



January 24, 2022

Talking points re: Tesla, Inc.'s percentage by weight in Baron Partners Fund

Fund Guidelines and Investment Approach We have internal guidelines that limit position sizes at the time of purchase. Once we establish a position, it is allowed to appreciate. Of course, we continue to monitor the Tesla position, as we monitor all positions.

We invest for the long term. We base our investment decisions on our intensive proprietary research and hold stocks as long as we perceive business fundamentals to be favorable against our assessment of long-term valuation. While this approach can put us at odds with assessments based on short-term earnings and current stock prices, we do not look at a company's current stock price in isolation. Rather, we compare it to our assessment of long-term valuation assuming our investment thesis still holds.

Risk Management We do not have a maximum position limit. It is up to the portfolio manager to assess the risk to the portfolio caused by letting a stock appreciate. Ron continues to believe the prospects for Tesla outweigh its risk.

Baron Partners Fund is non-diversified. We manage risk in Baron Partners Fund by building a portfolio of different securities with different growth prospects and end market risks and also through the percentage of leverage employed.

- We have reduced leverage from 27.0% in December 2019 to 6.5% as of December 31, 2021.
- We diversify holdings across Disruptive Growth, Core Growth, Real/Irreplaceable Assets, and Financials categories with the aim of tempering any volatility as a result of Tesla and other Disruptive Growth businesses by other, more stable, holdings. Core Growth businesses like IDEXX Laboratories, Inc. and Gartner, Inc. have steadier growth prospects. Real/Irreplaceable Assets businesses such as Vail Resorts, Inc. have tangible properties with strong moats. Within Financials, we favor capital-light businesses that are gaining market share (The Charles Schwab Corp.), offering deep product sets (FactSet Research Systems, Inc.), and/or selectively increasing price (Arch Capital Group Ltd.).

Exiting/Trimming a Position In the case of Tesla, the stock price has yet to meet our projected valuation. With 90 million cars sold worldwide each year, we continue to believe Tesla has a massive growth opportunity ahead. In 2021, just 12 years after it began operations, Tesla delivered close to one million vehicles (936,172, to be precise). It is now the leading EV brand in the world, although it still represents a small percentage of the total number of cars sold annually.

Tesla is the clear leader in the future of automobile manufacturing in our view. We believe original equipment manufacturers are probably at least five years behind Tesla in EV and are falling further

behind, increasing Tesla's competitive advantage. We also believe Tesla's autonomous driving technology and battery business could be significantly additive to revenue in the future.

Investors should consider the investment objectives, risks, and charges and expenses of the investment carefully before investing. The prospectus and summary prospectuses contain this and other information about the Funds. You may obtain them from the Funds' distributor, Baron Capital, Inc., by calling 1-800-99BARON or visiting www.BaronFunds.com. Please read them carefully before investing.

Risks: The Fund is non-diversified which means, in addition to increased volatility of the Fund's returns, it will likely have a greater percentage of its assets in a single issuer or a small number of issuers, including in a particular industry than a diversified fund. Single issuer risk is the possibility that factors specific to an issuer to which the Fund is exposed will affect the market prices of the issuer's securities and therefore the net asset value of the Fund. As of the date of the latest prospectus supplement, about 40% of the Fund's assets are invested in Tesla stock. Therefore, the Fund is exposed to the risk that were Tesla stock to lose significant value, which could happen rapidly, the Fund's performance would be adversely affected. Specific risks associated with leverage include increased volatility of the Fund's returns and exposure of the Fund to greater risk of loss in any given period.

The discussion of market trends is not intended as advice to any person regarding the advisability of investing in any particular security. The views expressed in this document reflect those of the respective writer. Some of our comments are based on management expectations and are considered "forward-looking statements." Actual future results, however, may prove to be different from our expectations. Our views are a reflection of our best judgment at the time and are subject to change at any time based on market and other conditions and Baron has no obligation to update them.

Top 10 holdings as of December 31, 2021

Holding	% Holding
Tesla, Inc.	47.0
CoStar Group, Inc.	6.3
IDEXX Laboratories, Inc.	5.7
Space Exploration Technologies Corp.	4.8
FactSet Research Systems, Inc.	3.7
The Charles Schwab Corp.	3.6
Vail Resorts, Inc.	3.6
Hyatt Hotels Corp.	3.4
Arch Capital Group Ltd.	3.2
Gartner, Inc.	2.5
Total	83.8
Long Equity Exposure	106.5
Cash & Equivalents	(6.5)

Portfolio holdings are subject to change. Current and future portfolio holdings are subject to risk.

BAMCO, Inc. is an investment adviser registered with the U.S. Securities and Exchange Commission (SEC). Baron Capital, Inc. is a broker-dealer registered with the SEC and member of the Financial Industry Regulatory Authority, Inc. (FINRA).