

September 30, 2021

Baron Health Care Strategy Fact Sheet

Baron Capital Management, Inc., Registered Investment Adviser



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 sustainable competitive advantages
 - Purchase price and risk management are integral to our investment process



Baron Health Care Strategy

September 30, 2021

Portfolio Facts and Characteristics²

	Baron Health Care Strategy	Russell 3000 Health Care Index
# of Issuers / % of Net Assets	51 / 89.2%	-
Turnover (3 Year Average)	56.28%	-
Active Share	74.1%	-
Median Market Capt	\$12.66 billion	\$1.15 billion
Weighted Average Market Capt	\$64.56 billion	\$143.79 billion
EPS Growth (3-5 year forecast) [†]	12.7%	10.6%
Price/Earnings Ratio (trailing 12-month)* [†]	41.5	27.2
Price/Book Ratio* [†]	7.6	4.8
Price/Sales Ratio* [†]	6.9	2.9

* Weighted Harmonic Average

[†] Source: FactSet PA – Compustat, FactSet and BAMCO. Internal valuations metrics may differ.

Net Performance Based Characteristics³

	3 Years	Since Inception
Std. Dev. (%) - Annualized	18.92	18.28
Sharpe Ratio	1.20	1.34
Alpha (%) - Annualized	10.17	8.74
Beta	1.00	0.99
R-Squared (%)	79.10	76.88
Tracking Error (%)	8.65	8.79
Information Ratio	1.27	1.06
Upside Capture (%)	114.09	110.14
Downside Capture (%)	71.57	71.57

Gross Performance Based Characteristics³

	3 Years	Since Inception
Std. Dev. (%) - Annualized	18.93	18.29
Sharpe Ratio	1.22	1.36
Alpha (%) - Annualized	10.41	8.96
Beta	1.00	0.99
R-Squared (%)	79.08	76.85
Tracking Error (%)	8.66	8.80
Information Ratio	1.30	1.09
Upside Capture (%)	114.67	110.64
Downside Capture (%)	71.25	71.25

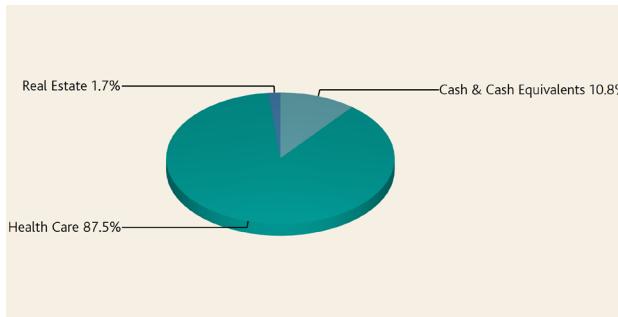
Risks: In addition to general market conditions, the value of the Strategy will be affected by investments in health care companies which are subject to a number of risks, including the adverse impact of legislative actions and government regulations. The Strategy is non-diversified, which means it may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

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.

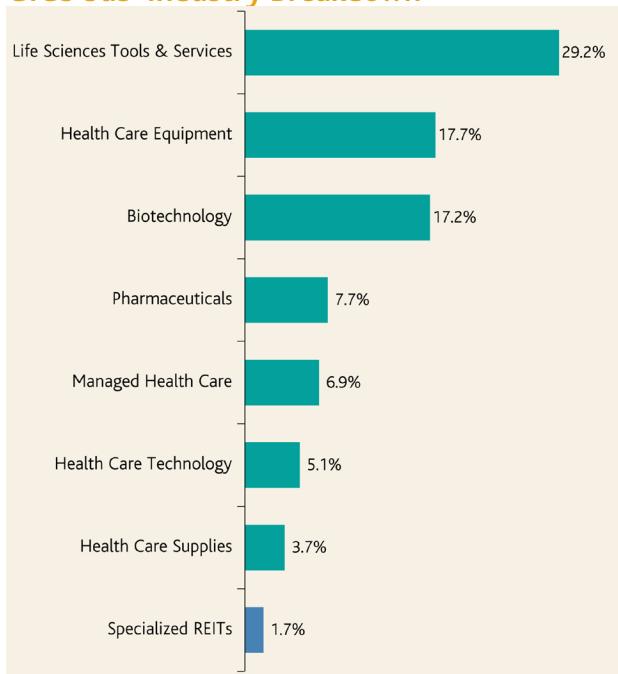
2 - Sector and sub-industry weights, top ten holdings and portfolio facts and characteristics are based on a representative account. Such data may vary for each client in the Strategy due to asset size, market conditions, client guidelines and diversity of portfolio holdings. The representative account is the account in the Strategy that we believe most closely reflects the current portfolio management style for this Strategy. Representative account data is supplemental information.

3 - Source: FactSet SPAR. Based on the gross performance results of the Strategy. Except for Standard Deviation and Sharpe Ratio, the performance based characteristics above were calculated relative to the Strategy's benchmark.

GICS Sector Breakdown^{1,2}



GICS Sub-Industry Breakdown^{1,2}



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

Investment Strategy

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

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 20 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.

Top 10 Holdings²

	% of Net Assets
Natera, Inc.	6.0
ICON Plc	5.5
UnitedHealth Group Incorporated	5.4
Acceleron Pharma Inc.	4.4
Thermo Fisher Scientific Inc.	4.3
Bio-Techne Corporation	4.2
argenx SE	3.5
Dechra Pharmaceuticals PLC	2.7
Eli Lilly and Company	2.6
Zoetis Inc.	2.5
Total	41.1

Strategy Facts

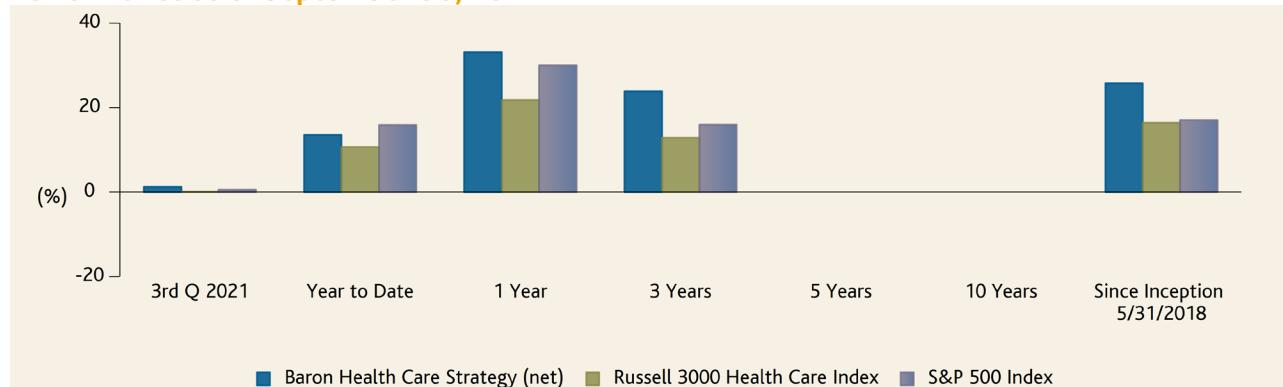
Inception Date	May 31, 2018
Net Assets	\$211.61 million



Baron Health Care Strategy

September 30, 2021

Performance as of September 30, 2021



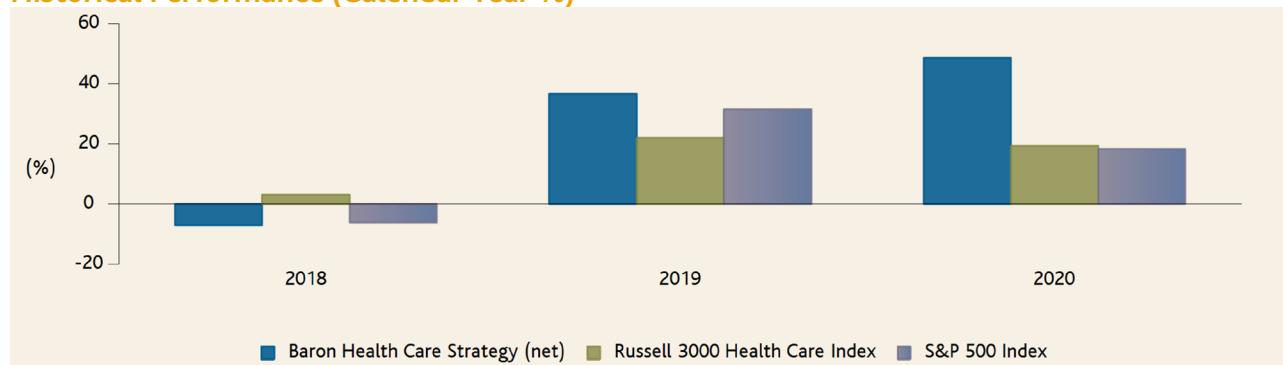
Risk Return Comparison²



	Total Returns(%)				Annualized Returns(%)									
	3rd Q 2021		Year to Date		1 Year		3 Years		5 Years		10 Years		Since Inception 5/31/2018	
	Return	+ -	Return	+ -	Return	+ -	Return	+ -	Return	+ -	Return	+ -	Return	+ -
Baron Health Care Strategy (net)	1.21		13.57		33.10		23.88		N/A		N/A		25.80	
Baron Health Care Strategy (gross)	1.40		14.12		33.91		24.16		N/A		N/A		26.05	
Russell 3000 Health Care Index	0.17	1.23	10.66	3.46	21.81	12.10	12.91	11.24	N/A		N/A		16.44	9.61
S&P 500 Index	0.58	0.82	15.92	-1.80	30.00	3.90	15.99	8.16	N/A		N/A		17.08	8.98
eA US Sector Focus Equity Universe Median	-0.84	2.24	11.94	2.18	29.64	4.27	12.51	11.65	N/A		N/A		13.42	12.63

The blue shading represents Strategy (gross) outperformance vs. the corresponding benchmark. The yellow shading represents underperformance.

Historical Performance (Calendar Year %)¹



1 - Performance information for 2018 is from its inception date 4/30/2018 to 12/31/2018.
2 - Source: FactSet SPAR.

	2018	2019	2020
Baron Health Care Strategy (net)	-6.92	36.73	48.70
Baron Health Care Strategy (gross)	-6.92	36.73	48.98
Russell 3000 Health Care Index	3.00	22.11	19.34
S&P 500 Index	-6.28	31.49	18.40



Baron Health Care Strategy

September 30, 2021

Review and Outlook

The Health Care sector continued to recover from underperformance in 2020 and during the first quarter of this year. Following a strong second quarter, the sector ended flat in the third quarter, slightly below the S&P 500 Index.

Against this backdrop, Baron Health Care Strategy increased in the quarter. Holdings within the life sciences tools & services, health care equipment, and pharmaceuticals sub-industries contributed the most. Top contributor ICON Plc led gains within life sciences tools & services. Advances within health care equipment were led by Opsens, Inc., which is developing an innovative pressure-sensing guidewire for heart disease diagnostics designed to save time and money. The stock performed well in anticipation of the company's clinical trial of its new guidewire. We think the product could transform Opsens' financial profile if trial results are favorable. Pharmaceuticals benefited most from an increase in the share price of Dechra Pharmaceuticals PLC, a U.K.-based company that develops, manufactures, and sells specialty veterinary drugs. Commodity chemicals, managed health care, and health care technology were the top detracting sub-industries. Second largest detractor Zymergen, Inc. drove weakness within commodity chemicals. Managed health care had a challenging quarter, with losses across all three holdings within the sub-industry. Schrodinger, Inc. drove depreciation within health care technology. Shares of this hybrid biotechnology and technology company fell on financial results in which the company did not raise guidance and noted that revenue was weighted toward the fourth quarter. As we focus on company fundamentals and not these types of short-term issues, we remain shareholders.

Stock market volatility has increased due to macroeconomic factors: oil prices, supply chain issues, inflation, interest rates, the COVID-19 pandemic, and the debt ceiling. Although we take these issues into consideration, we do not invest by trying to predict the outcome or direction of macroeconomic events. We have been holding more cash than usual due to stretched valuations, but recent volatility is presenting us with opportunities to deploy cash into some great businesses. As it relates more specifically to health care, politicians continue to discuss potential policy changes, including a proposal for Medicare to negotiate drug prices with biopharmaceutical companies. If enacted, this proposal could negatively impact biopharmaceutical R&D spending. We think moderates will prevail and this proposal will not go through, but we are closely monitoring the situation. Despite this uncertainty, we continue to believe now is an exciting time to be a long-term investor in Health Care because of major advances in science, medicine, and technology.

Top Contributors/Detractors to Performance for the Quarter Ended September 30, 2021

Contributors

- ICON Plc is the second largest global Contract Research Organization (CRO) after its July merger with PRA Health Sciences. Shares of ICON, which provides outsourced drug development services to pharmaceutical and biotechnology companies, rose as investors warmed to the merger and initial concerns regarding potential disruptions receded. We remain investors. The merger brings together complementary strengths of two well-managed CROs, customer reception has been positive, and cost and sales synergies appear achievable.
- Acceleron Pharma Inc. is a biotechnology company with the rare profile of having two blockbuster assets in the pipeline: cardiovascular drug sotatercept and anemia drug luspatercept. Shares increased on news that Acceleron was the target of a potential acquisition by Merck. We think of Acceleron as a first class company and continue to be shareholders.
- Moderna, Inc. is a leader in the emerging field of mRNA-based vaccines and therapeutics. Shares performed well for the quarter. Moderna has been one of the most successful companies in the race to develop and provide a COVID-19 vaccine and is focusing on introducing a COVID-19 booster combined with the flu shot. With the COVID-19 vaccine success under its belt, we think Moderna has potential to disrupt the entire biopharma industry, from infectious disease vaccines to oncology and rare disease treatment.

Detractors

- Zai Lab Limited is a leading biotechnology company helping to modernize the Chinese health care industry. Zai's initial focus centered around in-licensing western medicines for commercialization in China; this has expanded into internal pipeline efforts. Shares fell alongside the broader Chinese equity markets given concerns around regulations the government has enacted in education, technology, and real estate. While we are paying attention to these developments, so far, we think health care will not be subject to any draconian rulings.
- Zymergen Inc. is a company dedicated to biofacturing, or harnessing bacteria to manufacture materials. Zymergen was a detractor following an unexpected update announcing both a major delay in the launch of lead product Hyaline and the removal of CEO Josh Hoffman, who was replaced by company chairman and former Illumina CEO Jay Flatley. We exited our position given material impacts to the business.
- Eargo, Inc. offers a hearing aid that is virtually invisible, affordable, and delivered through a telecare-based direct-to-consumer model. Shares fell sharply for the period held after the company disclosed it was undergoing a claims audit by an insurance company that then escalated into an investigation by the Department of Justice. We exited our position because we believe this development fundamentally changed our investment thesis.

Contribution to Return¹

By Sub-Industry



By Holdings

Top Contributors

	Average Weight(%)	Contribution(%)
ICON Plc	5.34	1.27
Acceleron Pharma Inc.	3.57	1.10
Moderna, Inc.	1.73	0.91
BioNTech SE	1.56	0.46
Stevanato Group S.p.A	1.54	0.44

Top Detractors

	Average Weight(%)	Contribution(%)
Zai Lab Limited	1.43	-0.70
Zymergen Inc.	0.31	-0.66
Eargo, Inc.	0.41	-0.55
Arrowhead Pharmaceuticals, Inc.	1.41	-0.47
Denali Therapeutics Inc.	0.86	-0.45

1 - Source: FactSet PA. Based on the gross performance results of the representative account.



Baron Health Care Strategy

September 30, 2021

Top 10 Holdings as of September 30, 2021

Company	Investment Premise	Company	Investment Premise
Natera, Inc. (NTRA) offers tests in women's health, cancer recurrence monitoring, and transplant rejection diagnostics.	Natera is the leader in non-invasive prenatal testing (NIPT) which has been seeing improved reimbursement as the value of the tests are increasingly recognized. The company has also been a leader in developing the liquid biopsy market for cancer recurrence monitoring, generating robust clinical data and securing favorable reimbursement coverage. We estimate the recurrence monitoring TAM at \$15-\$20 bn and believe Natera has a long runway there, with testing for transplant rejection as further optionality.	Bio-Techne Corporation (TECH) is a leading developer and manufacturer of life sciences tools, such as high-quality purified proteins and protein analysis tools, which are sold to biomedical researchers and clinical research laboratories.	We believe Bio-Techne's core biotech reagents business is an attractive business which will generate consistent mid-single-digit growth, high margins, and strong free cash flow. Management has added several new growth drivers for the company through acquisitions, including an automated Western blotting platform, a prostate cancer biomarker test to reduce unnecessary prostate biopsies, and a portfolio of gene and cell therapy manufacturing tools. The company's organic growth has been accelerating, and we think the runway for growth is long.
ICON plc (ICLR) is the second largest global contract research organization (CRO) providing outsourced drug development services to its pharmaceutical and biotechnology clients. ICON has expertise in multiple therapeutic areas.	As drug trials become increasingly complex and biopharma companies consolidate their vendor lists among top-tier providers and seek to establish stickier strategic relationships, we believe large global CROs like ICON will continue to be the primary beneficiaries. The outsourcing trend is accelerating, driven by biopharma's need for a lower, more variable cost structure in the face of patent expirations and the inherent lack of biotechnology infrastructure.	Argenx SE (ARGX) is a biotechnology company developing antibodies for the treatment of autoimmune disorders and cancer based on the uniquely powerful immune system of llamas.	Argenx's main product, efgartigimod, which treats a rare muscle weakness disorder, has potentially broad applicability in ameliorating overactive antibody-based diseases. Efgartigimod is a true "pipeline in a product" -- in which the product itself the platform as it has the potential to be used against a diverse range of diseases -- something that is rarely achieved in the biotechnology space. We expect the share price to increase as the company proves its product's effectiveness in multiple auto-antibody disorders.
UnitedHealth Group Incorporated (UNH) is a diversified health and well-being company with \$200 billion in revenue that operates across four segments: United Healthcare, Optum Health, OptumInsight, and OptumRx. The company serves 134 million individuals in all 50 states and more than 125 countries.	At twice the size of the next largest health maintenance organization by revenue, UnitedHealth is the leading health care franchise in the U.S. We believe it should continue to see strong growth and profitability, driven by positive demographic trends and its ability to manage health care costs by leveraging its size and scale, continuing its industry-leading technology investments, expanding its expertise in population health, and continuing to grow its portfolio of providers, all of which enables it to keep and effectively manage more of its health care spending in-house.	Dechra Pharmaceuticals PLC (DPH.LN) is a U.K.-based company that develops, manufactures, and sells specialty veterinary pharmaceuticals. The company's largest markets are the U.K. and North America.	The \$31 billion animal health market is growing at a 5-6% categorized annual growth rate, driven by increasing emphasis on pet health care and demand for animal protein. We think Dechra, ranking #10 in veterinary pharmaceuticals sales with about 2% share, is well positioned to continue growing given its focus on underserved niche markets and geographic expansion. We believe Dechra can sustain top-line organic growth of approximately 10%, supplemented by acquisitions at which they have excelled.
Acceleron Pharma Inc. (XLRN) is a biotechnology company commercializing a drug called Luspatercept for the treatment of serious and chronic anemias and developing a drug called Sotatercept for the treatment of pulmonary arterial hypertension and other pulmonary diseases.	We think Luspatercept will be a \$2+ billion peak sales drug. We also think Sotatercept will help expand the company's revenue base in years to come. The company is currently the target of a potential acquisition by Merck. Regardless of the outcome, given the scarcity value of having two blockbuster drugs in its pipeline, we view Acceleron as a high-quality asset and remain shareholders.	Eli Lilly and Company (LLY) is a multinational pharmaceutical company developing drugs in diabetes, oncology, immunology and neuroscience. Its top selling drugs include Trulicity, Humalog, Alimta, Taltz, Humulin, and Jardiance.	We are investors in Eli Lilly given its focus on industry-leading growth categories like diabetes and oncology. The company also has a drug to treat Alzheimer's disease called donanemab that is expected to gain approval in 2022. We believe donanemab has a competitive advantage over rival approved drug aducanumab because it has deeper clearance of α -beta plaques and is projected to be dosed for shorter periods of time.
Thermo Fisher Scientific Inc. (TMO) is the world's largest life sciences tools company. Thermo provides analytical instruments, laboratory equipment, software, services, consumables, and reagents for life sciences research, manufacturing, analysis, discovery, and diagnostics.	Thermo Fisher's addressable market is \$160 billion and is growing 3% to 5% due to favorable demographics, scientific advances, new technology, and increased regulations. Management expects the company to grow revenue on an organic basis at 5% to 7%, driven by share gains and exposure to high growth segments of the market. Competitive advantages include industry-leading scale, commercial infrastructure, an e-commerce platform, supply chain capabilities, and R&D investment. The market is fragmented, offering opportunities to create shareholder value through M&A.	Zoetis Inc. is the global leader in the discovery, development, and manufacturing of both companion and farm animal health medicines and vaccines. Zoetis sells to more than 120 countries across eight core species and five major product categories.	Zoetis is the leader in the animal health market, growing at 100 bps to 200 bps over the industry's attractive 4% to 5% CAGR. Zoetis should benefit from growing demand for animal health products driven by increasing consumption of animal proteins and the humanization of pets. The company should be able to achieve double-digit earnings growth on consistent revenue growth and an improving cost structure due to a more favorable product/species mix and manufacturing efficiencies. Strong operating cash flow facilitates capital deployment opportunities to supplement growth.



For strategy reporting purposes, the Firm is defined as all accounts managed by Baron Capital Management, Inc. ("BCM") and BAMCO, Inc. ("BAMCO"), registered investment advisers wholly owned by Baron Capital Group, Inc. As of 9/30/2021, total Firm assets under management were approximately \$54.7 billion. The Strategy is a time-weighted, total return composite of all accounts managed on a fully discretionary basis using our standard investment process. Accounts in the Strategy are market-value weighted and are included on the first day of the month following one full month under management. Gross performance figures do not reflect the deduction of investment advisory fees and any other expenses incurred in the management of the investment advisory account. Actual client returns will be reduced by the advisory fees and any other expenses incurred in the management of the investment advisory account. A full description of investment advisory fees is supplied in the Firm's Form ADV Part 2A. Valuations and returns are computed and stated in U.S. dollars. Performance figures reflect the reinvestment of dividends and other earnings. Baron Health Care Strategy is currently composed of one mutual fund managed by BAMCO.

BAMCO and BCM claim compliance with the Global Investment Performance Standards (GIPS®). To receive a complete list and description of the Firm's strategies or a GIPS-compliant presentation please contact us at 1-800-99BARON.

The performance of accounts in the Strategy may be materially different at any given time. Differences that may affect investment performance include cash flows, inception dates, and historical prices. Positions may not be the same or may be traded at different times. In addition, accounts in the Strategy may be pursuing similar investment strategies, but may have different investment restrictions.

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

Definitions: 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. 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. The indexes and the Strategy include reinvestment of dividends, net of withholding taxes, which positively impact the performance results. The indexes are unmanaged. Index performance is not Strategy performance; one cannot invest directly into an index. The Strategy is in the **eVestment Alliance ("eA") US Sector Focus Equity Universe**. The eA Universe Median returns represent the annualized gross of fee performance of the median manager within the indicated universe and is subject to change. **Standard Deviation (Std. Dev.):** measures the degree to which the Strategy's performance has varied from its average performance over a particular time period. The greater the standard deviation, the greater the Strategy'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 the Strategy's risk adjusted performance. **Alpha:** measures the difference between the Strategy's actual returns and its expected performance, given its level of risk as measured by beta. **Beta:** measures the Strategy's sensitivity to market movements. The beta of the market is 1.00 by definition. **R-Squared:** measures how closely the Strategy'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 the Strategy's return follows the benchmark index returns. It is calculated as the annualized standard deviation of the difference between the Strategy and the index returns. **Information Ratio:** measures the excess return of the Strategy divided by the amount of risk the Strategy takes relative to the benchmark index. The higher the information ratio, the higher the excess return expected of the Strategy, given the amount of risk involved. **Upside Capture:** explains how well

the Strategy performs in time periods where the benchmark's returns are greater than zero. **Downside Capture:** explains how well the Strategy 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. **EPS Growth Rate (3-5 year forecast):** indicates the long-term forecasted EPS growth of the companies in the representative account, calculated using the weighted average of the available 3-to-5 year forecasted growth rates for each of the stocks in the representative account provided by FactSet Estimates. The EPS Growth rate does not forecast the Strategy's performance. **Price/Earnings Ratio (trailing 12-months):** is a valuation ratio of a company's current share price compared to its actual earnings per share over the last twelve months. **Price/Book Ratio:** is a ratio used to compare a company's stock price to its tangible assets, and it is calculated by dividing the current closing price of the stock by the latest quarter's book value per share. **Price/Sales Ratio:** is a valuation ratio of a stock's price relative to its past performance. It represents the amount an investor is willing to pay for a dollar generated from a particular company's operations. Price/ Sales is calculated by dividing a stock's current price by its revenue per share for the last 12 months. Historical portfolio characteristics are provided by Compustat and FactSet Fundamentals. **Weighted Harmonic Average:** is a calculation that reduces the impact of extreme observations on the aggregate calculation by weighting them based on their size in the representative account.

This information does not constitute an offer to sell or a solicitation of any offer to buy securities by anyone in any jurisdiction where it would be unlawful under the laws of that jurisdiction to make such offer or solicitation. This information is only for the intended recipient and may not be distributed to any third party.

Additional information is available from BAMCO, Inc. or Baron Capital Management, Inc. at 767 Fifth Avenue, 49th Floor, New York, NY 10153, or call 1-800-99BARON.





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