its vast long-term opportunity and attractive valuation.



We invest in people—not just buildings

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