Baron Opportunistic Small Cap Growth Strategy

March 31, 2021

Dear Investor:

Performance

Baron Opportunistic Small Cap Growth Strategy gained 2.70% in the first quarter of 2021. The Strategy underperformed the Russell 2000 Growth Index, which was up 4.88%, and the broader S&P 500 Index, which was up 6.17%.

Table I.
Performance
Annualized for periods ended March 31, 2021

	Baron Opportunistic Small Cap Growth Strategy (net)[1]	Baron Opportunistic Small Cap Growth Strategy (gross)[1]	Russell 2000 Growth Index[1]	S&P 500 Index[1]
Three Months[2]	2.70%	2.95%	4.88%	6.17%
One Year	88.62%	90.51%	90.20%	56.35%
Three Years	20.78%	21.99%	17.16%	16.78%
Five Years	21.27%	22.48%	18.61%	16.29%
Ten Years	13.74%	14.88%	13.02%	13.91%
Since Inception[3] (December 31, 1997)	11.49%	12.79%	8.05%	8.27%

The market continued its uptrend in the quarter and traded to new highs, extending the strong rally that started a year ago. The outlook for business is very strong. With the successful rollout of vaccines, the economy is on the cusp of a major boom that could last for years. There is enormous pent-up demand from consumers and businesses, after having been cooped up for a year and flush with resources. Consumer net worth is showing great strength with the increase in stocks and home values. With the expected recovery in employment markets plus the stimulus payments received in 2020 and again in early 2021, consumer spending seems poised to explode.

GDP growth is expected to be in the high single-digits and earnings are projected to grow some 30% from last year's depressed levels. This positive outlook drove the market this quarter, eclipsing the somewhat unsettling sidebars of the wild trading in Reddit stocks, volatile trading of speculative SPACs, and the failure of the large family office called Archegos.

For the first half of the quarter, the market traded similarly to how it acted in the fourth quarter. The best performers were "reopening" plays, with an emphasis on value stocks and cyclicals. The best sectors were Energy, Industrials, and some Consumer Discretionary subsectors. The excitement over upcoming economic growth led to a significant, and somewhat unexpected, spike in interest rates. The 10-year Treasury yield rose from about 0.9% to 1.7% almost overnight, weighing on the trading multiples of stocks in growth sectors. Stocks in Information Technology ("IT"), Health Care, and some Consumer Discretionary sub-industries were challenged, after meaningfully outperforming last year. Also, in the small-cap space, smaller market capitalization stocks, lower-quality, and more volatile stocks performed relatively better. In that environment, where the sectors we favor and factors we emphasize were not in vogue, our Strategy lagged a bit.

However, trends changed in second half of the quarter, and our holdings did better both absolutely and relatively. We believe that the stocks that are benefiting because of expectation of cyclical growth have now risen to levels that mostly reflect those improved prospects. We sold shares of our holdings that were of this ilk, as they seemed more fully valued. As the rise in interest rates paused, we observed that the pendulum is swinging back… that the market is not all about value, as had been the case for three months, nor all about growth, which it was for the prior seven months, and will be more balanced go forward. We suspect that the best investments from here will be based more so on the particular micro achievements and attributes of those businesses than on broad generalizations.

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 March 31, 2021, total Firm assets under management are approximately $49.6 billion. 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. The Strategy is currently composed of one mutual fund managed by BAMCO and separately managed accounts managed by BCM. The Strategy invests mainly in small cap growth companies.

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.

[1] The **Russell 2000® Growth Index** is an unmanaged index that measures the performance of small-sized U.S. companies that are classified as growth. 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 in an index.

[2] Not annualized.

[3] The Strategy has a different inception date than its underlying portfolio, which is 9/30/1997.

Table II.
Top contributors to performance for the quarter ended March 31, 2021

	Percent Impact
The Cheesecake Factory, Inc.	0.60%
Penn National Gaming, Inc.	0.45
Gartner, Inc.	0.41
Installed Building Products, Inc.	0.36
ASGN Incorporated	0.35

Shares of **The Cheesecake Factory, Inc.**, the operator of casual dining restaurants, were up significantly in the first quarter, as its dining rooms reopened and business recovered from the depths caused by COVID-19 restrictions. We believe that the company weathered the downturn very well and emerged a stronger, more profitable entity, with an improved outlook. Off premise sales were robust during the shutdown, and we believe that a good portion of those sales will be retained, so that each restaurant will do more revenue than before. We expect about 15% of restaurants in the casual dining space will be shuttered forever, which will help Cheesecake's volumes and already strong competitive position. And we are excited about the opportunity for it to grow units, especially in the North Italia and Fox brands, which the company acquired prior to COVID-19. However, with the stock quadrupling off the bottom and back to its highs of five years ago and trading at a good multiple of our expectation of near-term earnings, we sold about a third of our position into strength.

Penn National Gaming, Inc. is the largest operator of regional casinos in the U.S. and owns the Barstool Sports betting site and social media platform. The stock continued its amazing run in anticipation of great growth in both parts of its business. The bricks-and-mortar casinos are doing well as capacity limits are raised and the prospects are improved. We believe that they will achieve higher margins than in the past as they reduce marketing costs, eliminate lower-margin amenities (like buffets) and trim labor. Plus, the company plans to rebrand the casinos using its Barstool Sports brand and personalities to attract a younger crowd and gain share. The sports betting and iGaming opportunities are enormous. Though the opportunity is nascent, Penn has done really well in the recent opening of sports betting in new states, which lends credence to its goal of ultimately earning over $1 billion in EBITDA from these businesses based on garnering 15% market share of a $20 billion-plus industry.

Gartner, Inc., the leading provider of syndicated research focused on technology trends and business functions, reported strong financial results and contributed to our performance. The stock had languished since sales of new subscriptions slowed and conferences came to a halt during the pandemic, but now the business is due for a strong cyclical rebound, and the company is well-positioned for revenue acceleration, expanding margins, and cash flow generation. We forecast the company's crown jewel subscription revenue business to return to double-digit annual growth and its GBS segment to really accelerate, after years of working on its product offerings and sales effort. The events business should snap back when travel restrictions are lifted. Gartner's balance sheet is in excellent shape, and we expect an acceleration in share repurchases with excess capital. All in all, we believe that free cash flow per share will grow over 20% per year for the next several years, and even after the rebound in the share price, the stock is inexpensive on that key metric.

Installed Building Products, Inc. ("IBP") is the leading installer of insulation and complementary products for the U.S. residential construction market. We believe IBP is well-positioned to prosper from the acceleration in new home construction, brought about by the decline in interest rates and the attractiveness of the suburbs. IBP has built a powerhouse company with national scale and strong local presence. It was assembled through highly successful strategic and accretive acquisitions and by expanding into complementary products to leverage existing relationships. The company has grown its top line over 21% compounded for the last seven years and has grown its earnings even faster. Growth in the first quarter of 2021 was dampened by delays in completions caused by other trades and a mix shift towards lower-priced work for larger national builders. This, coupled with the rise in interest rates, caused the stock to trade down after reporting results. We remain excited by the strong organic growth outlook, the prospect of higher margins as increased commodity costs are passed through, a more robust acquisition program in the base residential business, and the company building its presence in commercial markets. We think the stock is cheap at under nine times last year's EBITDA /14 times EPS, and we should benefit from anticipated growth and multiple expansion.

ASGN Incorporated is the second largest U.S. staffing firm, with a focus on the fast growing, high-end commercial and federal IT service sectors. ASGN reported strong fourth quarter results, which exceeded estimates in revenues, margins, and earnings. Revenues declined just 1% in the quarter in a terrible employment market. The business model and operations held up sensationally, and now there are strong tailwinds for growth. Consulting services grew 19% in the past quarter and has great visibility for continued strong growth. These services are higher-margin and higher-value add and are similar to the "digitization" work done by other IT service providers (like Endava and Grid Dynamics, which we also own). As this line of business becomes more significant, the stock should command a higher multiple. Additionally, the balance sheet is now underleveraged, and we would anticipate ASGN reentering the acquisition market, which has added great value in the past.

Other stocks that rose over 20% in the quarter but added less to our performance because they are smaller positions include **DraftKings, Inc.**, **PRA Health Sciences, Inc.**, **Red Rock Resorts, Inc.**, **Shoals Technologies Group, Inc.**, **Grid Dynamics Holdings, Inc.**, and **Fiverr International Ltd.**

Table III.
Top detractors from performance for the quarter ended March 31, 2021

	Percent Impact
Guidewire Software, Inc.	–0.65%
Mercury Systems, Inc.	–0.40
Array Technologies, Inc.	–0.39
Ceridian HCM Holding Inc.	–0.35
The Trade Desk	–0.30

Shares of property and casualty insurance software vendor **Guidewire Software, Inc.** detracted from performance after reporting a good quarter but guided to revenues that missed sheet forecasts for the upcoming quarter. Guidewire is in the midst of transitioning to providing its products from the cloud. We believe that transition is going well. This quarter, the company made good progress with a critical go-live implementation and new bookings were strong with five new cloud wins announced. However, the company's financials were obscured by complex accounting during this period. We believe that the addressable market for Guidewire's products through cloud delivery will triple. And we expect that the company will

garner commanding market share and earn higher margins. We believe the stock could rise multiple fold as this plays out.

Mercury Systems, Inc. is a leading provider of innovative high-tech subsystems for the defense electronics industry. Shares fell this quarter on company reports that near-term sales were a little light and concerns that the Democrats' control of the government could lead to a smaller defense budget. We do not think that the change in administration will prevent the company from continuing to grow its sales at high single-digits, as in the past, as it continues to benefit from its critical role as the outsourcing partner for prime contractors. Mercury also recently announced another large strategic and accretive acquisition, which has been core to its success. We added to our position on weakness.

Array Technologies, Inc. is the leading supplier to the utility scale solar energy industry, selling ground-mounted systems that provide tracker solutions that add great efficiency to solar panel arrays. We purchased shares last quarter, and the stock was one of our strongest performers. This quarter, the stock reversed course after its private equity owner submitted a filing for a large secondary offering. The company also guided to lower near-term margins caused by increased investments in growth. The stock traded back to what we believed was an attractive price, and we added to our holdings.

Ceridian HCM Holding Inc., a leader in payroll and workforce management software, detracted in the quarter on concerns that increased pandemic-related restrictions will slow the rate of job recovery in its customer base. That kind of short-term thinking is not our approach. The stock also fell because it was a big winner last year and the market favored different stocks this quarter. We believe that the company's cloud-based Dayforce product will generate rapid earnings growth, meaningful margin expansion, and significant free cash flow. We are excited about the potential for its Dayforce Wallet product, which allows employees to access their earned wages on a real-time basis rather than waiting through the traditional two-week pay cycle. We think this product will be enthusiastically embraced by employees and lead to market share gains and higher profits for Ceridian.

The Trade Desk is a leading online platform that enables ad agencies to efficiently purchase advertising on digital media. The stock has been a monster for years but backed off this quarter over industry concerns that Google would move away from "cookies" as a way to track advertising. We believe that Trade Desk's Unified ID product may fill that void so are not all that concerned. We expect programmatic advertising on digital media to continue to grow rapidly and for Trade Desk to be a major enabler and beneficiary. We sold some stock during the quarter because the shares were highly valued on near-term expectations and also for market cap considerations.

Other stocks that fell 20% or more in the quarter were **Madison Square Garden Entertainment Corp.** and **TS Innovation Acquisitions Corp.**

Portfolio Structure & Recent Activity

As of March 31, 2021, the Strategy had $5.2 billion under management. The top 10 holdings made up 27.8% of net assets, similar to prior periods. We held 74 stocks and warrants on 2 others. The stocks in our top holdings have been owned from 1 year to 14 years.

Table IV.
Top 10 holdings as of March 31, 2021[1]

	Year Acquired	Quarter End Investment Value (millions)	Percent of Net Assets
Installed Building Products, Inc.	2017	$185.7	3.6%
Gartner, Inc.	2007	182.6	3.6
ASGN Incorporated	2012	152.7	3.0
SiteOne Landscape Supply, Inc.	2016	143.5	2.8
Vertiv Holdings, LLC	2020	140.0	2.7
Floor & Decor Holdings, Inc.	2017	133.7	2.6
Penn National Gaming, Inc.	2020	125.8	2.5
Guidewire Software, Inc.	2012	124.5	2.4
ICON Plc	2013	117.8	2.3
Aspen Technology, Inc.	2015	115.5	2.3

As in the recent past, the Strategy is most invested in four sectors. IT stocks made up 25.1%, Industrials 23.7%, Consumer Discretionary 16.7%, and Health Care 16.5% of our holdings at quarter end. Compared to the Russell 2000 Growth Index we are overweight in Industrials, IT, and Consumer Discretionary. We are materially underweight in Health Care because of our aversion to biotechnology and pharmaceutical stocks. Our IT holdings are focused on the application software (vertical software businesses) and data processing (fintech businesses). Our Industrials are leading niche operations which are all secular, not cyclical, growers. Our Consumer Discretionary stocks span many end markets, including casinos & gaming, homebuilding, home improvement retail, and education services. In Health Care, we favor health care equipment and life sciences tools & services.

We continue our approach of buying new small-cap names each quarter and funding those purchases by selling out of or reducing the position sizes of some of the stocks we like less or those with higher market caps. In the quarter, the weighted average market cap of new ideas we purchased was $2.1 billion, and the weighted average market cap of all purchases was $2.4 billion. These levels have been our sweet spot for finding exciting, well-established, successful businesses in which to invest. The market cap of our sales during the quarter was $14.4 billion. This demonstrates our disciplined commitment to staying true to our small-cap mandate while at the same time getting the benefits of our long-term investments in our biggest winners.

In previous letters, we have discussed why investing in SPACs has been a great benefit to the Strategy and have detailed some of our successful

[1] Top 10 holdings, 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.

investments. This quarter, many market commentators turned sour on SPACs, often for good reasons, so we would like to share our view and explain why we remain enthused about the investments we have made and excited about future opportunities. The criticism about SPACs focuses on the following: the enormous number of underwritings done year-to-date…we agree; more and more speculative early-stage businesses are being acquired and are trading at extremely high valuations for businesses that might not be ready for the public markets…we agree; and a handful of target companies are making grand projections and are already falling short of their numbers…we agree–surely an issue.

Even so, our view is that SPACs are a viable and established method to take companies public. We believe that three times as many companies will access this path to the public markets this year as did last year, which creates a great pipeline for us to find businesses that fit our strict criteria. We are busy doing research on most all of the transactions in the market. Presently there is not enough institutional capital to fund all the Private Investments in Public Entities ("PIPEs") needed to close the acquisitions, which enables us to buy at more attractive valuations and entry prices, often which we can have a role in determining. And we can have the opportunity to do deeper and more extensive due diligence before investing and make larger initial investments if we see fit. We are not involved with the speculative high flyers that have garnered the most attention, first on the upside and now on the downside. We hone in on investing in businesses with the traits we favor (niche market leaders, strong organic growth, sustainable competitive advantages, well managed, and reasonably priced).

Table V.
Top net purchases for the quarter ended March 31, 2021

	Year Acquired	Quarter End Market Cap (billions)	Amount Purchased (millions)
E2open Inc.	2021	$2.0	$56.4
Driven Brands Holdings Inc.	2021	4.3	42.0
Shoals Technologies Group, Inc.	2021	5.8	31.3
MaxCyte, Inc.	2021	1.0	20.7
TS Innovation Acquisitions Corp.	2021	0.4	20.5

During the quarter, we made seven new investments. Four of the investments were in IPOs, two in SPACs and one in a secondary offering. The investments spanned multiple sectors, including IT, Industrials, and Health Care.

We participated in the **Driven Brands Holdings Inc.** IPO during the quarter. Driven is the largest automotive services company in North America with a growing and mostly franchised base of more than 4,100 locations across 49 U.S. states and 14 countries. Driven's scaled platform fulfills a wide range of core automotive needs-based services, including paint, collision, glass, vehicle repair, oil change, maintenance, and car wash.

Even as the largest player, Driven's market share remains low (1% to 4% depending on category), and we believe the company can triple its unit count to 12,000 over time supported by the extreme fragmentation of the industry and strong unit economics of each concept. The long-term industry demand drivers, such as the aging vehicle fleet and increasing vehicle complexity, provide a nice tailwind as well. Driven enjoys scale benefits versus small chains or independents in the form of purchasing power, marketing budget, data analytics, and B2B relationships with insurance partners and fleet vehicles. We are also attracted to Driven's franchise business model. Franchisees represent over 75% of systemwide sales resulting in a strong recurring revenue/cash flow model. Driven should benefit as consumers get back to driving their cars as we exit the pandemic.

We expect organic revenue to grow from $1.1 billion in 2020 to over $1.7 billion in 2025 driven by a combination of mid-single-digit unit growth and low single-digit same store sales. Driven has posted 12 consecutive years of same store sales growth with an average of around 4%. Over the past five years, total revenues have grown at a 37% CAGR as management has displayed a strong track record of executing accretive M&A. We expect that trend to continue, fueling high-teens EBITDA growth.

E2open Inc. provides a 100% cloud-based software platform to orchestrate complex global supply chains. Its end-to-end SaaS solutions are mission critical. They drive compelling value and ROI for a diverse, blue-chip customer base (including Dell, Peloton, and Boeing) by helping them optimize their supply chains across channel shaping, demand sensing, business planning, logistics, global trade, and supply management.

The market for supply chain management is large ($45 billion-plus market) and has only increased in complexity and importance due to the pandemic. E2open's deeply embedded products enable strong retention (107% net retention) and long customer relationships (top 100 customers have a 14-year average tenure). E2open has devised an elegant and simple solution that is faster and nimbler compared to legacy ERP vendors, and its single interface for all participants compares favorably to the many point solutions out in the market.

E2open is poised to accelerate its organic revenue growth to about 10% in the upcoming fiscal year and maintain a low double-digit level over the medium term. Due to long-term contracts, the company has high visibility into future annual growth, and we expect acceleration will be driven by several factors, including expanding existing customer relationships ($1 billion white space alone), winning new customers, optimizing the sales force, getting better pricing realization, and enhancing strategic partnerships. Acquisitions are expected to be the primary use of free cash flow and should supplement the organic growth and provide meaningful synergies once integrated into E2open's platform. The company has an attractive margin profile (low 30% increasing to high 30%'s adjusted EBITDA margins) paired with strong FCF generation. We believe that E2open will be a steady earnings compounder, which should drive solid returns for the stock over a multi-year period.

We purchased shares in **Shoals Technologies Group, Inc.**, a leading provider of electrical balance of systems ("EBOS") solutions for solar energy projects in the U.S. EBOS solutions include all the components that are necessary to carry the electrical current produced by solar panels to the inverter, and ultimately to the grid. Shoals estimates that 50% of utility scale solar projects used one of its components in 2020.

While EBOS is mission critical, it represents only 6% of the cost of a solar project, and the labor to install it can be up to 150% of the cost of the components. Shoals invented a proprietary patent-protected system called the Big Lead Assembly ("BLA") that is a "plug-n-play" solution that makes installation more reliable and cost efficient. Shoals estimates that the BLA results in 43% lower installation costs and 20% lower material costs than the conventional architecture. Shoals' market share has grown from 7% in 2017 to 32% currently, and we think it can get up to 60% in a few years.

We expect revenues to grow from $175 million in 2020 to $500 million in 2023, while margins increase from its already robust 33% EBITDA margins. We think this is achievable as Shoals executes on its plan to develop innovative products that bring its labor-saving solutions to new high-growth end markets such as battery storage and electric vehicle charging infrastructure, while at the same time expanding its U.S. solar product portfolio and bringing the solar product to the international market. Electrical architecture will be even more in demand as the world electrifies and moves towards the rapid adoption of alternative energy.

Table VI.
Top net sales for the quarter ended March 31, 2021

	Year Acquired	Market Cap When Acquired (billions)	Quarter End Market Cap or Market Cap When Sold (billions)	Amount Sold (millions)
The Trade Desk	2017	$1.7	$30.9	$42.5
John Bean Technologies Corporation	2017	2.8	4.2	30.2
The Cheesecake Factory, Inc.	2001	1.3	2.7	29.3
Fiverr International Ltd.	2020	2.0	11.2	26.8
SiteOne Landscape Supply, Inc.	2016	1.1	7.6	26.8

Our sales in the quarter were either to reduce position sizes of some our stocks that had run up, or to exit some positions entirely to fund other purchases.

We sold out of **Fiverr International Ltd.**, the marketplace for freelance services, since the stock ran up multiple fold since our purchase less than a year ago and traded at a valuation that we thought captured much of the future opportunity. We also sold our common shares of One Spa World, the operator of spas on cruise ships, when that stock benefited as a "recovery" play. We sold out of **Summit Materials, Inc.**, a long-time holding in the building materials space, as we deemed its higher stock price to be full.

We reduced our position in some of our bigger positions/best performing stocks, such as **The Trade Desk**, **SiteOne Landscape Supply, Inc.**, **IDEXX Laboratories, Inc.**, and **Mettler-Toledo International, Inc.** All are companies we greatly admire and believe in, but the stocks' valuations were extended and now have larger market caps, so we trimmed as is our practice. We also sold some of our holdings in the stocks that were in favor this quarter because of the pending reopening of the economy. These sales include shares of **The Cheesecake Factory, Inc.**, **John Bean Technologies Corporation**, and **RBC Bearings Incorporated**.

Outlook

As we look out to 2021, we expect the economy to recover fast and furiously with growth rates of 6% to 8% in GDP, the strongest in 40 years. All segments of the economy are in launch mode, and we are comparing results against the steep decline of 2020. Corporate profits are poised to grow dramatically as well, as earnings for the broad indexes are expected to grow 30%. We believe our holdings are set up to have great near-term results, both the businesses that were most disrupted last year, and those that are benefiting from the growing digital economy.

However, we need to temper our enthusiasm about the performance of our stocks. After big gains last year, stocks are trading at rich valuations in anticipation of strong upcoming results. We believe that interest rates could rise further because of the strength of the economy, even as we believe the Fed will remain accommodative. We are less concerned that that would affect the operations of the businesses we own greatly, but it could affect the trading multiple of the stocks, as was the case in the first quarter. Corporate taxes are bound to increase, which will reduce earnings somewhat, and we expect individual tax rates to rise as well. We suspect that there might be some labor shortages and increases in wages or inputs, but we think that is more of a short-term issue. Longer term, we believe that the increased deficits created by the fiscal response to COVID-19 and now proposed to fund growth, may have negative consequences.

Though valuations are high when compared to historic metrics, we believe that many of our larger holdings are not expensive and that their trading multiples will be stable or rising. We point to **Installed Business Products, Inc.**, **Gartner, Inc.**, **ASGN Incorporated**, **Vertiv Holdings, LLC**, and **ICON Plc** as top 10 holdings that fit this bill. They are not just reasonably valued but also have strong growth outlooks and are special businesses, in our opinion. We expect that when the market focuses less on "growth versus value" or "stay at home versus reopening" and more on company-specific characteristics and results, these stocks will do well.

We are excited by all the small-cap companies coming public through IPO or SPAC combinations.

It's a fertile hunting ground for us to identify new investments that hopefully will develop into long-term winners. Our deep and talented research group, along with Assistant Portfolio Manager David Goldsmith and myself, are all immersed in the research process and singularly focused on the Strategy's success.

Cliff Greenberg
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: Specific risks associated with investing in smaller companies include that the securities may be thinly traded and more difficult to sell during market downturns. 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.

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 manager only through the end of the period stated in this report. The portfolio managers' 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.