

# Baron Focused Growth Fund

Retail Shares (BFGFX) and Institutional Shares (BFGIX)

BAMCO, Inc., Registered Investment Adviser



## Investment Principles

- Long-term perspective allows us to think like an owner of a business
- Independent and exhaustive research is essential to understanding the long-term fundamental growth prospects of a business
- We seek appropriately capitalized open-ended growth opportunities, exceptional leadership, and sustainable competitive advantages
- Purchase price and risk management are integral to our investment process

## Investment Strategy

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 Managers

Ron Baron is Baron Capital's founder, CEO, and CIO, and he has 49 years of research and investment experience.

David Baron joined Baron in 2005 as a research analyst and was named co-portfolio manager in 2018. He has 17 years of research experience.

Please visit our website for details on their experience and education.

## Portfolio Facts and Characteristics

Inception Date	May 31, 1996
Net Assets	\$225.10 million
# of Equity Securities / % of Net Assets	14 / 99.9%
Turnover (3 Year Average)	8.51%
Active Share	98.5%
Median Market Cap†	\$7.80 billion
Weighted Average Market Cap†	\$13.65 billion
<b>Retail Shares</b>	
CUSIP	06828M207
Gross Expense Ratio <sup>3</sup>	1.39%
Less: Reimbursement of Expenses by Adviser <sup>3</sup>	(0.04)%
Net Expense Ratio <sup>3</sup>	1.35%
<b>Institutional Shares</b>	
CUSIP	06828M504
Expense Ratio	1.09%

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

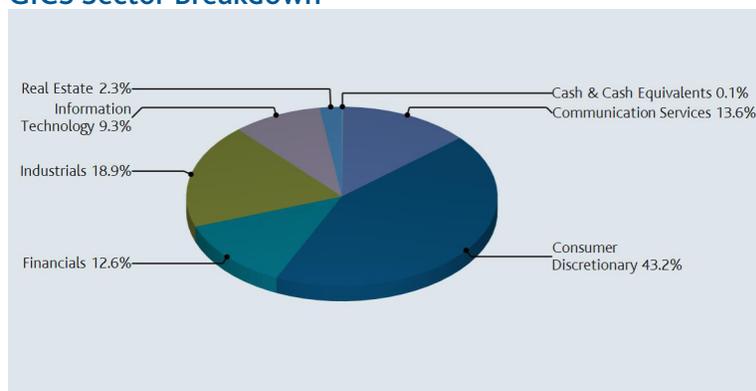
## Performance Based Characteristics - Retail Shares<sup>2</sup>

	3 Years	5 Years	10 Years	Since Inception
Std. Dev. (%) - Annualized	13.64	14.37	15.76	20.72
Sharpe Ratio	0.96	0.52	0.89	0.43
Alpha (%) - Annualized	3.91	0.80	0.08	4.94
Beta	0.67	0.78	0.83	0.77
R-Squared (%)	56.99	71.24	81.17	67.65
Tracking Error (%)	10.30	8.47	7.45	12.84
Information Ratio	-0.12	-0.18	-0.42	0.23
Upside Capture (%)	82.67	83.78	83.03	89.64
Downside Capture (%)	71.96	83.58	83.69	76.61

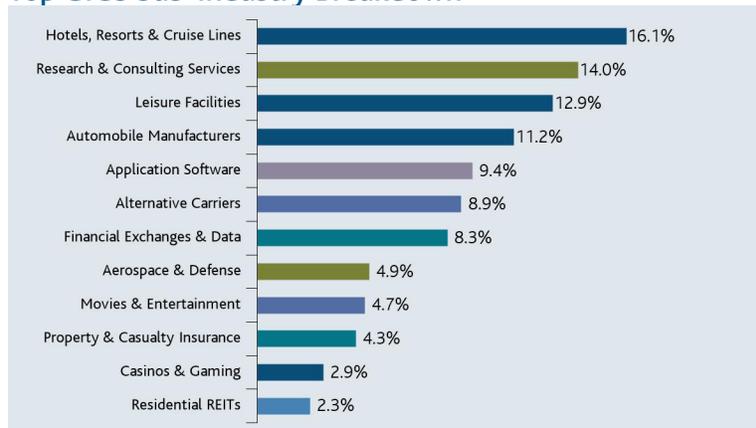
## Top 10 Holdings

	% of Net Assets
CoStar Group, Inc.	14.0
Vail Resorts, Inc.	12.9
Tesla, Inc.	11.2
Hyatt Hotels Corp.	11.0
Iridium Communications Inc.	8.9
FactSet Research Systems, Inc.	8.3
Choice Hotels International, Inc.	5.2
Benefitfocus, Inc.	4.9
Space Exploration Technologies Corp.	4.9
Manchester United plc	4.7
<b>Total</b>	<b>86.0</b>

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



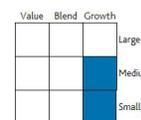
## Top GICS Sub-Industry Breakdown<sup>1</sup>



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

## Risks

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.

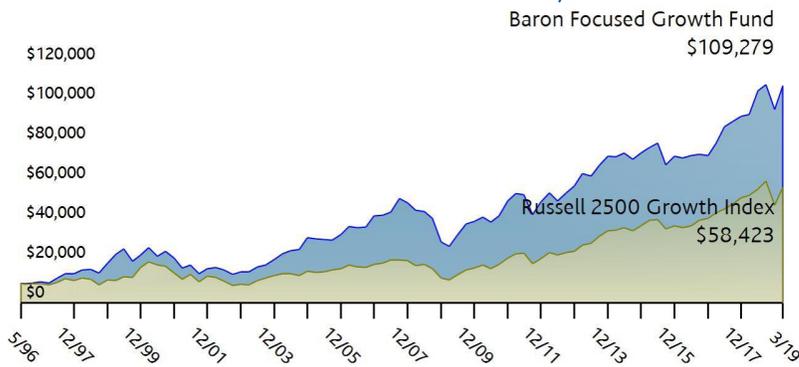
2 - Source: FactSet SPAR. Except for Standard Deviation and Sharpe Ratio, the performance based characteristics above were calculated relative to the Fund's benchmark.

3 - As of FYE 12/31/2018

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## Comparison of Change in Value of \$10,000 Investment in Baron Focused Growth Fund - Retail Shares vs. the Russell 2500 Growth Index as of March 31, 2019



## Historical Performance (Calendar Year %)

Year	BFGFX	Russell 2500 Growth Index	S&P 500 Index
2005	4.51	8.17	4.91
2006	26.63	12.26	15.79
2007	15.25	9.69	5.49
2008	-39.06	-41.50	-37.00
2009	33.77	41.66	26.46
2010	25.17	28.86	15.06
2011	-1.42	-1.57	2.11
2012	15.96	16.13	16.00
2013	25.69	40.65	32.39
2014	2.35	7.05	13.69
2015	-2.42	-0.19	1.38
2016	0.67	9.73	11.96
2017	26.36	24.46	21.83
2018	3.75	-7.47	-4.38

## Performance as of March 31, 2019

	Total Return (%)				Annualized Returns (%)					Cumulative Returns (%)
	1st Q 2019	4th Q 2018	3rd Q 2018	YTD	1 Year	3 Years	5 Years	10 Years	Since Inception 5/31/1996	Since Inception 5/31/1996
BFGFX-Retail Shares	12.14	-11.28	2.84	12.14	15.23	14.31	8.23	14.36	11.04	992.79
BFGIX-Institutional Shares	12.14	-11.21	2.89	12.14	15.45	14.58	8.50	14.63	11.16	1019.02
Russell 2500 Growth Index	18.99	-20.08	7.17	18.99	7.54	15.60	9.72	17.50	8.04	484.23
S&P 500 Index	13.65	-13.52	7.71	13.65	9.50	13.51	10.91	15.92	8.56	552.07
Morningstar Mid-Cap Growth Category Average	18.19	-17.57	6.48	18.19	8.04	14.18	8.99	15.70	N/A	N/A

## Top Contributors/Detractors to Performance for the Quarter Ended March 31 2019<sup>4</sup>

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

Top Contributors	Average Weight(%)	Contribution(%)
Research & Consulting Services	13.28	4.36
Alternative Carriers	7.57	2.82
Financial Exchanges & Data	7.73	1.76
Application Software	9.53	1.42
Hotels, Resorts & Cruise Lines	16.53	1.33

Top Detractors	Average Weight(%)	Contribution(%)
Automobile Manufacturers	12.58	-2.33

### BY HOLDINGS

Top Contributors	Average Weight(%)	Contribution(%)
CoStar Group, Inc.	13.28	4.36
Iridium Communications Inc.	7.57	2.82
FactSet Research Systems, Inc.	7.73	1.76
Guidewire Software, Inc.	4.21	0.86
Hyatt Hotels Corp.	11.14	0.83

Top Detractors	Average Weight(%)	Contribution(%)
Tesla, Inc.	12.58	-2.33

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 reimburses certain Baron Fund expenses pursuant to a contract with an 11-year term and the Fund's transfer agency expenses may be reduced by expense offsets from an unaffiliated transfer agent, without which performance would have been lower. Current performance may be lower or higher than the performance data quoted. For performance information current to the most recent month end, visit [www.BaronFunds.com](http://www.BaronFunds.com) or call 1-800-99BARON. You should consider the investment objectives, risks, charges, and expenses of the Fund carefully before investing. The prospectus and summary prospectus contain this and other information about the Fund and can be obtained from the Fund's distributor, Baron Capital, Inc., by calling 1-800-99BARON or visiting [www.BaronFunds.com](http://www.BaronFunds.com). Please read them carefully before investing.

Footnotes continued from prior page.

4 - Source: FactSet PA.

Performance reflects the actual fees and expenses that were charged when the Fund was a partnership. The predecessor partnership charged a 15% performance fee through 2003 after reaching a certain performance benchmark. If the annual returns for the Fund did not reflect the performance fees for the years the predecessor partnership charged a performance fee, the returns would be higher. The Fund's shareholders will not be charged a performance fee. The predecessor partnership's performance is only for periods before the Fund's registration statement was effective, which was June 30, 2008. During those periods, 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 were, might have adversely affected its performance.

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.

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 Retail Shares have

been included in the category since 6/30/2008 and the Fund's Institutional Shares since 5/29/2009. © 2019 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 the 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.