

September 30, 2018
Institutional Shares (BPTIX)

Baron Partners 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 Midcap® Growth Index** measures the performance of 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 4/30/03 and the Fund's Institutional Shares since 5/29/2009. © 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. **Interest Expense Ratio**: measures interest expense as a percentage of the Fund's daily average net assets. **Leverage**: measures the degree to which a fund is utilizing borrowed money. **Long Equity Exposure**: is the total value of all long positions held in the portfolio divided by the Fund's total net assets.

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



Portfolio Facts and Characteristics

	Fund	Russell Midcap Growth Index
# of Equity Securities / % of Net Assets	25 / 121.0%	-
Turnover (3 Year Average)	19.32%	-
Active Share	95.7%	-
Median Market Cap†	\$8.95 billion	\$8.99 billion
Weighted Average Market Cap†	\$18.50 billion	\$16.83 billion
EPS Growth (3-5 year forecast)†	14.6%	17.6%
Price/Earnings Ratio (trailing 12-month)*†	27.3	25.0
Price/Book Ratio*†	4.0	5.7
Price/Sales Ratio*†	4.3	2.5

* 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 Characteristics³

	3 Years	5 Years	10 Years	Since Inception
Std. Dev. (%) - Annualized	16.13	15.55	20.35	23.94
Sharpe Ratio	1.10	0.87	0.61	0.45
Alpha (%) - Annualized	-2.72	-1.74	-1.91	3.64
Beta	1.33	1.26	1.13	1.04
R-Squared (%)	71.36	74.94	87.20	69.48
Tracking Error (%)	9.26	8.26	7.62	13.24
Information Ratio	0.21	0.13	-0.11	0.24
Upside Capture (%)	129.16	122.75	111.75	116.89
Downside Capture (%)	169.84	141.88	124.65	109.69

Top 10 Holdings² % of Total Investments

CoStar Group, Inc.	12.9
Tesla, Inc.	10.3
Vail Resorts, Inc.	8.9
IDEXX Laboratories, Inc.	7.9
Arch Capital Group Ltd.	7.4
Hyatt Hotels Corp.	7.3
FactSet Research Systems, Inc.	6.0
The Charles Schwab Corp.	5.0
Gartner, Inc.	4.7
Space Exploration Technologies Corp.	4.7
Total	75.1

Long Equity Exposure (% of Net Assets)	121.0
Cash & Equivalents (% of Net Assets)	-21.0

Specific risks associated with non-diversification and leverage include increased volatility of the Fund's returns and exposure of the Fund to greater risk of loss in any given period. The Fund invests in companies of all sizes, including small and medium sized companies whose securities may be thinly traded and more difficult to sell during market downturns.

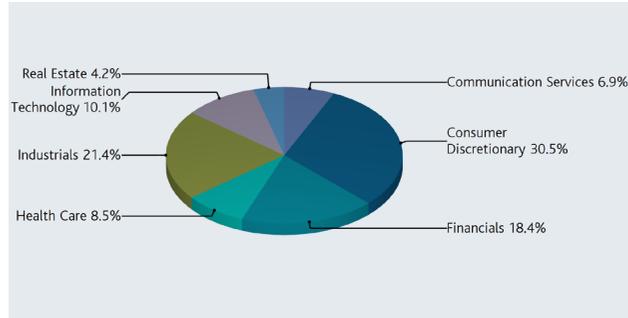
1 - Industry sector or sub-industry group levels are provided from the Global Industry Classification Standard ("GICS"), developed and exclusively owned by MSCI, Inc. ("MSCI") and Standard & Poor's Financial Services LLC ("S&P"). All GICS data is provided "as is" with no warranties. The Adviser may have reclassified/classified certain securities in or out of a sub-industry. Such reclassifications are not supported by S&P or MSCI.

2 - The Fund's top 10 holdings and the sector and sub-industry breakdowns are expressed as a percentage of the Fund's long positions. These percentages may change over time.

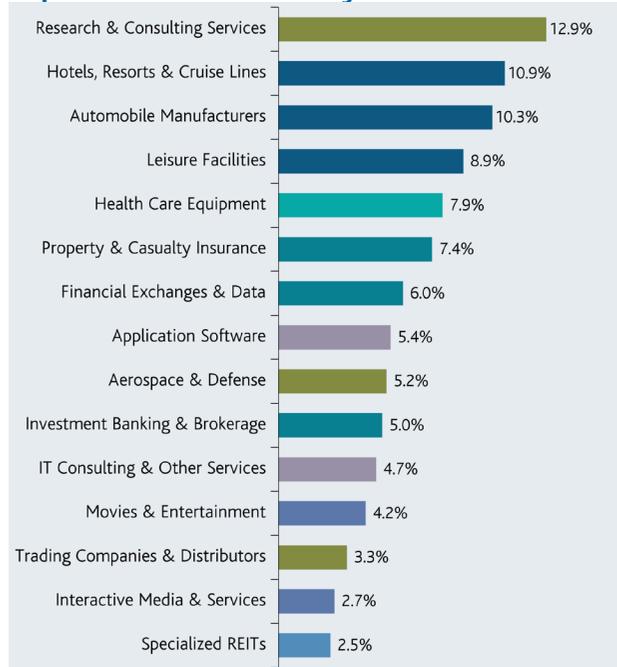
3 - Source: FactSet SPAR. Except for Standard Deviation and Sharpe Ratio, the performance based characteristics above were calculated relative to the Fund's benchmark.

4 - As of FYE 12/31/2017

GICS Sector Breakdown^{1,2}



Top 15 GICS Sub-Industry Breakdown^{1,2}



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

Investment Strategy

This is a focused Fund that invests mainly in U.S. companies of any size with significant growth potential. A substantial percentage of the Fund's assets are in its top 10 holdings. It also uses leverage. 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	January 31, 1992
Net Assets	\$2.36 billion
Institutional Shares	
CUSIP	06828M405
Expense Ratio ⁴	1.08%
Interest Expense Ratio ⁴	0.45%
Total Expense Ratio ⁴	1.53%



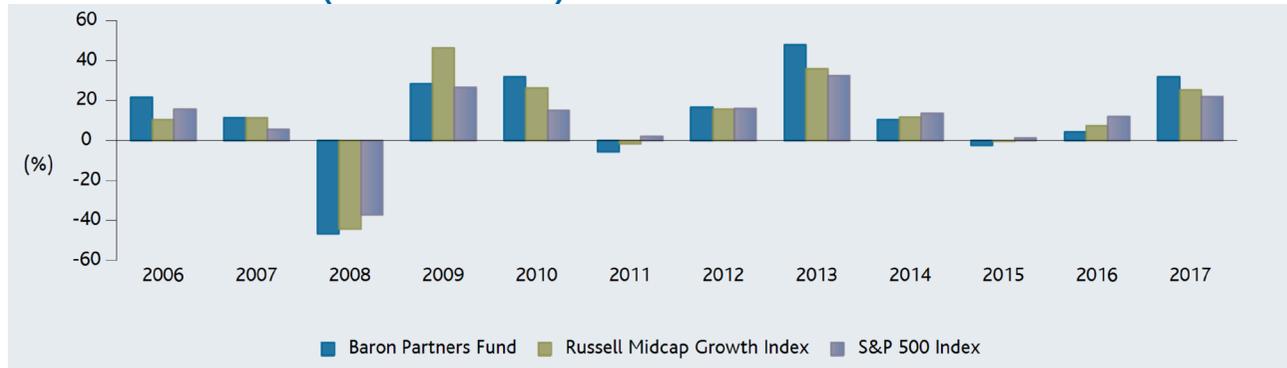
Performance as of September 30, 2018



	Total Returns(%)				Annualized Returns(%)											
	3rd Q 2018		Year to Date		1 Year		3 Years		5 Years		10 Years		Since Inception 1/31/1992			
	Return	+ -	Return	+ -	Return	+ -	Return	+ -	Return	+ -	Return	+ -	Return	+ -		
BPTIX - Institutional Shares	2.14		17.98		19.32		18.62		14.04		12.65		13.25			
Russell Midcap Growth Index	7.57	-5.43	13.38	4.60	21.10	-1.78	16.65	1.97	13.00	1.04	13.46	-0.81	10.01	3.24		
S&P 500 Index	7.71	-5.57	10.56	7.42	17.91	1.41	17.31	1.31	13.95	0.09	11.97	0.68	9.85	3.40		
Morningstar Mid-Cap Growth Category Average	6.48	-4.34	13.42	4.56	20.31	-0.99	15.81	2.81	11.68	2.36	11.97	0.68	N/A			

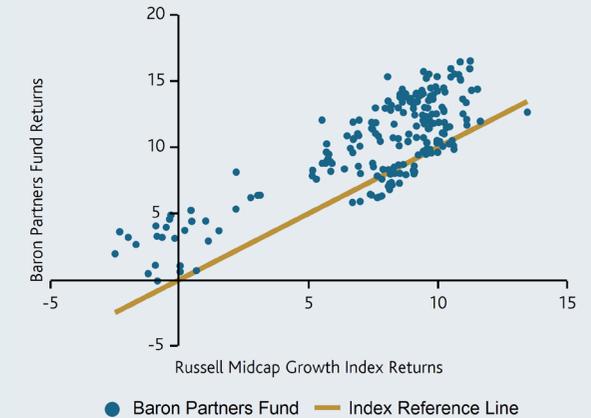
The blue shading represents Fund outperformance vs. the corresponding benchmark. The yellow shading represents underperformance.

Historical Performance(Calendar Year %)



	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
BPTIX - Institutional Shares	21.55	11.34	-46.67	28.36	31.93	-5.52	16.70	48.02	10.56	-2.43	4.29	31.91
Russell Midcap Growth Index	10.66	11.43	-44.32	46.29	26.38	-1.65	15.81	35.74	11.90	-0.20	7.33	25.27
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

BPTIX has outperformed the Russell Midcap Growth Index 84% of the time (since its inception and using rolling 10-year annualized returns).



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 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.

Performance reflects the actual fees and expenses that were charged when the Fund was a partnership. The predecessor partnership charged a 20% performance fee 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 April 30, 2003. 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.



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 Partners Fund increased in the quarter. Investments in Industrials, Information Technology (IT), and Financials contributed the most. All five Industrials holdings advanced, led by reusable rocket manufacturer Space Exploration Technologies Corp. 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. Double-digit gains in the portfolio's three IT holdings, including third largest contributor Gartner, Inc., drove sector performance. Arch Capital Group Ltd. and FactSet Research Systems, Inc. drove gains in the Financials sector. Arch was the second largest contributor while shares of investment management tools provider FactSet rose after the company announced a large 15,000 seat deal win with Merrill Lynch Wealth Management. Consumer Discretionary, Communication Services, and Real Estate holdings detracted. Top detractor Tesla Inc. hurt performance of Consumer Discretionary. Second largest detractor Zillow Group, Inc. pressured the new Communication Services sector. Real Estate was a modest detractor as rising interest rates 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

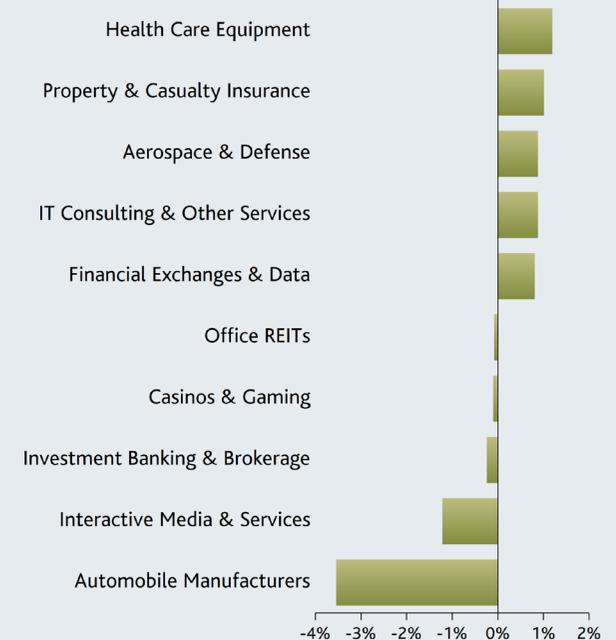
Contributors

- Shares of veterinary diagnostics leader **IDEXX Laboratories, Inc.** contributed to performance, buoyed by continued strong competitive trends, highlighted by instrument installed base growth of 20%, domestic lab growth more than twice that of competitor VCA, and improving sales productivity. We think new proprietary innovations and field salesforce expansion should be meaningful contributors to growth. Margins are moving significantly higher, and we believe they can approach 30% over the next several years.
- **Arch Capital Group Ltd.** is a specialty insurance company based in Bermuda. Shares appreciated after the company reported solid quarterly results that exceeded Street expectations. The stock also benefited from improving sentiment for mortgage insurers as investors became more confident that industry returns would remain attractive despite a recent price cut. We continue to own the stock due to Arch's strong management team and underwriting discipline.
- Shares of **Gartner, Inc.**, a provider of syndicated research, contributed to performance. We believe forward-looking metrics in Gartner's traditional IT research business are strong, with contract value growing at a mid-teens rate. Gartner recently introduced a seat-based product to heritage CEB clients, and is generating traction in closing new customers with this improved product. The company meaningfully expanded its sales force to pursue this large incremental opportunity, and we expect to see heritage CEB growth accelerate from 2% into the mid-to-high teens over time.

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.
- **Zillow Group, Inc.** operates the leading online real estate sites in the U.S. Shares detracted based on a lower revenue and profitability outlook. Revenue guidance was negatively impacted by reduced rental revenue and a slight delay in the roll-out of Zillow Instant Offers, the company's new home buying initiative. We retain conviction, as we believe Zillow will continue to grow its share of the \$8 billion real estate advertising market.
- Shares of brokerage company **The Charles Schwab Corp.** declined slightly in the quarter. Competitors have repeatedly cut fees on trading and money management business. Schwab has historically followed suit, and we anticipate this to be the case again. Investors are also concerned that rising rates will not improve net interest margin to levels achieved in the past as additional revenue will be shared with clients to sustain market share. We believe Schwab will continue to gain assets, provide additional valuable services, and grow its earnings despite these current headwinds.

Contribution to Return¹ By Sub-Industry



By Holdings

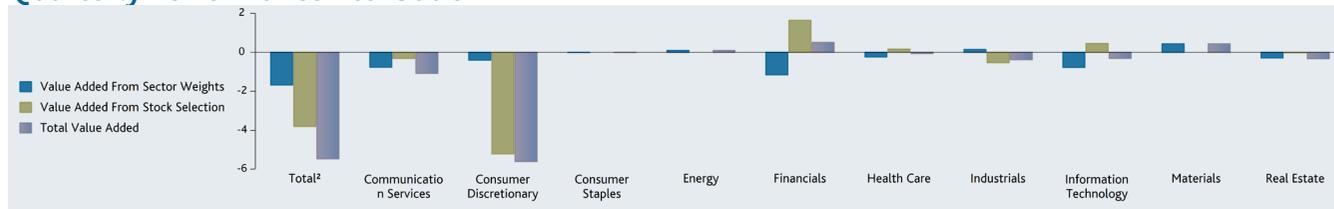
Top Contributors	Average Weight(%)	Contribution(%)
IDEXX Laboratories, Inc.	9.12	1.20
Arch Capital Group Ltd.	8.81	1.01
Gartner, Inc.	5.14	0.88
FactSet Research Systems, Inc.	6.97	0.81
Space Exploration Technologies Corp.	5.19	0.77

Top Detractors	Average Weight(%)	Contribution(%)
Tesla, Inc.	14.49	-3.54
Zillow Group, Inc.	4.11	-1.18
The Charles Schwab Corp.	6.19	-0.24
Red Rock Resorts, Inc.	0.51	-0.10
Douglas Emmett, Inc.	1.61	-0.08

1 - Source: FactSet PA.

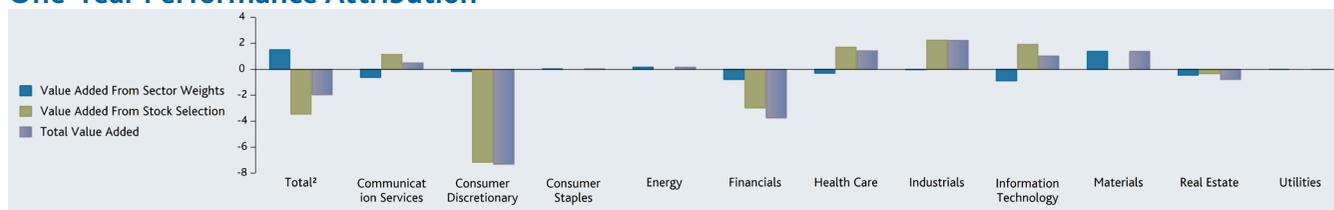


Quarterly Performance Attribution¹



Sector Average Weights(%)	Communication Services	Consumer Discretionary	Consumer Staples	Energy	Financials	Health Care	Industrials	Information Technology	Materials	Real Estate
Baron Partners Fund	9.64	40.71	-	-	21.98	9.81	25.17	11.15	-	5.06
Russell Midcap Growth Index	3.97	16.49	3.00	1.67	7.13	14.69	16.50	30.73	3.74	2.08
Over/Underweight	5.67	24.22	-3.00	-1.67	14.85	-4.89	8.68	-19.58	-3.74	2.97
Total Return(%)										
Baron Partners Fund	-8.53	-7.49	-	-	7.92	14.54	7.28	16.99	-	-1.80
Russell Midcap Growth Index	-4.74	5.77	7.38	-0.15	-0.24	12.30	9.41	11.82	-5.04	-1.78
Relative Return	-3.79	-13.26	-7.38	0.15	8.17	2.24	-2.13	5.16	5.04	-0.03

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 Partners Fund	9.98	40.67	-	-	24.54	8.71	17.54	15.94	-	5.55	-
Russell Midcap Growth Index	3.18	15.76	3.75	2.23	7.25	13.93	16.93	28.61	5.45	2.87	0.04
Over/Underweight	6.80	24.91	-3.75	-2.23	17.30	-5.23	0.62	-12.67	-5.45	2.68	-0.04
Total Return(%)											
Baron Partners Fund	19.44	1.21	-	-	4.71	56.55	27.53	53.78	-	1.34	-
Russell Midcap Growth Index	9.66	19.66	21.40	12.06	12.90	29.38	19.81	30.95	-6.99	5.31	21.63
Relative Return	9.78	-18.45	-21.40	-12.06	-8.19	27.17	7.72	22.83	6.99	-3.97	-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 Partners Fund was up 2.14% in the third quarter, yet underperformed the Russell Midcap Growth Index by 543 basis points. Stock selection and relative sector weights were headwinds to relative performance, outweighing the positive effect of leverage in an up market.

The Fund may use leverage and is especially likely to do so when we believe prospects for businesses are favorable and stock prices of those businesses do not reflect those prospects. As of September 30, 2018, Baron Partners Fund had 121.0% of its net assets invested in securities, and the use of leverage in a rising market contributed 175 basis points to relative performance.

Aside from leverage, outperformance of Financials investments and lack of exposure to the lagging Materials sector added the most value. Favorable stock selection in Financials, resulting from the outperformance of Arch Capital Group Ltd. and FactSet Research Systems, Inc., was somewhat offset by meaningfully higher exposure to this underperforming sector. Specialty insurer Arch was the second largest contributor to absolute results. Shares of investment management tools provider FactSet rose after the company announced a large 15,000 seat deal win with Merrill Lynch Wealth Management, which we think will be meaningful from both a financial and reputational perspective. Winning such a large deal with a respected financial services company will be a great reference point for FactSet as they attempt to win more wealth management business.

Investments in Consumer Discretionary and Communication Services weighed the most on relative performance. Stock selection in Consumer Discretionary detracted over 500 basis points from relative results, driven by sizeable positions in electric vehicle manufacturer Tesla, Inc. and global ski resort operator Vail Resorts, Inc. Tesla was the largest detractor on an absolute basis. Vail's shares fell late in the quarter after season pass sales growth came in modestly below Street expectations. We are enthusiastic about the untapped growth opportunities in military pass sales, where over 50% of pass purchasers were new to Vail's database. We also note that sales numbers did not include data from Vail's recent acquisitions of Stevens Path and Triple Peaks, which we believe should bolster season pass sales and add to the stability of Vail's earnings. Within Communication Services, higher exposure to this declining sector and underperformance of real estate website operator Zillow Group, Inc. weighed on relative results. Zillow was the second largest detractor from absolute performance.



Top 10 Holdings as of September 30, 2018

Company	Investment Premise	Company	Investment Premise
<p>CoStar Group, Inc. (CSGP) is the leading provider of information and marketing services to the commercial real estate industry.</p>	<p>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.</p>	<p>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.</p>	<p>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.</p>
<p>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.</p>	<p>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.</p>	<p>FactSet Research Systems, Inc. (FDS) provides financial information to the global investment community.</p>	<p>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.</p>
<p>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.</p>	<p>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.</p>	<p>The Charles Schwab Corp. (SCHW) is a discount brokerage firm offering securities brokerage and other financial services to individual investors directly and through independent financial advisors.</p>	<p>Schwab's emphasis on earning customer trust has made it a sterling brand in financial services, in our view. Schwab's stability stands out, given the credit-related struggles of some of its traditional and discount-brokerage competitors. We believe the company's Investor Services division is well positioned to take share from traditional brokerages. Its institutional business has continued to gain RIA relationships. We expect organic growth to hold above 10% once interest rates normalize.</p>
<p>IDEXX Laboratories, Inc. (IDXX) is the leading provider of diagnostics to the veterinary industry.</p>	<p>IDEXX has continued to benefit from secular growth spending on pets, due to a growing human-animal bond, favorable demographics, increased use of diagnostics, and enhanced focus on preventative care. We think IDEXX has the best menu of diagnostics, which it has continuously improved by spending six times more on R&D annually than all its competitors combined. The company's products are sold via a razor/razorblade model, which creates high retention rates and incremental margins. IDEXX generates strong cash flow, which it has returned to shareholders via repurchases.</p>	<p>Gartner, Inc. (IT) is the leading independent provider of research and analysis on the information technology industry.</p>	<p>Gartner has a vast addressable market, which management estimates exceeds \$70 billion annually, implying a penetration rate of less than 3%. IT is rapidly changing and growing in strategic importance, leading users to turn to third-party providers for insight into trends. The low price of Gartner's research relative to its value has created strong renewal trends, with retention rates running above 100%. We think management can improve results with its recent acquisition of CEB, accelerating growth towards 15%+ over the next three years.</p>
<p>Arch Capital Group Ltd. (ACGL) is a specialty insurance and reinsurance company with operations in Bermuda, the U.S., Europe, and Canada.</p>	<p>Arch Capital is led by an experienced management team with a successful track record across insurance cycles. The company excels at underwriting specialized policies and can nimbly shift its business mix to target the most profitable lines. Arch has a compensation system that rewards long-term profitability rather than short-term premium growth. In our view, management has demonstrated strong underwriting discipline and capital stewardship, allowing Arch to maintain industry-leading returns on equity with less risk.</p>	<p>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.</p>	<p>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.</p>



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