

# Baron Energy and Resources Fund

Retail Shares (BENFX) and Institutional Shares (BENIX)



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 energy and resource companies of any market capitalization. Diversified.

## Portfolio Manager

Jamie Stone joined Baron in 2009 as a research analyst specializing in energy and was named portfolio manager in 2011. He has 31 years of research experience. From 2007 to 2009, Jamie worked at Cambridge Investments as a principal and director of research. From 2000 to 2007, Jamie worked at UBS Securities as a managing director and senior analyst. From 1993 to 2000, Jamie worked at Schroder & Co. as a senior research analyst and was named managing director in 1998. From 1988 to 1993, Jamie worked at Kidder, Peabody & Co. as a senior research analyst. Jamie graduated from the University of Michigan with a B.A. in English Literature in 1987.

## Portfolio Facts and Characteristics

Inception Date	December 30, 2011
Net Assets	\$33.92 million
# of Equity Securities / % of Net Assets	17 / 77.4%
Turnover (3 Year Average)	32.03%
Active Share	91.0%
Median Market Cap†	\$8.26 billion
Weighted Average Market Cap†	\$24.73 billion
<b>Retail Shares</b>	
CUSIP	06828M868
Gross Expense Ratio <sup>3</sup>	1.66%
Less: Reimbursement of Expenses by Adviser <sup>3</sup>	(0.31)%
Net Expense Ratio <sup>3</sup>	1.35%
<b>Institutional Shares</b>	
CUSIP	06828M850
Gross Expense Ratio <sup>3</sup>	1.42%
Less: Reimbursement of Expenses by Adviser <sup>3</sup>	(0.32)%
Net Expense Ratio <sup>3</sup>	1.10%

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

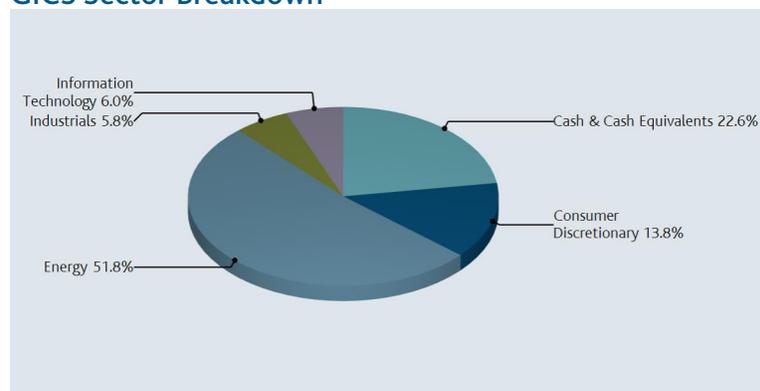
## Performance Based Characteristics - Retail Shares<sup>2</sup>

	3 Years	5 Years	Since Inception
Std. Dev. (%) - Annualized	20.89	22.84	20.91
Sharpe Ratio	-0.26	-0.57	-0.34
Alpha (%) - Annualized	-5.49	-5.21	-4.02
Beta	1.01	1.07	1.04
R-Squared (%)	80.36	84.26	82.52
Tracking Error (%)	9.26	9.16	8.77
Information Ratio	-0.65	-0.64	-0.51
Upside Capture (%)	89.91	100.29	95.90
Downside Capture (%)	115.51	120.74	113.52

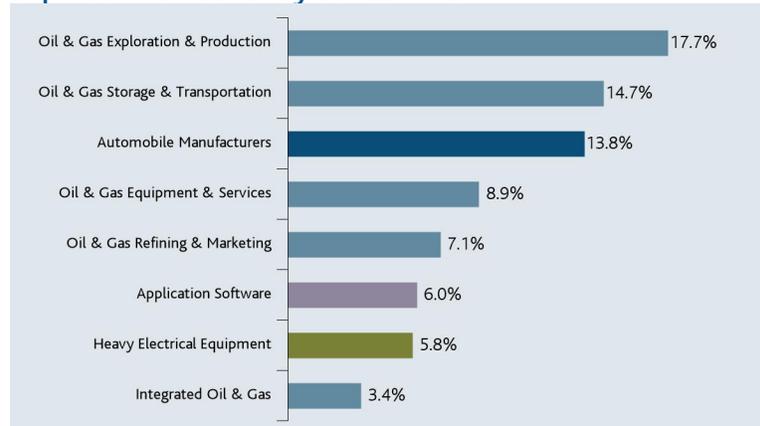
## Top 10 Holdings

	% of Net Assets
Tesla, Inc.	13.8
Concho Resources, Inc.	12.6
Aspen Technology, Inc.	6.0
TPI Composites, Inc.	5.8
Golar LNG Ltd.	5.6
Gravity Oilfield Services Inc.	4.6
Marathon Petroleum Corporation	4.5
Cactus, Inc.	4.3
Petróleo Brasileiro S.A. – Petrobras	3.4
Magnolia Oil & Gas Corporation	2.8
<b>Total</b>	<b>63.4</b>

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



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



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

## Risks

Energy companies can be affected by fluctuations in energy prices and supply and demand of energy fuels. Resources industries can be affected by international political and economic developments, the success of exploration projects, and meteorological events.

Value	Blend	Growth	
			Large
			Medium
			Small

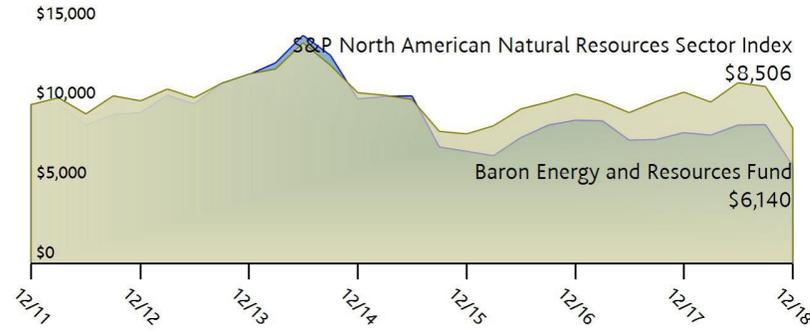
1 - Industry sector or sub-industry group levels are provided from the Global Industry Classification Standard ("GICS"), developed and exclusively owned by MSCI, Inc. ("MSCI") and Standard & Poor's Financial Services LLC ("S&P"). All GICS data is provided "as is" with no warranties. The Adviser may have 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 12/31/2017

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Comparison of Change in Value of \$10,000 Investment in Baron Energy and Resources Fund - Retail Shares vs. the S&P North American Natural Resources Sector Index as of December 31, 2018



## Historical Performance (Calendar Year %)

Year	BENFX	S&P North American Natural Resources Sector Index	S&P 500 Index
2012	-5.40	2.20	16.00
2013	25.32	16.49	32.39
2014	-12.75	-9.77	13.69
2015	-31.88	-24.28	1.38
2016	28.02	30.87	11.96
2017	-8.90	1.23	21.83
2018	-25.27	-21.07	-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 12/30/2011	Since Inception 12/30/2011
BENFX-Retail Shares	-29.82	0.69	7.85	-25.27	-25.27	-4.48	-12.33	-	-6.73	-38.60
BENIX-Institutional Shares	-29.76	0.80	7.84	-25.03	-25.03	-4.23	-12.12	-	-6.51	-37.57
S&P North American Natural Resources Sector Index	-23.47	-2.05	12.05	-21.07	-21.07	1.50	-6.50	-	-2.28	-14.94
S&P 500 Index	-13.52	7.71	3.43	-4.38	-4.38	9.26	8.49	-	12.70	130.86
Lipper Global Natural Resources Category Average	-20.21	-0.22	5.09	-20.21	-20.21	1.95	-6.64	-	-2.76	-12.04

## Top Contributors/Detractors to Performance for the Quarter Ended December 31 2018<sup>4</sup>

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

Top Contributors	Average Weight(%)	Contribution(%)
Automobile Manufacturers	10.50	1.31

Top Detractors	Average Weight(%)	Contribution(%)
Oil & Gas Exploration & Production	38.47	-18.61
Oil & Gas Storage & Transportation	14.24	-3.77
Oil & Gas Equipment & Services	11.28	-3.34
Oil & Gas Refining & Marketing	6.32	-1.71
Application Software	4.97	-1.17

### BY HOLDINGS

Top Contributors	Average Weight(%)	Contribution(%)
Tesla, Inc.	10.50	1.31
Andeavor	0.15	0.14

Top Detractors	Average Weight(%)	Contribution(%)
Concho Resources, Inc.	12.60	-4.26
Parsley Energy, Inc.	6.70	-3.94
Encana Corp.	4.65	-3.61
WPX Energy, Inc.	3.11	-1.74
Halliburton Co.	3.24	-1.41

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](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 - Source: FactSet PA.

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

Definitions (provided by BAMCO, Inc.): The indexes are unmanaged. The **Standard & Poor's (S&P) North American Natural Resources Sector Index** is a modified capitalization-weighted equity index of U.S.-traded natural resources-related stocks, including mining, energy, paper and forest products, and plantation owning companies. The **S&P 500 Index** measures the performance of 500 widely held large-cap U.S. companies. The indexes and the Fund are with dividends, which positively impact the performance results. The **Lipper Global Natural Resources Category Average** is not weighted and represents the straight average of annualized returns of each of the funds in the category. The Fund has been included in the category since inception. Source: Lipper Analytical Services, Inc. **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.