

THE POWER OF ACTIVE, LONG-TERM INVESTING

As of December 31, 2023

Save Today, Enjoy Tomorrow

"Historically, the stock market has doubled on average every 10 to 12 years. We strive to do better."

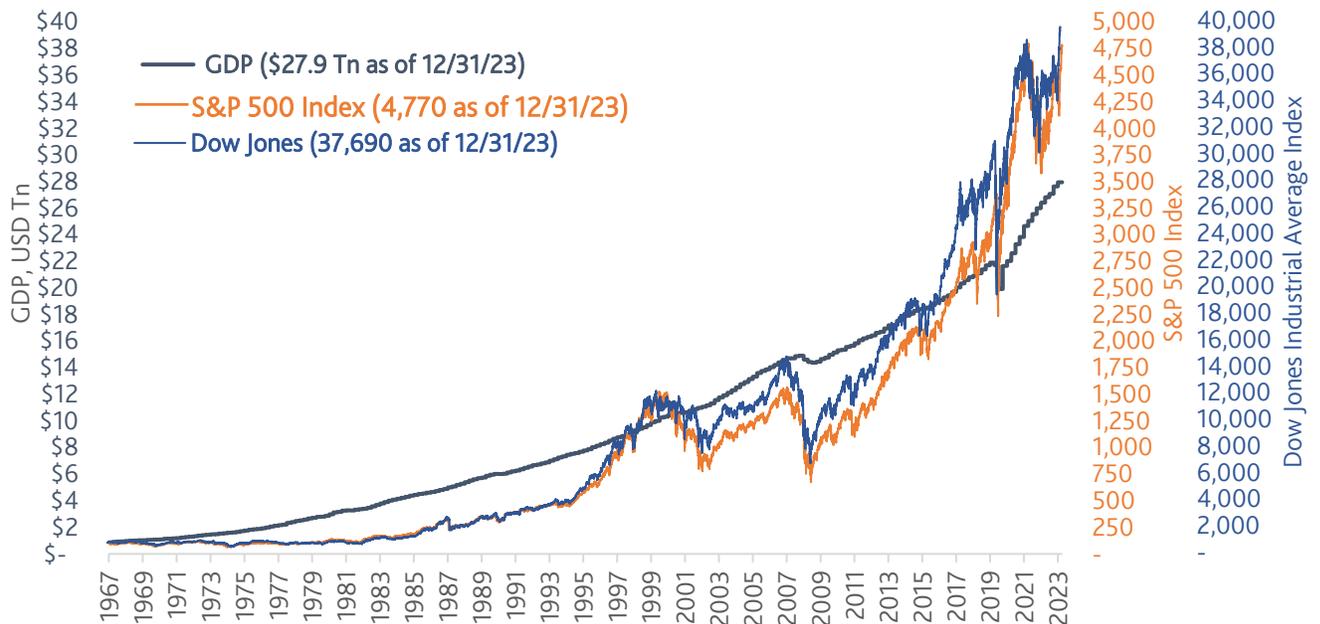
- Ron Baron

Staying invested in equities over longer periods increases the likelihood of positive returns. Historically, our economy has grown on average 6%-7% nominally per year, or doubling every 10 or 12 years, and the stock markets have closely reflected that growth.

As GDP Has Grown, So Has the Stock Market

U.S. GDP in 1968 was \$968 billion, 55 years later it is \$27.9 trillion. That's over 28 times greater than it was in 1968. The Dow Jones Industrial Average was around 944 and the S&P 500 was 104 in 1968. They are now 37,690 and 4,770, respectively.

U.S. Nominal GDP vs. S&P 500 & Dow Jones Indices



Sources: U.S. Bureau of Economic Analysis, FactSet

Notes: The performance data quoted represents past performance. Past performance is no guarantee of future results. The index is unmanaged. Index performance is not Fund performance; one cannot invest directly into an index.

Long-Term Investors Have Had Better Chances of Positive Returns

An investor in a product that tracks the S&P 500 Index would have had a 69% chance of generating a positive return during any given quarter between 1926 and 2023. Increasing the investment horizon to 10 years would have resulted in a 95% chance of a positive return. And investing over any 20-year or 30-year period would have produced positive returns 100% of the time.

S&P 500 Index - % of Time Positive Returns and Range of Returns Over Various Periods

Based on monthly rolling periods, 1/31/1926 – 12/31/23

Rolling Period	% Time Positive	Average Annualized Return	Smallest Annualized Return	Largest Annualized Return
1 Quarter*	69%	2.95%	-44.78%	91.17%
1 Year*	75%	12.32%	-67.56%	162.89%
3 Years	85%	10.75%	-42.35%	43.35%
5 Years	88%	10.27%	-17.36%	36.12%
10 Years	95%	10.54%	-4.95%	21.43%
20 Years	100%	10.80%	1.89%	18.26%
30 Years	100%	11.12%	7.80%	14.78%

*Not Annualized

Sources: Morningstar Direct, FactSet, Baron Capital

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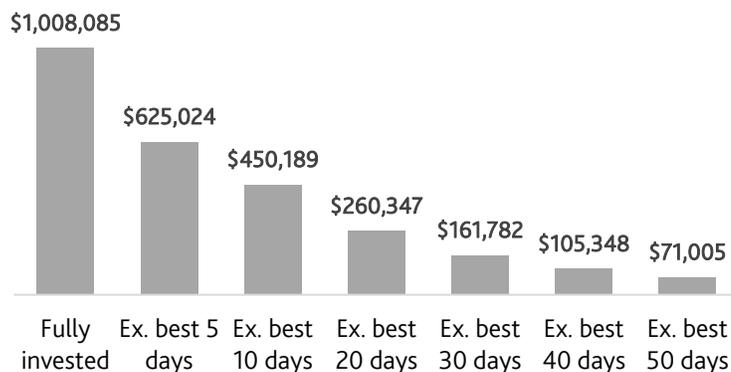
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A Few Missed Days May Be Costly

Since we cannot predict when economic and market cycles start or end, there is no good time to time the market. Over the past five market cycles, missing the best five days would have resulted in a 38% lower value of a hypothetical \$10,000 investment, and missing the best 10 days would have resulted in a 55.3% lower value. As big down days are often closely followed by big up days, those who panic and sell on the down days are likely to miss out on the ensuing up days.

Growth of \$10,000 Hypothetically Invested in the S&P 500 Index



Sources: FactSet, Baron Capital

Notes: The analysis is based on daily total returns of the S&P 500 Index for the period 8/12/1982 – 12/31/2023, which covers the past five complete market cycles of the index. Each market cycle is defined as a bull market followed by a bear market. Bull markets are measured as an increase of 20% or more after a trough from a decline of 20% or higher; vice-versa for bear markets. Past performance is not indicative of future results. The index is unmanaged. Index performance is not Fund performance; one cannot invest directly into an index.

Inflation and the Power of Compounding

“Compounding [interest] is the most powerful force in the universe”

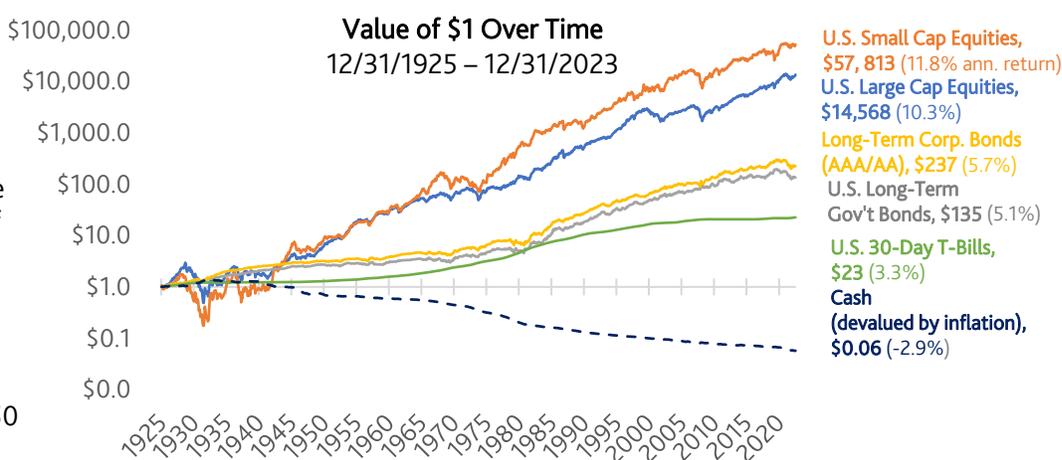
- Albert Einstein

The purchasing power of the dollar has fallen about 50% every 17 years over the past 55 years. While inflation causes currencies to lose value over time, it has a positive impact on tangible assets, businesses, and economic growth. This means stocks are the best hedge against the devaluation of your money.

While the simple answer to combat inflation is to invest your money over the long term, the concept of compounding tells us why. When your savings earn returns (e.g., bank interest, dividends), compounding allows these returns to earn even more returns. Over time, this effect snowballs, and earnings grow at an increasingly fast rate. Given a small initial investment, in year one the amount you earn on your investments will not be a lot. However, in year 10...or 20...or 30... you will not believe the impact of the “power of compounding.”

Equities Have Offered Better Protection Against Inflation Over the Long Term

If you earn 6.5% on an investment, which is the approximate historic annual growth rate of the U.S. economy and stock market (excluding dividends) for the past 60 years, the growth of your investment over a lifetime will be exponential. You will have nearly 7 times your initial amount in 30 years, 12 times in 40 years, and more than 23 times in 50 years!



Source: Morningstar Direct

Notes: U.S. Small Cap Equities are represented by the Ibbotson® U.S. Small Stock Index; U.S. Large Cap Equities are represented by the Ibbotson® U.S. Large Stock Index; Long-Term Corporate Bonds are represented by the Ibbotson® Long-Term Corporate Bond Index until 3/31/2022 (when the index was temporarily discontinued) and the ICE BofA 15+ Year US Corporate Index Total Return Index after 3/31/2022; U.S. Long-Term Gov't Bonds are represented by the Ibbotson® U.S. Long-Term Government Bond Index (approximate bond maturity 21.5 years); U.S. 30-Day T-Bills are represented by the Ibbotson® U.S. 30-Day T-Bill Index; and the value of Cash (devalued by inflation) was calculated using the Ibbotson® U.S. Inflation Index. Past performance is not indicative of future results. The indexes are unmanaged. Index performance is not Fund performance; one cannot invest directly into an index.



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Baron Capital Invest for the Long Term

"If you aren't willing to own a stock for 10 years, don't even think about owning it for 10 minutes."

- Warren Buffett

Baron Capital's investment strategy is simple. We purchase stocks of well-managed, competitively advantaged growth companies that we believe are increasing in value. As growth managers, we believe a long-term investment horizon is key to achieving above-average performance. We have outperformed the economy and U.S. stock market over the long term because we seek to invest in businesses with the potential to grow at least 15% per year, at a time when we believe their share prices do not reflect those favorable prospects.

Our Top 10 Longest Held Stocks Have Produced Strong Gains

The potential benefits of our long-term approach can be demonstrated by the returns of the 10 longest currently held investments across Baron Funds. Our investments have generated strong gains for our investors, with half of our longest held stocks generating annualized returns over 15% since their initial purchase.

Top 10 Longest Currently Held Stocks

Ticker	Security Name	Date of First Purchase	# of Years Held	Aggregate Baron Funds Investment			Baron Funds Net Realized and Unrealized Gains Since Date of First Purchase (\$ millions)	Stock Cumulative Total Return (%)	Stock Annualized Total Return (%)
				Value as of 12/31/2023 (\$ millions)	Aggregate Baron Funds % of Net Assets	Cost Per Share (\$)			
SCHW	The Charles Schwab Corp.	1992	31.8	\$465.4	1.2	\$19.95	\$1,367.7	10,867.0	16.3
CHH	Choice Hotels International, Inc.	1996	27.2	\$444.9	1.2	\$28.40	\$579.9	3,119.4	13.6
MTN	Vail Resorts, Inc.	1997	26.9	\$886.7	2.4	\$55.69	\$874.1	1,136.4	9.8
CAKE	The Cheesecake Factory, Inc.	2001	22.2	\$77.0	0.2	\$27.02	\$15.8	146.2	4.1
CSGP	CoStar Group, Inc.	2001	22.2	\$1,472.8	4.0	\$13.17	\$1,660.2	4,936.9	19.3
ACGL	Arch Capital Group Ltd.	2002	21.7	\$1,403.1	3.8	\$5.09	\$1,540.9	2,497.9	16.2
EQIX	Equinix, Inc.	2003	20.1	\$172.7	0.5	\$430.31	\$589.2	4,491.4	21.0
SBAC	SBA Communications Corp.	2004	19.6	\$39.5	0.1	\$13.03	\$661.3	6,267.1	23.7
CNS	Cohen & Steers, Inc.	2004	19.4	\$136.3	0.4	\$26.36	\$138.8	1,305.1	14.6
TROW	T. Rowe Price Group, Inc.	2004	19.4	\$18.1	0.0	\$24.12	\$60.1	661.8	11.1
Total			23.0	\$5,116.6	13.7		\$7,488.0	3,542.9	15.0

Notes: The performance data quoted represents past performance. Past performance is no guarantee of future results. Portfolio holdings are subject to change. Current and future portfolio holdings are subject to risk.

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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 1-800-99-BARON or visiting baronfunds.com. Please read them carefully before investing.

Risks: All investments are subject to risk and may lose value.

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.

Portfolio holdings as a percentage of net assets as of December 31, 2023 for securities mentioned are as follows: **The Charles Schwab Corp.** - Baron Asset Fund (2.5%), Baron FinTech Fund (1.5%), Baron Partners Fund (4.3%*); **Choice Hotels International, Inc.** - Baron Asset Fund (1.3%), Baron Focused Growth Fund (3.0%), Baron Growth Fund (4.3%); **Vail Resorts, Inc.** - Baron Asset Fund (2.7%), Baron Focused Growth Fund (4.3%), Baron Growth Fund (5.4%), Baron Partners Fund (3.2%*), Baron Real Estate Fund (0.9%); **The Cheesecake Factory, Inc.** - Baron Small Cap Fund (1.7%); **CoStar Group, Inc.** - Baron Asset Fund (4.4%), Baron FinTech Fund (1.5%), Baron Focused Growth Fund (4.2%), Baron Growth Fund (5.7%), Baron Opportunity Fund (2.9%), Baron Partners Fund (8.1%*), Baron Real Estate Fund (4.4%), Baron Technology Fund (1.6%); **Arch Capital Group Ltd.** - Baron Asset Fund (3.4%), Baron Durable Advantage Fund (3.1%), Baron FinTech Fund (2.2%), Baron Focused Growth Fund (5.0%), Baron Growth Fund (8.5%), Baron International Growth Fund (2.1%), Baron Partners Fund (6.1%*); **SBA Communications Corp.** - Baron Asset Fund (0.4%), Baron Small Cap Fund (0.4%); **Equinix, Inc.** - Baron Asset Fund (1.1%), Baron Opportunity Fund (1.0%), Baron Real Estate Fund (5.5%), Baron Real Estate Income Fund (9.3%); **Cohen & Steers, Inc.** - Baron Growth Fund (1.7%); **T. Rowe Price Group, Inc.** - Baron Asset Fund (0.4%).

*% of Long Positions

Portfolio holdings may change over time.

The **Dow Jones Industrial Average** is a price-weighted measure of 30 U.S. blue-chip companies. It covers all industries with the exception of Transportation and Utilities. The total return version of the index is calculated with gross dividends reinvested. The **S&P 500 Index** measures the performance of 500 widely held large-cap U.S. companies. The indexes are unmanaged. Index performance is not fund performance; one cannot invest directly into an index. The indexes include reinvestment of dividends before taxes. Reinvestment of dividends positively impacts performance results.

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).

