

September 30, 2018
Institutional Shares (BFGIX)

Baron Focused 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 2500™ Growth Index** measures the performance of small to 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 Fund Mid-Cap Growth Category Average** using its Fractional Weighting methodology. The Fund's Institutional Shares have been included in the category since 5/29/09 and the Fund's Retail Shares since 6/30/08. © 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 2500 Growth Index
# of Equity Securities / % of Net Assets	14 / 100.0%	-
Turnover (3 Year Average)	10.96%	-
Active Share	98.6%	-
Median Market Cap†	\$8.36 billion	\$1.33 billion
Weighted Average Market Cap†	\$13.18 billion	\$5.76 billion
EPS Growth (3-5 year forecast)†	15.3%	17.7%
Price/Earnings Ratio (trailing 12-month)*†	24.0	23.8
Price/Book Ratio*†	3.7	4.6
Price/Sales Ratio*†	4.2	2.0

* 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

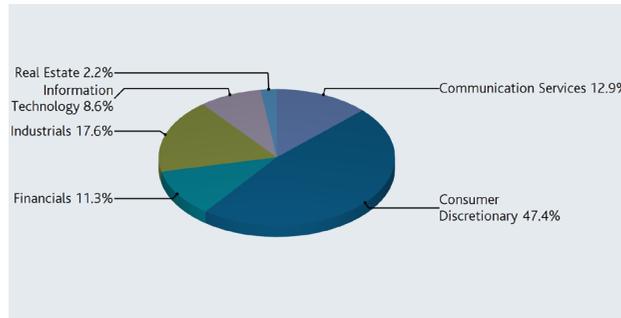
	3 Years	5 Years	10 Years	Since Inception
Std. Dev. (%) - Annualized	12.40	12.90	17.91	20.66
Sharpe Ratio	1.29	0.73	0.55	0.45
Alpha (%) - Annualized	2.85	-0.82	-1.79	4.97
Beta	0.78	0.86	0.90	0.77
R-Squared (%)	58.55	71.13	87.18	67.49
Tracking Error (%)	8.41	7.15	6.67	12.78
Information Ratio	-0.14	-0.41	-0.52	0.23
Upside Capture (%)	89.27	85.34	84.42	90.01
Downside Capture (%)	80.75	93.13	90.98	76.78

Top 10 Holdings

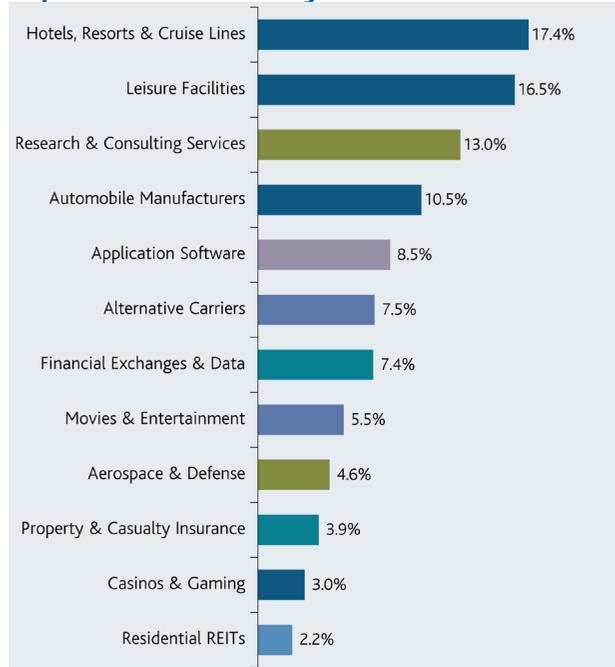
% of Net Assets

Vail Resorts, Inc.	16.5
CoStar Group, Inc.	13.0
Hyatt Hotels Corp.	11.9
Tesla, Inc.	10.5
Iridium Communications Inc.	7.5
FactSet Research Systems, Inc.	7.4
Choice Hotels International, Inc.	5.5
Manchester United plc	5.5
Space Exploration Technologies Corp.	4.5
Guidewire Software, Inc.	4.5
Total	86.8

GICS Sector Breakdown¹



Top GICS Sub-Industry Breakdown¹



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

The Fund is non-diversified, which increases volatility of the Fund's returns and exposes it to greater risk of loss in any given period. Specific risks associated with investing in small and medium-sized companies include that the securities may be thinly traded and more difficult to sell during market downturns.

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

Investment Strategy

This is a focused Fund that invests mainly in small- and mid-sized U.S. companies with significant growth potential. A substantial percentage of the Fund's assets are in its top 10 holdings. Non-diversified.

Portfolio Manager

Ron Baron founded Baron Capital in 1982 and has 48 years of research experience. From 1970 to 1982, Ron worked for several brokerage firms as an institutional securities analyst. From 1966 to 1969, Ron worked at the U.S. Patent Office as a patent examiner, while attending George Washington University Law School. From 1965 to 1966, Ron worked at Georgetown University as a teaching fellow in biochemistry. Ron graduated from Bucknell University with a B.A. in Chemistry in 1965.

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	May 31, 1996
Net Assets	\$226.81 million
Institutional Shares	
CUSIP	06828M504
Gross Expense Ratio ³	1.12%
Less: Reimbursement of Expenses by Adviser ³	(0.02)%
Net Expense Ratio ³	1.10%



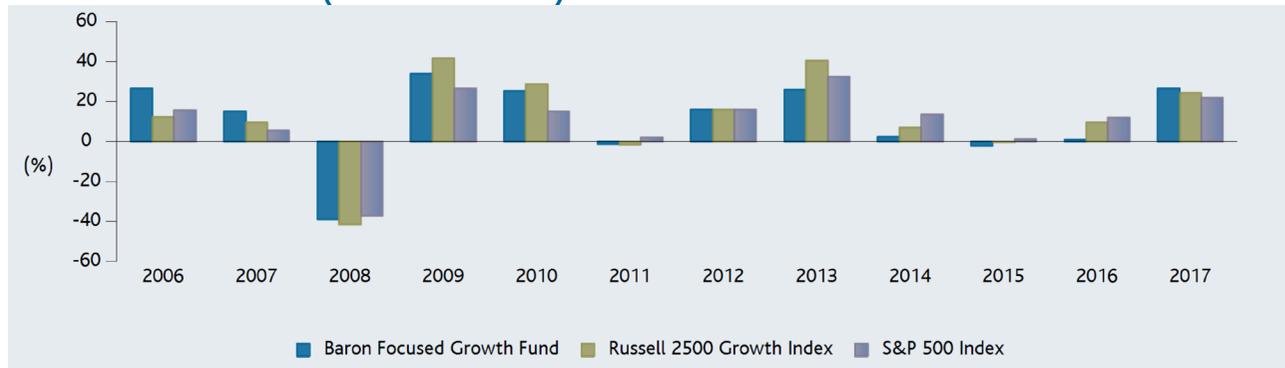
Performance as of September 30, 2018



	Total Returns(%)				Annualized Returns(%)									
	3rd Q 2018		Year to Date		1 Year		3 Years		5 Years		10 Years		Since Inception 5/31/1996	
	Return	+ -	Return	+ -	Return	+ -	Return	+ -	Return	+ -	Return	+ -	Return	+ -
BFGIX - Institutional Shares	2.89		17.22		20.34		16.80		9.93		10.15		11.44	
Russell 2500 Growth Index	7.17	-4.28	15.78	1.44	23.13	-2.79	17.96	-1.16	12.88	-2.95	13.61	-3.46	8.47	2.97
S&P 500 Index	7.71	-4.82	10.56	6.66	17.91	2.43	17.31	-0.51	13.95	-4.02	11.97	-1.82	8.84	2.60
Morningstar Mid-Cap Growth Category Average	6.48	-3.59	13.42	3.80	20.31	0.03	15.81	0.99	11.68	-1.75	11.97	-1.82	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
BFGIX - Institutional Shares	26.63	15.25	-39.06	33.94	25.39	-1.11	16.17	26.09	2.54	-2.12	0.97	26.59
Russell 2500 Growth Index	12.26	9.69	-41.50	41.66	28.86	-1.57	16.13	40.65	7.05	-0.19	9.73	24.46
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 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.

Reflects the actual fees and expenses that were charged prior to 6/30/08, when the Fund was a partnership, which include a 15% performance fee. Without the performance fee, returns in certain years would be higher. The Fund does not charge a performance fee. The predecessor partnership was not registered under the Investment Company Act of 1940 and was not subject to its requirements or the requirements of the Internal Revenue Code relating to registered investment companies, which, if it was, might have adversely affected its performance.



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 their small-cap counterparts, 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.

The economy is now in its ninth year of expansion. U.S. GDP growth came in at an annualized rate of 4.2% for the most recent reported quarter. Corporate earnings results were robust, boosted by tax cuts and continued economic growth. The employment picture remained healthy, with the unemployment rate of 3.7% the lowest since 1969. The Conference Board's Consumer Confidence Index rose to its highest level since November 2000. Retail sales increased for the seventh consecutive month in August and were up 6.6% year-over-year. Industrial production was up 4.9%, driven by manufacturing. The housing market moderated somewhat, as home sales were flat to slightly positive, while home price increases slowed to less than a 6% growth rate. Against this solid economic and earnings backdrop, it is not surprising that the markets continued their upward trajectory.

Baron Focused Growth Fund increased in the quarter. Holdings in Communication Services, Financials, and Information Technology (IT) contributed the most to performance. Top contributor Iridium Communications Inc. drove performance of the new Communication Services sector. Financials advanced on the strength of FactSet Research Systems, Inc. and Arch Capital Group Ltd. FactSet was the second largest contributor, and shares of investment management tools provider Arch Capital rose after the company announced a large 15,000 seat deal win with Merrill Lynch Wealth Management. Double-digit gains in the portfolio's two IT holdings, Benefitfocus, Inc. and Guidewire Software, Inc., helped lift that sector's performance. Consumer Discretionary detracted due to stock price drops in Tesla Inc. and Red Rock Resorts, Inc., respectively the top and second largest detractors in the quarter. Real Estate was a minor detractor as well due to rising interest rates that weighed on overall sector performance.

We remain optimistic about the long-term environment for U.S. equities. While we always monitor geopolitical and other developments that may have a short-term impact on the markets, we remain focused on the long term. We invest only in growth businesses that we think can double in value about every five or six years. This compares to the stock market and economy which have doubled in value about every 11 years since 1960 on average. We believe that our research-driven approach to investing in companies with competitive advantages, experienced management, and strong, long-term growth prospects will lead to outperformance, although there are no guarantees.

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

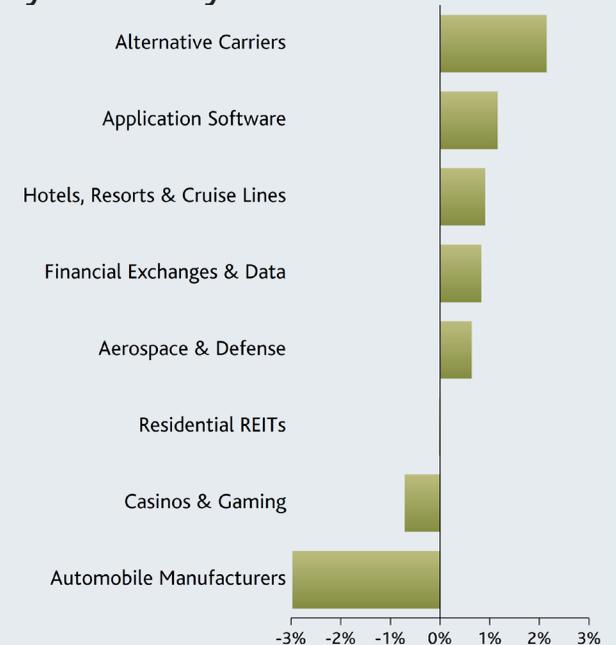
Contributors

- Shares of satellite company **Iridium Communications Inc.** rose in the quarter on quarterly results that beat investor expectations with growth across all key segments. Following years of investment, Iridium has now launched 65 of its 75 NEXT satellites into orbit, significantly reducing execution risk. We expect Iridium to continue to grow its U.S. Department of Defense, maritime, aviation, and Internet of Things channels, especially given the upgraded capabilities of its new Certus services that should roll out commercially later in 2018.
- Shares of **FactSet Research Systems, Inc.**, a leading provider of investment management tools, contributed to performance. The company announced a large 15,000 seat deal win with Merrill Lynch Wealth Management, which we believe should be meaningful from both a financial and a reputational perspective and should serve as a great reference point for FactSet as the company attempts to win more Wealth Management deals.
- **Space Exploration Technologies Corp.** (SpaceX) designs, manufactures, and launches advanced rockets and spacecraft. In the future, SpaceX is looking to build broadband capabilities by deployment of a new satellite constellation and ultimately, is looking to enable people to live on other planets. The company continues to leverage its unique offering of reusable rockets to offer a lower cost launches vs. other vendors and continues to take significant share in commercial and governmental launches. As SpaceX is a private company, we value the company using a proprietary valuation model, which resulted in appreciation of the stock during the quarter.

Detractors

- **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.
- Shares of **Red Rock Resorts, Inc.**, a casino operator focused on the Las Vegas locals market, decreased as many Las Vegas residents left on vacation given the strong economy and a heat wave that affected the area. We consider the drop in visitation to be temporary, and do not foresee a long-term slowdown in the locals market. Las Vegas' population continues to grow, wages continue to rise 2-3% per year, and housing prices are at record highs. We view such data optimistically, and we see the stock's current valuation as attractive.
- Shares of **American Homes 4 Rent**, an operator of 52,000 single family rental homes across 22 states, detracted slightly from performance. Weak performance was driven by rising interest rates combined with potentially higher operating costs. We retain conviction due to the company's robust runway for growth via increasing rents and margins, further portfolio expansion through M&A, and a strong demand tailwind rooted in millennials' needs for single-family housing with the backdrop of high student debt burdens, which limit purchase affordability.

Contribution to Return¹ By Sub-Industry



By Holdings

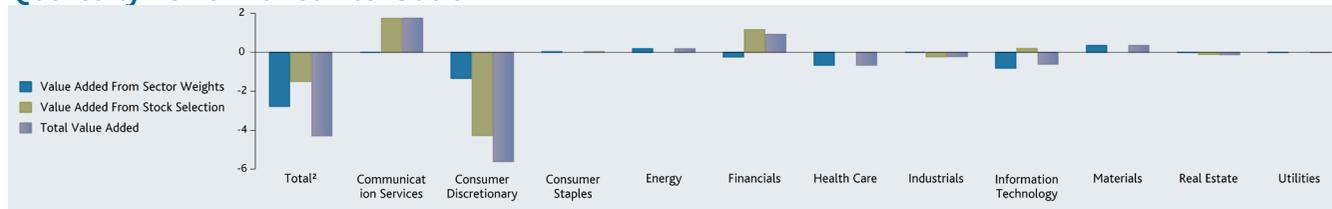
Top Contributors	Average Weight(%)	Contribution(%)
Iridium Communications Inc.	6.36	2.15
FactSet Research Systems, Inc.	7.07	0.83
Space Exploration Technologies Corp.	4.27	0.64
Benefitfocus, Inc.	3.77	0.64
Guidewire Software, Inc.	4.26	0.52

Top Detractors	Average Weight(%)	Contribution(%)
Tesla, Inc.	12.24	-2.97
Red Rock Resorts, Inc.	3.59	-0.71
American Homes 4 Rent	2.21	-0.02

¹ - Source: FactSet PA.

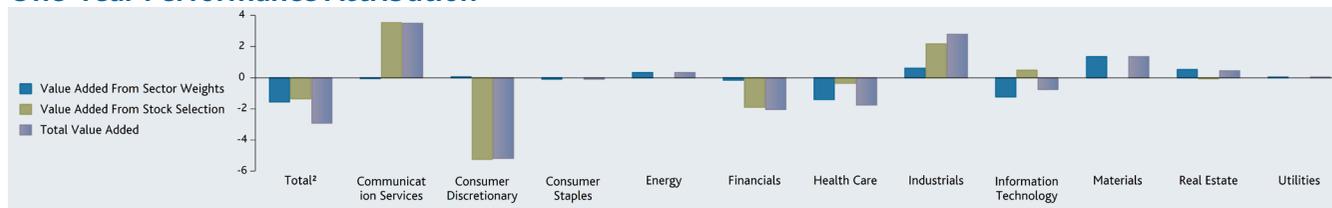


Quarterly Performance Attribution¹



Sector Average Weights(%)	Communication Services	Consumer Discretionary	Consumer Staples	Energy	Financials	Health Care	Industrials	Information Technology	Materials	Real Estate	Utilities
Baron Focused Growth Fund	11.82	49.65	-	-	10.95	-	17.30	8.03	-	2.21	-
Russell 2500 Growth Index	3.28	15.58	1.98	1.66	7.13	22.29	17.24	23.28	4.89	2.46	0.20
Over/Underweight	8.55	34.07	-1.98	-1.66	3.81	-22.29	0.05	-15.26	-4.89	-0.25	-0.20
Total Return(%)											
Baron Focused Growth Fund	25.42	-5.85	-	-	13.04	-	5.29	16.79	-	-1.09	-
Russell 2500 Growth Index	7.06	3.05	4.43	-5.44	1.09	10.24	6.45	13.09	-0.71	3.16	4.48
Relative Return	18.36	-8.91	-4.43	5.44	11.95	-10.24	-1.16	3.70	0.71	-4.25	-4.48

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 Focused Growth Fund	10.55	51.55	-	-	11.93	0.58	11.54	12.15	-	0.86	-
Russell 2500 Growth Index	3.76	14.11	2.13	1.55	7.47	19.20	18.69	23.78	5.84	3.12	0.34
Over/Underweight	6.80	37.44	-2.13	-1.55	4.46	-18.62	-7.15	-11.63	-5.84	-2.26	-0.34
Total Return(%)											
Baron Focused Growth Fund	66.91	10.44	-	-	5.19	-6.52	25.01	56.13	-	5.05	-
Russell 2500 Growth Index	21.35	22.18	28.38	-1.14	14.78	32.31	15.04	37.79	-1.66	6.52	8.89
Relative Return	45.56	-11.74	-28.38	1.14	-9.59	-38.84	9.97	18.34	1.66	-1.46	-8.89

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 Focused Growth Fund increased 2.89% in the third quarter, yet trailed the Russell 2500 Growth Index by 428 basis points due to relative sector weights and, to a lesser extent, stock selection.

Outperformance of investments in Communication Services and Financials and lack of exposure to the declining Materials and Energy sectors added the most value. Strength in Communication Services was due to the outperformance of satellite company Iridium Communications Inc., the largest contributor on an absolute basis, and English Premier League (EPL) professional sports team Manchester United plc. Manchester United's share price reacted positively to other EPL teams selling stakes in their clubs. Arsenal FC sold a 30% stake in the team, valuing it at \$2.3 billion according to press reports, with speculation that Chelsea FC was also looking to sell a stake. The sale and potential sale highlight the intrinsic value of Manchester United's team at multiples that are substantially north of where the company's shares trade today. Positive stock selection in Financials, owing to the outperformance of investment management tools provider FactSet Research Systems, Inc. and specialty insurer Arch Capital Group Ltd., was somewhat offset by higher exposure to this poor performing sector. FactSet was the second largest contributor to absolute performance after announcing a large 15,000 seat deal win with Merrill Lynch Wealth Management, while Arch's shares rebounded after reporting quarterly earnings that exceeded Street expectations.

Consumer Discretionary holdings, lack of exposure to the strong-performing Health Care sector, and meaningfully lower exposure to the top performing Information Technology sector hurt relative performance. Stock selection in Consumer Discretionary detracted 427 basis points from relative results, driven by electric vehicle manufacturer Tesla, Inc., global ski resort operator Vail Resorts, Inc., casino operator Red Rock Resorts, Inc., and global hotelier Hyatt Hotels Corp. Tesla and Red Rock were the two largest detractors on an absolute basis, while Vail's stock price fell late in the quarter after season pass sales growth came in modestly below Street expectations. Hyatt's shares underperformed despite reporting solid second quarter financial results, raising revenue per available room guidance for fiscal 2018, and continuing to aggressively repurchase shares. Significantly higher exposure to this lagging sector also weighed on relative results.



Top 10 Holdings as of September 30, 2018

Company

Investment Premise

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.

CoStar Group, Inc. (CSGP) is the leading provider of information and marketing services to the commercial real estate industry.

CoStar has built a proprietary database through primary and data collection research over a 20-year period, creating high barriers to entry. The conversion of legacy Loopnet search customers to CoStar suite customers should add \$200mm+ of recurring revenue with almost no cost, and the conversion of Loopnet listing customers can be even more material. CoStar has expanded into the apartment space via several acquisitions, and we think it can grow its apartment marketing offerings at 20% sustainable with few incremental costs.

Hyatt Hotels Corp. (H) is a global hospitality company with 753 Hyatt-branded properties representing 191,710 keys. The company's brands include Park Hyatt, Grand Hyatt, Hyatt Regency, Hyatt, Hyatt Place, and Hyatt Summerfield Suite.

We believe Hyatt has a significant opportunity to market more of its brands globally, given an undersupply of rooms in developing countries. Compared to its competitors, Hyatt has the least brand penetration across the globe and the largest pipeline of unit growth. We believe its new online availability of rooms and strong balance sheet, coupled with the continued recovery in the global lodging industry, give Hyatt an opportunity to generate strong growth. The resulting potential increased cash flow could be used for continued share repurchases and further acquisitions.

Tesla, Inc. (TSLA) manufactures purely electric automobiles, energy storage, and solar solutions. It offers a sedan (Model S), a CUV (Model X), and battery-based energy storage. Tesla is also now producing and delivering its highly anticipated lower cost vehicle, Model 3, with a base price of \$35,000.

In our view, Tesla could continue to grow its business rapidly at least through 2020. We believe its strong engineer talent pool, first mover advantage, scale with its existing facilities, \$5 billion Giga battery plant, solar activity, and recognized brand could potentially result in a market capitalization of \$100 billion in five years and more thereafter. Tesla has now filled 100,000 out of 450,000 pre-orders for its Model 3 in roughly a year and a half, which we view as a solid reaffirmation of its manufacturing capacity.

Iridium Communications Inc. (IRDM) provides mobile voice and data communications services to businesses, governments, and consumers, using a constellation of low-earth orbiting satellites.

We believe Iridium's assets are hard to replicate. They are capital intensive and complex and provide the company with the unique ability to cover the entire globe. The company's recurring voice business is stable and provides steady cash flow. In our view, Air-eon, Machine to Machine, and other new products should allow Iridium to substantially grow its cash flow, reduce leverage, and create significant shareholder value over time.

Company

Investment Premise

FactSet Research Systems, Inc. (FDS) provides financial information to the global investment community.

FactSet serves only a small part of the addressable market, which we estimate is roughly \$20 billion annually. The company has been taking market share and offering broader data sets and more advanced portfolio analytics than its competitors, and has a highly regarded customer service model. FactSet has also been expanding into the fixed income and wealth management markets. Its products are sticky, leading to retention rates of over 95% and high visibility. FactSet generates robust free cash flow, which it has returned to shareholders via share repurchases and dividends.

Choice Hotels International, Inc. (CHH) is one of the largest hotel franchisors in the world, with 6,883 hotels and an additional 1,024 properties under development. Its franchise contracts are long term, many as long as 20 years. Brands include Quality Inn, Comfort Inn, Comfort Suites, and Sleep Inn.

Choice has a strong franchising business with recurring revenue. It has demonstrated consistent profitability across up and down cycles through increased rates and occupancy, new unit growth, and increased royalty rates. The company has a strong pipeline of new hotel franchises and is looking to expand the number of upscale brands in its portfolio, through acquisitions and new brand creations such as Cambria Suites and Ascend Collection. It is also selling its systems to third-party hotels, which we think will generate significant income over time.

Manchester United plc (MANU) is an English Premier League professional sports team. The team generates revenue from broadcasting, sponsorship, and licensing.

Manchester United is a global brand with a proven history of success. Our investment is based on our belief that the team will benefit from more robust monetization of its global audience, an estimated fan base of 659 million people; expanding pay TV rights; and new, high margin revenue streams, including global licensing, e-commerce, and subscription services.

Space Exploration Technologies Corp. (SPACEX.A) is a private company that designs, manufactures, and launches rockets and spacecrafts into space. SpaceX is aiming to revolutionize space technology, including reusable orbital launch systems.

We believe SpaceX could leverage its unique inventory of reusable rockets to reduce the costs of space launches, capture a growing portion of the available addressable market, and continue to build a track record of success. As launch costs decline, we believe more companies will offer services with space capabilities, increasing the need for rockets. With low launch costs, we expect SpaceX to have an advantage in building its new constellation of satellite-based broadband services.

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.



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