Baron Large Cap Growth Strategy

June 30, 2021

Dear Investor:

Performance

Baron Large Cap Growth Strategy gained 13.8% during the second quarter, which compared favorably to gains of 11.9% for the Russell 1000 Growth Index (the "Index") and 8.6% for the S&P 500 Index, the Strategy's primary and secondary benchmarks.

Table I.
Performance
Annualized for periods ended June 30, 2021 – Figures in USD

	Baron Large Cap Growth Strategy (net)[1]	Baron Large Cap Growth Strategy (gross)[1]	Russell 1000 Growth Index[1]	S&P 500 Index[1]
Three Months[2]	13.83%	14.03%	11.93%	8.55%
Six Months[2]	12.02%	12.40%	12.99%	15.25%
One Year	35.53%	36.47%	42.50%	40.79%
Three Years	26.07%	26.90%	25.14%	18.67%
Five Years	27.43%	28.27%	23.66%	17.65%
Ten Years	19.03%	19.85%	17.87%	14.84%
Fifteen Years	13.27%	14.09%	13.53%	10.73%
Since Inception[3] (September 30, 2004)	13.03%	13.93%	12.91%	10.63%

From a broad perspective, stocks continued moving higher during the second quarter, extending the market rally over the last 15 months, with the Index now up a remarkable 82.2% cumulatively since March 31, 2020. Over the same period, the Strategy is up 87.0% and the S&P 500 is up 69.7%. Looking deeper however, the second quarter was quite different from the first. Growth stocks rebounded sharply, as long-term interest rates stabilized below 1.5% after hitting a high of nearly 1.8% during the prior three months. The powerful rotation into stocks perceived to be the beneficiaries of the "reopening of the economy" had slowed down enabling our portfolio to post solid gains and recover some of the lost ground from the first quarter.

As is usually the case, most of the Strategy's outperformance in the quarter was due to stock selection, which contributed 136 bps of the Strategy's 190 bps of outperformance relative to the Index. After the first quarter's pullback, our holdings in Information Technology ("IT") bounced back nicely and were responsible for 76 bps of our outperformance after being our largest detractor in the prior three months. Within IT, we benefited from the recovery in systems software as our investments in this sub-industry appreciated 21.1% as a group during the quarter, after being down 6.4% in the first quarter. This together with continued strength in IT consulting & other services (think **EPAM**), contributed 117 bps to our relative outperformance. The Strategy also benefited from a recovery in Health Care and Consumer Discretionary, our second and third largest sectors (after IT), which together contributed another 57 bps to relative returns.

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 June 30, 2021, total Firm assets under management are approximately $53.5 billion. The Strategy is a time-weighted, total return composite of all large-cap accounts greater than $1 million using our standard investment process. Since 2010, accounts in the Strategy are market-value weighted and are included on the first day of the month following one full month under management. Prior to 2010, accounts were included on the first day of the quarter after one full quarter. Gross performance figures do not reflect the deduction of investment advisory fees. 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 our 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. The Strategy is currently composed of one mutual fund managed by BAMCO and separately managed accounts managed by BCM. 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.

Performance data quoted represents past performance. Current performance may be lower or higher than the performance data quoted. Past performance is no guarantee of future results. Returns could be reduced, or losses incurred, due to currency fluctuations.

1 The **Russell 1000® Growth Index** is an unmanaged index that measures the performance of large-sized U.S. companies that are classified as growth and 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. Investors cannot invest directly into an index.

2 Not annualized.

3 The Strategy has a different inception date than its underlying portfolio, which is April 30, 2004.

At the company-specific level, we had an unusually high "hit rate" with 37 contributors/advancers against just six decliners. Out of those 37 investments, 21 we up double digits, 11 of which appreciated 20% or more, including our newest purchases **NVIDIA** (initiated last quarter) and **UiPath** (acquired during this one) which were up 50% and 21%, respectively. Putting our inflows to work over the last six to nine months into companies such as **Alphabet**, **Shopify**, and **Dynatrace**, also helped our results. Alphabet and EPAM contributed over 100 bps each to absolute returns, while **Amazon**, **CrowdStrike**, **Facebook**, **Adobe**, NVIDIA, **Intuitive Surgical**, **Veeva**, **Illumina**, Shopify, **PayPal**, and **Twilio** contributed over 50 bps each.

We have written in the past how we thought Poker and Fantasy Football could provide useful training ground for aspiring investors. Both are games of incomplete information that require patient and opportunistic capital allocation in the face of a wide range of outcomes, with the ability to manage the inherent uncertainty the future brings emerging as a critical skill set. From that perspective, Chess has little to offer us. Chess is a classic game of certainty. There is a "correct" move and a countermove at every step, where good decisions are rewarded, and bad ones punished. There are no "ugly" river cards that radically change the texture of the board or catastrophic knee injuries that wreak havoc on your team's receiving corps, and the better player wins almost every game. Yet, there is a critical part of a Chess game that we think investors can learn from.

A game of Chess is divided into three distinct phases, known as the **Opening**, the **Middlegame**, and the **Endgame**, each with its own distinct strategies. The Opening typically covers the first 10 to 15 moves of the game in which both players are moving their pieces from their starting positions to take up active posts ready to do battle in the Middlegame. Advanced players usually have this stage of the game figured out where a decision to open with the Queen's Gambit or a Sicilian Defense is made before the game ever starts. This is akin to an investment team knowing/deciding how they will allocate funds on day one of a new strategy. In both cases, it is not uncommon to stay up all night just before, agonizing over the final decisions of what you want to accomplish and what you need it to look like once the Opening is complete. The Endgame in Chess has been thoroughly analyzed and is rarely played out at a higher level since piece positioning makes it obvious who the winner will be. It has even less relevance to us since the investing we do has no Endgame. We do not optimize a portfolio to perform over any specific period of time (a quarter or a year). The investing we do is neither a sprint nor a marathon because there is no finish line. That brings us to the remaining phase of a Chess game that we think can be instructive to investors–the Middlegame!

According to Wikipedia "The *middlegame* in chess is the portion of the game in between the *opening* and the *endgame*. The middlegame begins when both players have completed the development of all or most of their pieces…. Theory on the middlegame is less developed than the opening or endgames. Since *middlegame positions are unique* from game to game, memorization of theoretical variations is not possible as it is in the opening. Likewise, there are usually too many pieces on the board for theoretical positions to be completely analyzed as can be done in the simpler endgames." The Middlegame is often considered the most exciting phase of the chess game. It is in this stage of the game, after the Opening has finished but while there are still plenty of pieces on the board, that the outcome of the game is most frequently decided. One of the great challenges of the Middlegame is how to make progress when there are no obvious moves.

We think of investing as the perpetual Middlegame. We go to great lengths to research, understand, and develop conviction in the companies in which we invest. More often than not, we are happy with our "Opening" and are comfortable with our "board." This is what Garry Kasparov, the greatest Chess player of all time, refers to as the "nothing to do" phase of the game. Interestingly enough, it is this stage of the game when action (as opposed to reaction) is required most! It is this ability to improve one's positioning through subtle, seemingly unimportant or insignificant moves that separates contenders from pretenders. Just like in Chess, we find there are frequent periods of time when there are no obvious buys or sells. Just like Mr. Kasparov, we believe that being proactive and not reactive is one of the keys to long-term success. We are always in the Middlegame and there are many "nothing to do" moments. So we proactively build a pipeline of ideas–great businesses that benefit from disruptive change with platform economics and network effects, run by talented entrepreneurs. Then we work on building the conviction, stress-testing our assumptions, analyzing the competitive landscape, comparing them to our existing investments–always asking ourselves where we could be wrong and then taking action when we feel the time is right. These shareholder letters are often focused on new ideas and we write about a few things that impacted the recent results the most. Often, the subtle, "seemingly unimportant" moves do not attract a lot of attention because they do not become apparent or impactful until sometime in the future.

For example, Alphabet and Facebook were two of our largest additions in the fourth quarter of last year and then again in the first quarter of 2021 and both performed very well, up 41% and 27% year-to-date, respectively. Interestingly, this solid performance coincided with an accelerating news flow around Big Tech regulation. There are five new antitrust bills in the house targeting Big Tech, a G-7 proposal to change the tax rate (potentially taxing subsidiaries separately and limiting deductions), and a continued flow of litigation from the FTC, state attorney generals as well as international regulators. At the same time, Apple changed its privacy settings (App Tracking Transparency or ATT) such that users would need to proactively agree to share their data with the apps (and obviously, many decide not to; recent data points to only 10% to 20% of users agreeing to share their data). This in turn is reducing the quality of the signal that is used by advertisers and could create disruption in the advertising ecosystem.

So, have investors suddenly stopped caring about regulation? Is it priced in?

We think that over time investors will realize that what really drives the intrinsic values of both Alphabet and Facebook are the choices made by consumers on the one side, and advertisers on the other side. As long as people continue to use Google to research their next vacation or the type of TV they want to buy, or even just for general knowledge gaining purposes, advertisers will continue to choose Google as the place they *must* spend money on, to reach those consumers. Similarly, as long as users keep spending over an hour every day on Facebook (or on Instagram or WhatsApp or Messenger), advertisers will have little to no choice but to be there. The famous Facebook advertiser boycott lasted for less than a month… They simply cannot afford to not be there. Even the recent privacy changes brought by Apple, while potentially disruptive in the near term, could end up being a tailwind longer term to the walled gardens (Facebook, Alphabet and Amazon) due to the magnitude of first-party data these platforms have and the fact that they can increasingly close the proverbial loops on their own platform (shopping), which increases their relative value to the advertisers.

We wrote about Big Tech in our third quarter of 2020 letter and our view remains largely unchanged:

"Big Tech's power comes from consumer adoption and consumer preferences and there is little to nothing that regulations can do about that. It's simply too late. Instead of trying to figure out how to break them up (we wrote in the past that we believe in every relevant case 1+1 will likely yield a value greater than 2), the regulators need to realize that these four Tech giants fighting each other is probably the best remedy (and a system of checks and balances) available to them today."

The Baron Large Cap Growth Strategy has generated an attractive upside capture of 101.7% and a downside capture of 80.7% over the last five years. We believe it is our ability to excel in the Middlegame and take advantage of these "nothing to do" moments that has been the key to that success.

Table II.
Top contributors to performance for the quarter ended June 30, 2021

	Quarter End Market Cap (billions)	Percent Impact
Alphabet Inc.	$1,658.8	1.27%
EPAM Systems, Inc.	28.8	1.04
Amazon.com, Inc.	1,735.0	0.93
CrowdStrike, Inc.	56.7	0.90
Facebook, Inc.	985.9	0.84

Alphabet Inc. is the parent company of Google, the world's largest search and online advertising company. Shares of Alphabet were up 20% in the quarter driven by a continued recovery in ad spend, strong cloud revenue growth (up 46% in the first quarter year-over-year), and improved cost controls (with operating margins reaching 30% in the first quarter). We remain excited about Alphabet's merits as it continues to benefit from growth in mobile and online video advertising, which accrues to its core assets of search, YouTube, and the Google ad network. We are further encouraged by Alphabet's investments in AI, autonomous driving (Waymo), and life sciences (Verily, Calico).

EPAM Systems, Inc. provides outsourced software development services to business customers. Shares gained 29% during the quarter driven by strong financial results that exceeded Street expectations. EPAM operates at the forefront of digitization by helping customers optimize ways to interact with their clients, enabling them to become more engaging, responsive, and efficient. With rebounding demand following last year's COVID-driven slowdown as investments in digital transformation have risen in priority, EPAM has seen a strong recovery in revenue growth. We remain excited about EPAM's long runway for growth underpinned by the need for digital transformations and the company's strong execution in addressing this growing demand. Despite years of strong double-digit growth, it still accounts for less than 2% of the $150 billion annual spend on digital engineering services.

Amazon.com, Inc. is the world's largest retailer and cloud services provider. Shares were up 11% during the quarter after Amazon reported results that beat expectations with revenues growing 44% year-over-year to nearly $110 billion and operating margins reaching 8.2% driven by a continued improvement in the international segment. Amazon remains our largest position as we believe it is one of the most competitively advantaged companies in the world with a leading position in multiple trillion-dollar markets, that Amazon is in the early stages of disrupting. Domestic e-commerce is still only 20% of retail (as of 2020), Amazon has around 1% market share of international e-commerce (about $150 billion out of $16 trillion), its advertising share is roughly 2%, and its share in cloud computing is still only 7.5% out of $3.6 trillion of global spend on information technology (according to Gartner). Areas such as logistics and health care present additional optionality.

CrowdStrike, Inc. provides cloud-delivered, next generation security solutions via its Falcon platform consisting of end-point protection, advanced persistent threat, security information, event management, and cloud workload protection. Shares rose 38% in the second quarter, more than recovering the 14% correction in the first quarter, with revenue growth of 70% year-over-year and robust guidance ahead of consensus. With more workloads migrating to or starting in the cloud, CrowdStrike is well positioned to compound at high growth rates for years given its unique product platform and disruptive go-to-market business model.

Shares of **Facebook, Inc.**, the world's largest social network, were up 18% this quarter on results that came ahead of market forecasts with 44% revenue growth (in constant currency), which compared to Street expectations of 31%, driven by the recovery in ad spending. In our view, Facebook continues to utilize its leadership in mobile to provide global advertisers targeted marketing capabilities at scale, with substantial future monetization opportunities across its various assets including WhatsApp, Instagram, video tools including Watch and IG TV, and community-based marketplace, shopping, jobs, and dating features.

Table III.
Top detractors from performance for the quarter ended June 30, 2021

	Quarter End Market Cap or Market Cap When Sold (billions)	Percent Impact
Acceleron Pharma Inc.	$ 7.6	–0.13%
GDS Holdings Limited	13.3	–0.13
RingCentral, Inc.	26.4	–0.08
Alibaba Group Holding Limited	614.8	–0.06
Space Exploration Technologies Corp.	–	–0.01

Acceleron Pharma Inc. is a biotechnology company focused on therapeutics for rare blood and lung disorders. Shares declined 7% in the second quarter on limited impactful news flow during the quarter. Importantly, Acceleron issued positive updates on clinical trial data packages that highlighted the strength of its drug Luspatercept in the treatment of Beta Thalessemia (the BEYOND trial). More recently, the company highlighted its development strategies during a deep dive R&D day. Acceleron remains our largest biotechnology position and we have not changed our conviction.

GDS Holdings Limited is a leading Chinese data center operator namely focused on Tier 1 cities. Shares detracted from performance in the quarter, declining 3% for the period held due to the overall sell-off in Chinese technology-related companies due to tightening government regulations, market concerns regarding supply/competition, and the escalation of geopolitical tensions. We have chosen to exit this investment and to reallocate capital to higher conviction ideas.

Shares of **RingCentral, Inc.**, the global market leader in UCaaS (Unified Communications as a Service) voice, video, and collaboration software, declined slightly during the quarter despite a strong earnings report highlighted by the third quarter in a row of year-over-year top-line acceleration and guidance ahead of consensus. We continue to believe RingCentral's strong market position, fast pace of product innovation, and ramping exclusive partnerships will enable the business to compound at higher rates than market forecasts for many years. We continue to add to this investment.

Alibaba Group Holding Limited is the largest retailer and e-commerce company in China. Alibaba operates shopping platforms Taobao and Tmall and owns 33% of Ant Group, which operates Alipay, China's largest third-party online payment provider. Despite news that Chinese regulators had launched an investigation into the company for suspected monopolistic behavior and concerns of increased competition from peers, we believe the stock was flat because much of these risks were already priced in. Its core business is highly profitable, while true earnings are masked by a host of earlier stage (and rapidly growing) businesses such as Ali cloud (Alibaba's "AWS"), logistics, and New Retail. Despite that, as of the end of the second quarter, Alibaba was trading at less than 20 times earnings (which were negatively impacted by all those early-stage businesses). We believe the risk-reward remains favorable for long-term investors, such as ourselves.

Portfolio Structure

The Strategy's portfolio is constructed on a bottom-up basis with the quality of ideas and conviction level determining the size of each investment. Sector weights tend to be an outcome of the portfolio construction process and are not meant to indicate a positive or a negative "view."

As of June 30, the top 10 positions represented 45.0% of the Strategy and the top 20 were 72.7%. IT, Health Care, Consumer Discretionary, Communication Services, and Financials made up 96.8% of net assets. The remaining 3.2% was made up of Equinix, a REIT classified in Real Estate, GM Cruise and SpaceX, our two private investments classified in Industrials, and cash.

Table IV.
Top 10 holdings as of June 30, 2021[1]

	Quarter End Market Cap (billions)	Quarter End Investment Value (millions)	Percent of Net Assets
Amazon.com, Inc.	$1,735.0	$66.3	7.9%
Alphabet Inc.	1,658.8	53.8	6.4
Facebook, Inc.	985.9	40.5	4.8
ServiceNow, Inc.	108.5	33.0	3.9
EPAM Systems, Inc.	28.8	32.5	3.9
Twilio Inc.	68.1	32.2	3.8
Adobe Inc.	279.9	32.1	3.8
Veeva Systems Inc.	47.6	31.2	3.7
Intuitive Surgical, Inc.	108.9	28.8	3.4
Mastercard Incorporated	361.8	28.4	3.4

Recent Activity

During the second quarter, we initiated a new small position in the leading Robotics Process Automation ("RPA") software provider, **UiPath** while also reinitiating a small investment in **Zoom Video Communications**, which at this point in the pandemic needs no introduction...The more seasoned investors in the Strategy will recall that we held Zoom previously, after buying shares following the company's IPO in 2019, only to end up selling it several months later as the stock quickly tripled. We also added to 15 existing positions as we continued putting the Strategy's inflows to work. We sold out of three investments–**Vertex Pharmaceuticals**, **GDS**, and **Slack Technologies**, exiting the quarter with 40 holdings. This number includes a stub position in Airbnb, in which we invested during its IPO, but we were unable to acquire a "real" position before its stock price moved away from us. It also includes our three small private investments which together represent less than 1% of the Strategy's net assets.

Table V.
Top net purchases for the quarter ended June 30, 2021

	Quarter End Market Cap (billions)	Amount Purchased (millions)
Square, Inc.	$111.0	$9.8
Zoom Video Communications, Inc.	114.0	7.0
Shopify Inc.	182.1	5.6
NVIDIA Corporation	498.5	4.2
ServiceNow, Inc.	108.5	3.7

Apart from acquiring UiPath and Zoom, we continued scaling into the fintech leader **Square, Inc.**, and the artificial intelligence leader **NVIDIA Corporation**, with both now approaching our average position size. We also continued adding to **Shopify Inc.**, the leading cloud-based commerce software provider, as well as to **ServiceNow, Inc.**, the leading cloud-based workflow automation software, which has now become the fourth largest position in the Strategy.

During the quarter, we initiated a small position in UiPath. The company helps organizations efficiently automate business processes. It helps customers discover automation opportunities and then build, manage, run, engage, measure, and govern automations. The platform leverages the power of computer vision to enable software robots to perform a vast array of actions like a human would in order to automate manual processes and free human employees to focus on higher-value activities. Daniel Dines, the company's co-founder and CEO explained it best in his shareholder letter:

"As the economy largely moved from manufacturing to services, the need for automation shifted from industrial to business process automation. But, despite enormous gains in computing power… we witness a paradox. While today's work is largely digital, the repetitive, manual work has not disappeared – the form of it has simply shifted… today's knowledge worker spends a vast amount of his/her time at work extracting, entering and processing data and enduring the drudgery of continuously copying and pasting between a growing number of applications.

"Much like how self-driving cars emulate human drivers but still reuse the existing car and road infrastructure, we have created a form of automation that emulates people performing a business activity on a computer. The software infrastructure, existing applications, and workflows are reused, thus reducing complexity and cost of implementation."

[1] Top 10 holdings, sector exposures, top net purchases, and top net sales 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 the Strategy. Representative account data is supplemental information.

The market opportunity is both large and growing with IDC estimating a $17 billion addressable market that is expected to grow at a double-digit rate. UiPath is the market leader in RPA, and relative to the competition, we believe the company stands out due to its strong brand, fast time to value, high customer satisfaction (NPS>70), end-to-end platform with rapid product innovation, and large partner ecosystem. In our view, UiPath is well positioned to benefit from a durable growth runway driven by existing customers expanding on the platform, adding new clients, cross-selling new products, enhancing the partner network, and selective acquisitions.

Table VI.
Top net sales for the quarter ended June 30, 2021

	Quarter End Market Cap or Market Cap When Sold (billions)	Amount Sold (millions)
GDS Holdings Limited	$13.9	$12.5
Vertex Pharmaceuticals Incorporated	56.1	11.2
Slack Technologies Inc.	24.0	5.4
Splunk, Inc.	23.7	1.5

We exited our position in **GDS Holdings Limited**, the leading Chinese data-center operator, as we increased our required hurdle rate for Chinese investments following the latest round of regulatory tightening, which has been more extreme than we have previously seen. While we like the secular tailwinds underpinning GDS's growth, such as the adoption of cloud in China as well as its strong competitive positioning, and we continue holding it in our Baron Global Advantage Strategy, it no longer satisfies our required hurdle rate for this Strategy.

We sold our position in **Vertex Pharmaceuticals Incorporated**, the leading cystic fibrosis biotechnology company, because of concerns that the company's long-term growth may be more dependent upon acquisitions than originally thought. We also sold our position in **Slack Technologies Inc.** as it was being acquired by Salesforce, and we reduced our position in **Splunk, Inc.**, reallocating proceeds to higher conviction ideas.

Outlook

In the last quarterly letter, we wrote about not being too concerned with the much anticipated "reopening" trade, even though the concurrent rotation from growth to value stocks was clearly unfavorable to the kinds of businesses in which we tend to invest, and it had a negative impact on our quarterly returns. We did suggest that paying attention to the yield of the 10-year U.S. Treasury bond, which peaked at almost 1.8% during that time was important, as higher interest rates (specifically, significantly higher interest rates) would likely present a material headwind for many of our investments. We also reiterated that we do not attempt to predict inflation or interest rates.

Well…the annualized inflation rate for May (the CPI Index) came in at 5%. This is the first-time inflation reached 5% since *2008*. Jerome Powell, the chairman of the Federal Reserve then reiterated that in his opinion this high inflation number is "transitory" and that the Fed will not start raising rates until 2023. Though the message was consistent with his prior statements, this time the market had a different reaction and the yield on the 10-year bond came down to almost 1.3%. Last time we checked; we are all "transitory."

The Fed believes that the inflation rate will likely come back down to 2% to 2.5% annual rate in the next few months, which would be considered benign for the U.S economy. The more interesting phenomenon from our perspective is that whether inflation is running at 5% or at 2.5% one is absolutely guaranteed to lose money (in real terms) by investing in a 10-year government bond yielding less than 1.5%!

Every day we live and invest in an uncertain world. Well-known conditions and widely anticipated events, such as Federal Reserve rate changes, 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 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.

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

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.

Risks: The Strategy invests primarily in equity securities, which are subject to price fluctuations in the stock market. Even though the Strategy is diversified, it may establish significant positions where the Adviser has the greatest conviction. This could increase volatility of the Strategy's returns. The Strategy may not achieve its objectives. Portfolio holdings are subject to change. Current and future portfolio holdings are subject to risk.

The discussions of the companies herein are not intended as advice to any person regarding the advisability of investing in any particular security. The views expressed in this report reflect those of the respective portfolio managers only through the end of the period stated in this report. The portfolio manager's views are not intended as recommendations or investment advice to any person reading this report and are subject to change at any time based on market and other conditions and Baron has no obligation to update them.