Dear Baron Global Advantage Fund Shareholder:

Performance

We hope that you and your loved ones are managing these extraordinary times as well as possible, and that you are staying safe. We also want to express our deep and sincere gratitude to all of the #firstresponders and #frontlinehealthcareworkers who risk their well-being and their lives every day, so that we can overcome the Coronavirus ("COVID-19") pandemic.

Baron Global Advantage Fund (the "Fund") declined 7.6% (Institutional Shares) during the first quarter, which compared favorably to the losses of 21.4% for the MSCI ACWI Index and 15.7% for the MSCI ACWI Growth Index, the Fund's benchmarks. We managed to do a reasonably good job preserving shareholder capital, especially considering last year's sizable outperformance on the way up.

ALEX UMANSKY

PORTFOLIO MANAGER

Retail Shares: BGAFX
Institutional Shares: BGAIX
R6 Shares: BGLUX

Table I.
Performance†
Annualized for periods ended March 31, 2020

	Baron Global Advantage Fund Retail Shares[1,2]	Baron Global Advantage Fund Institutional Shares[1,2]	MSCI ACWI Index[1]	MSCI ACWI Growth Index[1]
Three Months[3]	(7.67)%	(7.62)%	(21.37)%	(15.71)%
One Year	6.22%	6.49%	(11.26)%	(2.28)%
Three Years	18.06%	18.34%	1.50%	6.99%
Five Years	12.78%	13.04%	2.85%	6.07%
Since Inception (April 30, 2012)	13.14%	13.38%	5.96%	8.33%

Despite a 7.6% drawdown, we were pleased with the Fund's overall relative performance. Compared to the MSCI ACWI Index, the Fund returned +6.1% vs -1.1% in January; -0.3% vs -8.1% in February; and -12.7% vs. -13.5% in March. As is typically the case for the Fund, the outperformance came mostly from stock selection, which contributed 838bps out of 1,375bps to excess returns. If we look under the hood, there were three distinct time periods during the quarter: January 1 thru the market's peak on February 12, the precipitous decline between February 12 and March 23, and the sharp rebound in the last week of March. The Fund outperformed both on the way up and on the way down. It was up 12.7% until February 12, when the markets peaked, outperforming MSCI ACWI by 985bps and was down 25.5% during the decline compared to a 33.7% drop for the MSCI ACWI (outperforming by 821bps). And though we gave up a little bit during the last week's surge, we were satisfied with the Fund's performance during this highly volatile and uncertain time.

In terms of GICS sectors, the Fund outperformed in nearly all sectors in which we invested, with Health Care, Consumer Discretionary, and Information Technology investments (our three largest sectors at over 80% of the Fund) leading the way, outperforming during the quarter by 22.4%, 14.1%, and 4.6%, respectively. This was true both on the way up and on the way down. Nearly 90% of our average assets were in sectors where we outperformed the benchmarks. Relative returns were also helped by the Fund not having exposure to Energy, which suffered from the COVID-19 driven demand shock and the ongoing oil price war between Russia and Saudi Arabia. Similarly, our underweight to Financials and overweight to IT helped relative performance. The Fund has also outperformed in most geographies with our U.S. and China holdings, our two most important geographies at nearly 60% of the Fund, *posting positive quarterly returns* of 0.9% and 0.3% vs. the MSCI ACWI Index returns of negative 19.8% and 10.2%, respectively. This relative outperformance again held true on the way up and on the way down.

Performance listed in the table above is net of annual operating expenses. Annual expense ratio for the Retail Shares and Institutional Shares as of December 31, 2019 was 1.25% and 1.00%, respectively, but the net annual expense ratio is 1.15% and 0.90% (net of the Adviser's fee waivers), 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 Adviser reimburses certain Baron Fund expenses pursuant to a contract expiring on August 29, 2030, 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.

† The Fund's 1,3 & 5 year historical performance was impacted by gains from IPOs and/or secondary offerings. There is no guarantee that these results can be repeated or that the Fund's level of participation in IPOs and secondary offerings will be the same in the future.

1 The indexes are unmanaged. The index performance is not fund performance; one cannot invest directly into an index. The MSCI ACWI indexes cited are unmanaged, free float-adjusted market capitalization weighted indexes reflected in US dollars. Effective 1/31/2019, the Fund has changed its primary benchmark to the MSCI ACWI Index. The MSCI ACWI Growth Index Net USD measures the equity market performance of large- and mid-cap growth securities across developed and emerging markets. The MSCI ACWI Index Net USD measures the equity market performance of large- and mid-cap securities across developed and emerging markets. The indexes and the Baron Global Advantage Fund include reinvestment of dividends, net of foreign withholding taxes, which positively impact the performance results.

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 Not annualized.

Baron Global Advantage Fund

At the company-specific level, 15 of our investments were up during the quarter, with 2 others making positive contributions to returns because of our opportunistic buying. An impressive feat during a period of time when most indexes declined around 20%. **Acceleron Pharma**, **Schrodinger**, **RingCentral**, **Zscaler**, **Veeva Systems**, **Cloudflare**, **TAL Education**, **GDS Holdings**, and **Zai Lab** – all posted double-digit percentage gains during the quarter. On the other side of the ledger, we got demolished in India and Brazil, where the weakness in the Rupee and in the Real contributed to sizable losses in **Bajaj Finance**, **HDFC Bank**, **PagSeguro Digital**, **StoneCo**, and **Afya Limited**. As a reminder, this Fund has always been and will likely continue to be overweight the Emerging Markets, which typically fare far worse during global macro shocks and risk-off environments. Though country weights are an outcome of our stock selection process, we believe the Emerging Markets are structurally underrepresented in the benchmark indexes relative to their economic importance and the size of their companies' opportunity set, and hence we expect that to continue to be the case. Our Emerging Markets investments declined 19.4% during the quarter, while our developed markets investments declined 2.2%. This compares to declines of 23.6% and 21.1%, respectively, for the MSCI ACWI Index.

We are happy to report that in March 2020, Baron Global Advantage Fund was named a repeat winner by Lipper Analytics as the best fund in its category for risk-adjusted returns over the last three years.* Congratulations to the entire Baron Research Team for this nice achievement!

According to Morningstar, as of March 31, 2020, Baron Global Advantage Fund ranked in the top 1% for its 1-year, 3-year, and 5-year returns. The Fund is also ranked in the top 1% since its inception on 4/30/2012. The Fund has been awarded a 5-star Morningstar rating for its 3-year, 5-year, and overall performance.**

Since its inception, Baron Global Advantage Fund has returned 170.3% (Institutional Shares), cumulatively, compared to 58.1% for the MSCI ACWI Index, and 88.4% for the MSCI ACWI Growth Index. Over that same period of time, the Fund has outperformed the Morningstar World Large Stock Category average, by 115.4%, cumulatively. On an annualized since inception basis, the Fund generated excess returns of 7.4% and 5.1% over its benchmarks, the MSCI ACWI Index and the MSCI ACWI Growth Index, respectively. On an annualized since inception basis, the Fund generated excess returns of 7.7% over its peer group average.***

How much will you pay me to fill up my car?

We live (and invest) in unusual times. The spot price for oil went negative today. That's not a misprint. The price of crude oil as measured by the "forward-month" (May 2020 delivery) contract went not only below zero, but it went down to negative -$38 per barrel. It took me TEN years to internalize the concept of negative interest rates, and now this? Neither concept was covered (or contemplated) when I was in business school. From February 19 to March 23, the S&P 500 declined 33.8%. The most staggering and quickest stock market decline (according to talking heads on TV) in history, as the world economies grapple with implications of COVID-19 pandemic.

Wikipedia defines a black swan event as an occurrence that deviates beyond what is normally expected of a situation and that would be extremely difficult to predict. The term was, of course, popularized by Nassim Nicholas Taleb in his 2007 book, *The Black Swan: The Impact of the Highly Improbable*. One of the Black Swan events' key characteristics is that it is inappropriately rationalized after the fact, with the benefit of hindsight.

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* The Lipper Fund Awards program highlights funds that have excelled in delivering consistently strong risk-adjusted performance relative to peers. The awards are given to funds in 23 countries in Asia, Europe, MENA and North America. Lipper designates award winning funds in most individual classifications for the 3-, 5- and 10-year periods and fund family awards covering three years. Lipper Fund Awards are based on Lipper's Consistent Return calculation. Lipper scores for Consistent Return reflect funds' historical risk-adjusted returns relative to funds in the same Lipper classification and include each fund's expenses and reinvested distributions, but exclude sales charges. Consistent Return values are calculated with all eligible share classes for each eligible classification. The highest Lipper Leader for Consistent Return value within each eligible classification determines the fund classification winner over 3, 5 or 10 years.

Lipper, a Thomson Reuters company, is a leading global provider of mutual fund information and analysis to fund companies, financial intermediaries and media organizations. Any reference to a ranking, a rating or an award provides no guarantee for future performance results and is not constant over time. Lipper, a Thomson Reuters company, is a leading global provider of mutual fund information and analysis to fund companies, financial intermediaries and media organizations. Any reference to a ranking, a rating or an award provides no guarantee for future performance results and is not constant over time.

** Morningstar calculates the **Morningstar US Fund World Large Stock Category** average using the Morningstar 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.

As of 3/31/2020, the Category consisted of 864, 751, 619, and 444 share classes for the 1-, 3-, 5-year, and since inception (4/30/2012) periods. Morningstar ranked **Baron Global Advantage Fund** Institutional Share Class in the 1st,1st, 1st, and 1st percentiles, respectively.

The Morningstar Rating™ for funds, or "star rating," is calculated for managed products (including mutual funds, variable annuity and variable life subaccounts, exchange-traded funds, closed-end funds, and separate accounts) with at least a three-year history. Exchange-traded funds and open-ended mutual funds are considered a single population for comparative purposes. It is calculated based on a Morningstar Risk-Adjusted Return measure that accounts for variation in a managed product's monthly excess performance, placing more emphasis on downward variations and rewarding consistent performance. The top 10% of products in each product category receive 5 stars, the next 22.5% receive 4 stars, the next 35% receive 3 stars, the next 22.5% receive 2 stars, and the bottom 10% receive 1 star. The Overall Morningstar Rating for a managed product is derived from a weighted average of the performance figures associated with its three-, five-, and 10-year (if applicable) Morningstar Rating metrics. The weights are: 100% three-year rating for 36-59 months of total returns, 60% five-year rating/40% three-year rating for 60-119 months of total returns, and 50% 10-year rating/30% five-year rating/20% three-year rating for 120 or more months of total returns. While the 10-year overall star rating formula seems to give the most weight to the 10-year period, the most recent three-year period actually has the greatest impact because it is included in all three rating periods.

As of 3/31/2020, the Morningstar US Fund World Large Stock Category consisted of 751, 619, and 751 share classes for the 3-year, 5-year, and overall periods, respectively.

Morningstar has awarded **Baron Global Advantage Fund Institutional** Share Class 5 stars, 5 stars, and 5 stars for its 3-year, 5-year, and overall performance, respectively.

*** As of 3/31/2020, the annualized returns of the Morningstar US Fund World Large Stock Category average were (11.91)%, 1.13%, 2.45%, and 5.68% for the 1-, 3-, 5-year, and since inception (4/30/2012) periods.

We believe that the COVID-19 global pandemic qualifies as such an event. A number of "experts" have already emerged claiming to have anticipated the devastating impact of the virus and many more will emerge, over time, explaining how they figured out the right time to sell, the right time to buy, and the exact time to double down. We will not be part of that crew. From our perspective, it is important to understand and to acknowledge that today, *what we don't know > what we do know*. This isn't the first time we find ourselves in this situation. The bursting of the tech bubble in late 2000, closely followed by the terror attacks of 9/11, and the financial crisis in 2008-2009 left many capital allocators with a similar equation.

We often tell our shareholders that in the world of investing, the only constant is change. This ostensibly applies to the world outside of investing as well. In fact, it was Charles Darwin who once said: "those who survive are NOT the strongest or the most intelligent, but the most adaptable to change!" Focusing and understanding disruptive change is one of the core tenets of our investment process. It is our opinion that COVID-19 will prove to be a meaningful economic and a real-life disruption. Having lived and made capital allocation decisions through two prior meaningful economic and real-life disruptions, we still have more questions than answers, but we can offer the following observations and a single insight:

1. This crisis is much more broad-based than the prior two which were primarily contained to specific industries (technology and financials) or specific instruments. The financial crisis in 2008 was indeed more global in nature than 2000-2002, but it does not come close to comparing to this one in terms of the magnitude of the global recession.

2. 16.8 million Americans applied for first-time unemployment benefits in the last three weeks. Global unemployment as a result of the Coronavirus is projected to peak somewhere between 25% and 40%. While this will certainly be temporary, both the depth and the duration of this decline remain difficult to predict.

3. Algorithmic and high-frequency trading now accounts for a significantly larger portion of overall trading (over 90% of average daily volumes by many estimates), amplifying increased volatility and further distorting price discovery.

4. On the one side, you have a pandemic – a challenge, a disease unlike anything we have encountered before. On the other, you have the global, coordinated, synchronized response from every central bank of importance. Every government on the planet coming together and fighting this with everything they've got. There are more than enough smart people to figure out how to get this done. It is not a question of if, but when, which by definition, favors every investor with a long-time horizon.

5. Valuing businesses properly will become more difficult, as 2020 will likely be a write-off year for many companies. But it will expose faulty business models and accelerate the rate of change.

This leads us to the single insight we can offer at this time: *the economy will NOT be the same as it was before the COVID-19 crisis*. When disruptive change occurs, it is critically important to understand whether that change supports and strengthens companies' competitive advantages or if it will cause them to be left behind.

The tech revolution of the late 1990's and early 2000's was led by the $100 billion+ behemoths Lucent, Nortel Networks, and JDS Uniphase. All gone 10 years later. Companies like IBM, Cisco Systems, General Electric, and Exxon Mobil were amongst the most valuable businesses in the world. They were not able to adapt to the disruptive change and are all worth less 20 years later. It's not only Lehman Brothers and Bear Stearns, both almost 100-year old businesses at the time, that are no longer with us, it's that the financial crisis of 2008 and the resultant regulatory changes, permanently impaired that sector's business models and their ability to generate returns on equity anywhere near what they were able to generate before. So much so, that after one of the biggest 11-year bull markets in history, their stock prices are still generally 30% to 50% below the peaks that were achieved prior to the crisis. We think because this crisis is more broad-based, the ramifications will likely be wider and even more far reaching.

The good news for us is that we have a lot of experience analyzing disruptive change, and a process that helps us identify businesses that are well positioned to benefit from it. We always think about the quality of the business and its competitive advantage first. Why that competitive advantage is durable, and will it enable the business to compound its intrinsic value over long periods of time is the most critical question that we must answer prior to making any investment. Many of these companies are unique and emerge from downturns in a stronger competitive position than they were in when they went into it because they sell a critical product or service that is vital to their customers. For example, Veeva's software is the operating system for health care companies, Illumina's sequencers are powering most of modern drug development, including COVID-19 efforts, and RingCentral's Unified Communications cloud service enables companies to continue operating under the work-from-home mandate. We favor businesses with recurring revenue models, low leverage, and significant amounts of cash on the balance sheet to not only withstand a liquidity crunch and a likely recession, but to also continue to invest in their own business.

Table II.
Top contributors to performance for the quarter ended March 31, 2020

	Quarter End Market Cap (billions)	Percent Impact
Acceleron Pharma Inc.	$ 4.8	1.42%
Schrodinger, Inc.	2.7	0.92
RingCentral, Inc.	18.5	0.56
Amazon.com, Inc.	970.6	0.50
Zscaler, Inc.	7.9	0.40

Acceleron Pharma Inc. is a biopharmaceutical company developing drugs for hematological, respiratory, and muscle disorders based on the TGF-Beta pathway. Shares rose 69.5% during the quarter after the company reported that their drug Sotatercept was positive across all studied markers for pulmonary arterial hypertension. This represents Acceleron's second potential commercial drug for a new clinical vertical (respiratory), which significantly increased the company's intrinsic value, as well as its future positive optionality.

Schrodinger, Inc. offers a physics-based computational platform for drug discovery based on a method called free energy perturbation. Specifically, the company's platform can predict the binding affinity of a drug molecule with a high degree of accuracy (and the binding affinity of a drug molecule to a target protein is the key driver of its efficacy). We got to know the company well, long before it went public as Baron Growth Fund made a small private investment in Schrodinger, which afforded us an opportunity to learn and understand its business better. The company believes its platform enables scientists to discover high-quality, novel molecules more rapidly, at lower cost, and with a higher likelihood of success compared with traditional drug discovery methods. Schrodinger's IPO was well received as investors became familiar with the company and its significant growth potential. In addition to having a stable, growing licensed software business that provides near-term revenue and cash flow, Schrodinger has partnerships with multiple leading biopharmaceutical companies and equity stakes in several biotechnology startups, all of which have potential to generate significant milestones, royalty revenue, and other economic benefits in the future. We see additional optionality from the company's pipeline of internal, wholly owned drug discovery programs. Schrodinger's platform has been developed over 30 years and we believe it would be very difficult for any competitor to replicate it. We also believe Schrodinger has a best-in-class management team.

RingCentral, Inc. provides global cloud communications and collaboration solutions across multiple channels (voice, video, and messaging). RingCentral's stock was up 26.1% during the quarter as the COVID-19 pandemic led a large number of employers globally to initiate work-from-home policies, crystalizing the need for a communications platform that is agile, scalable, and global, enabling employees to communicate wherever they are. With RingCentral's 2 million users, it remains in the early stages of the migration from premise-based communications solutions to the cloud.

Amazon.com, Inc. is the world's largest retailer and cloud service provider. Shares were up 5.6% in the March quarter as recently reported unit growth remained strong at 22% on continued one-day shipping expansion with Amazon Web Services (AWS) posting another strong quarter of 34% growth. As the COVID-19 pandemic spread, Amazon continued to outperform, thanks to the durability of its business model in both the e-commerce and the cloud sides of the business. We also view COVID-19 as a potential accelerator for the penetration of e-commerce (especially in groceries), as well as the penetration of cloud computing. Amazon remains early in disrupting several markets including e-commerce with around 15% penetration, advertising at 1% to 2%, logistics, health care, and others. We think AWS still has a long runway for growth as well, with cloud penetration of around 6% in 2019 out of the $3.7 trillion global spending on Information Technology (according to Gartner).

Zscaler, Inc. enables customers to offload a growing number of security solutions to the cloud, reducing the need for increasingly complex hub-and-spoke architectures. Zscaler shares were up 30.9% during the quarter after experiencing an increase in demand for its core products as customers were required to rapidly adjust their security posture due to COVID-19's growing work-from-home environment. Unlike unscalable, on-premises, solutions, Zscaler's cloud architecture allows for rapid adoption, at scale, enabling customers to solve security gaps efficiently. In addition, Zscaler's sales process is expected to further improve under the newly hired CRO, driving greater efficiency in the model.

Table III.
Top detractors from performance for the quarter ended March 31, 2020

	Quarter End Market Cap or Market Cap When Sold (billions)	Percent Impact
Bajaj Finance Limited	$17.6	–1.31%
HDFC Bank Limited	67.5	–1.04
PagSeguro Digital Ltd.	6.3	–0.90
StoneCo Ltd.	6.0	–0.84
Afya Limited	1.8	–0.74

Bajaj Finance Limited is a leading non-banking financial corporation in India. Bajaj offers various financial products and services including housing loans, consumer durables financing, SME credit, and rural loans. Shares of Bajaj declined 50.4% in the quarter, as the COVID-19 pandemic spread into India. While we see Bajaj as a strong, well-run franchise, we believe banks will bear a large burden of the fallout from the pandemic as banks across the world are supporting clients by offering temporary forbearance or moratorium on loan repayments. Their growth trajectory has been disrupted by an expected increase in delinquencies, rise in funding costs, and decline in loan demand. We have exited our investment in Bajaj.

HDFC Bank Limited is one of India's largest and most recognized private sector banks. The bank offers a broad range of financial services to retail and commercial clients. Shares of HDFC Bank declined 41.2% during the quarter, as the COVID-19 pandemic spread into India. While we see HDFC Bank as one of the highest quality banks in India, we have exited this investment.

PagSeguro Digital Ltd. is a Brazilian payment processor, focused on facilitating small and micro-merchants in Brazil to accept different forms of credit, debit, and digital currency transactions. Shares of PagSeguro declined 43.0% during the quarter reflecting an expected decrease in merchant sales due to the impact of measures taken to combat the COVID-19 pandemic. A near-term decline in payment volumes will be a headwind to PagSeguro's revenues, though earnings should be less impacted due to the high proportion of variable costs in its cost structure. We remain confident in our long-term thesis for the company due to its focus on the underserved micro-merchant segment in Brazil, with only 1.5 million consumers out of a population of 70 million unbanked people in Brazil. We further believe that PagSeguro's platform, increasingly recognized brand, and rapidly improving penetration, have the potential to dramatically lower transaction costs for these micro-merchants. Over time, we expect PagSeguro to gain significant market share from the bank-controlled incumbent payment processors, who continue to overcharge and underserve this growing merchant community.

StoneCo Ltd. is a Brazilian payment processor that serves the underbanked medium-sized business customer. Shares of Stone declined 45.2% during the quarter as the volume of payments, a major driver of revenue, is expected to decline due to social distancing measures impacting retail sales negatively. We see no solvency or liquidity risk for the company, but earnings will decline while such measures are in place. We expect these impacts to be temporary and we remain excited about StoneCo's longer-term opportunity to enable credit, debit, and other forms of electronic payments in a large portion of the Brazilian economy, which is significantly underserved by the traditional banking sector.

Afya Limited is the leading medical education group in Brazil, with 16 undergraduate and graduate campuses across 12 Brazilian states. Afya offers undergraduate and graduate courses as well as residency preparatory and specialization programs. Afya's stock declined 29.5% in the first quarter due to the COVID-19-related market downturn and the depreciation of the Brazilian Real. We remain confident in Afya's opportunity to benefit from the limited supply and rapidly growing demand dynamics (Brazil remains understaffed with doctors and COVID-19 is only crystalizing that issue) supporting a long runway for growth.

PORTFOLIO STRUCTURE

The portfolio is constructed on a bottom-up basis with the quality of ideas and conviction level having the most significant roles in determining the size of each individual investment. Sector or country weights tend to be an outcome of the portfolio construction process and are not meant to indicate a positive or a negative "view." The top 10 positions represented 38.0% of the Fund, and the top 20 represented 60.2%. Our investments in the Information Technology, Consumer Discretionary, Health Care, and Communication Services sectors, as classified by GICS, represented 89.6% of the Fund's net assets. Our investments in companies domiciled outside the U.S. represented 41.2% of net assets.

Table IV.
Top 10 holdings as of March 31, 2020

	Quarter End Market Cap (billions)	Quarter End Investment Value (millions)	Percent of Net Assets
Amazon.com, Inc.	$970.6	$30.1	5.9%
Alibaba Group Holding Limited	521.7	29.4	5.8
Mellanox Technologies Ltd.	6.8	21.6	4.2
Acceleron Pharma Inc.	4.8	17.6	3.5
RingCentral, Inc.	18.5	17.6	3.5
Alphabet Inc.	798.9	16.8	3.3
Veeva Systems Inc.	23.3	16.2	3.2
TAL Education Group	31.5	15.2	3.0
Splunk, Inc.	20.0	15.0	2.9
EPAM Systems, Inc.	10.3	13.6	2.7

EXPOSURE BY COUNTRY

Table V.
Percentage of securities by country as of March 31, 2020

	Percent of Net Assets
United States	48.4%
China	13.3
Israel	7.7
Netherlands	5.9
Brazil	4.5
Argentina	3.7
Canada	3.0
United Kingdom	2.1
United Arab Emirates	1.0

RECENT ACTIVITY

During the first quarter, we initiated 5 new investments and added to 35 existing positions as we continued to put the Fund's inflows to work. We also eliminated 9 investments, reallocating assets to our higher conviction ideas. We ended the quarter with 45 investments, which include shares of Mellanox Technologies Ltd., whose (all cash) acquisition is still expected to close in the first part of 2020, as well as several remaining stub holdings that we are in the process of either building a position in or selling out of.

Table VI.
Top net purchases for the quarter ended March 31, 2020

	Quarter End Market Cap (billions)	Amount Purchased (millions)
CrowdStrike, Inc.	$11.9	$10.8
Afya Limited	1.8	8.2
PTC Therapeutics	2.8	6.9
Neurocrine Biosciences, Inc.	8.0	6.8
Mellanox Technologies Ltd.	6.8	6.6

As we mentioned in the earlier part of this letter, we were able to take advantage of the market sell-off to buy several positions that were previously trading above our estimate of their intrinsic value. Chief among them is **CrowdStrike, Inc.**, a leading cybersecurity cloud service provider, whose stock price declined more than 60% from its high. CrowdStrike's offering is powered by a lightweight agent that monitors endpoints and sends data back to a central repository in the cloud powering a "Cloud Threat Graph," which monitors data from all CrowdStrike customers, identifying threats and breaches. This enables CrowdStrike to provide a better solution. Its technology runs AI models on top of the large and ever growing data set of threats, essentially a software code that writes itself as threats change. This central data repository creates a wide moat around its business as the algorithms continue to improve over time as new data is added, attracting more customers, which in turn contribute additional data into the platform. Rinse and repeat. These capabilities attract customers such as Goldman Sachs and the U.S. government, driving rapid growth at scale. We believe CrowdStrike has just scratched the surface of what it could do with its rapidly growing platform and are excited about its future potential.

We also took advantage of our inflows to increase our positions in **Afya Limited**, a leading Brazilian medical education company and **Mellanox Technologies Ltd.**, an Israeli semiconductor company. We increased our position in Mellanox since its stock declined significantly driven by the market sell-off, as correlations increased, offering us a compelling discount to its acquisition price by NVIDIA *and* to its intrinsic value as a stand-alone company. In our view Mellanox is still both a holder of value (if the acquisition goes through) and a big idea (if it doesn't).

We also bought **PTC Therapeutics**, which has developed a unique technology for modifying RNA splicing. Today this is most widely understood in the context of Risdiplam, an RNA splicing drug for the treatment of spinal muscular dystrophy (or SMA), a disease that targets and kills pediatric patients. Given Risdiplam's clinical profile, we feel confident regarding its commercial end market viability (realized as a cash flow royalty stream to PTC via Roche Pharmaceuticals). We believe that Risdiplam offers significant downside protection, as the rest of PTC's extensive pipeline pursuing treatments in oncology, Huntington's disease, Duchenne muscular dystrophy, Aromatic l-amino acid decarboxylase (AADC) deficiency, and Epilepsy, is earlier in the development process.

Lastly, we initiated a position in **Neurocrine Biosciences, Inc.** given its scarcity value as a mid-cap biotechnology company that is profitable and is developing a self-funded pipeline. Much like the rest of our biotechnology holdings (argenx SE, Zai Lab Limited, Schrodinger, PTC Therapeutics, and Acceleron), we have for some time been focused on development biotechnology companies whose balance sheets are strong enough to insure that they do not require access to the capital markets. Looking ahead, we are most excited for developments in congenital adrenal hyperplasia and for orphan epilepsies via Neurocrine's Xenon collaboration.

Baron Global Advantage Fund

Table VII.
Top net sales for the quarter ended March 31, 2020

	Market Cap When Sold (billions)	Amount Sold (millions)
HDFC Bank Limited	$67.6	$4.9
Kotak Mahindra Bank Ltd.	32.1	3.2
Trainline Plc	1.3	2.4
Medallia Inc.	3.1	2.3
Yext, Inc.	1.3	1.4

As previously mentioned, we eliminated nine of our holdings during the quarter, companies that we believe could be disproportionately impacted by COVID-19, which has reduced our estimate of their intrinsic value and increased the probability for a permanent loss of capital (increased risk), such as the U.K.-based ticketing platform, **Trainline Plc** and the Indian banks, **HDFC Bank Limited** and **Kotak Mahindra Bank Ltd.** We also sold out of several stub positions including the software companies **Medallia Inc.** and **Yext, Inc.**, reallocating capital to ideas in which we had higher conviction.

Outlook

What a difference three months make.

In early January we were reviewing last year's performance and we pointed out how it was almost impossible to lose money in 2019. Well, it proved to be equally difficult to make money in the first quarter of 2020. Government bonds and gold were up a bit, but every stock market index in the world, that we looked at, lost money, and most of the ones that matter and that we traffic in, lost a lot. As Nassim Taleb explained in his wonderful book, the hindsight bias will convince some of you that what we are experiencing now was not only possible but was in fact very likely. The 2020 recession was "in fact" unavoidable, a talking head proclaimed recently on CNBC. We have now heard a few people state that this current pandemic was entirely predictable, although at least one of them could not coherently explain the difference between a pandemic and an epidemic. These are classic signs of a Black Swan event, and we certainly believe we are in the midst of one.

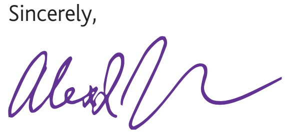
The good news is that we believe we have been here before. Well, not exactly here, but there are enough similarities that we feel like we have a bit of an advantage over many market participants today. We remain balanced and patient, and we have the benefit of many lessons learned. Remember, there is no compression algorithm for experience. We will stick to our process because we have a lot of confidence (and data, and track record) that it works.

There are two paragraphs we end most of our letters with and believe that the COVID-19 pandemic makes them even more relevant now than ever:

Every day we live and invest in a world full of uncertainty. Well-known conditions and widely anticipated events, such as Federal Reserve rate changes (up and down), ongoing trade disputes, government shutdowns, and the unpredictable behavior of important politicians the world over, are shrugged off by the financial markets one day and seem to drive them up or down the next. We often find it difficult to know why the market participants do what they do over the short term. The constant challenges we face are real and serious, with clearly uncertain outcomes. History would suggest that most will prove passing or manageable. The business of capital allocation (or investing) is the business of taking risk, managing the uncertainty, and taking advantage of the long-term opportunities that those risks and uncertainties create. We are confident that our process is the right one, and we believe that it will enable us to make good investment decisions over time.

Our goal remains to maximize long-term returns without taking significant risks of a permanent loss of capital. We are optimistic about the long-term prospects of the companies in which we are invested and continue to search for new ideas and investment opportunities while remaining patient and investing only when we believe the target companies are trading significantly below their intrinsic values.

Sincerely,



Alex Umansky
Portfolio Manager

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