DEAR BARON SMALL CAP FUND SHAREHOLDER:

PERFORMANCE

Baron Small Cap Fund (the "Fund") fell 4.68% (Institutional Shares) in the third quarter. The Fund performed slightly worse than the Russell 2000 Growth Index, which was down 4.17% for the quarter. Small-cap stocks underperformed the broader indexes, as the S&P 500 Index gained 1.70%.

Though this was a negative quarter, the Fund is having a strong year on both an absolute and relative basis. The Fund is up 23.21% year-to-date, significantly outpacing the Russell 2000 Growth Index, which is up 15.34%, and the S&P 500 Index, which is up 20.55%.

Table I.
Performance
Annualized for periods ended September 30, 2019

	Baron Small Cap Fund Retail Shares[1,2]	Baron Small Cap Fund Institutional Shares[1,2,3]	Russell 2000 Growth Index[1]	S&P 500 Index[1]
Three Months[4]	(4.72)%	(4.68)%	(4.17)%	1.70%
Nine Months[4]	22.97%	23.21%	15.34%	20.55%
One Year	(4.17)%	(3.91)%	(9.63)%	4.25%
Three Years	13.62%	13.92%	9.79%	13.39%
Five Years	9.64%	9.93%	9.08%	10.84%
Ten Years	12.51%	12.80%	12.25%	13.24%
Fifteen Years	9.53%	9.72%	9.04%	9.01%
Since Inception (September 30, 1997)	9.87%	10.00%	5.90%	7.35%

The market was quite volatile in the quarter. Stocks rose in July in conjunction with the Federal Reserve cutting interest rates for the first time in a decade. The market corrected sharply in August on elevated trade tensions with China and fears of recession. The market rebounded in September, however market leadership rotated greatly. Also, in the quarter, interest rates fell dramatically, and the 30-Year Bond yield touched a record low and the 10-Year Bond yield declined from 2.0% to under 1.5% in early September.

Global economic data was weak, primarily because of macro issues of trade and Brexit. The yield curve flattened and was inverted at times, which caused concern of a coming recession. We believe U.S. short-term rates have ratcheted lower in conjunction with an even more dramatic decline in global rates and are not alarmed. U.S. manufacturing weakened as the continuing trade war adds confusion to corporate decisions, resulting in

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Retail Shares: BSCFX
Institutional Shares: BSFIX
R6 Shares: BSCUX

delayed investment and reshaping of supply chains. However, against these negatives, the unemployment rate fell to 3.5%, its lowest level in 50 years! Consumer spending remained healthy in the U.S., and the housing market is picking up, spurred by lower interest rates. With lots of crosscurrents, no wonder the market direction has been uncertain.

The Fund performed roughly in line with the Russell 2000 Growth Index for the quarter, but its relative performance lagged in September with the rotation of market leadership. Value stocks and defensive equities rose, while growth stocks and stocks with "momentum" (meaning stocks that are performing well) lost out. In our portfolio, our Information Technology ("IT") stocks fell, some in conjunction with company-specific issues. Our smaller-cap Health Care stocks were down on multiple contraction. Our Industrials, Communication Services, and Real Estate holdings held up best on both an absolute and relative basis.

The reason for this shift has much to do with market factors and a little to do with the market's subtle optimism for a trade settlement, which would help the relative outlook for companies that have been suffering in the slower growth environment. So much of the market action is now influenced by algorithmic trading, which focuses on "factors" (the attributes that characterize a stock) and the market readily rotates between groups,

Performance listed in the above table is net of annual operating expenses. Annual expense ratio for the Retail Shares and Institutional Shares as of September 30, 2018 was 1.30% and 1.04%, respectively. The performance data quoted represents past performance. Past performance is no guarantee of future results. The investment return and principal value of an investment will fluctuate; an investor's shares, when redeemed, may be worth more or less than their original cost. The 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.

1 The indexes are unmanaged. The index performance is not Fund performance; one cannot invest directly into an index. The Russell 2000® Growth Index measures the performance of small-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.

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

3 Performance for the Institutional Shares prior to May 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 May 29, 2009 did not reflect this fee, the returns would be higher.

4 Not annualized.

while not affecting the indexes. The variance in valuation between growth and value stocks had gotten very wide and many have been calling for a reversion to the mean. To put it simply, that reversion played out in the last month of the quarter. We will stay invested in our high-quality market leaders who are disrupting industries through technological innovation or just grinding out compounding growth because of their superior market positions and execution. We avoid the extremes of the small-cap space.... avoiding high flyers and speculative equities, and businesses that are struggling to grow because of competitive pressures in the new economy. We believe our companies are positioned to continue to grow nicely and their stocks will perform in line with growth.

Table II.
Top contributors to performance for the quarter ended September 30, 2019

	Percent Impact
Floor & Decor Holdings, Inc.	0.46%
TransDigm Group, Inc.	0.34
Repay Holdings Corporation	0.32
Americold Realty Trust	0.29
Mercury Systems, Inc.	0.24

Shares of **Floor & Decor Holdings, Inc.**, the leading retailer of hard surface flooring, rose in the quarter after reporting great earnings. Revenues, profits, and same-store sales all exceeded expectations, and estimates were raised for the rest of the year. The company has been dealing with tariffs on products imported from China but has handled the increased costs by moving production and modestly increasing prices. Tariffs have been effectively mitigated and have not negatively impacted results as was feared. Also, lower interest rates have improved the outlook for housing starts, which should help sales and has improved investor sentiment for housing-related equities. We believe that Floor & Decor is a clear market leader, with great management and a huge opportunity for growth, as they build out a chain that can be over four times larger and profit margins rise with scale. We foresee years of over 20% growth and believe the stock deserves a high trading multiple commensurate with its prospects. We earned back some of that multiple this quarter on the strength of results.

TransDigm Group, Inc., the manufacturer of proprietary parts for the aerospace and defense industries with focus on the aftermarket, reported a blowout quarter. Organic growth in the base business was high single-digits in revenues and higher in profits. Both the commercial aftermarket and defense segments, its key segments, performed well and have strong outlooks. The Esterline acquisition, the largest ever by TransDigm, is performing tremendously. Profit margins have increased significantly based on operational improvements made, and the prospects for top-line growth through product repricing is next on the agenda. Management announced the divestment of the bulk of the non-proprietary business they acquired in the Esterline acquisition, as they intended. Also, the company declared a $30/share dividend ($1.7 billion in total). The company has now returned $123/share back to shareholders since going public, and our basis is now zero. Unbelievable! TransDigm has been an incredible stock as the base business has compounded at a double-digit rate for over a decade and free cash flow has been used to make highly successful accretive acquisitions and fund a massive return of capital to shareholders.

Repay Holdings Corporation, a niche payments processor, rose after reporting strong results in its first quarter as a public company. We invested in Repay this quarter, as it merged into a Special Purpose Acquisition Company ("SPAC")...please see the writeup in the "Recent Activity" section of this report. Repay announced that payment volumes rose 27%, net revenues grew 16%, and EBITDA rose 24%, all on an organic basis. The company also announced that it made a significant acquisition, buying TriSource, which was its back-end processor. We think the deal makes both strategic and financial sense (it's highly accretive) and illustrates the opportunity the company has in order to grow inorganically by acquisition. Though the stock has performed well out of the gate, we see much upside. We think the company can continue to grow very fast and that the trading multiple will remain high and could even expand.

Shares of **Americold Realty Trust**, a REIT providing cold storage services through temperature-controlled storage warehouses, performed well this quarter. The cold storage space has attractive long-term fundamentals, based on robust demand that exceeds supply, significant barriers to entry and advantages of scale, and is recession proof. Americold is the industry leader with a robust development pipeline and the opportunity to continue to consolidate its industry. As the e-grocery businesses continue to develop, we see this as a nice tailwind for Americold, since its warehouses will be key resources. REITs performed well as a group this quarter, in conjunction with falling interest rates. We foresee even additional cap rate compression/ multiple expansion since private market multiples are higher than public market multiples, and we think the fundamentals for Americold are superior to other REITs that trade more expensively. We think this will adjust over time.

Another stock that rose over 20% in the quarter but contributed less to our results was **Trex Company, Inc.**

Table III.
Top detractors from performance for the quarter ended September 30, 2019

	Percent Impact
2U, Inc.	–0.59%
Cision Ltd.	–0.56
The Trade Desk	–0.55
GTT Communications, Inc.	–0.53
John Bean Technologies Corporation	–0.40

We had a handful of weak performers, mostly because of poor performance by the companies, but also because of market rotation.

2U, Inc., the technology and service provider that enables universities to offer online degree programs, reported a shockingly bad quarter. Most everything went wrong. We sold our full position. The company's core graduate school program had very weak revenues. The company is scaling back its expectations for the number of students per class and is slowing the pace of new openings. We perceive a material change in the competitive environment, and we fear universities are losing their appetite for expanding their online presence. This strikes at the heart of 2U's opportunity. In addition, management reported that its GetSmarter subsidiary, offering short courses, was suffering operational challenges and growth was lagging. There are also new concerns of potential state regulatory actions against the industry. And, importantly, there is a crisis of confidence in management for portraying their business as healthy when it obviously is not. We believe this was the issue that caused the majority of the decline in the stock as its trading multiple collapsed.

Cision Ltd. offers public relations professionals' proprietary data, distribution, and workflow tools that increase efficiency and generate data-driven insight.

Shares fell in the quarter after the company reported disappointing and decelerating organic sales trends. For the last couple of years, Cision has been upgrading its software offerings, incorporating new features that were acquired or internally developed, and adding analytics, all with the goal of creating the industry standard for the communications industry and evolving its business model into a dominant subscription-based software-as-a-service provider. We have bought into the plan, and the market has given the company leeway to put the pieces together as long as things were proceeding positively. However, this quarter, the company took a step backward, citing slower deal cycles and macro headwinds in China, and the stock was punished. Though we are disappointed by the pace of near-term growth, we are optimistic that the company will accomplish its goals longer term. The stock traded down to 7.5 times forward year EBITDA, which is super cheap for a business of this kind. We believe it's wise to hang in there, but we think the stock will be in the penalty box until organic revenues reaccelerate. Note: after the quarter, a takeover bid for Cision was announced at a reasonable premium.

The Trade Desk, the leading internet advertising demand-side platform that enables agencies and their clients to purchase digital ads, fell this quarter even after reporting strong results. Business has been very strong. Revenues grew 41% in the quarter, profits were well above expectations, and yearly estimates were raised. The stock rose over 150% in 2018 and was up close to 100% for the first six months of 2019. Based on its current success and long-term opportunity to be much bigger (it has just a 10% share of the growing digital ad market) it's easy to see why investors are so excited about Trade Desk. The stock traded up to an elevated level of 15 times projected 2020 revenues. We reduced our position size this quarter, and did so earlier in the year as well, since the near-term valuation seemed extended. That proved to be true this quarter, as the market rotation knocked the stock down. It is still an important position to the Fund, as we remain big believers in the long-term success of the company and the prowess of management.

Shares of **GTT Communications, Inc.**, a telecommunications provider of data transport to large enterprises, reported very poor results, and we exited our position. Revenues missed the mark because of low sales productivity, higher churn, and billing system issues. EBITDA was 10% below estimates and sequentially fell 10%. The thesis with GTT was that organic growth would compound in the U.S. as the company took share by focusing on new products, that acquisitions would add customers and salespeople and be financially accretive, and that the company would pursue building a platform internationally to take advantage of similar trends and to service its global enterprise customer base better. Well, almost everything went wrong. Organic growth in the U.S. turned negative, sales leadership has turned over, and the company is having trouble increasing its sales headcount. The large international acquisition of Interoute was botched. And the high debt levels the company took on to finance that large acquisition came home to roost when the earnings didn't materialize. We understood the risk we were undertaking because of the leveraged balance sheet. We are disappointed that the business and management didn't perform to our expectations and ate the loss.

Other stocks in the Fund that fell over 20% in the quarter but had less effect on the Fund's performance were **Planet Fitness, Inc.**, **Berry Global Group, Inc.**, **Orion Engineered Carbons S.A.**, **Ollies Bargain Outlet Holdings, Inc.**, **Covetrus, Inc.**, **Pagerduty, Inc.**, **Abcam plc**, **Guardant Health, Inc.**, **Revolve Group**, **Yext, Inc.**, **Party City Holdco Inc.**, **The RealReal, Inc.**, and **Adaptive Biotechnologies Corporation**.

Portfolio Structure

As of September 30, 2019, the Fund had $3.9 billion under management. The top 10 holdings made up 31.3% of the portfolio. We owned 70 stocks.

Table IV.
Top 10 holdings as of September 30, 2019

	Year Acquired	Quarter End Investment Value (millions)	Percent of Net Assets
Guidewire Software, Inc.	2012	$173.9	4.5%
Gartner, Inc.	2007	143.0	3.7
Bright Horizons Family Solutions, Inc.	2013	125.8	3.2
SBA Communications Corp.	2004	120.6	3.1
Waste Connections, Inc.	2016	112.7	2.9
SiteOne Landscape Supply, Inc.	2016	111.0	2.9
ASGN Incorporated	2012	110.0	2.8
IDEXX Laboratories, Inc.	2008	108.8	2.8
TransDigm Group, Inc.	2006	104.1	2.7
ICON plc	2013	103.1	2.7

There's nothing much new with the portfolio characteristics. Compared to the Russell 2000 Growth Index ("R2G"), the Fund remains overweight on average in: Information Technology (Fund 27.3% vs. R2G 18.3%); Consumer Discretionary (15.2% vs. 12.5%); Industrials (21.2% vs.19.0%); Communication Services (4.3% vs. 2.6%); and Real Estate (6.0% vs. 4.7%). The Fund is underweight in Health Care (18.9% vs. 28.3%); Financials (1.3% vs. 5.9%); and Consumer Staples (zero vs. 3.3%). Same as usual.

We have consciously reduced our IT holdings year-to-date by selling or trimming some of our winners and concentrating our new investments into other sectors. We have increased our Health Care exposure by buying a handful of small health care services and equipment companies when we believed these stocks were attractively priced for the long term.

We remain long-term investors. About 21% of the net assets in the Fund have been held over 10 years. And 44% of net assets are in stocks we have held over 5 years. We have made annualized returns on the stocks we have held for 10 years of over 25%. Many of these have been among our top performers in 2019…year-to-date, **TransDigm Group, Inc.** is up 62%, **SBA Communications Corp.** is up 49%, **IDEXX Laboratories, Inc.** is up 46%, **Ultimate Software Group, Inc.** was up 35% before it was acquired. I am sure glad we own or owned these stocks.

We are conscious of our small-cap characterization and maintain that description by trimming or selling our larger market cap holdings and recycling that capital into purchases of new positions and/or additions to existing small-cap holdings. We do this carefully to ensure that while being faithful to our small-cap mandate, our shareholders benefit from our long-term winners. Year-to-date, we have bought into new stocks with an average market cap when purchased of $1.5 billion. This is very much in keeping with the starting market cap of our purchases over the 22-year life of the Fund. We have added to stocks with an average market cap of $2.8 billion. About three-quarters of purchases this year have been in new positions and one-quarter in additions to existing holdings.

We have raised proceeds by trimming existing positions, with an average market cap of $13.3 billion. We have sold out of names with an average market cap of $5.4 billion. About 60% of sales proceeds have come from trims, 40% from exits. We are happy to report that Lipper has just

re-designated the Fund as Small Cap, recognizing that the portfolio has at least 75% of its three-year weighted assets in companies with market caps below Lipper's small-cap ceiling.

The Fund has always been less volatile than the benchmark index and most other small-cap funds, primarily since we own stocks of high-quality, established businesses for the long term. We consciously have increased our volatility somewhat starting in early 2018, with our significant weighting in application software stocks particularly, and in IT stocks in general. We have been well rewarded for doing so, and it has been worth the slightly increased risk profile. This year, the Fund has gotten less volatile, as we take our foot off the gas a little bit. Though our beta picked up, it has still been much lower than that of our primary benchmark and feel that our Fund should exhibit both good upside capture and hold up better than most in down markets, a historic hallmark of the Fund.

Recent Activity

During the quarter, we made three new investments–one in a SPAC transaction, one in a medical technology company owned by some other Baron Funds, and one in an Industrials stock that we have been following forever that raised capital to fund a large acquisition.

We added to six existing holdings, all at what we thought were advantageous prices, when the stocks were trading lower.

Table V.
Top net purchases for the quarter ended September 30, 2019

	Year Acquired	Quarter End Market Cap (billions)	Amount Purchased (millions)
Silk Road Medical, Inc.	2019	$1.0	$35.1
Repay Holdings Corporation	2019	0.8	35.0
Advanced Drainage Systems, Inc.	2019	2.2	19.1
HealthEquity, Inc.	2014	4.0	9.2
Ollie's Bargain Outlet Holdings, Inc.	2018	3.7	9.0

We invested in **Repay Holdings Corporation** during the quarter, as it merged into a SPAC (called ThunderBridge). Like we have done before, we made our investment along with the SPAC, which raised additional capital for Repay to reduce its debt and give them capital to make acquisitions. This program is great for us as it allows us to make a larger investment than we could through an IPO, at a better price, after undertaking significant due diligence in the business and management team. A real win-win.

Repay processes electronic payments for personal lenders, auto lenders, and collection agencies. The company enables borrowers to make loan payments using their debit cards for which it earns a small, volume-based fee. Card-based payments are underpenetrated in the consumer finance industry, but debit cards are increasingly being used because of their real-time authorization capabilities and ease of use. Debit volume is growing double-digits in these verticals, while Repay is gaining share as it adds new lenders. The company goes to market by partnering with independent software vendors and value-added resellers to integrate its payment processing services with lenders' business management software. This provides efficient distribution and deeply integrates Repay with its lender customers, resulting in a 97% retention rate. Repay has an attractive recurring revenue business model with high margins, low capital intensity, and minimal counterparty risk.

Management targets organic revenue growth in the mid-to-high teens and organic EBITDA growth in the high teens. We expect additional upside from accretive M&A. In just the last three months, the company closed two acquisitions–one that provides vertical integration into back-end processing and the other that facilitates B2B payments. The company has a full pipeline of potential targets, so we expect additional acquisitions in the years ahead. We believe that EBITDA can triple over the next five years, resulting in at least a double in the share price. We also think that we entered the investment at a favorable price, as we bought into Repay stock at a nice discount to other high-growth payments companies.

We bought into **Silk Road Medical, Inc.** on a secondary offering. The company came public earlier in the year, and two other Baron Funds invested at that time.

Silk Road produces a medical device that creates a minimally invasive surgical technique to remove plaque from a patient's carotid artery and to place a stent to keep the artery open. Carotid artery disease is linked to a third of all strokes in the U.S. Silk's device is called trans-carotid arterial revascularization ("TCAR"), and it effectively reverses blood flow in the carotid artery away from the brain during the surgery to prevent a stroke caused by plaque moving downstream in the artery to the brain. We believe that TCAR is a meaningful improvement over today's treatment options and is poised to supplant existing approaches as the new standard for carotid artery disease. Patients benefit from less invasive operations, better outcomes, faster recoveries, and less scarring. Doctors benefit from faster and safer surgeries at the same reimbursement levels, and payors benefit from fewer strokes and other complications from these surgeries.

Silk Road is addressing a large market opportunity. We estimate that 4.3 million people in the U.S. have carotid artery disease and about 425,000 are diagnosed each year who warrant treatment to prevent a stroke. Silk Road is initially targeting only high surgical risk patients. In time, we think that TCAR will penetrate the broader standard surgical risk patients, and ultimately will be used to treat patients who are just being watched yet would likely benefit from surgery. We think the company can grow its revenues at about 50% per year, off a small base, as it makes inroads. In five years, we foresee revenues of $350 million, up from $65 million in 2019, and believe that the company will grow into a $500 million plus revenue business. Margins should be lofty at maturity. We see the opportunity for the company to be worth four times its present enterprise value of $1 billion.

We have conducted pretty extensive due diligence, speaking to many leading doctors in this concentrated market. We hear raves about the approach, the device, and the company, which gives us encouragement for both the pace of near-term adoption and the longer-term opportunity.

Table VI.
Top net sales for the quarter ended September 30, 2019

	Year Acquired	Market Cap When Acquired (billions)	Quarter End Market Cap or Market Cap When Sold (billions)	Amount Sold (millions)
2U, Inc.	2017	$2.0	$0.8	$19.0
Univar Inc.	2016	2.7	3.5	18.7
GTT Communications, Inc.	2017	1.2	0.5	16.7
Qualys, Inc.	2017	1.3	3.2	16.5
Orion Engineered Carbons S.A.	2018	1.6	0.8	13.2

During the quarter, we exited six investments. We have touched on **2U, Inc.** and **GTT Communications, Inc.**, which we sold after the companies reported dreadful results, and we lost confidence in the businesses and their management teams. We sold out of **Qualys, Inc.** at a good price, thinking the stock was fully priced and desiring to reduce our IT exposure. We also sold out of Covetrus, Inc. over concerns about growth in the company's base distribution business. We exited Party City Holdco Inc. and **Orion Engineered Carbons S.A.**, thinking they were value traps.

The trims we made were mostly to take advantage of nice up moves in those stocks…such as with **Univar Inc.**, SBA Communications Corp., Wingstop Inc., The Trade Desk, John Bean Technologies Corporation, and IDEXX Laboratories, Inc. Market cap considerations played a part in these sales as well.

Outlook

These are confusing times with lots of strange anomalies. Investor sentiment has worsened in conjunction with the confusion. We hear from our sales force that investors are scared to invest in stocks and are hiding in cash. Flows into the money market funds are at an all-time high. Yet the market is close to an all-time high.

There is concern that the U.S. economy is heading for a recession. For sure, global growth is weak and interest rates are very low. But the U.S. economy is healthy, especially the consumer and housing sectors, employment is robust, and inflation is tame, all of which is very positive. We believe that weaker growth is the by-product of the trade tension between the U.S. and China. If this is settled ("IF" being the operative word), we would expect growth to firm up significantly, especially since rates are low and monetary policy has been so accommodating.

We think that rates are so low in the U.S. in response to even lower rates elsewhere. However, we have no idea what to make of the fact that $17 trillion of foreign sovereign debt has negative rates. That's a head scratcher.

The IPO market is in disarray. High profile offerings of so-called "unicorns" have traded poorly after going public. Some other high profile deals were not even able to go public and are struggling to restructure in the private markets at much lower valuations. We think this is actually a good thing. Private valuations have risen so much, and it is healthy that the public markets are skeptical and now demanding better prices in order to invest. Companies with negative earnings, which won't be cash flow positive for a long time are being shunned by the public markets. The result is that only high-quality businesses will next go public, and at better values. Since buyers have been burned…this is a better setup for us. Also, we think more businesses will come public through mergers into SPACs, which have about $20 billion of cash to invest. We are in the catbird seat to look at these as potential investments. We have made three such investments year-to-date and are excited about others we are working on.

The political environment is incredibly polarized. The new Democratic frontrunner espouses anti-business beliefs, favoring an increase in corporate and individual tax rates, a new wealth tax and more government-controlled wealth redistribution. I believe this progressive agenda would be bad for the economy and is spooking investors. Rightfully so. Politics often are overstated as to their effect on the stock market, but this bears watching.

Market gyrations and rotations between groups of stocks (growth versus value, momentum versus laggards…) are things that have been going on for some time, and we are accustomed to dealing with them. Our approach is to stick to our knitting. We own a portfolio of high-quality, competitively advantaged, well-managed businesses that are doing well now and have great prospects for continued long-term growth. We believe they are reasonably valued, so should appreciate in line with their growth over time. Our focus is not to sweat too much about all the stuff beyond our control listed above, and all the other things other investors are concerned about. Instead we focus on developments at our portfolio companies to make sure all is good with the belief that if they perform as we expect, their stocks will do well. And we look to find new companies to invest in that fit our criteria, which hopefully will be our next crop of winners.

To my fellow shareholders, thanks very much for your support and confidence.

Cliff Greenberg
Portfolio Manager

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Risks: The Adviser believes that there is more potential for capital appreciation in smaller companies, but there also may be more risk. Specific risks associated with investing in smaller companies include that the securities may be thinly traded and they may be more difficult to sell during market downturns. The Fund may not achieve its objectives. Portfolio holdings are subject to change. Current and future portfolio holdings are subject to risk.

Beta measures a fund's sensitivity to market movements. The beta of the market is 1.00 by definition. **Upside Capture** explains how well a fund performs in time periods where the benchmark's returns are greater than zero. **Downside Capture** measures how well a fund performs in time periods where the benchmark's returns are less than zero.

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