

September 30, 2018
Institutional Shares (BFTIX)

Baron Fifth Avenue Growth Fund Fact Sheet

BAMCO, Inc., Registered Investment Adviser



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

Definitions (provided by BAMCO, Inc.): The indexes are unmanaged. The **Russell 1000® Growth Index** measures the performance of large-sized U.S. companies that are classified as growth. 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. 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 Fund Large 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 inception. © 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.

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.

Not bank guaranteed, may lose value, not FDIC insured.



Portfolio Facts and Characteristics

	Fund	Russell 1000 Growth Index
# of Equity Securities / % of Net Assets	33 / 94.0%	-
Turnover (3 Year Average)	14.02%	-
Active Share	75.7%	-
Median Market Cap†	\$49.26 billion	\$12.99 billion
Weighted Average Market Cap†	\$335.41 billion	\$319.33 billion
EPS Growth (3-5 year forecast)†	27.6%	17.4%
Price/Earnings Ratio (trailing 12-month)*†	32.3	26.0
Price/Book Ratio*†	6.1	6.6
Price/Sales Ratio*†	7.4	3.3

* 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	13.55	13.31	17.23
Sharpe Ratio	1.62	1.23	0.74
Alpha (%) - Annualized	-1.62	-1.95	-2.30
Beta	1.20	1.16	1.11
R-Squared (%)	80.95	81.09	88.42
Tracking Error (%)	6.25	6.02	6.09
Information Ratio	0.35	0.05	-0.20
Upside Capture (%)	114.41	109.42	104.85
Downside Capture (%)	128.75	124.49	117.37

Top 10 Holdings

% of Net Assets

Amazon.com, Inc.	16.4
Alibaba Group Holding Limited	5.0
Mastercard Incorporated	4.7
Alphabet Inc.	4.7
Illumina, Inc.	4.3
Activision Blizzard, Inc.	4.1
Visa, Inc.	4.1
Intuitive Surgical, Inc.	3.8
Facebook, Inc.	3.6
Veeva Systems Inc.	3.1
Total	53.8

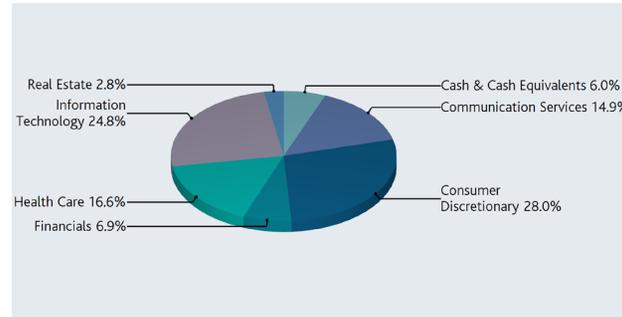
The Fund invests primarily in equity securities, which are subject to price fluctuations in the stock market. Even though the Fund is diversified, it may establish significant positions where the Adviser has the greatest conviction. This could increase volatility of the Fund's returns.

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.

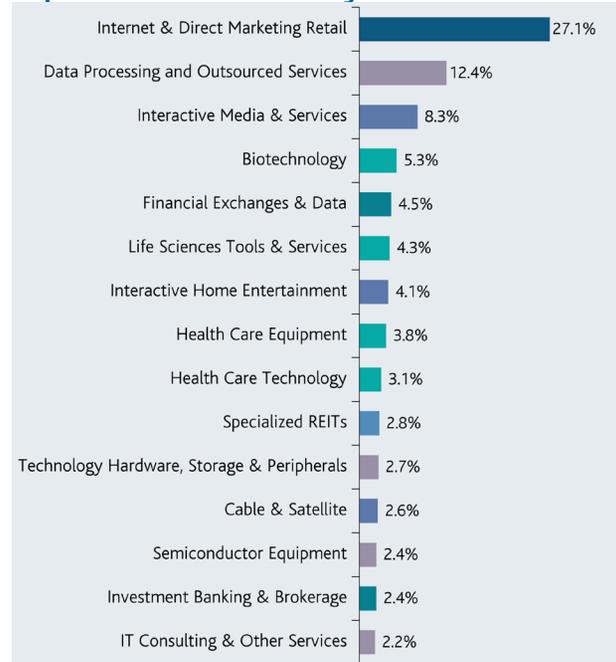
2 - Source: FactSet SPAR. Except for Standard Deviation and Sharpe Ratio, the performance based characteristics above were calculated relative to the Fund's benchmark.

3 - As of FYE 9/30/2017, restated to reflect management expense waivers.

GICS Sector Breakdown¹



Top 15 GICS Sub-Industry Breakdown¹



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

Investment Strategy

The Fund invests mainly in large-sized U.S. companies with significant growth potential and competitive advantages. Diversified.

Portfolio Manager

Alex Umansky joined Baron in 2011 as a portfolio manager. He has 25 years of research experience, 18 of which were at Morgan Stanley. From 2007 to 2011, he was a co-manager of the Morgan Stanley Opportunity Fund, while also co-managing the Global Opportunity Fund from 2008 to 2011, the International Opportunity Fund and the International Advantage Fund from 2010 to 2011. From 1998 to 2004, Alex was lead manager of the Morgan Stanley Institutional Technology Strategy and the Technology Fund. He was also the co-manager of the Information Fund from 2004 to 2005 and the Small Company Growth Fund from 1999 to 2002. Alex graduated from New York University Stern School of Business with a B.S. in Finance, Information Systems, and Mathematics in 1993.

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	April 30, 2004
Net Assets	\$305.82 million
Institutional Shares	
CUSIP	068278878
Gross Expense Ratio ³	0.84%
Less: Reimbursement of Expenses by Adviser ³	(0.09)%
Net Expense Ratio ³	0.75%



Performance as of September 30, 2018



	Total Returns(%)				Annualized Returns(%)											
	3rd Q 2018		Year to Date		1 Year		3 Years		5 Years		11/01/2011 - 09/30/2018 ¹		10 Years		Since Inception 4/30/2004	
	Return	+ -	Return	+ -	Return	+ -	Return	+ -	Return	+ -	Return	+ -	Return	+ -	Return	+ -
BFTIX - Institutional Shares	6.00		22.04		29.38		22.74		16.86		17.84		13.07		9.82	
Russell 1000 Growth Index	9.17	-3.17	17.09	4.95	26.30	3.08	20.55	2.19	16.58	0.28	17.16	0.68	14.31	-1.24	10.39	-0.57
S&P 500 Index	7.71	-1.71	10.56	11.48	17.91	11.47	17.31	5.43	13.95	2.91	15.39	2.45	11.97	1.10	9.18	0.64
Morningstar Large Growth Category Average	7.54	-1.54	15.64	6.40	23.18	6.20	17.68	5.06	14.02	2.84	14.97	2.87	12.60	0.47	N/A	

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

Historical Performance(Calendar Year %)



	2011 ²	2012	2013	2014	2015	2016	2017
BFTIX - Institutional Shares	-3.05	21.20	35.73	8.34	6.61	-1.76	40.97
Russell 1000 Growth Index	-0.33	15.26	33.48	13.05	5.67	7.08	30.21
S&P 500 Index	0.80	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 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.

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 - Alex Umansky began managing Baron Fifth Avenue Growth Fund on 11/1/2011.

2 - For the period 11/1/2011 to 12/31/2011.



Review and Outlook

After staging a recovery in the second quarter of 2018, U.S. equities continued their advance in the third quarter. Large-cap stocks outperformed small-caps, and growth outpaced value across most size segments. Volatility was subdued as the markets shrugged off trade tensions and ongoing turmoil in Washington and focused on strong corporate earnings and solid economic conditions to push to record highs.

Against this backdrop, Baron Fifth Avenue Growth Fund appreciated 6.0% in the quarter. While we are typically happy with a 6% gain, this was a relatively challenging quarter for the portfolio. We had plenty of winners with seven holdings each contributing over 50 basis points to returns. We had an additional eight investments that contributed over 20 basis points each, with 14 of our holdings rising over 10% during the quarter. Unfortunately, we had an unusually high number of losers with seven double-digit decliners. Several of our China-based holdings were hit hard late in the quarter as trade tensions escalated, and the negative impact on the growth of Chinese economy became more likely. We were clearly early in returning Facebook, Inc. to a full position and committed an investment error in getting involved with The Stars Group Inc. Though a relatively small position it did result in some permanent loss of capital.

Toward the end of the quarter and into October, the market pulled back sharply and experienced a substantial increase in volatility. We have no idea how long this period of increased volatility could persist. The Federal Reserve is raising interest rates, trade tensions are starting to have an impact on global growth, China's economy is slowing down, energy prices are rising, politics and regulations continue to be unpredictable - these are all serious challenges with clearly uncertain outcomes. History would suggest that most will prove passing or manageable. More important to us is the continued secular acceleration of digital ad spending and e-commerce growth, with spending on cloud computing growing more than 60%. The digitization phenomenon, while still early, is starting to reach inflection points in many new areas (not only media and retail, but medicine, transportation, and consumer banking are in the midst of full blown disruptions now). We believe this should favor many of the companies in which we are invested.

The business of capital allocation (or investing) is the business of taking risk, managing the uncertainty, and taking advantage of the long-term opportunities that those risks and uncertainties create. We are confident that our process is the right one, and we believe that it will enable us to make good investment decisions over time.

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

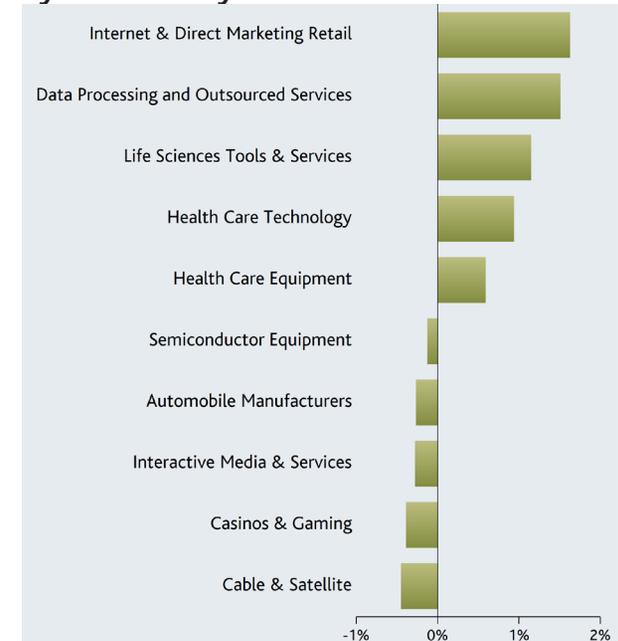
Contributors

- **Amazon.com, Inc.**, the world's largest online retailer, contributed to performance as it continued to increase its total addressable market at an unprecedented pace. We believe Amazon can keep gaining share in the \$1 trillion global advertising market, which would not only present a large revenue opportunity, but also substantially improve the company's core margins. Amazon remains one of our highest conviction investment ideas, and we believe it may one day become the most valuable company in the world.
- **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.
- **Veeva Systems Inc.** is the leading provider of cloud-based data management solutions for the life sciences industry. Shares increased sharply on reports of another strong quarter, including traction with newer solutions and early positive results from its recently announced Nitro product. Veeva continues to report healthy margins growth driven by a combination of sustainable growth in both top and bottom lines. While its core product, Vault, serves as Veeva's current growth engine, we expect its expanding product line will create additional, multi-year growth opportunities.

Detractors

- **Alibaba Group Holding Limited** is China's largest e-commerce company, owning the country's two largest online shopping platforms in addition to 33% of Ant Financial. Shares detracted from performance due to fears over a trade war and the company's plan to continue investing in grocery and online food delivery, contributing to lower overall margins. We retain conviction, as we expect continued growth in all areas and a high reinvestment rate in newer market segments. We remain optimistic about Alibaba's long-term prospects.
- Shares of **Facebook, Inc.**, the world's largest social network, detracted from performance. The company provided a relatively muted outlook on revenue growth while raising estimates of expenses as it ramped up efforts to eliminate malicious content from the network and investments in longer-term growth initiatives. Based on vast network of users, the ongoing monetization of Instagram, and the future monetization of WhatsApp and Messenger, we remain optimistic regarding Facebook's prospects.
- **Naspers Limited** is a South African company that operates a pay television business, a small print media business, and an internet division. The majority of its value is attributed to its large ownership stake in Tencent Holdings. Shares declined due to a widening discount between its investment in Tencent and the total net asset value of the combined Naspers investment. Naspers is considering ways to narrow this discount, which include potentially listing on other foreign exchanges and accelerating growth of the late stage venture business. We retain conviction.

Contribution to Return¹ By Sub-Industry



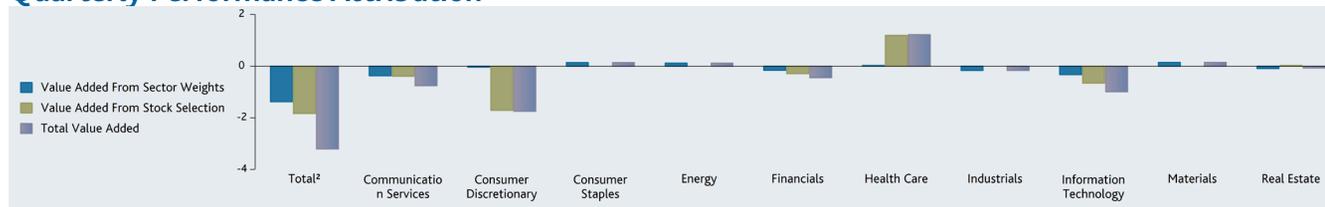
By Holdings

Top Contributors	Average Weight(%)	Contribution(%)
Amazon.com, Inc.	16.28	2.69
Illumina, Inc.	4.11	1.15
Veeva Systems Inc.	2.51	0.94
Mastercard Incorporated	4.71	0.61
Intuitive Surgical, Inc.	3.40	0.59

Top Detractors	Average Weight(%)	Contribution(%)
Alibaba Group Holding Limited	5.73	-0.66
Facebook, Inc.	4.13	-0.63
Naspers Limited	2.98	-0.45
Ctrip.com International, Ltd.	1.69	-0.45
The Stars Group Inc.	0.75	-0.39

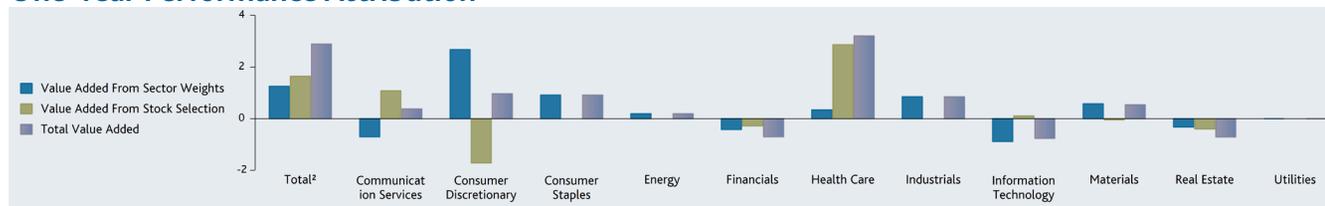
1 - Source: FactSet PA.

Quarterly Performance Attribution¹



Sector Average Weights(%)	Communication Services	Consumer Discretionary	Consumer Staples	Energy	Financials	Health Care	Industrials	Information Technology	Materials	Real Estate
Baron Fifth Avenue Growth Fund	15.78	29.85	-	-	6.93	14.92	-	24.43	-	2.98
Russell 1000 Growth Index	11.46	16.33	5.56	0.92	4.36	13.62	11.95	32.02	1.72	2.08
Over/Underweight	4.32	13.52	-5.56	-0.92	2.57	1.30	-11.95	-7.58	-1.72	0.90
Total Return(%)										
Baron Fifth Avenue Growth Fund	-2.81	3.24	-	-	-0.63	22.10	-	10.90	-	1.22
Russell 1000 Growth Index	-0.72	9.13	6.32	-4.64	3.21	12.82	10.66	13.80	-0.08	0.18
Relative Return	-2.09	-5.89	-6.32	4.64	-3.84	9.28	-10.66	-2.89	0.08	1.05

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 Fifth Avenue Growth Fund	16.65	31.73	-	-	8.64	11.91	-	23.43	0.47	3.65	-
Russell 1000 Growth Index	12.54	15.65	6.14	0.87	3.67	13.07	12.33	30.35	3.08	2.30	0.01
Over/Underweight	4.12	16.08	-6.14	-0.87	4.98	-1.16	-12.33	-6.92	-2.60	1.35	-0.01
Total Return(%)											
Baron Fifth Avenue Growth Fund	13.33	37.65	-	-	10.06	47.20	-	42.05	8.29	-0.94	-
Russell 1000 Growth Index	8.73	45.70	11.44	4.42	14.92	19.41	18.54	41.17	2.48	7.34	21.63
Relative Return	4.60	-8.05	-11.44	-4.42	-4.86	27.79	-18.54	0.88	5.81	-8.28	-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 Fifth Avenue Growth Fund was up 6.00% in the third quarter, yet trailed the Russell 1000 Growth Index by 317 basis points due to a combination of stock selection and relative sector weights.

Outperformance of Health Care investments and lack of exposure to the lagging Materials, Consumer Staples, and Energy sectors added value. Stock selection in Health Care contributed nearly 120 basis points to relative results, driven by the outperformance of DNA sequencer Illumina, Inc., data management solutions provider Veeva Systems Inc., and robotic surgery pioneer Intuitive Surgical, Inc. Illumina and Veeva were the second and third largest contributors to absolute performance, while Intuitive's shares appreciated after the company reported strong financial results, highlighted by 18% procedure growth.

Investments in Consumer Discretionary, Information Technology (IT), and Communication Services detracted the most from relative results. Stock selection in Consumer Discretionary accounted for more than half of the Fund's underperformance, with the main culprits being Chinese internet & direct marketing retailers Alibaba Group Holding Limited and Ctrip.com International, Ltd. Alibaba was the largest detractor from absolute performance due to trade war fears and margin contraction. Ctrip's stock price was also negatively impacted by trade war concerns, as well as slower growth related to changes in regulations governing its air travel business. While a potential trade war remains a short-term headwind, Chinese travelers represent the fastest growing and largest segment of global travelers, and we believe Ctrip remains well positioned to capitalize on the opportunity they present. Canadian online gaming company The Stars Group Inc. also weighed on relative performance before being sold late in the quarter. The company's shares were under pressure as investors reduced their exposure to gaming shares globally based on weak results in Macau and slow growth in Las Vegas. Within IT, lower exposure to Apple, Inc., a sizeable position in the index whose shares were up more than 22%, detracted over 50 basis points from relative results. Weakness in the sector also came from the underperformance of ASML Holding N.V., which designs and manufactures semiconductor production equipment. ASML's shares were down as continued strength in the next generation EUV lithography business took a back seat to industrywide concerns regarding the cycle. We maintain conviction in ASML, as the company is the de facto standard in next generation lithography. Within Communication Services, underperformance of Naspers Limited and Facebook, Inc. and higher exposure to this declining sector hurt relative results. Facebook and Naspers were the second and third largest detractors on an absolute basis after their share prices each fell double-digits in the quarter.



Top 10 Holdings as of September 30, 2018

Company	Investment Premise	Company	Investment Premise
<p>Amazon.com, Inc. (AMZN) is an e-commerce pioneer, innovator, and market share leader, with relentless focus on providing value and convenience to its customers. It also operates the industry-leading cloud infrastructure business Amazon Web Services.</p>	<p>Amazon's market share of U.S. online retail sales is over 30%, while its share of global online retail sales is less than 5%. Amazon has numerous avenues for new revenue growth opportunities, including consumer staples, apparel, international expansion, digital media offerings, office and industrial supplies, private label, pharmacy services, and advertising. We believe Amazon represents a unique opportunity to invest in the secular growth of both online retail and cloud computing. We estimate that Amazon Web Services will account for over 50% of Amazon's value over time.</p>	<p>Activision Blizzard, Inc. (ATVI) is a global leader in digital interactive entertainment. The company develops, markets, publishes, and distributes games, content, and services on consoles, PCs, and mobile. Key game franchises include Call of Duty, Destiny, World of Warcraft, Overwatch, and Candy Crush.</p>	<p>Activision has a number of strong tailwinds that should benefit the company, including the shift to digital in gaming and advertising, and international expansion. The company's CEO, Bobby Kotick, is highly regarded and has created a tremendous amount of shareholder value during his more than 25 years at Activision. Over the next five years, Activision could steadily grow revenues and continue to expand margins, in our view.</p>
<p>Alibaba Group Holding Limited (BABA) is the largest e-commerce company in the world. Alibaba owns and operates the two largest online shopping platforms in China, Taobao and Tmall. It also owns a third of Ant Financial, which operates China's largest third-party online payment vendor Alipay.</p>	<p>With over 500 million active buyers and over 10 million merchants, we believe Alibaba is poised to benefit disproportionately from the increased penetration of internet, mobile, and e-commerce in China. It enjoys more than 70% market share of all e-commerce transactions in China, and we expect it to continue growing at a rate of more than 20% for years to come. We also see significant positive optionality in Alibaba's cloud computing, data management, and electronic payments platforms.</p>	<p>Visa, Inc. (V) is a leading global payment network. The company authorizes and facilitates electronic payments for consumers, merchants, and banks.</p>	<p>Visa benefits from consumer spending growth and the secular shift from cash to electronic payments. We expect the integration of Visa Europe to create significant value through faster revenue growth and cost synergies. Margins should continue expanding due to operating leverage. The company generates significant free cash flow, which is being returned to shareholders through dividends and share repurchases. We believe Visa enjoys high barriers to entry given its well established brand, ubiquitous merchant acceptance network, and extensive banking relationships.</p>
<p>Mastercard Incorporated (MA) is a leading global payment network. The company authorizes and facilitates electronic payments for consumers, merchants, and banks.</p>	<p>Mastercard benefits from consumer spending growth and the secular shift from cash to electronic payments. A majority of the business comes from international markets, where consumer spending and the adoption rate of electronic payments have been rising quickly. Margins should continue expanding due to operating leverage. The company generates significant free cash flow, which is being returned to shareholders. We believe Mastercard enjoys high barriers to entry given its well-established brand, ubiquitous merchant acceptance network, and extensive banking relationships.</p>	<p>Intuitive Surgical, Inc. (ISRG) manufactures and markets the da Vinci Surgical System, a robotic surgical system used for minimally invasive procedures.</p>	<p>We believe a large number of medical procedures that are currently performed using open surgery will in the future be performed using Intuitive Surgical's da Vinci System. Robotic surgery is less invasive than open surgery, and patients experience less blood loss, less nerve damage, reduced pain, and faster recovery. Intuitive generates a large and growing portion of its revenue from recurring procedures. We expect the company's revenue and earnings to grow at attractive rates as procedure volumes increase.</p>
<p>Alphabet Inc. (GOOG) (formerly Google Inc.) is the world's most recognized and dominant online search provider, as well as the owner and operator of YouTube. The company provides a variety of services and tools for advertisers, primarily for search and display advertising.</p>	<p>Alphabet is the largest beneficiary of a secular shift of advertising from all other mediums to online and mobile. Data is becoming increasingly important, and Alphabet has processed and indexed more data than any other company. Alphabet's leadership position in artificial intelligence allows it to leverage its large data sets to quickly improve its products, and subsidiary Waymo provides entry into autonomous driving. We believe Alphabet has the greatest collection of engineering talent of any company we cover, which should allow it to grow and innovate for years to come.</p>	<p>Facebook, Inc. (FB) is the world's largest social network with over 1.5 billion active monthly users, 1 billion mobile users, and over 750 million daily active users. Instagram and Whatsapp are also part of the Facebook network.</p>	<p>Facebook is a unique social platform whose users continue to demonstrate stickiness and high engagement. Advertisers want to be where users are, and Facebook's ability to analyze, target, and show clear, demonstrable, and rising returns on investment makes it particularly attractive to them. We believe the company is still in the middle innings of monetizing its vast customer base. In addition, we see significant positive optionality from eventual monetization opportunities in search, video, publishing, Whatsapp, Messenger and Oculus.</p>
<p>Illumina, Inc. (ILMN) is the recognized leader in next-generation DNA sequencing platforms.</p>	<p>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.</p>	<p>Veeva Systems Inc. (VEEV) is a leading cloud software provider focused on the life sciences market, with products including multi-channel customer relationship management (CRM) and enterprise content management (Vault) offerings. Veeva is now expanding beyond life sciences with its QualityOne product.</p>	<p>Veeva addresses an approximately \$8 billion total available market today through its current product line, compared to about \$5 billion in 2015. The company is employing a "land and expand" strategy by expanding Veeva CRM across divisions and by cross-selling new products like Veeva Vault. As a vertical SaaS company, Veeva has high margins because it is selling into a concentrated target customer base and can spend less on sales and marketing and more narrowly target its R&D investment. We expect Veeva to leverage its products beyond its core market over the next few years.</p>



We invest in people—not just buildings

Long-Term Investors • Research Driven

WWW.BARONFUNDS.COM

WWW.BARONCAPITALMANAGEMENT.COM