

Baron Asset Fund

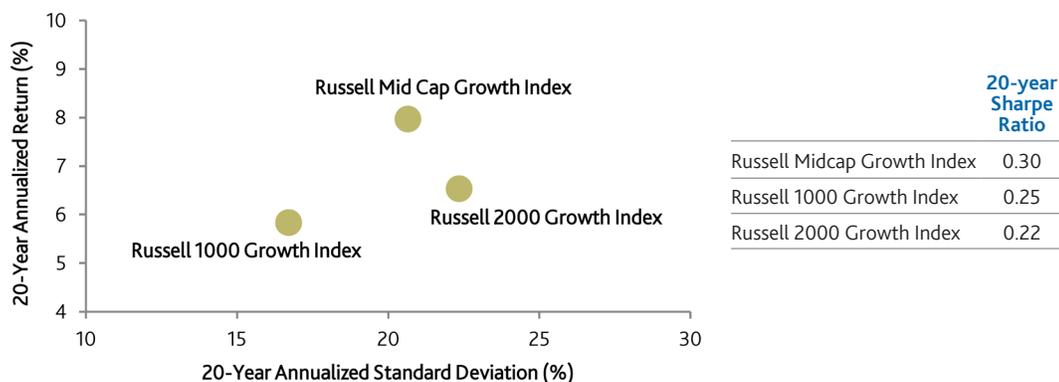
Retail Shares (BARAX) | Institutional Shares (BARIX) | R6 Shares (BARUX)

As of September 30, 2019

Missed Opportunity in Mid Cap?

Mid caps have many potential benefits. They have:

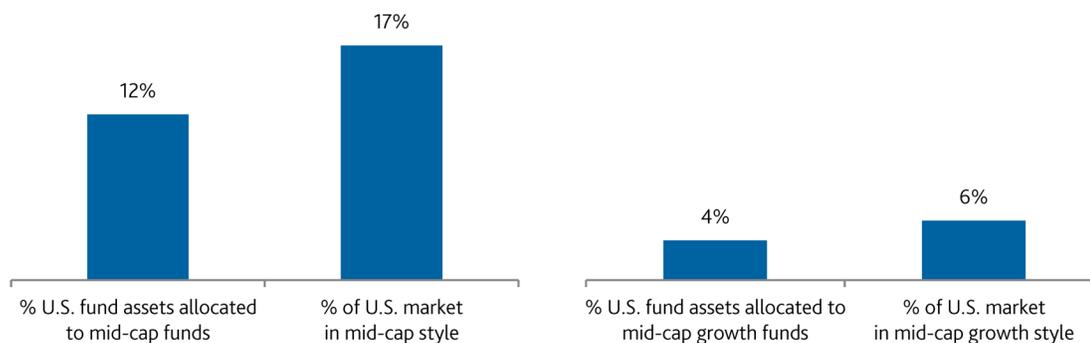
- Matured beyond their riskier start up phase
- Become more financially stable than smaller-cap businesses
- Generated higher long-term risk-adjusted returns as measured by Sharpe Ratio



Sources: FactSet SPAR and Russell, Inc.

For this analysis, the Russell Midcap Growth Index represents mid caps, the Russell 2000 Growth Index represents small caps, and the Russell 1000 Growth Index represents large caps.

Yet, investors still under allocate to mid caps¹



Source: FactSet, BAMCO, Inc., and Morningstar Direct.

1 - As of 9/30/2019, the total market capitalization of U.S. publicly traded stocks was approximately \$33.0 trillion.

Andrew Peck, Portfolio Manager

- 23 years of investment experience
- Manages Baron Mid Cap Growth Strategy, (Baron Asset Fund is the representative account) and Baron All Cap Growth Strategy
- Sole manager since 2008
- Co-portfolio manager of Baron Asset Fund from 2003 to 2008
- Baron research analyst from 1998 to 2003

Investment Philosophy

- Long-term investing creates an advantage
- Independent and exhaustive research is essential to understanding a business
- Successful growth businesses have open-ended opportunities and sustainable competitive advantages
- People are the key drivers of a successful business
- Purchase price matters
- Risk management is integral to portfolio management

Why Baron

- Proven, consistent, repeatable research and investment process
- A long-term ownership mindset
- A culture that fosters collaboration, intellectual curiosity, creativity, professional development, and risk management
- Accumulated significant investment experience and expertise
 - Significant experience investing in U.S. and non-U.S. mid caps
- Employee interests aligned with those of our shareholders

Past Performance is no guarantee of future results. There is no assurance that this outperformance will continue.

Risks: There is more potential for capital appreciation in mid-sized companies, but there also may be more risk. Specific risks associated with investing in mid-sized companies include that the securities may be thinly traded and they may be more difficult to sell during market downturns.

The indexes are unmanaged. The index performance is not fund performance; one cannot invest directly into an index. The **Russell Midcap® Growth Index** is an unmanaged index that measures the performance of medium-sized U.S. companies that are classified as growth. The **Russell 1000® Growth Index** measures the performance of large-sized U.S. companies that are classified as growth. The **Russell 2000® Growth Index** measures the performance of small-sized U.S. companies that are classified as growth. 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.



Baron Asset Fund

Our approach to mid-cap growth investing has generated alpha over the trailing 3- and 5-year periods

We favor companies with:

- High margins, return on invested capital, sales growth, and earnings growth
- Competitive advantages
- Recurring revenue

We tend to avoid companies with:

- Low earnings visibility
- High dependence on government funding and regulation
- High leverage

Our investment criteria drive stock selection

| What We Like | Why We Like Them |
|------------------------------------|--|
| Subscription-based business models | <ul style="list-style-type: none"> Proprietary data and analytics that we believe are extremely hard to replicate Data tightly embedded in client workflows Highly visible, recurring revenue streams Pricing power High incremental margins Strong free cash flow |
| Unique assets | <ul style="list-style-type: none"> Zoning and/or licensing obstacles prevent new entrants Asset-intensive businesses with high fixed costs and low variable costs become more profitable with scale Well-positioned incumbents capture growing demand Businesses with unique assets often have pricing power |
| Platform internet businesses | <ul style="list-style-type: none"> Benefit from network effects (users beget more users, which leads to more listings and/or advertisers) Dominant websites in their vertical markets Large, global addressable markets |

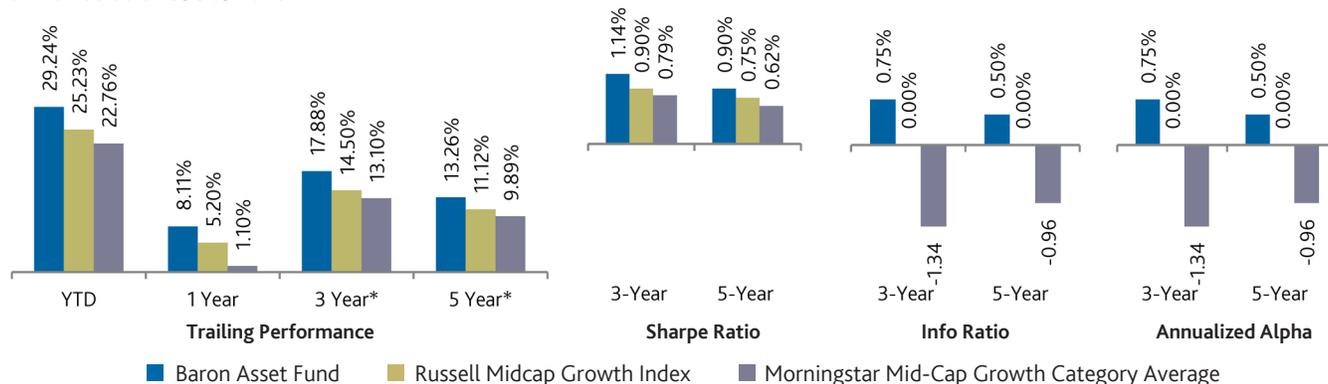
Stock selection contributed to outperformance

| Trailing periods as of 9/30/2019 | Cumulative Excess Return from Stock-Specific Effect | Cumulative Excess Returns | Annualized Excess Returns |
|----------------------------------|---|---------------------------|---------------------------|
| 3-year | 11.27% | 13.69% | 3.38% |
| 5-year | 18.03% | 16.98% | 2.14% |

Sources: FactSet PA, MSCI, Inc., and BAMCO, Inc.

We have achieved attractive risk-adjusted performance over the last five years

Performance as of 9/30/2019



*Annualized.

Sources: BAMCO, FactSet SPAR, Russell Inc., and Morningstar Direct.

Baron Asset Fund returns reflect the reinvestment of dividends and other earnings, which positively impact performance results.

As of fiscal year ended 9/30/2018, the expense ratio of the Fund's Institutional Shares was 1.04%.

Investors 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.

This information does not constitute an offer to sell or a solicitation of any offer to buy securities by anyone in any jurisdiction where it would be unlawful under the laws of that jurisdiction to make such offer or solicitation. This information is only for the intended recipient and may not be distributed to any third party.

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 the 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 above.

Morningstar calculates the Morningstar Mid-Cap Growth Category Average using its Fractional Weighting methodology. The Fund's Institutional Shares have been included in the Category since 5/29/2009 and the Fund's Retail Shares since 4/1/1999.

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Stock specific effects are the result of the Funds' factorbased performance attributions versus its benchmark. **Factor-based performance attribution** is the process of attributing excess performance to different factors or groups of factors using a multi-factor model (in this case the MSCI Barra USE3-L model). It allows for the assessment of sources of returns based on several return components, including style return and industry return. The proportion of excess return that is not attributed to these components or common factors (industries and styles) is attributed to company-specific sources or events. This is referred to as "Excess Return From Stock Specific Effect". The calculations above are transaction-based and are produced from the underlying security-level data.

Alpha measures the difference between a fund's actual returns and its expected performance, given its level of risk as measured by beta. **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. **Information Ratio** (Info Ratio) is a ratio of portfolio returns above the returns of a benchmark – usually an index – to the volatility of those returns. **Annualized Excess Return** is the return of a fund that exceeds a particular benchmark or index with a similar level of risk (in this case returns that exceeds the Russell Midcap Growth Index). The return is calculated on an annual basis over a given time period. **Cumulative Excess Return** is the return of a fund that exceeds a particular benchmark or index with a similar level of risk (in this case returns that exceeds the Russell Midcap Growth Index). The return is calculated on an aggregate basis, representing the value the fund has gained or lost over time, independent of the period of time involved.

BAMCO, Inc. is an investment adviser registered with the U.S. Securities and Exchange Commission (SEC). Baron Capital, Inc. is a broker-dealer registered with the SEC and member of the Financial Industry Regulatory Authority, Inc. (FINRA).

