

BARON HEALTH CARE FUND

September 30, 2020

Institutional Shares (BHCHX)



Portfolio Manager

Neal Kaufman joined Baron in 2005 as a research analyst specializing in health care and was named portfolio manager in 2018. He has 19 years of research experience. From 2001 to 2005, he worked at Credit Suisse First Boston as a vice president and managed a portfolio in the Equity Proprietary Trading group. From 1996 to 2001, he practiced corporate law in New York. Neal graduated *cum laude* from Yale College with a B.A. in History in 1993, from Columbia Law School with a J.D. in 1996, and from Columbia Business School with an M.B.A. in 2002.

Investment Strategy

The Fund invests in companies engaged in the research, development, production, sale, delivery, or distribution of products and services related to the health care industry. The Fund may purchase securities of companies of any market capitalization. Non-diversified.

| Value | Blend | Growth | |
|-------|-------|--------|--------|
| | | | Large |
| | | | Medium |
| | | | Small |

Portfolio Facts and Characteristics

| | |
|--|-----------------------------|
| Inception Date | April 30, 2018 |
| Net Assets | \$33.34 million |
| # of Equity Securities / % of Net Assets | 48 / 93.4% |
| Turnover (2 Year Average) | 58.16% |
| Active Share | 72.8% |
| Median Market Cap ² | \$12.66 billion |
| Weighted Average Market Cap ² | \$76.33 billion |
| As of FYE 12/31/2019 | Institutional Shares |
| CUSIP | 06828M660 |
| Gross Expense Ratio | 2.39% |
| Less: Reimbursement of Expenses by Adviser | (1.54)% |
| Net Expense Ratio | 0.85% |

Retail and R6 Shares are also available for this Fund.

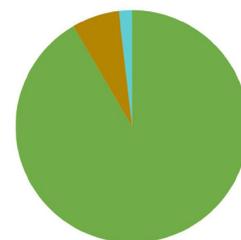
Top 10 Holdings

| | % of Net Assets |
|---|-----------------|
| UnitedHealth Group Incorporated | 6.6 |
| Abbott Laboratories | 5.1 |
| Accelleron Pharma Inc. | 4.6 |
| Sanofi | 4.1 |
| Humana Inc. | 3.9 |
| Pacific Biosciences of California, Inc. | 3.7 |
| Roche Holding AG | 3.7 |
| AstraZeneca PLC | 3.5 |
| Thermo Fisher Scientific Inc. | 3.5 |
| argenx SE | 3.0 |
| Total | 41.7 |

Investment Principles

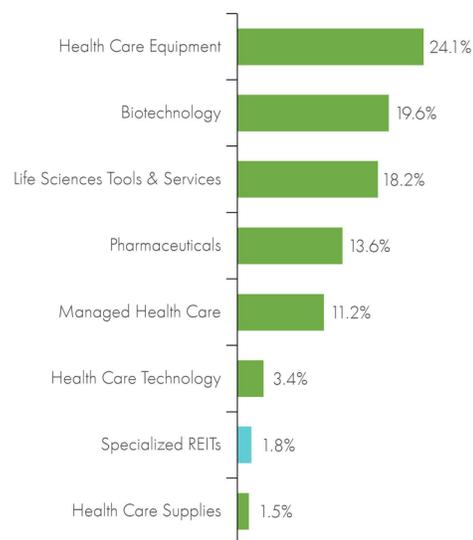
- Long-term perspective allows us to think like an owner of a business
- Independent and exhaustive research is essential to understanding the long-term fundamental growth prospects of a business
- We seek appropriately capitalized open-ended growth opportunities, exceptional leadership, and sustainable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

GICS Sector Breakdown¹



■ Health Care 91.6%
 ■ Cash & Cash Equivalents 6.6%
 ■ Real Estate 1.8%

Top GICS Sub-Industry Breakdown¹



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

Risks

Risks: In addition to general market conditions, the value of the Fund will be affected by investments in health care companies which are subject to a number of risks, including the adverse impact of legislative actions and government regulations. The Fund is non-diversified, which means it may have a greater percentage of its assets in a single issuer than a diversified fund. The Fund invests in small and medium sized companies whose securities may be thinly traded and more difficult to sell during market downturns.



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September 30, 2020

| Performance | Total Return (%) | | | | Annualized Returns (%) | | | | | Cumulative Returns (%) |
|-------------------------------------|------------------|------------|------------|-------|------------------------|---------|---------|----------|---------------------------|---------------------------|
| | 3rd Q 2020 | 2nd Q 2020 | 1st Q 2020 | YTD | 1 Year | 3 Years | 5 Years | 10 Years | Since Inception 4/30/2018 | Since Inception 4/30/2018 |
| BHCHX-Institutional Shares | 11.64 | 24.68 | -9.37 | 26.16 | 48.86 | - | - | - | 22.41 | 63.00 |
| Russell 3000 Health Care Index | 6.48 | 16.88 | -12.88 | 8.41 | 24.60 | - | - | - | 14.53 | 38.80 |
| S&P 500 Index | 8.93 | 20.54 | -19.60 | 5.57 | 15.15 | - | - | - | 12.61 | 33.23 |
| Morningstar Health Category Average | 4.95 | 23.22 | -13.94 | 11.22 | 31.92 | - | - | - | N/A | N/A |

Top Contributors/Detractors to Performance²

BY SUB-INDUSTRIES¹

| Top Contributors | Average Weight(%) | Contribution(%) |
|--------------------------------|-------------------|-----------------|
| Health Care Equipment | 23.31 | 5.99 |
| Life Sciences Tools & Services | 14.56 | 3.89 |
| Biotechnology | 21.45 | 1.76 |
| Pharmaceuticals | 15.24 | 0.63 |
| Managed Health Care | 10.69 | 0.56 |

| Top Detractors | Average Weight(%) | Contribution(%) |
|------------------------|-------------------|-----------------|
| Health Care Technology | 3.78 | -1.32 |

BY HOLDINGS

| Top Contributors | Average Weight(%) | Contribution(%) |
|---|-------------------|-----------------|
| Immunomedics, Inc. | 1.33 | 2.39 |
| Pacific Biosciences of California, Inc. | 1.41 | 1.73 |
| Silk Road Medical, Inc. | 1.96 | 0.98 |
| Abbott Laboratories | 4.42 | 0.86 |
| CryoPort, Inc. | 1.87 | 0.84 |

| Top Detractors | Average Weight(%) | Contribution(%) |
|-------------------------------|-------------------|-----------------|
| Schrodinger, Inc. | 2.64 | -1.77 |
| Applied Therapeutics, Inc. | 0.84 | -0.70 |
| Alector, Inc. | 0.40 | -0.44 |
| Neurocrine Biosciences, Inc. | 1.15 | -0.27 |
| Dicerna Pharmaceuticals, Inc. | 0.60 | -0.21 |

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, 2031, 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. 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.

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

² - Source: FactSet PA and BAMCO.

The Fund may not achieve its objectives. Portfolio holdings may change over time.

Definitions (provided by BAMCO, Inc.): The indexes cited are free float-adjusted market capitalization indexes. The **Russell 3000® Health Care Index** is an unmanaged index representative of companies involved in medical services or health care in the Russell 3000 Index, which is comprised of the 3,000 largest U.S. companies as determined by total market capitalization. The **S&P 500 Index** measures the performance of 500 widely held large-cap U.S. companies. The indexes and the Fund include reinvestment of dividends, net of withholding taxes, which positively impact the performance results. Morningstar calculates The **Morningstar Health Average** using its Fractional Weighting methodology. © 2020 Morningstar, Inc. All Rights Reserved. The Morningstar information contained herein: (1) is proprietary to Morningstar and/or its content providers; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information. Past performance is no guarantee of future results. **Active Share**: a term used to describe the share of a portfolio's holdings that differ from that portfolio's benchmark index. It is calculated by comparing the weight of each holding in the Fund to that holding's weight in the benchmark. Positions with either a positive or negative weighting versus the benchmark have Active Share. An Active Share of 100% implies zero overlap with the benchmark. Active Share was introduced in 2006 in a study by Yale academics, M. Cremers and A. Petajisto, as a measure of active portfolio management.

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