Dear Baron Energy and Resources Fund Shareholder:

Performance

Table I.
Performance†
Annualized for periods ended September 30, 2018

	Baron Energy and Resources Fund Retail Shares[1,2]	Baron Energy and Resources Fund Institutional Shares[1,2]	S&P North American Natural Resources Sector Index[1]	S&P 500 Index[1]
Three Months[3]	0.69%	0.80%	(2.05)%	7.71%
Nine Months[3]	6.47%	6.74%	3.13%	10.56%
One Year	12.08%	12.42%	9.25%	17.91%
Three Years	6.19%	6.46%	10.29%	17.31%
Five Years	(5.00)%	(4.76)%	(0.35)%	13.95%
Since Inception (December 30, 2011)	(1.96)%	(1.73)%	1.58%	15.66%

JAMES STONE

PORTFOLIO MANAGER

Retail Shares: BENFX
Institutional Shares: BENIX
R6 Shares: BENUX

Through the first three quarters of the year, Baron Energy and Resources Fund (the "Fund") has posted strong results on an absolute and relative basis. While the strong improvements in oil prices and energy industry earnings and cash flow results should have created a clear backdrop for share price gains this year, the investment environment for energy and resource-related stocks remained challenging as investor interest in the energy and resource sub-industries remained tepid as evidenced by various investor surveys and fund/ETF flows. The continued fervor for and performance of growth stocks in general, and particularly technology stocks, have made it difficult for energy stocks to garner as much attention from generalist investors as we believe the fundamentals warrant. Therefore, while the S&P 500 Energy Index has returned a respectable 7.5% year-to-date, the broader S&P 500 Index was up 10.6% and growth stocks represented by the Russell 2000 Growth Index have returned 15.8%, 862 basis points higher than Russell 2000 Value Index. Given the paltry average index weighting of Energy within the Russell 2000 Growth Index (1.7%) compared to the Russell 2000 Value Index (7.1%) and the performance of growth versus value this year, it is not too surprising that investor apathy toward energy-related stocks has been quite significant.

Nevertheless, the Fund has gained 6.74% (Institutional Shares) year-to-date and remains significantly ahead of its benchmark, with additional relative gains captured in the third quarter as shown in Table I. However, the Fund and its investments have continued to underperform relative to the strength in energy prices and business fundamentals. The Fund's year-to-date gains lagged year-to-date increases in U.S. oil prices of 21.0%, growth in the Baker Hughes U.S. Rig Count of 13.5%, and an estimated (Source: Bloomberg) increase in S&P 500 Energy Index earnings and EBITDA (earnings before interest, taxes, depreciation, and amortization) for 2018 of 96.4% and 74.0%, respectively. We believe that the improvements that have been seen in commodity prices and business activity levels are sustainable, and can even be improved upon over the next 12-to-24 months. This should result in additional earnings and cash flow growth, and provide a favorable backdrop for share price appreciation within the energy industry and for the companies that comprise over 75% of the Fund's holdings.

While performance divergence between oil prices and equities would seem completely counterintuitive, there is precedent for energy equities to underperform the spot price for oil, especially in the early phases of an industry recovery, such as we have experienced over the past year. There are numerous examples from the past 25 years of this divergence as commodity prices are often more volatile to both the upside and the downside than equities. However, we have also observed in past industry cycles that after the initial recovery in the commodity, the performance differential begins to stabilize and eventually shift back in favor of the equities. We believe this

Performance listed in the above table is net of annual operating expenses. Annual expense ratio for the Retail Shares and Institutional Shares as of December 31, 2017 was 1.66% and 1.42%, respectively, but the net annual expense ratio was 1.35% and 1.10% (net of the Adviser's fee waivers), respectively. *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 or call 1-800-99BARON.*

† The Fund's historical performance was impacted by gains from IPOs and/or secondary offerings. 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.

1 The indexes are unmanaged. The S&P North American Natural Resources Sector Index measures the performance of U.S.-traded natural resources related stocks and the S&P 500 Index of 500 widely held large cap U.S. companies. The S&P 500 Energy Index comprises those companies included in the S&P 500 that are classified as members of the GICS® energy sector. The indexes and the Fund are with dividends, which positively impact the performance results.

2 The performance data in the table does not reflect the deduction of taxes that a shareholder would pay on Fund distributions or redemptions of Fund shares.

3 Not annualized.

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phenomenon is caused by initial investor skepticism in the early phases of an industry recovery and a desire to see greater industry stability and improvements in profits and cash flows before increasing capital allocations to the sector.

We believe we are in that phase of the recovery as: 1) improvements in inventory and supply/demand balances have enabled oil prices to recover from industry recession lows of around $30 per barrel to between $70-to-$80 per barrel; 2) company financial conditions have not only stabilized, but improved markedly in the past 18 months; and 3) growth prospects across the energy value chain are robust and attractive for the next several years. Furthermore, the global energy industry, and, particularly, U.S. based companies, are transitioning from significant consumers of cash and capital to free cash flow generators and sharpening their focus on both returns *on* capital and returns *of* capital. In our opinion, these factors and this shift in the business model should lead to improving equity performance and should position many companies across the energy value chain to be strong performers over the next several years.

Table II.

Top contributors to performance for the quarter ended September 30, 2018

	Year Acquired	Percent Impact
Aspen Technology, Inc.	2015	1.00%
Concho Resources, Inc.	2012	0.86
Andeavor	2017	0.65
RSP Permian, Inc.	2014	0.64
Magnolia Oil & Gas Corporation	2018	0.64

Shares of **Aspen Technology, Inc.,** a leader in optimization software for the process industries, contributed to performance after rallying on strong financial results and the potential for new products and partnerships. We believe demand trends for Aspen's traditional applications are improving as energy budgets have stabilized. We are excited about the launch of the company's new APM suite, which we believe can add several points of revenue growth. We anticipate that margins will continue expanding from already robust levels, and expect continued share repurchases over time.

Concho Resources, Inc. is an exploration and production company focused on the Permian Basin in West Texas. Shares appreciated as Permian oil differentials tightened and investors turned optimistic regarding the company's ability to grow oil volumes. We believe the company is well positioned to exploit the deep inventory of drilling locations in the Basin. We expect shares to appreciate as Concho delivers on its multi-year growth plans and continues to execute operationally on its acreage.

Andeavor is a U.S. refining company with midstream projects on the West Coast and in the Permian Basin in West Texas and access to cheap crude through its refiners. Marathon Petroleum's acquisition of Andeavor closed on October 1st. Shares of Andeavor increased prior to the close of the acquisition.

RSP Permian, Inc. is an exploration and production company focused on the Permian Basin in West Texas. Concho Resources' acquisition of the company closed in the third quarter. Shares appreciated prior to the merger.

Magnolia Oil & Gas Corporation is an exploration and production company focused on the Eagle Ford and Austin Chalk formations in South Texas. Shares appreciated after Magnolia delivered earnings that beat Street expectations on the back of higher production and stronger oil price realizations. The company also raised production guidance for the full year and made an accretive acquisition. We remain investors, as we like Magnolia's low breakeven costs and exceptional, experienced management.

Table III.

Top detractors from performance for the quarter ended September 30, 2018

	Year Acquired	Percent Impact
Tesla, Inc.	2015	–2.14%
Sanchez Midstream Partners LP	2016	–0.78
Noble Midstream Partners LP	2016	–0.61
Flotek Industries, Inc.	2013	–0.46
Halliburton Co.	2012	–0.37

Tesla, Inc. designs, manufactures, and sells fully electric vehicles, solar products, and energy storage solutions. Shares declined on investor concerns around CEO Elon Musk's announcement of potential privatization, which led to lawsuits and investigations. Departures of a few executives and Street expectations for lower third quarter production and deliveries also pressured the stock. We retain conviction. We believe Tesla solved fundamental production issues, and expect it to optimize its production line to meet its margins and profitability targets over time.

Sanchez Midstream Partners LP develops, owns, and operates midstream services in the Western Eagle Ford Basin in South Texas. Shares declined given uncertainty surrounding the production plan for Sanchez Midstream's sponsor, for whom execution issues have presented liquidity challenges that may result in significantly lower throughput over the next year. The resulting fear of a distribution cut has weighed on the stock price. We retain conviction that Sanchez Midstream can meet its objectives, and at current prices there is limited downside to holding the stock and there is potential for meaningful upside.

Noble Midstream Partners LP provides crude oil, natural gas, and water-related midstream services in the Delaware Basin in West Texas and the Denver-Julesburg Basin in Colorado. Noble's shares declined in the quarter due to concerns regarding a pending ballot initiative in Colorado that, if passed, could significantly curtail oil & gas exploration and development in the state. Based on polling and other research, we think this is a low probability outcome and retain conviction in the shares due to the company's strong financial profile, peer-leading growth potential, and its relationship with its sponsor.

Flotek Industries, Inc. is a supplier of chemical additives to the oil & gas industry. It has a proprietary product dubbed "Complex nano-Fluid" (CnF) that is effective in increasing oil & gas shale well productivity. Shares declined due to sales that fell short of Street expectations and lower gross margins in the Energy Chemicals and Consumer and Industrial Chemistry Technology segments. We retain conviction, as we expect sales to resume a differentiated growth path, and we believe the market is undervaluing the progress Flotek has made on its cost structure.

Halliburton Co. is a provider of oilfield services and equipment to the global energy industry. Shares declined after the company guided down earnings in September due to softness in U.S. pressure pumping demand, citing a combination of budget exhaustion and oil pipeline capacity constraints in the Permian. We think the decline in demand is transitory and expect onshore activity to recover early next year. We like Halliburton's growth strategy and think future capital needs will be modest and the company should generate strong free cash flow that can be directed toward increased dividends or an expanded share buyback program.

Portfolio Structure

At the end of the quarter, the portfolio breakdown in the key sub-industries was as follows:

Oil & Gas Exploration & Production: The E&P sub-industry represented 41.9% of the Fund's assets at the end of the quarter, and continued to be focused on North American-based producers that operate primarily in developing unconventional oil & gas reservoirs. Companies that primarily operate in the Permian Basin in Texas and New Mexico remain our largest focus for E&P investments. Permian-related companies bounced back in the third quarter as investors became more comfortable that the transportation shortages for moving oil out of the basin in 2019 may not be as problematic as initially feared and perhaps began to look beyond 2019 to the industry leading production growth and free cash flow potential over a more extended period. We continue to believe that most of our investments in this sub-industry are well positioned to grow strongly and deliver shareholder returns even if oil prices remain flat over the next several years. This is a testament to the improvement in the asset bases and opportunity sets of these companies. **Concho Resources, Inc.** ended the quarter as the Fund's single largest holding at 12.2% of assets following the closing of its acquisition of former portfolio company **RSP Permian, Inc.** While this is a sizeable position for a single holding, it is lower than the 13.8% exposure we had to the two companies at the end of the second quarter and prior to the merger.

Renewable Energy: Renewable or alternative energy is not a specific GICS sub-industry, but we think this is really the appropriate classification for our investments in the Utilities, Information Technology, Consumer Discretionary, and Industrials sectors, since our investments in these areas are primarily companies involved in the construction and operation of solar and wind electricity generation assets, fuel cells, and battery storage systems. Investments in this area accounted for 19.4% of the Fund at the end of the quarter, and we continue to expand our research efforts in this area, as we expect renewable energy-related businesses to have some of the best long-term growth prospects among any of the sub-industries in which the Fund invests.

Oil & Gas Equipment & Services/Drilling: At 14.0%, our exposure to this sub-industry was higher than at the end of last quarter due to improved performance, and our decision to reallocate capital within the sub-industry as we exited our position in **U.S. Silica Holdings, Inc.** We are still relatively cautious about businesses in this sub-industry as earnings estimates have been coming down due to a transitory slowdown in upstream capital investment and overcapacity across multiple service lines. However, we are beginning to see downward revisions slow and expect an improved environment for earnings growth in the next three-to-nine months.

Oil & Gas Storage & Transportation: This sub-industry, which is a mix of MLPs, publicly traded general partnerships, and C-Corp structured companies that own and operate critical oil & gas processing, storage, and transportation infrastructure often referred to as the "midstream," is the fourth largest sub-industry for the Fund, representing 13.4% of its assets at the end of the quarter. The weighting has continued to drift lower due to a combination of reallocation of capital within the portfolio and weaker relative performance during the quarter. We still think that our investments are well positioned to capitalize on the growth in U.S. production volumes and hydrocarbon export opportunities, resulting in growth in cash flow and distributions, and that valuations for these companies are attractive.

Oil & Gas Refining & Marketing: Independent refiners represented 7.1% of Fund assets at the end of the quarter. Refining and marketing companies continued to be leading performers in the third quarter despite weakness in refining margins. One explanation for continued performance in this sub-industry is greater investor focus and appreciation for the pending margin benefits that should result from a regulatory change that goes into effect in 2020 called IMO 2020. The International Maritime Organization (IMO) will mandate that beginning in 2020, shipping companies will need to either shift to low sulfur fuels or install pollution control devices to limit harmful emissions. It is estimated that this switch will create significant new demand for high value low sulfur fuels like distillates and diesel and could be accretive to margins for complex refinery plants like those operated by most of the U.S. independent refining companies. In addition, the acquisition of **Andeavor** by Marathon Petroleum Corp., which was announced in the second quarter, closed just after the end of the third quarter and the closing of that merger arbitrage also helped with performance. Lastly, refiners continue to pursue aggressive cash return policies through rising dividends and share repurchase programs as free cash flow generation remains strong.

Materials: Our exposure to Materials dropped further this quarter to 1.5% as our investment in **Flotek Industries, Inc.** continues to suffer from a lack of near-term earnings visibility as it transitions its business model away from distributor-oriented sales to more direct sales. We continue to monitor this situation as we see material value in the shares due to their technology, competitive positioning, and supply chain advantages. However, management needs to be successful in managing this transition for that value to be realized.

Table IV.
Top 10 holdings as of September 30, 2018

	Year Acquired	Market Cap When Acquired (billions)	Quarter End Market Cap (billions)	Amount (millions)	Percent of Net Assets
Concho Resources, Inc.	2012	$10.1	$30.6	$6.6	12.2%
Parsley Energy, Inc.	2014	2.5	9.3	4.1	7.5
Tesla, Inc.	2015	30.3	45.2	3.7	6.8
Encana Corp.	2016	5.2	12.5	3.4	6.3
Aspen Technology, Inc.	2015	3.3	8.1	2.9	5.3
Andeavor	2017	9.8	23.2	2.5	4.5
Golar LNG Ltd.	2012	3.5	2.8	2.5	4.5
TPI Composites, Inc.	2017	0.5	1.0	2.3	4.2
Cactus, Inc.	2018	0.5	2.9	2.0	3.7
WPX Energy, Inc.	2016	4.3	8.5	2.0	3.6

Recent Activity

Table V.
Top net purchases for the quarter ended September 30, 2018

	Quarter End Market Cap (billions)	Amount Purchased (millions)
Transocean Ltd.	$ 6.4	$0.9
Pioneer Natural Resources Company	29.7	0.8
Bloom Energy Corporation	3.7	0.1

Our top purchase during the quarter was **Transocean Ltd.**, which is the leading deepwater drilling contractor in the world. We have been bearish on the offshore drilling sub-industry for many years; but the culmination of several years of financial distress among contractors finally led to a period of mergers, joint ventures, sharp cost cuts, efficiency gains, and most importantly, real capacity reductions which have positioned the offshore drillers for a cyclical recovery in demand. Those companies with concentrated fleets of premium deepwater and harsh environment assets along with a good combination of contract visibility and adequate re-contracting capacity should be in an excellent position to benefit from a rebound in drilling demand. Transocean fits this bill as it has been at the forefront of the industry restructuring with two major mergers/acquisitions, significant retirements of older assets, dramatic cost reductions, and an overhaul of its management team. As a result, it is emerging as a leaner, more profitable entity with significant future optionality to grow earnings and cash flow. While Transocean and its peers were restructuring their businesses, their customers were also focused on lowering the structural per barrel breakeven costs for offshore and deepwater oil & gas developments. We believe that through a combination of technology and process improvements, significant reductions have been achieved, and when oil companies combine these lower breakeven costs with higher oil prices, there is finally a rising propensity to invest in offshore projects once more. Drilling companies and others that participate in this part of the industry have been experiencing rising tendering and contracting activity for much of this year and that activity is expected to improve over the next several years. This should lead to higher asset utilization and rising day rates and drive Transocean's earnings and cash flows materially higher. Even though our investment in Transocean is of the more cyclical variety, we think that this is a best-in-class company and best-in-class management and that the risk/reward is attractive.

During the quarter, we also established a new position in **Pioneer Natural Resources Company**. Pioneer, along with Concho Resources**,** is one of the leading companies in the ownership and development of Permian Basin oil resources, and by our estimates, it has the deepest inventory of future drilling locations and longest resource life of any of the public or private companies operating in the Basin. This is not the first time we have owned Pioneer and we decided to return to the stock following a nearly 20% correction in the share price between May of this year and when we started to purchase our position. Pioneer has numerous strategic advantages that we find attractive including the largest contiguous acreage position in the Midland sub-basin of the Permian, industry leading technical knowledge of the play, strategically advantaged midstream infrastructure, and a nearly debt-free balance sheet. Pioneer's management and board have been making changes to its compensation structure to re-emphasize returns over growth and to enhance the focus on capital efficiency and returns of capital. We believe these changes along with Pioneer's ability to generate top tier debt-adjusted per share growth in production and cash flows will lead to superior shareholder returns.

One of our biggest successes in the third quarter could have been even bigger. **Bloom Energy Corporation** is a company that manufactures and sells fuel cell systems (Bloom Energy Servers) that convert natural gas into electricity without combustion, which results in affordable, low emission, off-grid power for its customers. The company's solutions are ideal for use in industrial facilities, corporate campuses, data centers, health care facilities, universities, and many other commercial and industrial settings as it can provide customers a "green" solution for consistent and clean power. Its systems produce electricity at costs that are competitive with wind and solar, but are "always on" and are a cost-effective, oftentimes more reliable, alternative to grid power. The company's 2018 revenues are estimated to be about $750 million, which is a mere fraction of its current serviceable addressable market ("SAM") of $175 billion and the global commercial & industrial electricity market of $1.6 trillion. Bloom Energy went public in July and after significant due diligence on the company including a visit to its manufacturing facility in California, we participated in the offering. While we were excited about the company's prospects, especially its ability to capture more of its SAM, we were too tepid in buying the stock in the aftermarket and building a meaningful position in this company. The shares have outperformed our initial expectations and we continue to look for opportunities to add to our initial purchase.

Table VI.
Top net sales for the quarter ended September 30, 2018

	Amount Sold (millions)
EQT Corporation	$1.0
U.S. Silica Holdings, Inc.	0.7
Landis+Gyr AG	0.7
EOG Resources, Inc.	0.7
Aspen Technology, Inc.	0.6

During the third quarter, we closed out positions in **EQT Corporation**, **U.S. Silica Holdings, Inc.**, and **Landis+Gyr AG** and trimmed our positions in **EOG Resources, Inc.** and **Aspen Technology, Inc.** We had received shares in EQT late last year following the closing of its acquisition of Rice Energy, Inc. and held onto our shares on the expectation that improving gas pipeline infrastructure in Appalachia and a restructuring of EQT's midstream businesses would lead to a higher share price. However, project delays, management turmoil, persistent oversupply of natural gas, and a restructuring plan that did not impact the stock as we had hoped led us to use our EQT holdings as a source of funds to reinvest in higher conviction ideas. U.S. Silica and Landis+Gyr had both been disappointing investments for the Fund in recent months and our assessment of each company's near-term and long-term fundamentals cast doubt on the potential for a turnaround that would justify holding onto their shares.

EOG Resources and Aspen have been successful investments for the Fund over the past several years, and we continue to like both companies' strong growth prospects, growing free cash flow, and industry-leading technology. However, our assessment of the valuation and the position sizes for each company led us to conclude that it made more sense to trim our position and reallocate those funds toward some of the other investments made during the quarter.

Outlook

As we turn toward the end of the year, it appears that equity markets around the world are beginning to price in more risk, and volatility has clearly increased in recent weeks. Investors appear to be increasingly concerned about rising U.S. interest rates, slowing non-U.S. economic activity, mid-term elections, trade wars, and higher oil prices (especially in emerging market currencies). Along with this macro backdrop, we would add that energy investors have been dealing with a series of micro factors such as volatility in regional oil pricing differentials in multiple basins in North America, falling Iranian oil exports ahead of the re-imposition of U.S. sanctions on Iran, the collapse of the Venezuelan oil industry, the impact of the U.S./China tariff standoff on energy exports, tighter global oil inventories, dwindling spare production capacity, and most recently tensions between Saudi Arabia and the U.S. and other allies over the death of Jamal Khashoggi in Turkey.

Amid all of this, we think it is important to maintain perspective. Global oil markets, global equity markets, and energy/resource equity markets are always dealing with a myriad of factors that frame the risks and rewards for investing. Most of these factors tend to be shorter term in nature and will change from month-to-month, quarter-to-quarter, and year-to-year. However, as long-term investors we seek to understand how and whether these things will impact our investments across multiple time horizons and whether they will ultimately impact our investment thesis in an individual company or across one of the sub-industries in which we invest. We recognize that oil prices have rebounded substantially in the last two years following the price crash that began in late 2014, and the rise has been consistent with our predictions over the past two years of improving supply/demand fundamentals. However, we currently believe that prices are a lot closer to what we would consider to be a "normalized" level. This is a level or a price that is not so high that it kills demand and yet is one which enables companies to generate the capital needed and reinvest it at an acceptable return to offset global production declines and grow production to meet demand. At this level, we think that the upside/downside price risks are more balanced, but we also think this is a price level that is more conducive to generating favorable returns in energy-related equities than in the commodity itself. Commodity returns have dominated equity returns for the past two years and we think this is poised to change over the next several years.

Mark Twain is reputed to have said that "history doesn't repeat itself, but it often rhymes." We see certain patterns in this recovery that are like past periods, but there are also sharp differences. The biggest difference is that the shale revolution has made the U.S. the epicenter for hydrocarbon supply growth in the world and has rapidly made the U.S. a significant exporter of both oil and natural gas. We expect this growth to continue given the scale of the resource opportunity and the challenge that much of the rest of the world will have in growing its supplies following several years of severe underinvestment in reserve replacement and new project sanctions. Another important difference is the evolution of the shale revolution from resource capture and delineation (the "land grab") to resource development ("the manufacturing phase"). The land grab created a lot of value for the shareholders of certain companies, but it also led to a lot of value destruction in others due to overspending and poor capital allocation. Today, we think we have a clearer picture of which companies are best positioned to win in the "manufacturing phase" and which companies are going to be serious about nailing capital allocation and generating both returns *on* capital and returns *of* capital. We think this transition to an industry that earns its cost of capital and returns capital to shareholders on a regular basis will not only help create shareholder value, but may also have the effect of prolonging the cycle by limiting the risk of overwhelming demand growth with excess supply.

Baron Energy and Resources Fund

Currently, the Fund's investments are focused on several key themes:

1. North America is the engine of growth for global energy supplies over the next 5-to-10 years. Unconventional oil and natural gas development are creating volume growth that is above local demand, leading to the creation of North America and particularly the U.S. as a growing oil and gas export power. We are also finally seeing green shoots for investments by the oil industry outside of North American shale for the first time in several years.

2. Key shale producers have significant barriers to entry or moats around their businesses due to their success at locking up the most prospective land and through operating scale, which should result in cost advantages and operating efficiency benefits.

3. The transition to greater capital efficiency is clearly underway. Investor apathy/pressure, poor share price performance, and the end of the land grab are all driving changes in management attitudes and more returns-focused compensation metrics that should produce better outcomes.

4. Infrastructure and equipment that enable upstream growth and export growth remain investable themes. There has been significant restructuring and consolidation in these sub-sectors of the industry that should improve the competitive landscape and improve investor returns.

5. The installed base of alternative energy/renewable energy projects continues to grow steadily, while breakeven cost advantages relative to conventional sources continues to improve. This is creating investment opportunities in a variety of technologies including generating assets, capital equipment, and energy storage.

We continue to view the growing disparity between the fundamentals that typically drive equity prices and actual equity prices as an investment opportunity. Valuations have improved significantly in the past year and the visibility for future growth and improved corporate returns are also clearer. There are always macro and micro risks that get factored into our investment process and the current risks still appear to be justified by the potential rewards. We believe our Fund is very well positioned to capture these opportunities.

Sincerely,

James Stone
Portfolio Manager

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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. The Fund may not achieve its objectives. Portfolio holdings are subject to change. Current and future portfolio holdings are subject to risk.

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