Baron Partners Fund

June 2026

Baron Partners Fund | Q2 2026 | Baron Funds

Skip to main content Toggle navigation About Institutions Financial Professionals Individuals Non-U.S. Investors Events Login Prices & Performance Contact Us Top Pages ETFs Quarterly Letters Mutual Funds Quarterly Letter Baron Partners Fund | Q2 2026 Overview Performance Top Contributors & Detractors Post-Quarter Update Investment Strategy and Portfolio Structure Dear Baron Partners Fund(R) Shareholder, Baron Partners Fund(R) (the Fund) performed very well in the second quarter, gaining 16.61% (Institutional Shares). This result exceeded its benchmark, the Russell Midcap Growth Index (the Index), which gained 14.55%, and the large-cap dominated Russell 3000 Index (the Market Index), which gained 15.44% in the quarter. Year to date, the Fund has gained 10.40%, outpacing the Index's return of 7.27%. The Fund's performance continues to be exceptional over longer time periods. The Fund has returned 48.75% over the trailing one-year period, compared to the Index's return of 6.17% and the Market Index's return of 22.82%. It is ranked in the 3rd percentile of the Morningstar Large Growth Category over the prior 1-year period and in the 1st percentile over the 10-year, 15-year, and since conversion periods. The Fund's returns exceeded those of the Index in 4 out of the last 5 calendar years and 8 of the last 10. Since its conversion to a mutual fund over 23 years ago, the Fund's annualized return of 18.02% has exceeded the Index's return of 11.78% by more than 6% per year. We are very proud of these achievements, and long-term investors have been well rewarded. As of June 30, 2026, the Morningstar Large Growth Category consisted of 1,060, 928, and 751 share classes for the 1-, 5-, and 10-year periods. Morningstar ranked Baron Partners Fund(R) Institutional Shares in the 3rd, 21st, 1st, 1st, and 1st percentiles for the 1-, 5-, 10-, 15-year, and since conversion periods, respectively. The Fund converted into a mutual fund on April 30, 2003, and the category consisted of 661 share classes. Morningstar calculates the Morningstar Large Growth Category Average performance and rankings using its Fractional Weighting methodology. Morningstar rankings are based on total returns and do not include sales charges. Total returns do account for management, administrative, and 12b-1 fees and other costs automatically deducted from fund assets.

Annualized performance (%) for periods ended June 30, 2026 Fund Retail Shares 1,2,3 Fund Institutional Shares 1,2,3,4 Russell Midcap Growth Index 2 Russell 3000 Index 2 QTD 5 16.54 16.61 14.55 15.44 YTD 5 10.25 10.40 7.27 10.88 1 Year 48.38 48.75 6.17 22.82 3 Years 22.35 22.66 15.61 20.36 5 Years 13.55 13.84 6.03 12.31 10 Years 25.22 25.54 13.04 15.06 15 Years 20.12 20.44 12.01 13.89 Since Conversion (4/30/2003) 17.79 18.02 11.78 11.60 Since Inception (1/31/1992) 15.87 16.02 10.29 10.85 Performance listed in the above table is net of annual operating expenses. Annual expense ratio for the Retail Shares as of April 30, 2026 was 1.91% (comprised of operating expenses of 1.30% and interest expense of 0.61%) and Institutional Shares was 1.65% (comprised of operating expenses of 1.04% and interest expense of 0.61%). The performance data quoted represents past performance. Past performance is no guarantee of future results. The investment return and principal value of an investment will fluctuate; an investor's shares, when redeemed, may be worth more or less than their original cost. The Adviser may waive or reimburse certain Fund expenses pursuant to a contract expiring on August 29, 2036, unless renewed for another 11-year term and the Fund's transfer agency expenses may be reduced by expense offsets from an unaffiliated transfer agent, without which performance would have been lower. Current performance may be lower or higher than the performance data quoted. For performance information current to the most recent month end, visit BaronCapitalGroup.com or call 1-800-99-BARON. Portfolio Construction and Category Performance The Fund is a relatively concentrated portfolio, with much of the portfolio in the top 10 positions. We aim to achieve diversification, despite this concentration, by investing in companies with unique characteristics that perform differently across market environments. We categorize investments as Disruptive Growth , Core Growth , Financials , and Real/Irreplaceable Assets . As of June 30, 2026, we held 28 investments. The median market capitalization of these growth companies was $20.9 billion. The top 10 positions represented 74.1% of total investments. Leverage was 6.6%.

Total returns by category for the quarter Percent of Total Investments (%) Total Return (%) Contribution to Return (%) Disruptive Growth 56.2 34.50 15.87 Space Exploration Technologies Corp. 32.9 62.23 12.99 Moderna, Inc. 0.7 33.12 0.17 Alphabet Inc. 0.5 15.23 (0.02) Tesla, Inc. 14.1 13.14 2.99 Amazon.com, Inc. 0.8 11.31 (0.01) Shopify Inc. 3.7 (3.96) (0.01) NVIDIA Corporation 0.0 (4.98) 0.00 Spotify Technology S.A. 3.1 (6.01) (0.15) Figma, Inc. 0.4 (16.68) (0.09) Russell Midcap Growth Index 14.55 Real/Irreplaceable Assets 13.2 8.70 1.44 Hyatt Hotels Corporation 4.0 34.80 1.58 Red Rock Resorts, Inc. 1.9 22.39 0.41 Vail Resorts, Inc. 2.3 7.77 0.19 Choice Hotels International, Inc. 2.3 6.72 0.23 Gaming and Leisure Properties, Inc. 0.4 2.10 0.04 CoStar Group, Inc. 2.3 (29.98) (1.01) Financials 17.0 0.51 0.21 FactSet Research Systems Inc. 2.6 6.34 0.31 MSCI Inc. 3.9 4.06 0.27 Arch Capital Group Ltd. 3.3 1.11 (0.01) The Charles Schwab Corporation 4.0 (1.59) (0.11) Kinsale Capital Group, Inc. 1.7 (3.93) (0.08) Morningstar, Inc. 1.5 (9.79) (0.17) Core Growth 13.6 (5.10) (0.56) HEICO Corporation 0.5 26.82 0.13 Eli Lilly and Company 0.3 23.25 0.04 Birkenstock Holding plc 1.8 19.00 0.37 On Holding AG 1.6 3.76 0.07 Verisk Analytics, Inc. 2.3 (5.59) (0.06) IDEXX Laboratories, Inc. 2.3 (6.34) (0.16) Guidewire Software, Inc. 2.2 (17.78) (0.41) Gartner, Inc. 2.5 (18.31) (0.54) Cash and Cash Equivalents (6.6) - 0.01 Fees - (0.36) (0.40) Total 100.0* 16.58** 16.58** * Individual weights may not sum to displayed total due to rounding. ** Represents the blended return of all share classes of the Fund. Sources: Baron Capital, FTSE Russell, and FactSet PA. Portfolio holdings are subject to change. Current and future portfolio holdings are subject to risk. Past performances is not a guarantee of future results. Much of the quarter's returns, and relative outperformance, are attributable to our Disruptive Growth holdings, which returned 34.50% in the quarter compared to the Index's 14.55%. Our largest holding, Space Exploration Technologies Corp. (SpaceX) , appreciated 62.23% and was the primary driver. Real/Irreplaceable Assets returned 8.70% and Financials returned 0.51%. Core Growth declined 5.10%, weighed down by a handful of holdings that investors perceive to be challenged by AI disruption or near-term earnings pressure from significant growth reinvestment. We believe the perception is divorced from the fundamental reality. Disruptive Growth: Space Exploration Technologies Corp. SpaceX is a high-profile company founded by Elon Musk. The company's focus is on developing and launching advanced, reliable, and reusable rockets that drive down costs to access space. We believe this inexpensive launch capacity should enable other lucrative business lines like connectivity and AI deployment. The company has an ambitious long-term goal of making life multi-planetary. SpaceX is generating significant value with the rapid expansion of its Starlink broadband service. The company is successfully deploying a vast constellation of Starlink satellites in Earth's orbit, reporting substantial growth in active users, and regularly deploying new and more efficient hardware technology. Moreover, SpaceX is making tremendous progress on its newest rocket, Starship, which is the largest, most powerful rocket ever flown. This next-generation vehicle represents a significant leap forward in reusability and space exploration capabilities. SpaceX appreciated 62.23% in the quarter, contributing 12.99% to the Fund's return. Shares rose after the company successfully completed the largest initial public offering in history, raising more than $85 billion. There were also landmark compute hosting deals totaling tens of billions of dollars annually, with customers that include Anthropic and Google. SpaceX also announced its acquisition of Cursor, a premier enterprise AI-powered coding platform. We believe these developments support sustained long-term revenue and profit growth. We started accumulating SpaceX shares in 2017 when the company was valued at approximately $21.6 billion, and continued to add shares in subsequent financing rounds. The Fund's position in SpaceX is currently worth approximately $6.3 billion. We believe the company is only just getting started. We have provided a separate standalone piece on the investment within this quarterly report. Challenged Holdings: Retaining Conviction Despite Near-Term Pressure While our Disruptive Growth holdings drove substantial outperformance, several holdings across our Core Growth, Financials, and Real/Irreplaceable Assets categories weighed on returns. These companies are perceived by investors to be either heavily reinvesting in their businesses at the expense of near-term earnings or vulnerable to disruption from AI. Investors have attributed lower valuation multiples given this perceived uncertainty, a double impact to equity values. We believe this perception meaningfully undervalues the long-term opportunity. Guidewire Software, Inc. is a leading software vendor for the global property and casualty (P&C) insurance industry. The shares declined 17.78% in the quarter. After spending several years and billions of dollars migrating its on-premise product to the cloud, that transition is now substantially complete. New deal momentum is accelerating, as evidenced by Guidewire's landmark 10-year agreement with Liberty Mutual, the fifth largest U.S. insurer with $45 billion in direct written premiums, to migrate its on-premise to the cloud. We believe this agreement could help catalyze adoption among other Tier 1 carriers. The $2.5 trillion global P&C insurance industry depends on mission-critical software, and Guidewire is uniquely positioned to be its standard bearer. We believe the company can capture 30% to 50% of its $15 billion to $30 billion total addressable market and generate margins above 40%. Gartner, Inc. is a provider of syndicated research and technology insights that serves tens of thousands of enterprise clients worldwide. The shares fell 18.31% after the company reported contract value (CV) growth that came in just 0.5% below expectations, underscoring the dramatic valuation compression at play. We attribute most of the CV slowdown to two temporary headwinds: cost-cutting within the U.S. public sector, which represents roughly 5% of revenue, and more cautious spending by companies exposed to tariffs and uncertain macro conditions. The market has also grown concerned that AI will displace Gartner's insights business. We disagree. Gartner possesses a vast and growing proprietary dataset generated through hundreds of thousands of interactions with buyers, sellers, and consumers of technology that, we believe, AI cannot replicate. Rather, AI should be an accelerant for Gartner, enabling the company to surface insights faster and deliver them in more impactful formats. We expect CV growth to reaccelerate as public sector headwinds abate, and sales force productivity normalizes. Gartner is actively repurchasing shares at what we view as depressed valuations. Morningstar, Inc. is a leading provider of independent investment research, data, and analytics serving financial advisors, asset managers, and individual investors globally. The shares declined 9.79% in the quarter amid continued investor concerns that generative AI could disrupt the company's data and research businesses. Those concerns compressed valuation multiples across information services companies and weighed on the stock, even as Morningstar's core franchises continued to post healthy results. Organic revenue grew 8% and adjusted EBIT grew 18% over the last 12 months. We continue to view Morningstar as a collection of high-quality, hard-to-replicate data businesses. AI requires trusted, structured, and auditable data to be useful and Morningstar is a category leader in investment data. Management has meaningfully accelerated share repurchases, buying back $300 million in the most recent quarter and $1.1 billion in total since 2024. The stock now trades at a 63% discount to its trailing three-year average multiple. FactSet Research Systems Inc. is a leading provider of financial data, analytics, and technology solutions to investment professionals globally. The shares came under pressure as investors continued to discount the business for perceived AI disruption risk. We believe the market significantly understates FactSet's positioning as AI becomes more deeply embedded in financial workflows, and in our view, FactSet is becoming critical AI infrastructure for the industry. FactSet has grown its organic annual subscription value 7% over the past year. CEO Sanoke Viswanathan noted on the most recent earnings call that momentum has continued. AI drove meaningful client expansions, with a top 10 bank doubling its data subscriptions. The company also announced a strategic partnership with Google Cloud to embed Gemini AI models into its workstation. FactSet now trades at a 52% discount to its 10-year average multiple and a 68% discount to its 5-year peak multiple. Management has repurchased $163 million in the most recent quarter. This is not the first time the Fund has held investments that were temporarily out of favor while reinvesting in their businesses or navigating a period of investor skepticism. When the underlying issues are resolved, these stocks tend to perform exceptionally well. Diversification has served the Fund well during these stretches. The concentrated but categorically diversified structure of the portfolio allows the Fund to weather company-specific and sector-specific headwinds with limited permanent capital impairment. The significant outperformance of our Disruptive Growth holdings in the quarter illustrates the benefits of this balance. We are beginning to see a rotation in early Q3. In July, Guidewire appreciated 23.5% , Morningstar appreciated 23.8% , and Gartner appreciated 16.4% and were among the Fund's strongest performers during the month. Top Contributors to Performance

Top contributors to performance for the quarter Year Acquired Market Cap When Acquired ($B) Quarter End Market Cap ($B) Total Return (%) Contribution to Return (%) Space Exploration Technologies Corp. 2017 21.6 2,248.4 62.23 12.99 Tesla, Inc. 2014 21.9 1,579.7 13.14 2.99 Hyatt Hotels Corporation 2009 4.2 18.3 34.80 1.58 Red Rock Resorts, Inc. 2017 2.9 6.8 22.39 0.41 Birkenstock Holding plc 2023 7.6 7.9 19.00 0.37 Space Exploration Technologies Corp. develops and launches advanced rockets, satellites, and spacecraft, with the long-term goal of making humanity multi-planetary. Shares rose as the company successfully completed the largest initial public offering in history, raising more than $85 billion. The proceeds are expected to accelerate growth across massive addressable markets, such as connectivity, launch, terrestrial and space infrastructure, and AI. Fundamental momentum was further reinforced by landmark compute hosting deals totaling tens of billions of dollars annually, including agreements with market leaders Anthropic and Google. SpaceX also announced its acquisition of

Cursor, a premier enterprise AI-powered coding platform. Integrating Cursor's technology, talent, and customer base provides another strategic stepping stone into the vast opportunities within AI applications and agentic systems. Lastly, the company conducted a successful test flight of the latest version of Starship, demonstrating meaningful advancements in rapid and full reusability. We believe these developments support sustained long-term revenue and profit growth well beyond current levels. Tesla, Inc. designs, manufactures, and sells fully electric vehicles, solar products, and energy storage solutions, while developing advanced real-world AI technologies. Shares rose after the company continued to beat quarterly expectations, with first-quarter results delivering substantial outperformance across most key metrics. Beneath the headline numbers, Tesla's autonomy flywheel continued to build: Full Self-Driving (FSD) penetration is deepening, the active subscriber base is growing, and regulatory approvals in an increasing number of countries are validating the technology and broadening the addressable market. Production of the Cybercab, Tesla's first purpose-built robotaxi platform, is scaling and should drive meaningful cost reductions as the service expands. Tesla also finalized the design of AI5, its next-generation inference chip, a development with particular relevance to the Optimus humanoid program. Rising capital expenditure reflects Tesla's continued investment in its growth initiatives and reinforces our conviction in the company's long-term positioning as a leading vertically integrated physical AI company. Shares of global hotelier Hyatt Hotels Corporation increased in the second quarter as revenue per available room accelerated and management highlighted rising franchisee interest in its brands. As a result, the company is seeing strong growth in earnings and cash flow. Hyatt continues to have a robust balance sheet and is repurchasing shares, taking advantage of the stock's significant valuation discount to peers despite having a similar mix of fee-based business. We believe Hyatt remains an attractive investment despite recent gains.

Top detractors from performance for the quarter Year Acquired Market Cap When Acquired ($B) Quarter End Market Cap ($B) Total Return (%) Contribution to Return (%) CoStar Group, Inc. 2005 0.7 11.6 (29.98) (1.01) Gartner, Inc. 2013 5.7 8.7 (18.31) (0.54) Guidewire Software, Inc. 2017 6.0 10.2 (17.78) (0.41) Morningstar, Inc. 2026 6.7 5.9 (9.79) (0.17) IDEXX Laboratories, Inc. 2013 4.7 41.5 (6.34) (0.16) CoStar Group, Inc. is the leading provider of information and marketing services to the commercial and residential real estate industries. Shares fell due to multiple compression driven by rising AI fears. The market has increasingly come to view AI as an existential risk for a growing number of industries, including software, business services, information services, and video games. While there is little evidence of any fundamental impact on these sectors, investors have largely adopted a "shoot first and ask questions later" approach, leading to significant stock price declines. We continue to own CoStar due to its enviable business model, differentiated data assets, and meaningful growth opportunities in providing enhanced real estate information, analytics, and marketplace offerings. The company also maintains a substantial cash balance, which we are hopeful will be used to aggressively repurchase shares at current depressed valuation levels. Like CoStar, shares of Gartner, Inc., a leading provider of syndicated research, detracted from performance due to multiple compression driven by rising AI fears. We continue to own Gartner given its large addressable market, significant competitive advantage, and robust free cash flow generation, which we expect management to deploy toward share repurchases at depressed valuation levels. Shares of P&C insurance software vendor Guidewire Software, Inc. declined after a handful of deals slipped from the fiscal third quarter into the fiscal fourth quarter. We believe this is purely a timing issue, with these deals having since closed in the current period. Guidewire's InsuranceSuite platform serves as the core system of record for insurance carriers, functioning as the single source of truth for the policies an insurer writes, the claims it processes, the premiums it collects, and the payments it makes. We think the core-system opportunity alone represents nearly $20 billion of annual recurring revenue, or roughly 20 times Guidewire's current size. In our view, AI will meaningfully expand this opportunity by enabling automation and intelligence on top of the core system of record. Guidewire is already bringing new AI-enabled capabilities to market and signing customers, and we expect adoption to accelerate over the coming year. Finally, we expect Guidewire to benefit from the same internal productivity enhancements AI is driving across enterprises, which should help it grow faster with lower costs and ultimately improve profitability. A Post-Quarter Update The prices of Tesla, Inc. and Space Exploration Technologies Corp. , the Fund's two largest holdings, have declined since June 30. We believe there has been a shift in sentiment as fundamentals in both businesses remain strong and are, in many respects, continuing to improve in our opinion. The negative market reaction to Tesla's most recent quarterly report appears driven primarily by short-term expectations, an increase in capital expenditure guidance, and a broader weakening in the AI companies, rather than fundamental deterioration in the business. After capital expenditures of $8.5 billion in 2025, the company announced it could spend more than $20 billion in 2026 on new products, vehicles, batteries, and compute. This higher spend could pressure near-term profits and weigh on free cash flow. Short-term investors are cautious. We, however, believe this capital cycle will solidify Tesla's vertical integration cost and functionality advantages. The core automotive franchise remains healthy as order backlogs are at their highest levels since 2023, average selling prices remain stable with some markets seeing pricing move higher, and gross margins remain stable at mid-teens levels. The Model Y continues to rank among the best-selling vehicles of any kind in multiple markets, year after year. Tesla's energy storage business continues to experience robust demand, underpinned by the rapid growth in electricity consumption tied to AI data centers and the volatile power requirements they create. The company is planning to ramp an additional 50 GWh per year of energy storage capacity, materially above its current approximately 66 GWh per year capacity. This segment continues to produce high 20s percent gross margins on a normalized basis. The robotaxi rollout has been slower than some anticipated. However, progress is being made on FSD capability, expanding the Austin robotaxi network, and Optimus humanoid robot development. Each incremental mile of real-world data strengthens Tesla's technology lead. We believe this capex cycle will prove to be a critical investment in the company's long-term competitive position, ultimately transforming Tesla into a highly profitable software and AI business in addition to its already exceptional manufacturing franchise. The fundamentals of SpaceX have not changed considerably since the IPO and in our mind, remain exceptional. Each successive Starship test flight provides invaluable engineering data that advances the world's most powerful and capable rocket toward full operational status. A fully reusable Starship would represent a step-change reduction in the cost of access to space, enabling not just increased Starlink density and improved global connectivity, but the orbital compute and data infrastructure that AI systems may require. We believe SpaceX is testing and learning from each launch in a way that is building a durable and widening competitive moat. We were very pleased with the Starship test flight in mid-July. We remain confident in SpaceX's ability to build extraordinary long-term value for shareholders. Investment Strategy and Portfolio Structure We seek to invest in businesses we believe can double in value within five or six years. We invest for the long term in a focused portfolio of appropriately capitalized, well-managed growth businesses at attractive prices across market capitalizations. We attempt to create a portfolio of no more than 30 securities diversified by GICS sectors, but with the top 10 positions representing a significant portion of net assets. These businesses are identified by our analysts and portfolio managers using our proprietary research. We think these well-managed businesses have sustainable competitive advantages and strong, long-term growth opportunities. We use leverage to enhance returns, which increases the Fund's volatility. As of June 30, 2026, we held 28 investments. The median market capitalization of these growth companies was $20.9 billion. The top 10 positions represented 74.1% of total investments. Leverage was 6.6%. The long-term absolute and relative performance of the Fund has been very good. The Fund has returned 18.02% annualized since conversion to a mutual fund on April 30, 2003, exceeding the Index by 6.24% per year. Those relative results have come largely from alpha. Since inception, annualized alpha has been 5.77 while beta is only 1.11. The Fund's performance has also meaningfully exceeded the Index over the prior 1-, 3-, 5-, 10-, 15-, and 20-year periods. But in addition to viewing the Fund's returns over these various SEC-mandated trailing annual periods, we believe it is helpful to understand how the Fund has performed over economic cycles.

Performance in Good Times: Outpaced the Index Fund's Inception to Internet Bubble 1/31/1992 to 12/31/1999 Post-Financial Panic to COVID Pandemic 12/31/2008 to 12/31/2019 Annualized Return (%) Value of $10,000 Annualized Return (%) Value of $10,000 Baron Partners Fund (Institutional Shares) 22.45 49,685 17.44 58,586 Russell Midcap Growth Index 19.26 40,316 16.84 55,380 Russell 3000 Index 19.29 40,402 14.70 45,195 Performance data quoted represents past performance. Past performance is no guarantee of future results. The indexes are unmanaged. Index performance is not Fund performance. Investors cannot invest directly in an index. The Fund has appreciated considerably in good times... There have been two distinct periods over the life of the Fund with significant economic growth: the nearly 8-year period from the Fund's inception through the Internet Bubble (1/31/1992 to 12/31/1999) and the more recent 11-year period post-Great Recession through the start of the COVID Pandemic (12/31/2008 to 12/31/2019). During both periods, the Index had strong returns; however, the Fund's returns were even better. The Fund's annualized return during the most recent robust economic period was 17.44% compared to the Index's 16.84%. The Russell 3000 Index had an annual return of 14.70% during that time.

Performance in Challenging Times: Protected Capital Internet Bubble to Financial Panic 12/31/1999 to 12/31/2008 COVID Pandemic to Macro-Downturn 12/31/2019 to 12/31/2022 Annualized Return (%) Value of $10,000 Annualized Return (%) Value of $10,000 Baron Partners Fund (Institutional Shares) 1.54 11,479 23.65 18,903 Russell Midcap Growth Index (4.69) 6,488 3.85 11,200 Russell 3000 Index (2.95) 7,634 7.07 12,273 Performance data quoted represents past performance. Past performance is no guarantee of future results. The indexes are unmanaged. Index performance is not Fund performance. Investors cannot invest directly in an index. The Fund has retained value in challenging times... We believe what especially sets the Fund apart from other growth funds is its historic ability to sustain value over more challenging economic periods. The nine-year period from the Internet Bubble collapse through the Great Recession (12/31/1999 to 12/31/2008) saw the Fund produce annualized returns of 1.54%. However, the Index declined substantially. A $10,000 hypothetical investment in the Fund at the start of this period would have been worth $11,479 after those nine years. A $10,000 hypothetical investment in a fund designed to track the Index would be worth only $6,488, more than a 35% cumulative decline. The Fund preserved (and slightly grew) capital during this difficult economic time because its investments in a diverse set of growth businesses could weather the environment and enhance their competitive positioning. The COVID-19 pandemic and its lingering macroeconomic issues caused excessive market volatility. Over the course of three years, there were two sizable market corrections during which most major indexes fell more than 25%. But the Fund performed admirably in both protecting and growing clients' capital. During the COVID pandemic and its aftermath (12/31/2019 to 12/31/2022), the Fund had an annualized return of 23.65%. The Index's annualized return was significantly lower at only 3.85%. The Fund is off to a good start in the current period... Since the COVID Pandemic and subsequent market downturn ended, the Fund has performed even better on an absolute and relative basis. Since December 31, 2022, the Fund has an annualized return of 31.85% compared to the Index's annualized return of 18.12%. The Russell 3000 Index had an annual return of 22.34% during that time. While this is only a partial cycle, we believe we are off to a very good start.

Current Period and Since Inception: Significant Outperformance Macro-Downturn to Present 12/31/2022 to 6/30/2026 Since Inception 1/31/1992 to 6/30/2026 Annualized Return (%) Value of $10,000 Annualized Return (%) Value of $10,000 Baron Partners Fund (Institutional Shares) 31.85 26,317 16.02 1,662,212 Russell Midcap Growth Index 18.12 17,914 10.29 290,629 Russell 3000 Index 22.34 20,255 10.85 346,543 Performance data quoted represents past performance. Past performance is no guarantee of future results. The indexes are unmanaged. Index performance is not Fund performance. Investors cannot invest directly in an index. Over the longer term, this combination of exceeding the Index across various market environments has been rewarding for clients. A $10,000 hypothetical investment at the inception of the Fund on January 31, 1992, would have been worth $1,662,212 on June 30, 2026. That same $10,000 hypothetical investment in a fund designed to track the Index would now be worth $290,629, only approximately 17% of what it would have been worth if invested in the Fund.

Top 10 holdings Year Acquired Market Cap When Acquired ($B) Quarter End Market Cap ($B) Quarter End Investment Value ($M) Percent of Total Investments (%) Space Exploration Technologies Corp. 2017 21.6 2,248.4 6,311.3 32.9 Tesla, Inc. 2014 21.9 1,579.7 2,715.0 14.1 Hyatt Hotels Corporation 2009 4.2 18.3 775.7 4.0 The Charles Schwab Corporation 1992 1.0 165.2 768.8 4.0 MSCI Inc. 2018 12.5 41.0 755.1 3.9 Shopify Inc. 2026 177.6 147.6 714.3 3.7 Arch Capital Group Ltd. 2002 0.6 33.9 630.1 3.3 Spotify Technology S.A. 2020 22.6 94.5 588.1 3.1 FactSet Research Systems Inc. 2007 2.7 8.4 494.5 2.6 Gartner, Inc. 2013 5.7 8.7 476.9 2.5 Thank You Thank you for joining us as fellow shareholders in Baron Partners Fund(R). We continue to work hard to justify your confidence and trust in our stewardship of your hard-earned savings. We remain dedicated to giving you the information we would want if our roles were reversed. We hope this letter enables you to make an informed decision about whether this Fund remains an appropriate investment. Sincerely, Ronald Baron CEO, Portfolio Manager Michael Baron Co-President, Portfolio Manager Mutual Fund Featured Fund Learn more about Baron Partners Fund. A All Cap Baron Partners Fund Share Class: Institutional BPTIX NAV $283.98 As of 08/14/2026 Daily change -0.50% As of 08/14/2026 Managed by Ron Baron, Michael Baron Compare View As Financial Professionals Institutions Individuals Non-U.S. Investors About Us Our Approach Our People News & Press ESG Products ETFs Mutual Funds Strategies Daily Pricing & Performance Tax

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