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Baron Funds: The Masters of Growth Investing

The Baron Funds have an extraordinarily long and successful track record. Here's how they do it.

BY ANDREW TANZER

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On a recent sunny morning in New York City, Ron Baron, founder, chairman and chief executive officer of Baron Capital, is standing and studying Sixteen Jackies, a famous painting of Jackie Kennedy by Andy Warhol that Baron purchased through a dealer. The office walls are adorned with dozens of paintings by Warhol, Roy Lichtenstein, Jasper Johns and other modern art masters. In Baron's corner office, Babe Ruth's 1920 contract and a 1940 letter written by Albert Einstein about the plight of Jews in Europe hang on the walls; President John F. Kennedy's rocking chair sits by a table. The view from the 48th floor of the General Motors Building on Fifth Avenue is spectacular: You can see all of Central Park, the Upper East and West sides of Manhattan and both the Hudson and East rivers.

Baron, a multibillionaire, is one of the greatest growth-stock investors of all time, investing in companies with the potential to increase profits at a faster-than-average rate. During a time when relatively few actively managed funds can beat their respective index benchmarks (and more investors are gravitating to passive indexing), Baron's long-term approach to growth investing continues to shine.

As of the end of the first quarter, 15 of 17 funds, representing 98.5% of Baron Funds' $49 billion of assets under management, had beaten their index benchmarks since inception, several of them by an annualized five percentage points or more. Baron Growth is the top midsize-company growth fund since its inception in 1994; Baron Partners (BPTRX) and Baron Focused Growth (BFGIX) are the top performers among all mutual funds since their inceptions in the 1990s.

Ron Baron is a trim, remarkably spry 79-year-old. He's certainly old and wealthy enough to retire to his 59-acre oceanfront estate in East Hampton, Long Island. But a conversation with him quickly reveals an almost childlike enthusiasm and thirst for knowledge.

"He has an incredible passion for what he's doing," says Linda Martinson, founder, president and chief operating officer of Baron Capital, who has been with Baron since 1983. "He's the most curious person on the planet. He wants to learn about everything."


PHOTO BY EMILY ANDREWS

Baron grew up in Asbury Park, a beach town in New Jersey where he drove an ice cream truck and worked as a lifeguard to help pay for college. His parents wanted him to be a doctor, but he didn't get into medical school. In any case, he caught the investment bug at a young age. Baron recalls investing $1,000 of gift money from his bar mitzvah in Monmouth County National Bank, a local bank that was soon taken over. "All of a sudden, my $1,000 became worth $1,700," he says. "I said, 'Wow, there's nothing to this.' I was always interested in the stock market."

After working as a security analyst on Wall Street through the 1970s, he founded Baron Capital in 1982 with $100,000 in capital. For much of the first decade, he mainly managed private partnerships before launching mutual funds in 1987.

From 1992, when the firm managed $150 million, Baron calculates that his funds have generated more than $44 billion in realized and unrealized gains. Fund offerings have expanded to include foreign stocks, healthcare and real estate, but always with the same growth focus.

"We only do one of kind of investing," says Martinson, "and we do it well."

Patience in the Stock Market Pays Off

One distinguishing feature of Baron Capital is its unusually long-term approach to investing. For example, Baron has held stock in Charles Schwab (SCHW) since 1992, Choice Hotels (CHH) since 1996 and Vail Resorts (MTN) since 1997. The average holding period for a stock is six to seven years, compared with less than a year for the fund industry, says Michael Baron, who comanages Baron Partners with Dad.

The approach resembles that of the private-equity industry, where investors expect to hold shares in private enterprises for five or more years when investing. Michael recalls that as he was growing up, whenever his father discussed investing, "It was not what stock was up or down, but about businesses, what made them special."

• The 30 Best Stocks of the Past 30 Years

"A lot of investors say they're long term, but then they sell in a bad market," says Michael Lippert, who manages Baron Opportunity (BIOPX). "The pool of investors focused on what a company will earn in five years is much smaller than on what it'll earn next quarter or year," says Andrew Peck, co-chief investment officer (with Cliff Greenberg) and a portfolio manager who joined the firm in 1998. "If you focus on the short term, it's easier to fall into the trap of preoccupation with stock movements rather than the fundamentals of a business."

Baron only invests in businesses that it believes can double in market value in five to six years, which implies compounded growth of 15% per year.

Several Baron funds, including Growth and Focused Growth, have achieved the 15% annualized threshold in returns over decades (the stock market has returned about 10% over the long haul). "We look for companies that can grow faster for longer," says Lippert, who is also the firm's head of technology research. But that doesn't mean that stock movements will be smooth over those five years, notes Lippert as he traces a squiggly but upwardly trending line on the wall.

Obviously, the number of such persistent growth companies is limited. The firm's 43 analysts (including fund managers) focus on several characteristics in their research. They seek businesses that have durable competitive advantages and large addressable markets with strong long-term growth opportunities that are run by top-notch management teams. "Ron always asks me what the company can do differently," says Lippert.

• 15 Stock Picks That Billionaires Love

Baron investment professionals often spend months researching a firm before investing – and then maintain due diligence once the security is in the portfolio. Critical to the process is devoting considerable amounts of time to sitting down with senior management teams to understand what makes them tick, a part of the job that Ron Baron particularly relishes.

"He is foremost an analyst," says Martinson. "He has to know everything about hotels, cars, pharmaceuticals or any industry he's researching."

In conversation with Ron Baron, a couple of things jump out. One is his phenomenal head for numbers: He seems to recall the price, market value and performance of almost every stock he has purchased over a half-century of investing. The other is how his inquisitive mind absorbs lessons and insights gleaned from others over time, which he then applies to his investing.

For example, 45 years ago he recalls a brokerage executive teaching him the importance of analyzing company revenues as well as profits. ("You can't make up sales; you can make up earnings per share," he recalls the executive saying.) He cites how, decades ago, Hyatt Hotels' (H) late Jay Pritzker taught him how to value hotels. In more recent times, he has learned quite a bit about engineering and science from conversations with Elon Musk – Baron is a very large shareholder in both Tesla (TSLA) and SpaceX, Musk's privately owned rocket and space launch outfit.

Instilling the Baron Culture

The Baron way is drilled into the staff on a daily basis. "He's demanding about following the Baron investment philosophy," says Michael Baron. "All investments must meet high hurdles." Ron Baron, who still visits factories as well as chatting up corporate executives most days, tells his portfolio managers not to be afraid to ask about anything in their company meetings. "There are no dumb questions," he says.

Extremely low staff turnover helps maintain consistency. Four of the five original employees are still with the firm. Portfolio managers, expected to invest in the funds they manage, are long-tenured, and most (including both Michael and David Baron, who comanages Focused Growth with his father) started as analysts and worked their way up. Very few analysts or fund managers leave the firm, which has never had layoffs.

An open and transparent office environment is designed to foster collaboration. "I think of us as a big Baron family," says Martinson. Each year, Baron Capital hires two or three analysts, generally right out of business school. Analysts are assigned to sectors, such as healthcare, technology or real estate companies, and rigorously trained in the Baron way. "My role is to make the processes repeatable," says Lippert, who joined in 2001 as a research analyst and mentors them today.

Analysts build models of projected cash flows and earnings for companies, but the research approach is nearly entirely qualitative. Executives file into the office every day to discuss their businesses with analysts and managers. As co-chief investment officer, Peck says that part of his role is to ensure that all 18 funds – the newest, Baron Technology (BTECX), was launched in January 2022 – are investing in the same fashion. If a fund's turnover seems high or portfolio diversification appears lower than normal, he may have a word with the manager.

Business as Usual at Baron Capital

This year has been a dreadful one for stocks, particularly growth stocks, and Baron is far from immune. Baron Opportunity fell 34% from the start of 2022 through June 3.

Not surprisingly, the fund managers aren't perturbed because they are focused on the long term and not overly concerned about short-term gyrations of stock prices, which can trade based on investor fear and sentiment.

"When there's dislocation in the market, such as this year, good companies are available at irrational prices," says Lippert. "I think now is a great buying opportunity."

Ron Baron is unfussed and recollects how his funds survived and prospered through bear markets in 1987, 2000 and 2008.

For example, today he holds about $6 billion in shares of Tesla (having sold $1 billion in shares along the way), whose volatile stock has plunged this year along with other tech stocks. He rattles off long-term projections for Tesla auto sales and rising gross profit margins as he explains why he thinks the stock could quadruple again in 10 years. Baron thinks he can make at least 10 times his money in 10 years with SpaceX. He clearly has enormous confidence in Elon Musk. "I think he might be from another planet, actually," he quips.

Small and midsize firms have been Baron's stock in trade for 50 years, and he still spots value in many of them. But he allows that bear markets do focus the mind. "When you lose money, it pushes you to think more about valuation and ensuring that the businesses in which you're investing have a distinct, enduring competitive advantage."

Inflation, a hot topic in today's markets, has always been an obsession of sorts with Baron because he considers maintaining and increasing purchasing power the raison d'être for investing, and he strives for returns that are well above the long-term rate of inflation.

Interestingly, he is less concerned than many observers that today's inflation will be difficult to conquer. "Getting out of deflation is very, very hard," he says. "Getting out of inflation is easy: All you do is raise interest rates, tighten credit and you slow down the economy. When prices of commodities, for example, go very high, that's a signal for businesses to invest, bring on capacity and increase supply." Once supply and demand are more in sync, inflation will subside.

And so, despite the awful market, it's business as usual at Baron Capital. Every year the firm hosts a high-profile investment conference that includes surprise entertainment. Past performers include Paul McCartney, Elton John and Billy Joel (one performer whom Baron would like to perform someday is Bruce Springsteen, who hails from Baron's hometown of Asbury Park). Any shareholder with at least $30,000 invested in a Baron fund is eligible to attend and pepper Baron fund managers with questions. The conference was canceled due to COVID the past two years, but the show will go on this November at Lincoln Center's Metropolitan Opera House.

Ron Baron says he won't step down until he's incapacitated, and clearly he still enjoys his job and is still learning. "He loves the challenge, the intellectual stimulation," says Michael Baron. "It keeps him young."

When he does pass from the scene, control of the business will remain in the Baron family, says Martinson. Michael and David Baron, tutored at the feet of the master from a tender age, will take the reins. Don't expect dramatic change. "Our method hasn't changed in 40 years," says Michael. "My father has imparted his investment philosophy to everyone." And the goal will remain the same, he adds: "We want to be thought of as the preeminent public-market growth investor."

Baron Funds Worth Buying

Just as the portfolio managers do, think long term if you invest in a Baron fund. Fees, generally around 1.3%, are relatively high. "We think people get value for what we deliver," says Linda Martinson, chief operating officer of Baron Capital. Baron Funds produces excellent, informative quarterly letters, which are well worth reviewing prior to making an investment. Listed below are some of our favorite Baron funds.

Baron Asset (BARAX) is a diversified mid-cap growth fund managed by Andrew Peck. The largest holding is **Gartner** (IT), the leading research outfit in the tech sector worldwide, which Asset has held since 2007. "If you believe that the trend is for technology to become more pervasive and complex in all of our lives, then it's hard to see that Gartner isn't attractive over the long term," says Peck. The second-biggest position is **Idexx Laboratories** (IDXX), a leading producer of testing and diagnostic devices for pets and livestock. Idexx has been a holding since 2006.

In **Baron Opportunity** (BIOPX), a growth fund that invests in companies of all sizes, manager Michael Lippert prefers industries with long runways, such as cloud computing, genomics, electric vehicles and cybersecurity. His top three holdings – **Microsoft** (MSFT), **Google parent Alphabet** (GOOGL) and **Amazon** (AMZN) – are the leading players in the cloud. Lippert thinks all three stocks can double in value within five to six years, which is the standard target for Baron's investments.

Baron Emerging Markets (BEXFX) is a member of the Kiplinger 25, the list of our favorite actively managed no-load funds. Michael Kass, who has piloted the fund since its inception in 2010, is particularly bullish on India, where he says dramatic tax reform is increasing transparency, productivity and competitiveness. "India is in the very early stages of a virtuous investment cycle that could go on for years and years," he says. Valuations are cheaper in China, where Kass is focusing on industries including robotics, electric vehicles, software and biotechnology.

Alternatively, consider investing in **Baron Wealthbuilder** (BWBFX), a sort of fund of funds with allocations of differing proportions to 16 different Baron funds. Launched in 2017, WealthBuilder is jointly run by Ron and son Michael Baron. Since inception through June 3, the fund has returned 13.5% annualized, nearly twice the return of the MSCI All-Country World Index.

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Investors should consider the investment objectives, risks, and charges and expenses of the investment carefully before investing. The prospectus and summary prospectuses contain this and other information about the Funds. You may obtain them from the Funds' distributor, Baron Capital, Inc., by calling 1-800-99BARON or visiting www.BaronFunds.com. Please read them carefully before investing.

Baron Asset Fund's annualized returns for the Institutional Shares as of March 31, 2022: 1-year, -1.34%; 5-year, 15.60%; 10-year, 14.14%. Annual expense ratio for the Institutional Shares as of September 30, 2021 was 1.03%

Baron Growth Fund's annualized returns for the Institutional Shares as of March 31, 2022: 1-year, 3.17%; 5-year, 16.93%; 10-year, 14.35%. Annual expense ratio for the Institutional Shares as of September 30, 2021 was 1.03%

Baron Focused Growth Fund's annualized returns for the Institutional Shares as of March 31, 2022: 1-year, 9.47%; 5-year, 31.02%; 10-year, 19.00%. Annual expense ratio for the Institutional Shares as of December 31, 2021 was 1.05%.

Baron Partner Fund's annualized returns for the Institutional Shares as of March 31, 2022: 1-year, 24.51%; 5-year, 39.02%; 10-year, 25.80%. Annual expense ratio for the Institutional Shares as of December 31, 2021 was 1.11%.

Baron Opportunity Fund's annualized returns for the Institutional Shares as of March 31, 2022: 1-year, -6.52%; 5-year, 27.19%; 10-year, 17.26%. Annual expense ratio for the Institutional Shares as of September 30, 2021 was 1.05%.

Baron WealthBuilder Fund's annualized returns for the Institutional Shares as of March 31, 2022: 1-year, -0.18%; 3-year, 23.66%; Since Inception (12/29/2017), 19.12%. Annual expense ratio for the Institutional Shares as of December 31, 2021 was 1.08%, but the net annual expense ratio was 1.05% (net of the Adviser's fee waivers).

The **S&P 500 Index's** annualized returns as of March 31, 2022: 1-year, 15.65%; 5-year, 15.99%; 10-year, 14.64%.

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 expiring on August 29, 2032, unless renewed for another 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 or call 1-800-99BARON.

Performance for **Baron Partners Fund** 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 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.

Performance for **Baron Focused Growth Fund** 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 performance is only for the periods before the Fund's registration statement was effective, which was June 30, 2008.

During these periods, the predecessor partnerships were not registered under the Investment Company Act of 1940 and were not subject to its requirements or the requirements of the Internal Revenue Code relating to registered investment companies, which, if they 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.

Risks: The **Baron Partners and Baron Focused Growth Funds** are non-diversified which means, in addition to increased volatility of the Funds' returns, they will likely have a greater percentage of its assets in a single issuer or a small number of issuers, including in a particular industry than a diversified fund. Single issuer risk is the possibility that factors specific to an issuer to which the Fund is exposed will affect the market prices of the issuer's securities and therefore the net asset value of the Fund. As of the date of the latest prospectus supplement, about 27% of **Baron Focused Growth** and 48% of **Baron Partners Funds**' assets are invested in Tesla stock, respectively. Therefore, the Funds are exposed to the risk that were Tesla stock to lose significant value, which could happen rapidly, the Funds' performance would be adversely affected. 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. Specific risks associated with investing in smaller companies include that the securities may be thinly traded and more difficult to sell during market downturns. Companies propelled by innovation, including technology advances and new business models, may present the risk of rapid change and product obsolescence, and their success may be difficult to predict for the long term. In addition to the general stock market risk that securities may fluctuate in value, investments in developing countries may have increased risks due to a greater possibility of settlement delays; currency and capital controls; interest rate sensitivity; corruption and crime; exchange rate volatility; and inflation or deflation.

As of March 31, 2022, the performance of Baron Partners Fund (Retail Shares) made it number 1 out of 2,166 share classes since its conversion to a mutual fund in 2003.[1] The performance of Baron Growth Fund (Retail Shares) made it number 6 out of 563 share classes since its inception in 1994.[2] The performance of Baron Focused Growth Fund (Retail Shares) made it number 29 out of 3,436 share classes since its conversion to a mutual fund in 2008.[3]

[1] This is a hypothetical ranking created by Baron Capital using Morningstar data and is as of 3/31/2022. There were 2,166 share classes in these nine Morningstar Categories for the period from 4/30/2003 to 3/31/2022.

[2] This is a hypothetical ranking created by Baron Capital using Morningstar data and is as of 3/31/2022. Baron Growth Fund's Retail Share class was launched on 12/31/1994. There were 563 share classes in these nine Morningstar Categories for the period from 12/31/1994 to 3/31/2022.

[3] This is a hypothetical ranking created by Baron Capital using Morningstar data and is as of 3/31/2022. There were 3,436 share classes in these nine Morningstar Categories for the period from 6/30/2008 to 3/31/2022.

Note, the peer group used for these analyses includes all U.S. equity share classes in Morningstar Direct domiciled in the U.S., including obsolete funds, index funds, and ETFs. The individual Morningstar Categories used for this analysis are the Morningstar Large Blend, Large Growth, Large Value, Mid-Cap Blend, Mid-Cap Growth, Mid-Cap Value, Small Blend, Small Growth, and Small Value Categories. Excess returns and rankings were calculated using the Retail Share Class of our U.S. mutual funds with at least one year of history. The Retail Share Class is the highest cost and oldest share class.

The Morningstar Mid-Cap Growth Category consisted of 592, 503, and 386 share classes for the 1-, 5-, and 10-year periods. Morningstar ranked <u>Baron Growth Fund</u> in the 18th, 18th, 13th, and 24th percentiles for the 1-, 5-, 10-year, and since inception periods, respectively. The Fund launched 12/31/1994, and the category consisted of 53 share classes. Morningstar ranked <u>Baron Focused Growth Fund</u> in the 3rd, 1st, 1st, and 1st percentiles for the 1-, 5-, 10-year, and since conversion periods, respectively. The Fund converted into a mutual Fund on 6/30/2008, and the category consisted of 311 share classes. The Morningstar Large Growth Category consisted of 1,236, 1,025, and 765 share classes for the 1-, 5-, and 10-year periods. Morningstar ranked <u>Baron Partners Fund</u> in the 1st, 1st, 1st, and 1st percentiles for the 1-, 5-, 10-year, and since conversion periods, respectively. The Fund converted into a mutual Fund on 4/30/2003, and the category consisted of 405 share classes. Morningstar calculates the category average performance and rankings using its Fractional Weighting methodology. Morningstar rankings are based on total returns and do not include sales charges. Total returns do account for management, administrative, and 12b-1 fees and other costs automatically deducted from fund assets.

Portfolio holdings as a percentage of total investments as of March 31, 2022 for securities mentioned are as follows: **The Charles Schwab Corp.** – Baron Asset Fund (2.9%), Baron Partners Fund (3.7%); **Choice Hotels International, Inc.** –

Baron Asset Fund (1.4%), Baron Growth Fund (5.2%), Baron Focused Growth Fund (2.8%); **Vail Resorts, Inc.** – Baron Asset Fund (2.9%), Baron Growth Fund (6.3%), Baron Partners Fund (3.1%), Baron Focused Growth Fund (4.4%); **Hyatt Hotels Corp.** – Baron Asset Fund (1.0%), Baron Focused Growth Fund (6.0%), Baron Partners Fund (3.6%); **Tesla, Inc.** – Baron Partners Fund (49.0%), Baron Opportunity Fund (4.5%), Baron Focused Growth Fund (27.7%); **Gartner, Inc.** – Baron Growth Fund (5.6%), Baron Opportunity Fund (2.9%), Baron Asset Fund (8.0%), Baron Partners Fund (2.3%); **IDEXX Laboratories, Inc.** – Baron Partners Fund (4.9%), Baron Asset Fund (6.8%), Baron Growth Fund (4.3%); **Microsoft Corporation** – Baron Opportunity Fund (11.9%); **Alphabet Inc.** – Baron Opportunity Fund (8.5%); **Amazon.com, Inc.** – Baron Opportunity Fund (6.3%);

Baron Partners Fund

Top 10 Holdings as of March 31, 2022

Holding	% Holding
Tesla, Inc.	49.0%
CoStar Group, Inc.	5.5%
Space Exploration Technologies Corp.	5.2%
IDEXX Laboratories, Inc.	4.9%
The Charles Schwab Corp.	3.7%
Hyatt Hotels Corp.	3.6%
Arch Capital Group Ltd.	3.6%
FactSet Research Systems, Inc.	3.5%
Vail Resorts, Inc.	3.1%
Spotify Technology S.A.	2.5%
Total	84.6%

Baron Growth Fund

Top 10 Holdings as of March 31, 2022

Holding	% Holding
MSCI, Inc.	9.9%
FactSet Research Systems, Inc.	6.3%
Vail Resorts, Inc.	6.3%
Gartner, Inc.	5.6%
Arch Capital Group Ltd.	5.4%
Choice Hotels International, Inc.	5.2%
IDEXX Laboratories, Inc.	4.3%
Bio-Techne Corporation	4.3%
CoStar Group, Inc.	4.3%
ANSYS, Inc.	4.1%
Total	55.7%

Baron Opportunity Fund

Top 10 Holdings as of March 31, 2022

Holding	% Holding
Microsoft Corporation	11.9%
Alphabet Inc.	8.5%
Amazon.com, Inc.	6.3%
Tesla, Inc.	4.5%
NVIDIA Corporation	4.2%
Rivian Automotive, Inc.	3.8%
ZoomInfo Technologies Inc.	3.7%
Gartner, Inc.	2.9%
argenx SE	2.7%
Visa, Inc.	2.5%
Total	51.0%

Baron Asset Fund

Top 10 Holdings as of March 31, 2022

Holding	% Holding
Gartner, Inc.	8.0%
IDEXX Laboratories, Inc.	6.8%
Mettler-Toledo International, Inc.	5.0%
Verisk Analytics, Inc.	3.8%
ANSYS, Inc.	3.4%
Bio-Techne Corporation	3.2%
West Pharmaceutical Services, Inc.	3.1%
CoStar Group, Inc.	3.0%
FactSet Research Systems, Inc.	3.0%
Vail Resorts, Inc.	2.9%
Total	42.2%

Baron Emerging Markets Fund

Top 10 Holdings as of March 31, 2022

Holding	% Holding
Taiwan Semiconductor Manufacturing Company Ltd.	5.2%
Samsung Electronics Co., Ltd.	3.7%
Tencent Holdings Limited	3.5%
Glencore PLC	3.1%
Alibaba Group Holding Limited	2.7%
Reliance Industries Limited	2.5%
Bajaj Finance Limited	2.2%
Suzano S.A.	1.9%
Wal-Mart de Mexico, S.A.B. de C.V.	1.8%
Korea Shipbuilding & Offshore Engineering Co., Ltd.	1.8%
Total	28.4%

Baron Focused Growth Fund

Top 10 Holdings as of March 31, 2022

Holding	% Holding
Tesla, Inc.	27.7%
Space Exploration Technologies Corp.	8.5%
Hyatt Hotels Corp.	6.0%
Arch Capital Group Ltd.	5.5%
CoStar Group, Inc.	4.9%
FactSet Research Systems, Inc.	4.5%
Vail Resorts, Inc.	4.4%
Guidewire Software, Inc.	4.2%
Spotify Technology S.A.	3.3%
Iridium Communications Inc.	3.2%
Total	72.2%

Portfolio holdings are subject to change. Current and future portfolio holdings are subject to risk.

The **S&P 500 Index** measures the performance of 500 widely held large-cap U.S. companies. The **MSCI ACWI Idex** measures the equity market performance of large and midcap securities across developed and emerging markets, including the United States. MSCI is the source and owner of the trademarks, service marks and copyrights related to the MSCI Indexes. The indexes and the Funds include reinvestment of dividends, net of withholding taxes, which positively impact the performance results. The indexes are unmanaged. Index performance is not Fund performance; one cannot invest directly into an index.