BARON CAPITAL

QUARTERLY LETTER | JUNE 30, 2026

Baron Generational Growth Fund®

Retail Shares: BGRFX | Institutional Shares: BGRIX | R6 Shares: BGRUX

Neal Rosenberg
Portfolio Manager

Ron Baron
Founder
CEO
Portfolio Manager

SMALL CAP

Dear Baron Generational Growth Fund® Shareholder,

Baron Generational Growth Fund® (the Fund) declined 2.51% (Institutional Shares) for the quarter ended June 30, 2026. This trailed the return of the Fund's benchmark, the Russell 2000 Growth Index (the Benchmark), which gained 25.71% for the quarter. The Russell 3000 Index, which measures the performance of the 3,000 largest publicly traded U.S. companies, gained 15.44% for the quarter.

The performance of the portfolio has meaningfully diverged from the strong business fundamentals being reported by the companies in which we have invested. Portfolio level earnings grew at a mid-teens rate this quarter, and most of our investments reported accelerating growth. This was more than offset by valuation compression, as investors sold stocks with high-quality characteristics to fund investments in riskier businesses. We believe the portfolio is extremely attractively valued and are confident that the market will ultimately recognize the dramatic divergence between the quality growth prospects embedded in our portfolio and its compelling valuation.

Annualized performance (%) for periods ended June 30, 2026

	Fund Retail Shares[1,2]	Fund Institutional Shares[1,2,3]	Russell 2000 Growth Index[1]	Russell 3000 Index[1]
QTD[4]	(2.57)	(2.51)	25.71	15.44
YTD[4]	(14.36)	(14.27)	22.18	10.88
1 Year	(24.01)	(23.82)	38.74	22.82
3 Years	(7.34)	(7.10)	18.44	20.36
5 Years	(5.55)	(5.31)	5.57	12.31
10 Years	6.73	7.00	11.97	15.06
15 Years	7.46	7.74	10.81	13.89
Since Inception (12/31/1994)	10.73	10.89	8.63	11.19

Performance

This quarter the Fund was renamed Baron Generational Growth Fund®. We believe that adding the word "Generational" better reflects the Fund's long-term multigenerational wealth-building focus. It also represents the kinds of management teams in which we prefer to invest. We seek to invest with management teams that have the character, skill, ambition, and resilience to grow and scale businesses to achieve long-term success. We believe that these attributes are most common in founder-led organizations and those where a founder remains a sizeable stakeholder. As of June 30, according to FactSet's People database, approximately 71% of the Fund's net assets were invested in businesses that were led by a founder or where a founding family maintains a significant investment in the company.

We also modified our investment strategy to enhance our ability to take advantage of the recent underperformance of high-quality growth stocks. We believe that all the investments in the Fund benefit from sustainable barriers to entry, durable competitive advantages, and vast and growing addressable markets. Most have high levels of recurring revenue, and all exhibit strong margin profiles, excellent free cash flow conversion, and are run for the long term by outstanding management teams. For the past several quarters, investors have elected to sell higher-quality investments like these to buy riskier stocks. The magnitude of this shift is historically notable. According to data from MSCI Barra, performance for the Earnings Quality factor during the one-year period ended June 30, 2026, was in the 98th percentile since 1975, which is when data first became available. Conversely, the positive performance of the Momentum and Beta factors for this period are in the 2nd and 4th percentiles, respectively. The few instances where Momentum and Beta performed better occurred mostly during the dotcom rally.

Performance listed in the above table is net of annual operating expenses. Annual expense ratio for the Retail shares and Institutional shares as of February 26, 2026 was 1.60% and 1.34%, respectively (comprised of operating expenses of 1.30% and 1.04%, respectively, and interest expense of 0.30% and 0.30%, respectively). 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 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.

Until May 31, the Fund had been unable to add to these positions if they had appreciated beyond the small-cap level. Effective June 1, we gained the added flexibility to add to these positions, even if they appreciate beyond the small-cap level, provided we initially purchased them when they were below the small-cap cut-off. We expect to use this flexibility sparingly but opportunistically. We are confident that this will help us enhance returns on a go forward basis.

We continue to focus on the fundamental results of the businesses in which we have invested. We see sustained progress in the growth and development of those businesses, even though this progress has not yet been rewarded by the stock market. For the three-months ended June 30, the earnings of the portfolio grew at approximately 13% year-over-year*, similar to growth reported last quarter. Additionally, more than half of the investments currently in the portfolio showed accelerated earnings growth in their recently reported quarter.

We believe that over the long term, stock prices tend to follow growth in the underlying business, provided that a company's barriers to entry, competitive advantages, and long-term growth prospects remain intact. In the short term, valuations fluctuate as investors react to economic, geopolitical, or thematic changes. The combination of consistent earnings growth but declining stock prices indicates that our recent underperformance stems from valuation compression. We estimate that the valuation of the portfolio has declined by approximately 23% over the prior year, even though earnings continue to grow at mid-teens rates.

We believe that there are two primary sources of this multiple compression. First is a “softening” of the property and casualty (P&C) insurance market, which has negatively impacted the valuations of **Arch Capital Group Ltd.** and **Kinsale Capital Group, Inc.** After several years of consistent and elevated premium increases, premium prices in certain lines have flattened or declined. This is an inevitable but temporary phase of the P&C insurance cycle, as more capital enters the market to chase attractive ROE opportunities. Despite the softening market, both Arch and Kinsale are growing their written premium and book value per share through high returns on equity, market share gains, underwriting discipline, and attractive capital allocation strategies. We are confident that as the cycle inevitably turns again, premium growth will reaccelerate, and both stocks’ multiples will expand.

We also experienced valuation declines in several stocks where the market’s assessment of AI’s impact differed from our own. This cohort, which includes holdings such as **Gartner, Inc.**, **FactSet Research Systems Inc.**, **MSCI Inc.**, **Morningstar, Inc.**, and **Guidewire Software, Inc.**, presently represents approximately 40% of our portfolio. On average, these stocks declined 43% over the last year despite producing low double-digit revenue growth and 22% profit growth. This significant divergence between growth and stock performance represents valuation compression, primarily due to investor concerns that AI will disrupt these companies in the future. We remain optimistic that all boast vast addressable markets, sustainable competitive advantages, and attractive and durable growth prospects. We expect their valuations to expand as these characteristics are again recognized by the market.

As a result of consistent business performance and multiple compression, we believe that the portfolio is extremely attractively valued. We estimate that the portfolio's valuation has declined by approximately 34% over the last 18 months alone as investors have chased a small group of perceived AI winners and shunned the highly recurring, sustainably differentiated growth businesses in which we invest. The portfolio presently trades at a 25% discount to its 5-year average valuation, a 36% discount to its 10-year average valuation, and a 29% discount to its 20-year average. This attractive valuation comes despite the profitability, cash generation, and returns on capital of the portfolio being meaningfully above its historical levels.

Management teams have recognized the significant dislocation in equity prices and have meaningfully accelerated stock repurchases. The rate of repurchases made by companies in which we are invested has more than doubled over the past year and are three times larger than the historical average magnitude of repurchases. We are confident that the market will similarly recognize the dramatic divergence between the quality growth prospects embedded in our portfolio and its compelling valuation. As that happens, we expect our investments to benefit from the combination of earnings growth and multiple expansion as stock prices again trade closer to the fundamentals.

Total returns by investment type for the quarter

	Percent of Net Assets (%)	Total Return (%)	Contribution to Return (%)
Russell 2000 Growth Index		**25.71**	
Real/Irreplaceable Assets	**24.6**	**7.10**	**1.69**
Red Rock Resorts, Inc.	7.3	22.44	1.23
Vail Resorts, Inc.	4.0	7.75	0.31
Choice Hotels International, Inc.	13.3	6.82	0.77
CoStar Group, Inc.	0.0	(20.12)	(0.62)
Financials	**72.9**	**1.90**	**1.09**
Primerica, Inc.	6.0	14.01	0.74
FactSet Research Systems Inc.	6.5	6.41	0.27
MSCI Inc.	19.5	4.31	0.41
Arch Capital Group Ltd.	21.7	1.13	0.37
Kinsale Capital Group, Inc.	13.5	(3.39)	(0.16)
Houlihan Lokey, Inc.	1.7	(6.17)	(0.16)
Morningstar, Inc.	4.0	(7.44)	(0.38)
Core Growth	**21.4**	**(19.72)**	**(4.83)**
IDEXX Laboratories, Inc.	4.9	(6.29)	(0.30)
Guidewire Software, Inc.	4.4	(17.73)	(0.80)
Gartner, Inc.	6.1	(18.18)	(1.29)
FIGS, Inc.	6.0	(30.74)	(2.43)
Cash and Cash Equivalents	**(19.0)**	—	**0.00**
Fees	—	**(0.49)**	**(0.48)**
Total	**100.0**	**(2.52)****	**(2.52)****

* *Individual weights may not sum to displayed total due to rounding.*
** *Represents the blended return of all share classes of the Fund.*
As of June 30, 2026, private investments held in the Disruptive Growth category represented less than 0.05% of net assets.
Sources: Baron Capital, FTSE Russell, and FactSet PA.

Our investments in **Real/Irreplaceable Assets**, **Core Growth**, and **Financials** companies represent 24.6%, 21.4%, and 72.9% of the Fund's net assets respectively. We believe this balance appropriately reflects our goal to generate superior returns over time with less risk than the Benchmark.

Performance Characteristics: Millennium internet bubble to present.

	Millennium Internet to Financial Panic 12/31/1999 to 12/31/2008	Financial Panic to Present 12/31/2008 to 6/30/2026	Millennium Internet Bubble to Present 12/31/1999 to 6/30/2026	Inception 12/31/1994 to 6/30/2026
Alpha	5.05	0.38	2.77	4.52
Beta	0.58	0.76	0.68	0.70

Performance in Challenging Times: Millennium internet bubble to present. The impact of not losing money.

	Millennium Internet to Financial Panic 12/31/1999 to 12/31/2008		Financial Panic to Present 12/31/2008 to 6/30/2026		Millennium Internet Bubble to Present 12/31/1999 to 6/30/2026		Inception 12/31/1994 to 6/30/2026	
	Value of $10,000	Annualized Return (%)	Value of $10,000	Annualized Return (%)	Value of $10,000	Annualized Return (%)	Value of $10,000	Annualized Return (%)
Baron Generational Growth Fund (Institutional Shares)	12,448	2.46	56,282	10.38	70,062	7.62	259,166	10.89
Russell 2000 Growth Index	6,476	(4.71)	87,854	13.22	56,891	6.78	135,706	8.63
Russell 3000 Index	7,634	(2.95)	112,352	14.82	85,774	8.45	282,725	11.19

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 outperformed its Benchmark over the long term. The Fund has gained 10.89% on an annualized basis since its inception on December 31, 1994, which exceeds that of the Benchmark by 2.26%. It trails the Russell 3000 Index by 0.30% over the same period. Relative to the Benchmark, this represents robust absolute and relative returns across a variety of market environments. We attribute this result to not losing money during periods of significant market drawdowns. While the Fund did not make much money from December 31, 1999, through December 31, 2008, a period which includes the highs of the Internet Bubble and the lows of the Financial Panic, it did generate a positive annualized return of 2.46%. Conversely, a hypothetical investment in a fund designed to track the Fund's Benchmark would have declined in value by 4.71% on an annualized basis over the same time. Similarly, a hypothetical investment in a fund designed to track the Russell 3000 Index would have declined 2.95% annualized (Please see the **Performance in Challenging Times** table IV–Millennium Internet Bubble to Financial Panic).

We believe that the power of compounding is better demonstrated by viewing these returns in dollar terms. A hypothetical investment of $10,000 in the Fund at its inception on December 31,1994 would be worth $259,166 on June 30, 2026. This is approximately 1.9 times greater than the $135,706 the same hypothetical investment made in a fund designed to track the Benchmark would be worth, but 8% less than a hypothetical investment in the Russell 3000 Index. Hypothetically, our returns were achieved with approximately 30% less volatility than the Benchmark, as represented by its beta (Please see the **Performance in Challenging Times** and **Performance Characteristics** tables). Importantly, we believe that the returns in the portfolio have come primarily through the compounded growth in the revenue and cash flow of the businesses in which we have invested rather than increases in valuation multiples.

Top contributors to performance for the quarter

	Year Acquired	Market Cap When Acquired ($B)	Quarter End Market Cap ($B)	Total Return (%)	Contribution to Return (%)
Red Rock Resorts, Inc.	2016	2.3	6.8	22.44	1.23
Choice Hotels International, Inc.	1996	0.4	5.0	6.82	0.77
Primerica, Inc.	2010	1.1	8.9	14.01	0.74
MSCI Inc.	2007	1.8	41.0	4.31	0.41
Arch Capital Group Ltd.	2002	0.4	33.9	1.13	0.37

Red Rock Resorts, Inc. is a casino owner and operator focused on the Las Vegas locals market. Shares increased in the second quarter as construction-related disruption dissipated and investors grew more optimistic about the benefits of the company's recent resort investments. This should result in increased earnings and cash flow, allowing the company to continue investing in its properties while returning capital to shareholders. The company's balance sheet remains strong, with increased liquidity to support further capital investment and shareholder returns. We believe the stock remains attractive relative to what we believe the business can become over time.

Global hotel franchisor **Choice Hotels International, Inc.** contributed to performance as revenue per available room accelerated throughout the quarter and management highlighted an increase in new hotel contract signings. This momentum should support stronger margins and cash flow and enable the company to step up share repurchases. Choice's balance sheet also remains solid, with financial leverage below targeted levels. Earnings and cash flow continue to improve, yet the stock still trades at historically low valuation multiples. We believe this disconnect leaves the shares attractive at current levels.

Shares of life insurance and investment products provider **Primerica, Inc.** contributed to performance as rising equity markets improved the outlook for investment sales and asset-based fees. The company reported quarterly financial results that exceeded Street expectations, with 9% revenue growth and 19% earnings-per-share growth, reflecting investment products momentum, margin expansion, and share repurchases. We continue to own the stock because we expect earnings growth to persist, as Primerica provides much-needed financial advice to underserved middle-income households.

Top detractors from performance for the quarter

	Year Acquired	Market Cap When Acquired ($B)	Quarter End Market Cap ($B)	Total Return (%)	Contribution to Return (%)
FIGS, Inc.	2022	1.7	1.7	(30.74)	(2.43)
Gartner, Inc.	2007	2.3	8.7	(18.18)	(1.29)
Guidewire Software, Inc.	2012	1.3	10.2	(17.73)	(0.80)
CoStar Group, Inc.	2004	0.7	13.4	(20.12)	(0.62)
Morningstar, Inc.	2005	0.8	5.9	(7.44)	(0.38)

FIGS, Inc. designs and sells scrubwear for health care professionals through a digitally native, direct-to-consumer strategy. The stock detracted from performance as shares slipped due largely to investor positioning. Even so, the company reported a very strong first quarter. Revenue came in at $159.9 million, up 28%, well ahead of the company's guidance for low-20% growth and above consensus expectations. The results were broad-based. U.S. revenue grew 24% to $131.6 million, with strength across core offerings, new product launches, and promotional periods, while international revenue accelerated 50% to $28.3 million, with double-digit growth in every region. Active customers surpassed 3 million for the first time, up 12% year over year, with both new and repeat customers contributing. We continue to have conviction in the strength of FIGS' business model and the company's ability to gain market share in the attractive global health care apparel industry.

Syndicated research provider **Gartner, Inc.** detracted from performance 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 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.

Portfolio Structure and Investment Strategy

We seek to invest in businesses with attractive fundamental characteristics and long-term growth prospects. These attributes include high barriers to entry, sustainable competitive advantages, large and growing addressable markets, and durable secular tailwinds. We invest in business models that have recurring or predictable revenue, generate attractive incremental margins, are cash generative, and are not dependent on third-party financing. We invest with management teams that seek to consistently reinvest into their businesses to raise barriers to entry and pursue long-term profitable growth. We work with our team of analysts to conduct iterative and holistic due diligence by interacting with representatives of all company stakeholders. In addition to visiting regularly with a company's management team, we join our analysts in speaking with a company's existing and potential customers, key suppliers, and large competitors. We use such findings to refine our understanding of a business and its industry, assess its growth trajectory, test the durability of its competitive advantages, and ultimately reinforce or refute our investment thesis. We do this in an iterative manner and ultimately spend as much time researching long-held positions as we do when researching new potential investments.

We hold investments for the long term. As of June 30, 2026, our weighted average holding period was 18.8 years. This strategy is dramatically longer than most other small-cap growth funds, which, according to Morningstar, turn over about 72% of their portfolios annually based on an average for the last three years. The Fund's portfolio is designed to significantly outperform over the long term. Accordingly, it is much different than other funds that align more closely to index compositions. The portfolio's 10 largest positions have a weighted average holding period of 18.7 years, ranging from a 3.9-year investment in **FIGS, Inc.** to an investment in **Choice Hotels International, Inc.** that is approaching 30 years. We have held 11 investments, representing 82.1% of the Fund's total investments, for more than 10 years. We have held 4 investments, representing 17.9% of the Fund's total investments, for less than 10 years. We believe that the two tables below quantify the merits of our long-term holding philosophy.

Top performing stocks owned more than 10 years

	Year Acquired	Cumulative Return Since Date Acquired (%)	Annualized Return Since Date Acquired (%)
IDEXX Laboratories, Inc.	2005	3,557.7	18.3
Arch Capital Group Ltd.	2002	3,470.1	15.9
Choice Hotels International, Inc.	1996	3,102.5	12.4
MSCI Inc.	2007	2,461.5	19.0
Primerica, Inc.	2010	1,641.0	19.2

The cohort of investments that we have held for more than 10 years earned a weighted average annualized rate of return of 14.9% since we first purchased them. This exceeded the performance of the Fund's Benchmark by 5.3% annualized.

Top performing stocks owned less than 10 years

	Year Acquired	Cumulative Return Since Date Acquired (%)	Annualized Return Since Date Acquired (%)
Kinsale Capital Group, Inc.	2016	1,148.5	30.2
Houlihan Lokey, Inc.	2017	286.7	16.8

The cohort of investments that we have held for fewer than 10 years has returned 20.5% annually on a weighted average basis since our initial purchase, exceeding the Benchmark by 8.1% annualized.

Portfolio Holdings

As of June 30, 2026, we owned 15 investments. The top 10 holdings represented 104.8% of the Fund's net assets (88.1% of gross assets), which have been held for a minimum of three years. All were small-cap businesses at the time of purchase and have become top 10 positions through stock appreciation. Our holdings in these stocks have returned 16.5% annually based on weighted average assets since our initial investment, exceeding the Benchmark by an average of 6.5% annually. We attribute much of this relative outperformance to the superior growth rates and quality exhibited by these businesses relative to the Benchmark average. We believe all our positions offer significant further appreciation potential.

Top 10 holdings

	Year Acquired	Market Cap When Acquired ($B)	Quarter End Market Cap ($B)	Quarter End Investment Value ($M)	Percent of Net Assets (%)
Arch Capital Group Ltd.	2002	0.4	33.9	456.7	21.7
MSCI Inc.	2007	1.8	41.0	409.9	19.5
Kinsale Capital Group, Inc.	2016	0.6	7.6	284.9	13.5
Choice Hotels International, Inc.	1996	0.4	5.0	279.3	13.3
Red Rock Resorts, Inc.	2016	2.3	6.8	152.7	7.3
FactSet Research Systems Inc.	2006	2.5	8.4	137.6	6.5
Gartner, Inc.	2007	2.3	8.7	128.7	6.1
FIGS, Inc.	2022	1.7	1.7	126.5	6.0
Primerica, Inc.	2010	1.1	8.9	125.3	6.0
IDEXX Laboratories, Inc.	2005	1.9	41.5	103.4	4.9

Thank you for joining us as fellow shareholders in Baron Generational Growth Fund®. We appreciate the confidence you have shown in us, and we will continue to work hard to justify that confidence.

Sincerely,

Ronald Baron
Founder
CEO
Portfolio Manager

Neal Rosenberg
Portfolio Manager

[1] The **Russell 2000® Growth Index** measures the performance of small-sized U.S. companies that are classified as growth. The **Russell 3000® Index** measures the performance of the largest 3,000 U.S. companies representing approximately 98% of the investable U.S. equity market, as of the most recent reconstitution. All rights in the FTSE Russell Index (the "Index") vest in the relevant LSE Group company which owns the Index. Russell® is a trademark of the relevant LSE Group company and is used by any other LSE Group company under license. Neither LSE Group nor its licensors accept any liability for any errors or omissions in the indexes or data and no party may rely on any indexes or data contained in this communication. The Fund includes reinvestment of dividends, net of withholding taxes, while the Russell 2000® Growth and Russell 3000® Indexes include reinvestment of dividends before taxes. Reinvestment of dividends positively impacts the performance results. The indexes are unmanaged. Index performance is not Fund performance. Investors cannot invest directly in an index.

[2] The performance data in the table does not reflect the deduction of taxes that a shareholder would pay on Fund distributions or redemption of Fund shares.

[3] Performance for the Institutional Shares prior to May 29, 2009 is based on the performance of the Retail Shares, which have a distribution fee. The Institutional Shares do not have a distribution fee. If the annual returns for the Institutional Shares prior to May 29, 2009 did not reflect this fee, the returns would be higher.

[4] Not annualized.

* Excludes FIGS, Inc., which was an outlier given the company's extremely high year-over-year earnings growth.

As stated within the Supplement to the Summary Prospectus, Prospectus and Statement of Additional Information dated January 28, 2026, effective June 1, 2026, Baron Growth Fund® has changed its name to Baron Generational Growth Fund®. For additional information please refer to the Supplement.

Investors should consider the investment objectives, risks, and charges and expenses of the investment carefully before investing. The prospectus and summary prospectus 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 BaronCapitalGroup.com. Please read them carefully before investing.

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 Fund is diversified, it may establish significant positions where the Adviser has the greatest conviction. This could increase volatility of the Fund's returns. 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.

The Fund 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 manager 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.

This report does not constitute an offer to sell or a solicitation of any offer to buy securities of Baron Generational Growth Fund® by anyone in any jurisdiction where it would be unlawful under the laws of that jurisdiction to make such offer or solicitation.

The portfolio manager defines **"Quality"** as well-managed, competitively advantaged, faster growing companies with higher margins and returns on invested capital and lower leverage that are leaders in their respective markets. Note that this statement represents the manager's opinion and is not based on a third-party ranking. MSCI Barra's **Earnings Quality** factor explains stock return differences due to uncertainty around company operating fundamentals (sales, earnings, cash flows) and the accrual components of their earnings. Positive exposure indicates low balance sheet and cash flow accruals, and low variability of company fundamentals. Negative exposure indicates high accruals and high variability of fundamentals. **Beta** measures a fund's sensitivity to market movements. The beta of the market (Russell 2000 Growth Index) is 1.00 by definition. **Free Cash Flow (FCF)** represents the cash that a company generates after accounting for cash outflows to support operations and maintain its capital assets. **Return(s) on Invested Capital (ROIC)** is a calculation used to determine how well a company allocates its capital to profitable projects or investments.

Investment Products: NOT FDIC INSURED | MAY LOSE VALUE | NOT BANK GUARANTEED

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).

