

BARON HEALTH CARE FUND

December 31, 2022

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 22 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 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 open-ended growth opportunities, exceptional leadership, and durable competitive advantages
- Purchase price and risk management are integral to our investment process

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

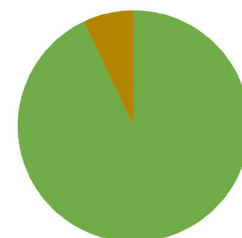
Inception Date	April 30, 2018
Net Assets	\$210.01 million
# of Issuers / % of Net Assets	47 / 92.9%
Turnover (3 Year Average)	54.26%
Active Share	55.6%
Median Market Cap ²	\$2795 billion
Weighted Average Market Cap ²	\$146.21 billion
As of FYE 12/31/2021	Institutional Shares
CUSIP	06828M660
Gross Expense Ratio	0.89%
Less: Reimbursement of Expenses by Adviser	(0.04)%
Net Expense Ratio	0.85%

Retail and R6 Shares are also available for this Fund.

Top 10 Holdings⁵

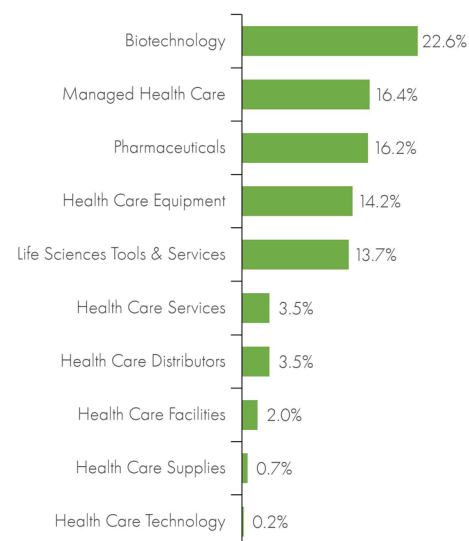
	% of Net Assets
UnitedHealth Group Incorporated	9.5
Eli Lilly and Company	6.0
Thermo Fisher Scientific Inc.	4.2
Humana Inc.	4.0
AstraZeneca PLC	3.9
Merck & Co., Inc.	3.7
argenx SE	3.6
McKesson Corporation	3.5
Intuitive Surgical, Inc.	3.4
Vertex Pharmaceuticals Incorporated	3.2
Total	45.1

GICS Sector Breakdown^{1,5}



■ Health Care 92.9%
■ Cash & Cash Equivalents 7.1%

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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Historical Performance (Calendar Year %)

Year ⁴	BHCHX	Russell 3000 Health Care Index	S&P 500 Index
2018	-4.70	4.85	-4.02
2019	35.57	22.11	31.49
2020	47.72	19.34	18.40
2021	15.72	18.60	28.71
2022	-16.90	-6.10	-18.11

Performance Based Characteristics³

	3 Years	Since Inception
Std. Dev. (%) - Annualized	19.93	19.46
Sharpe Ratio	0.59	0.65
Alpha (%) - Annualized	2.32	1.51
Beta	1.04	1.05
R-Squared (%)	80.66	80.21
Tracking Error (%)	8.80	8.70
Information Ratio	0.28	0.21
Upside Capture (%)	102.20	103.98
Downside Capture (%)	92.18	97.58

Performance

	Total Return (%)				Annualized Returns (%)					Cumulative Returns (%)
	4th Q 2022	3rd Q 2022	2nd Q 2022	YTD	1 Year	3 Years	5 Years	10 Years	Since Inception 4/30/2018	Since Inception 4/30/2018
BHCHX-Institutional Shares	9.08	-6.01	-10.00	-16.90	-16.90	12.41	-	-	13.90	83.54
Russell 3000 Health Care Index	11.54	-4.72	-7.43	-6.10	-6.10	9.95	-	-	12.06	70.16
S&P 500 Index	7.56	-4.88	-16.10	-18.11	-18.11	7.66	-	-	10.22	57.48
Morningstar Health Category Average	8.04	-2.36	-11.80	-15.16	-15.16	4.86	-	-	7.71	41.41

Top Contributors/Detractors to Performance²

BY SUB-INDUSTRIES¹

Top Contributors	Average Weight(%)	Contribution(%)
Pharmaceuticals	16.50	2.36
Biotechnology	19.16	2.13
Life Sciences Tools & Services	15.39	1.63
Health Care Equipment	14.18	1.47
Managed Health Care	16.28	1.27

Top Detractors	Average Weight(%)	Contribution(%)
Health Care Technology	1.16	-0.21
Specialized REITs	0.11	-0.04

BY HOLDINGS

Top Contributors	Average Weight(%)	Contribution(%)
Intuitive Surgical, Inc.	2.80	0.93
Merck & Co., Inc.	3.13	0.80
AstraZeneca PLC	3.79	0.78
Eli Lilly and Company	5.73	0.77
AbbVie Inc.	3.44	0.72

Top Detractors	Average Weight(%)	Contribution(%)
Opsens Inc.	1.10	-0.34
ShockWave Medical, Inc.	1.15	-0.32
Edwards Lifesciences Corp.	1.92	-0.22
Inhibrx, Inc.	0.55	-0.19
Schrodinger, Inc.	0.35	-0.13

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, 2033, 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.

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

4 - Performance information for 2018 is from its inception date 4/30/2018 to 12/31/2018.

5 - Individual weights may not sum to the total due to rounding.

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

The Fund's 3-year historical performance was impacted by gains from IPOs and there is no guarantee that these results can be repeated or that the Fund's level of participation in IPOs will be the same in the future.

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. All rights in the FTSE Russell Index (the "Index") vest in the relevant LSE Group company which owns the Index. Russell® is a trade mark of the relevant LSE Group company and is used by any other LSE Group company under license. Neither LSE Group nor its licensors accept any liability for any errors or omissions in the indexes or data and no party may rely on any indexes or data contained in this communication. The indexes and the Fund 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. Morningstar calculates the **Morningstar Health Category Average** performance and rankings using its Fractional Weighting methodology. © 2023 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. **Standard Deviation (Std. Dev.)**: measures the degree to which a fund's performance has varied from its average performance over a particular time period. The greater the standard deviation, the greater a fund's volatility (risk). **Sharpe Ratio**: is a risk-adjusted performance statistic that measures reward per unit of risk. The higher the Sharpe ratio, the better a fund's risk adjusted performance. **Alpha**: measures the difference between a fund's actual returns and its expected performance, given its level of risk, as measured by beta. **Beta**: measures a fund's sensitivity to market movements. The beta of the market is 1.00 by definition. **R-Squared**: measures how closely a fund's performance correlates to the performance of the benchmark index, and thus is a measurement of what portion of its performance can be explained by the performance of the index. Values for R-Squared range from 0 to 100, where 0 indicates no correlation and 100 indicates perfect correlation. **Tracking Error**: measures how closely a fund's return follows the benchmark index returns. It is calculated as the annualized standard deviation of the difference between the fund and the index returns. **Information Ratio**: measures the excess return of a fund divided by the amount of risk the fund takes relative to the benchmark index. The higher the information ratio, the higher the excess return expected of the fund, given the amount of risk involved. **Upside Capture**: explains how well a fund performs in time periods where the benchmark's returns are greater than zero. **Downside Capture**: explains how well a fund performs in time periods where the benchmark's returns are less than zero. **Active Share**: a term used to describe the share of a portfolio's holdings that differ from that portfolio's benchmark index. It is calculated by comparing the weight of each holding in the Fund to that holding's weight in the benchmark. Positions with either a positive or negative weighting versus the benchmark have Active Share. An Active Share of 100% implies zero overlap with the benchmark. Active Share was introduced in 2006 in a study by Yale academics, M. Cremers and A. Petajisto, as a measure of active portfolio management.

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