

Part 2A of Form ADV: *Firm Brochure*

February 28, 2017



BAMCO, Inc.

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This brochure provides information about the qualifications and business practices of BAMCO, Inc. (“BAMCO”). If you have any questions about the contents of this brochure, please contact us at (212) 583-2000. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority. Additional information about BAMCO also is available on the SEC’s website at www.adviserinfo.sec.gov.

BAMCO is an investment adviser registered with the SEC. Registration does not imply a certain level of skill or training.

Material Changes

None.

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Brochure Supplement (Part 2B of Form ADV)	Upon Request

Advisory Business

BAMCO provides advisory services to investment companies, the Baron Collective Investment Trusts ("CIT"), and other pooled investment vehicles. BAMCO principally manages long-only investment strategies for capital appreciation with production of income incidental to that objective.

BAMCO provides investment advisory services to two families of registered investment companies, the Baron Investment Funds Trust and the Baron Select Funds (the "Baron Funds"). BAMCO also provides advisory and sub-advisory services to registered investment companies, including foreign investment companies, and other pooled investment vehicles ("Sub-Advised Clients") and the Baron CITs. Baron Funds, CITs, and Sub-Advised Clients are collectively and separately referred to herein as "Clients." BAMCO does not provide investment advisory services to individuals.

BAMCO is a New York corporation and wholly owned subsidiary of Baron Capital Group, Inc. ("BCG"). BAMCO has two affiliates, Baron Capital Management, Inc. ("BCM") and Baron Capital, Inc. ("BCI"). BAMCO and BCM are investment advisers registered with the SEC. BCI is a limited purpose broker-dealer registered with the SEC and a member of the Financial Industry Regulatory Authority ("FINRA"). None of the entities mentioned above is publicly traded. Ronald Baron, Chairman, CEO and CIO of BAMCO, along with his family, are the principal owners of BCG.

BAMCO's services are tailored to the investment objectives of the particular investment company or other pooled investment vehicle it manages. Prospective clients indicate their investment objective during the request for proposal process, while negotiating an investment advisory agreement, or in their offering documents. Sub-Advised Clients may impose restrictions on investing in certain securities or types of securities. BAMCO regularly communicates with its Sub-Advised Clients to understand their needs.

BAMCO has been providing investment advisory services since 1987. As of February 28, 2017 BAMCO managed 20 accounts, all on a discretionary basis, totaling \$20,091,122,569.

Fees and Compensation

Fees for the Baron Funds Clients are based on a percentage of daily average net assets under management. For all but one of the Baron Funds, these fees are 1% per year of the investment company's average daily net asset value. The other mutual fund charges a fee of 0.70% per year. Fees are payable monthly at the end of each month investment advisory services are provided. Daily net asset values are determined as of the close of the New York Stock Exchange (the "Exchange") on each day the Exchange is open. The Retail Share Class is the only share class that charges a distribution fee. Shareholders of the Baron Funds incur mutual fund expenses specific to the share class in which they are invested. Specific fees are disclosed in the prospectuses for the Baron Funds. BAMCO has an agreement to waive expenses for certain Baron Funds when they exceed certain thresholds.

Fees for the Baron CIT are based on the average class level and daily net asset value of the Participating Plan's investment in the Fund(s). Fees range from .50% annually to .85% annually.

For other accounts where BAMCO is the adviser or sub-adviser, the fees range from .40% to .70% per year based on average daily net assets. Fees are payable quarterly, after the end of each month investment advisory services are provided. When an account is terminated, the fee is determined on the basis of the average daily net asset value of the account for the number of days BAMCO has provided investment advisory services during the month in which the account is terminated, including the date of termination. Sub-Advised Clients may select whether fees are deducted from their assets or billed separately. Sub-Advised Clients may incur other fees, including distribution, mutual fund administration fee, or custodial fees. The fee arrangements for such Sub-Advised Clients are described in their prospectuses and other offering documents and are separately negotiated by each such client.

Advisory fees may be subject to breakpoints as negotiated by each Sub-Advised Client. BAMCO reserves the right, in its sole discretion, to negotiate and charge different advisory fees for different accounts. Advisory fees may vary due to the inception date of a Sub-Advised Client's account, the initial or potential size of the account, and the entirety of the client's or any of its affiliates' relationship with BAMCO or BCM. BAMCO's Sub-Advised Clients do not pay advisory fees in advance.

BAMCO's clients pay brokerage commissions to the executing broker-dealer pursuant to the Adviser's commission schedule that typically ranges from \$0.04 per share to less than \$0.01 per share for stocks traded on exchanges in the U.S. Additional information about brokerage and transaction costs can be found under "Brokerage Practices" below.

Performance-Based Fees and Side-By-Side Management

BAMCO does not manage any accounts that charge a performance-based fee. BAMCO has trade allocation and portfolio performance dispersion review procedures in place to ensure that all BAMCO accounts are traded equitably.

Types of Clients

BAMCO provides investment advice to registered investment companies, the Baron CIT, and other pooled investment vehicles. The investment companies for which BAMCO acts as an investment adviser may impose account minimums.

Security Analysis

Our investment professionals are focused on fundamental analyses of businesses. Our primary objective is to understand the key drivers of growth and profitability of each company in which we invest. We perform exhaustive proprietary due diligence to evaluate opportunities and affirm our investment theses.

We analyze the following financial information: income statement, cash flow statement, balance sheet, turnover and ROE metrics, unit economics, and other company-specific data. This information is filtered through our valuation models, which we use to extrapolate long-term trends. We continually monitor

these metrics to confirm that a company's performance is meeting our objectives and that it can sustain its growth and competitive advantages.

We evaluate a company to determine the:

- Business opportunities and growth prospects
- Business model
- Uniqueness of the company's products or services
- Predictability of revenue and earnings growth
- Appropriateness of the company's use of capital
- Barriers to replication
- Regulatory environment

Meeting with management

Meeting with management is a critical element of our research process, and we maintain contact with management teams throughout the life of an investment. These meetings help our investment professionals understand a company's business model, its product or service, how difficult it is for others to do what they do, the costs it incurs to grow, and the relevant regulatory environment. On-site research is particularly important during the phase when analysts are testing and verifying their investment theses.

We assess management's:

- Character
- Vision
- Competence
- Business practices
- Management style
- Ownership
- Experience and track record

Proprietary valuation models

We build five-year valuation models to assess a company's opportunity and risks, and to estimate the intrinsic value of its business. Each financial model includes five years of historical data and five years of forward looking estimates. The models project revenues, earnings, and free cash flow; and our analysts are diligent in keeping them up-to-date.

Among the specific factors that we assess are:

Key revenue growth drivers <ul style="list-style-type: none">• Unit growth• Pricing power	Cost Structure <ul style="list-style-type: none">• Fixed and variable costs• Incremental profitability
Profitability <ul style="list-style-type: none">• Return on invested capital• Free cash flow generation• Earnings growth	Capital Structure <ul style="list-style-type: none">• Capital allocation decisions• Financing activities

Investment Strategies and Risk of Loss

BAMCO employs 10 portfolio managers who are responsible for managing assets in more than 10 investment strategies.

An account managed by BAMCO is not a balanced investment plan. BAMCO's investment strategy is to invest in growth businesses for capital appreciation potential. Each portfolio manager's ability to choose appropriate investments for an account has a significant impact on our ability to achieve an account's investment objective.

All accounts invest primarily in common stocks and other equity securities. Over time, common stocks have shown greater growth than other types of securities. In the short-term, however, stock prices may fluctuate in response to company, market, economic or other news. Certain accounts may have a higher percentage of their total assets invested in a particular region, sector, or industry, changes affecting that region, sector or industry may have a significant impact on the performance of such accounts.

Set forth below are descriptions of BAMCO's marketed investment strategies. These descriptions of specific strategies and investments should not be deemed to limit BAMCO's investment activities. BAMCO may engage in any investment strategy and make any investment, including any not described in this Brochure, that BAMCO considers appropriate, subject to each Sub-Advised Client's agreement with BAMCO, or for any fund which BAMCO advises to the extent consistent with such fund's offering documents. Fund offering documents contain additional specific information about investments and risks and should be read prior to making an investment. There can be no assurance that the investment objectives of any client will be achieved. Investing in equity securities involves risk of loss that clients should be prepared to bear.

Small Cap Growth

The Strategy invests in small-sized U.S. companies with significant growth potential. Diversified. Specific risks associated with investing in smaller companies include that the securities may be thinly traded and more difficult to sell during market downturns. This strategy is only offered through investments in the mutual fund.

Focused Growth

This is a focused Strategy that invests mainly in small-and mid-sized U.S. companies with significant growth potential. A substantial percentage of the Strategy's assets are in its top 10 holdings. Non-diversified. Specific risks associated with a non-diversified strategy include increased volatility of returns with exposure to greater potential loss in any given period. Securities of small- and mid-sized companies may be thinly traded and more difficult to sell during market downturns.

Small to Mid Cap Growth

The Strategy invests mainly in small- and mid-sized U.S. companies with significant growth opportunities. Diversified. Specific risks associated with investing in securities of small- and mid-sized companies include that the securities may be thinly traded and more difficult to sell during market downturns.

Mid Cap Growth

The Strategy invests mainly in mid-sized U.S. companies that have matured beyond their start-up phase and have significant secular growth opportunities. Diversified. Specific risks associated with investing in securities of mid-sized companies include that the securities may be thinly traded and more difficult to sell during market downturns.

Large Cap Growth

The Strategy invests mainly in large-sized U.S. companies with significant growth potential and competitive advantages. Diversified. Specific risks associated with investing in securities of large companies include that they are subject to price fluctuations in the stock market. Even though the accounts in the Strategy are diversified, they may establish significant positions where the Adviser has the greatest conviction. This could increase the volatility of the Strategy's returns.

All Cap Growth

The Strategy invests mainly in U.S. companies of all sizes with significant growth potential and secular growth opportunities. Diversified. Specific risks associated with investing in companies of all sizes, including small- and mid-sized companies, the securities of which may be thinly traded and more difficult to sell during market downturns, and they are subject to price fluctuations in the stock market.

International Growth

The Strategy invests mainly in non-U.S. companies of any size with significant growth potential. The Strategy invests principally in companies in developed countries. Diversified. Specific risks associated with investing in non-U.S. companies include that they may involve additional risks to those inherent in U.S. investments, including exchange-rate fluctuations, political or economic instability, imposition of exchange controls, expropriation, limited disclosure and illiquid markets. This may result in greater share price volatility.

Emerging Markets

The Strategy invests mainly in non-U.S. companies of all sizes with significant growth potential. The majority of investments are in companies domiciled in developing countries, and the Strategy may invest up to 20% in companies in developed market and frontier countries. Diversified. In addition to the general stock market risk that securities may fluctuate in value, investments in developing countries may have increased risks due to a greater possibility of: settlement delays, currency and capital controls, interest rate sensitivity; corruption and crime, exchange rate volatility, and inflation or deflation. The Strategy invests in companies of all sizes, including small and medium sized companies whose securities may be thinly traded and more difficult to sell during market downturns.

Real Estate

The Strategy invests broadly in real estate businesses with significant growth potential. It maintains exposure across different industries and all capitalization ranges. Diversified. In addition to general market conditions, the Strategy holdings will be affected by the strength of the real estate markets as well as by interest rate fluctuations, credit risk, environmental issues, and economic conditions. The Strategy invests in companies of all sizes, including small-and mid-sized companies whose securities may be thinly traded and more difficult to sell during market downturns.

High Growth

The Strategy invests primarily in high growth businesses of any market capitalization benefiting from innovation through development of pioneering, transformative or technologically advanced products and services. Diversified. Specific risks associated with companies propelled by innovation, including technology advances and new business models, are that they present the risk of rapid change and product obsolescence, and their success may be difficult to predict for the long term. Even though the accounts in the Strategy are diversified, they may establish significant positions where the Adviser has the greatest conviction. This could increase volatility of the Strategy's returns.

Energy and Resources

The Strategy invests mainly in energy and resource companies of any market capitalization. Diversified. Energy industries can be significantly affected by fluctuations in energy prices and supply and demand of energy fuels, and resources industries can be affected by adverse global geo-economic and political events.

Global Advantage

The Strategy invests mainly in growth companies of all sizes located throughout the world. Diversified. Specific risks associated with investing in growth companies include that the stocks can react differently to issuer, political, market and economic developments than the market as a whole. Non-U.S. investments may involve additional risks to those inherent in U.S. investments, including exchange-rate fluctuations, political or economic instability, the imposition of exchange controls, expropriation, limited disclosure, and illiquid markets, resulting in greater share price volatility. Securities of small and mid-sized companies may be thinly traded and more difficult to sell.

Focused Select

This is a focused Strategy that invests in small- and mid-sized U.S. companies with significant growth potential. A substantial percentage of the Strategy's top assets are in its top 10 holdings. Non-diversified. Specific risks associated with a non-diversified strategy include increased volatility of returns with exposure to greater potential loss in any given period. Securities of small- and mid-sized companies may be thinly traded and more difficult to sell during market downturns.

Focused Aggressive Growth

This is a focused Strategy that invests mainly in U.S. companies of any size with significant growth potential. A substantial percentage of the Strategy's assets are in its top 10 holdings. It also uses leverage. Non-diversified. Specific risks associated with a non-diversified strategy include increased volatility of returns with exposure to greater potential loss in any given period.

Discovery

The Strategy invests primarily in small-sized U.S. companies. It invests in a select number of high growth businesses that tend to be in an early phase of their lifecycles. Diversified. Specific risks associated with investing in securities of smaller companies include that the securities may be thinly traded and more difficult to sell during market downturns.

Focused High Growth

The Strategy invests primarily in high growth businesses of any market capitalization benefiting from innovation through development of pioneering, transformative or technologically advanced products and

services. A significant percentage of the portfolio's assets are in its top 10 holdings. Non-diversified. Specific risks associated with companies propelled by innovation, including technology advances and new business models, are that they present the risk of rapid change and product obsolescence, and their success may be difficult to predict for the long term. Additionally, a non-diversified strategy has increased volatility of returns with exposure to greater potential loss in any given period.

Disciplinary Information

BAMCO has no disciplinary history to report.

Other Financial Industry Activities and Affiliations

BAMCO is wholly owned by BCG, as described in more detail within the section of this brochure entitled "Advisory Business." BCG also wholly owns BCI, a limited purpose broker-dealer. The sole function of BCI is to serve as the distributor of Baron Funds. BCI does not engage in the execution of securities transactions for BAMCO or any other entity. Certain employees of BAMCO, including certain of its management persons, are licensed registered representatives of BCI for the purpose of offering and selling Baron Funds.

BCG also wholly owns BCM, an SEC-registered investment adviser. BAMCO and BCM share investment research and jointly develop investment advice. BAMCO and BCM may aggregate brokerage orders together as described in more detail in the section of this brochure entitled "Brokerage Practices."

Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

BAMCO's Code of Ethics (the "Code") establishes standards of conduct and reinforces fiduciary principles that govern the actions of BAMCO and its employees. It is designed to ensure that BAMCO treats all of its accounts fairly. It prohibits access persons from engaging in certain types of securities transactions that are deemed to create potential conflicts of interest between BAMCO and its investment advisory clients, and establishes reporting requirements and enforcement procedures.

The Code sets forth three guiding principles: (1) the interests of clients must be placed first at all times, (2) all personal securities transactions must be conducted consistent with this Code and in such a manner as to avoid any actual or potential conflicts of interest or any abuse of an individual's position of trust and responsibility, and (3) persons subject to the Code should not take inappropriate advantage of their positions.

Access persons are prohibited from buying individual equities but are allowed to sell positions they already hold with prior written approval. Under limited circumstances, the Adviser may seek an exception from the prohibition against buying securities issued by publicly traded companies for the Adviser's proprietary account(s). Such requests will be made to the Board of the Baron Funds and the

Adviser's Board and will be subject to strict compliance procedures to ensure that any conflicts of interest between the Adviser and its clients are appropriately managed. In addition, prior written approval is required for the purchase of all other securities as defined in Section 2(a)(36) of the Investment Company Act of 1940. Prior written approval is not required for security transactions in managed accounts where the employee has no discretion over the account and does not instruct the party that has discretion, and where the employee is purchasing or selling U.S. government bonds or open-end mutual funds ("Exempt Transactions"). Access persons must also have copies of their trade confirmations and account statements sent to BAMCO. The Code further provides that, with the exception of Exempt Transactions, if any transaction in a security on behalf of a BAMCO client occurs within seven days of an access person's transaction in that security, the client must receive the better price or the equivalent thereof. Access persons are also required to certify annually compliance with the Code and certify quarterly transactions reports and initial and annual holdings reports. These reports are reviewed by the Legal and Compliance Department for compliance with the Code. The Code also contains provisions relating to giving, receiving, and reporting of gifts and business entertainment, and outside business activities and political contributions. A copy of the Code is available upon request. It is also available on the Baron Funds website at www.BaronFunds.com.

Since June of 2016, the Adviser has requested and was granted exceptions from the prohibition against buying securities issued by publicly traded companies in order to purchase an individual equity security for the Adviser's proprietary account.

Brokerage Practices

BAMCO generally has discretion to direct the execution of trades for its Sub-Advised Clients' accounts. Pursuant to its discretionary authority, BAMCO determines which securities are bought and sold for an account, the amount of each purchase and sale, the broker-dealers to be used, and the commission rates to be paid. BAMCO's authority may be subject to conditions imposed by the Sub-Advised Client, such as Sub-Advised Client-imposed restrictions on transactions in certain securities or types of securities and the use of specific broker-dealers.

The Firm has a duty to seek the most favorable terms "reasonably available" under the circumstances for its customers' transactions. The predominant elements for best execution are price and liquidity based on the size of the order and characteristics of the security. The Firm's traders receive market information from brokers throughout the course of the day on particular securities, which provides them with the information on the natural liquidity of a stock. They also use different algorithmic trading systems to locate liquidity.

The Firm's Trading and Client Commission Committee reviews trade executions each quarter using analysis provided by Global Trading Analytics, LLC ("GTA"), an independent third party, and the assessments of the traders. The vendor takes into account trading algorithms, lag momentum, sector, and order start time. The results from GTA's quarterly reports have shown that BAMCO has excellent trade executions, based on both the volume weighted average price over the implementation time of the order and the vendor's proprietary benchmarks created to evaluate executions based on anticipated costs of the trade.

Research Products and Brokerage Services Received by BAMCO

To the extent more than one broker-dealer is capable of providing best execution, based on the factors listed above, BAMCO may take into account whether the broker-dealer provides BAMCO or its affiliate with research and the value of such research. BAMCO may compensate a broker-dealer for providing certain brokerage and research services by paying commissions that may be more than would have been paid to another broker-dealer for execution only. Commissions paid on these trades are known as “soft dollars.” Research is generated by BAMCO and BCM, but supplemental research may be obtained from other broker-dealers, if consistent with a client’s policies, by paying higher commissions, even though the particular client may not be the beneficiary of such services. Such supplemental research is primarily in the form of access to company management and access to industry conferences but may also include the broker-dealer’s proprietary research or third-party research obtained through commission sharing arrangements with the broker-dealers and independent research providers. Research and information may be used by BAMCO or BCM in serving their other discretionary clients. When BAMCO directs commission business to these brokerage firms, BAMCO receives a benefit because it does not have to produce or pay for the research, which we believe would be otherwise unavailable to BAMCO. BAMCO’s selection of broker-dealers to execute trades in exchange for research, which could possibly reduce BAMCO’s cost of paying for research directly, presents a potential conflict of interest. BAMCO may have an incentive to select or recommend a broker-dealer based on its interest in receiving research, rather than clients’ interests in paying the lowest possible commission. In order to monitor these potential conflicts, BAMCO’s Trading and Client Commission Committee reviews trade execution analysis reports prepared by an independent third party on a quarterly basis.

As stated above, the vast majority of the research BAMCO receives from broker-dealers is access to management of companies with which the broker-dealers have relationships and access to conferences and seminars that provide substantive content relating to issuers and industries. In addition, BAMCO and BCM also may receive research reports (including reports that are specific to issuers, industries and/or geographic regions); investment ideas; access to the broker-dealer’s traders and analysts; subscriptions to financial publications and research compilations that are not targeted to a wide, public audience; access to groups of professionals with expertise in particular industries and/or subject matter areas; and reports of macroeconomic developments.

BAMCO does not seek to allocate soft dollar benefits among client accounts proportionally to the commissions paid. As permitted under Section 28(e) of the Securities Exchange Act of 1934 (the “Exchange Act”), brokerage and research services provided by broker-dealers may be used by BAMCO in servicing other accounts it manages and not all of the research services it uses will necessarily be used in connection with any one account. It is BAMCO’s policy that all research or brokerage services obtained from broker-dealers in connection with transactions be consistent with Section 28(e) of the Exchange Act.

BAMCO performs periodic reviews to determine that the commissions paid on soft dollars are reasonable in relation to the value of the brokerage and research services provided. At least twice a year, BAMCO reviews its research needs and creates a target soft dollar commissions report based on these reviews. This target commission report is reviewed by the Director of Research, Chief Compliance

Officer, General Counsel and Head Trader. The results are then presented to the Trading and Client Commission Committee.

Trade Processing and Allocation

Securities considered for investment in a client account or group of client accounts may also be appropriate for one or more other client accounts. If the purchase or sale of a security is considered at or about the same time for more than one client, BAMCO will seek to allocate transactions in the security among such clients in a manner considered by BAMCO to be fair, equitable, and consistent with allocation procedures adopted by BAMCO. BAMCO believes that the aggregation of trades generally results in lower commissions, more advantageous prices and/or more efficient execution of transactions. BAMCO may purchase or sell a block of a security and allocate the shares or proceeds among its clients and/or BCM's clients. Block purchases or sales will result in an average price that may be higher or lower than if orders were entered for each account individually. Clients that are allocated part of the block will receive an average price per share but may not receive an average commission per share.

BAMCO and BCM have adopted joint trading procedures for aggregated orders that require that: (a) the aggregation be consistent with the duty to seek the best execution and with the terms of the advisory agreements of the clients for which the trades are being aggregated; (b) no advisory client be favored over any other advisory client, with each client participating in an aggregated order also participating in the average share price for all of BAMCO's and BCM's transactions in a security with a single broker-dealer on a given business day; (c) the clients participating in the aggregated orders be placed in the order management system, which constitutes a written allocation statement; (d) partially filled orders generally be allocated on a pro-rata basis and any allocation done other than pursuant to the previously written allocation statement be approved by the President and COO and receive fair and equitable treatment; and (e) the procedures will be reviewed annually.

From time to time, BAMCO may decide not to aggregate small orders with its larger orders or with BCM in order to reduce multiple ticket charges for small orders. If, at a later time, additional clients seek to purchase or sell the same security, BAMCO will close the existing order and place a new order in its order management system, and the clients participating in the new order will receive the average price at which the new order is executed.

BAMCO may direct the trading of certain securities between certain customer accounts ("cross trades"). BAMCO does not receive a fee or other remuneration for such transactions. Where appropriate and permitted by law, BAMCO or any person controlling, controlled by or under common control with BAMCO may act as investment adviser for the party or parties on both sides of a cross trade.

BAMCO allocates new issue offerings in conjunction with its affiliate, BCM, based on an assessment of all of the following factors: (a) investment objectives and guidelines of the account; (b) money flows in and out of each account; (c) cash position in the account; (d) consideration of the diversification needs of each account; (e) estimated size of the likely allocation; (f) if the transaction is a secondary offering, the size of a client's existing position; and (g) if the transaction is an Initial Public Offering, whether the client is eligible to participate. Portfolio positions may be sold to raise cash for the purchase of a new issue if the portfolio manager believes it is in the best interests of the client to do so.

Directed Brokerage

Upon the request of a client, BAMCO may also direct commissions to broker-dealers that may furnish other services to the client. Clients that direct their trades through particular broker-dealers will not be aggregated with other client orders or included in the average price per share for trades. Directed trades may be at prices higher or lower than the average price per share of aggregated orders.

Although any benefits derived from directed brokerage will inure to the benefit of the client directing the brokerage, clients should understand that directing brokerage for execution eliminates BAMCO's discretion to select broker-dealers to execute client transactions. While BAMCO exercises its best judgment in determining whether clients that have directed brokerage should execute portfolio transactions simultaneously with, prior to, or after transactions executed with broker-dealers selected by BAMCO, directed transactions may be subject to price movements, particularly in volatile markets, that may result in the client receiving a price that is less favorable than the price obtained for the aggregated order. Under these circumstances, even if the client has not waived BAMCO's duty to seek best execution, the direction by a client to use a particular broker-dealer to execute transactions may result in higher commissions, greater spreads or less favorable prices than might be the case if BAMCO could negotiate commission rates or spreads freely, or select executing broker-dealers based on its judgment regarding best execution.

In certain cases, depending on the nature of the direction, BAMCO may instead use "step-outs" to allow such clients to participate in aggregated trades. "Step-outs" allow BAMCO to instruct the broker-dealer that executes a transaction to allocate, or "step-out" a portion of such transaction to another broker-dealer. The broker-dealers to which the executing broker has "stepped out" would then settle and complete their designated portion of the transaction, and the executing broker-dealer would settle and complete the remaining portion of the transaction. Each broker-dealer would receive a commission or brokerage fee with respect to the portion of the transaction that it settles and completes.

Clients directing BAMCO to use a specific broker-dealer should satisfy themselves that the broker-dealer they have selected is providing adequate price and execution. The client should evaluate the fee charged by the directed broker, the amount of portfolio activity in their account, the value of custodial and other services provided under the arrangement, and other factors, to determine whether the fee is justified.

Review of Accounts

Portfolio managers are responsible for reviewing client accounts and continually assessing the securities held by clients. The Baron Funds Clients are reviewed by the relevant BAMCO portfolio manager and reconciled daily by BAMCO's accountants and the custodian. Accounts that BAMCO manages as a sub-adviser are reviewed by the respective portfolio managers daily, with cash positions reconciled daily and complete account reconciliations done monthly by BAMCO's accountants. In addition, BAMCO's traders continually review the portfolios of each investment advisory account. Oversight of client investment activity is also conducted by the Compliance Department through a range of different

methods, including automated pre-trade and post-trade testing and manual reviews. Additional reviews may be performed periodically by relevant professionals, including client service personnel, risk analytics personnel or senior management, depending on account needs and market conditions. Reviews may be undertaken because of changes in market conditions, security positions, or changes in objectives, at a client's request or as part of a regularly scheduled review.

Periodic reports are provided to Sub-Advised Clients in BAMCO's standard format unless the client requests other information. A standard report includes BAMCO's market outlook, performance, sector breakdowns, portfolio appraisal, and transaction detail. BAMCO may also provide similar information to Sub-Advised Clients through in-person meetings and conference calls. More frequent reports can be provided upon request.

Client Referrals and Other Compensation

BAMCO does not receive economic benefits for providing investment advice or other advisory services to its Clients from parties other than its Clients. As explained in "Brokerage Practices" above, BAMCO may receive certain research or brokerage services in connection with the execution of securities transactions for Client accounts.

BAMCO may compensate solicitors for Sub-Advised Client referrals pursuant to agreements that comply with the relevant provisions of the Investment Advisers Act. BAMCO's Sub-Advised Clients may retain investment consultants to assist with the selection of investment managers, but such investment consultants are compensated by the clients, not BAMCO.

Custody

BAMCO does not maintain, and will not accept, custody of Client funds or securities, and will take such actions as are necessary to avoid being deemed to have custody of Client funds or securities. Unaffiliated third parties serve as custodians for the Baron Funds and the other accounts where BAMCO acts as a sub-adviser.

Investment Discretion

As explained in "Brokerage Practices" above, BAMCO has full discretion and authority to determine the securities bought or sold, the amount of such securities, the broker-dealer to be used, the commission rate paid, and the prices at which the securities are to be bought or sold. BAMCO requires that each Sub-Advised Client enter into a written agreement with BAMCO granting it discretionary authority. A client may, with BAMCO's consent, impose limited restrictions on investments in certain securities or types of securities in its account. In addition, investment companies and other pooled investment vehicles managed by BAMCO are subject to the policies and restrictions stated in their respective offering documents.

Voting Client Securities

BAMCO is generally granted full Investment discretion to vote proxies, although Sub-Advised Clients that have granted BAMCO full discretion may direct their vote on particular matters by contacting BAMCO. Clients may also retain proxy voting authority for themselves.

BAMCO will vote Sub-Advised Client proxies as part of its fiduciary duty and its authority to manage, acquire, and dispose of account assets. When voting proxies for client accounts, BAMCO's primary objective is to make voting decisions solely in the best interests of its clients. In certain situations, a client or its fiduciary may provide BAMCO with a statement of proxy voting policy. In these situations, BAMCO seeks to comply with such policy to the extent it would be consistent with applicable regulation or its fiduciary duty.

Where the cost of voting a proxy, in the opinion of BAMCO, would exceed the expected benefits to the client, BAMCO may decide not to vote a particular proxy. This may be particularly true in the case of non-U.S. securities. While the proxy voting process is well established in the United States and other developed markets, voting proxies of non-U.S. companies located in certain jurisdictions, particularly in developing countries, may have a detrimental effect on BAMCO's ability to trade in such securities during the proxy period. In those cases, BAMCO may conduct a cost-benefit analysis in determining whether to vote its clients' shares at a non-U.S. company's meeting, and if it is determined that the cost associated with exercising its vote outweighs the benefit to its clients, BAMCO may decide not to vote.

It is the policy of BAMCO in voting proxies to consider and vote each proposal with the objective of maximizing long-term investment returns for its clients. To ensure consistency in voting proxies on behalf of its Clients, BAMCO utilizes its Proxy Voting Policy and Procedures (the "Proxy Policy").

BAMCO's Proxy Policy is intended to address any potential material conflicts of interest on the part of BAMCO or its affiliates that are likely to arise in connection with the voting of client proxies. In voting client proxies, BAMCO will avoid material conflicts of interests between it and its affiliates on the one hand, and its clients on the other. BAMCO recognizes that it may have a material conflict of interest in voting a client proxy where it or its affiliate (i) manages assets for a company whose management is soliciting proxies; (ii) manages money for an employee group that is the proponent of a proxy proposal; (iii) has a personal relationship with participants in a proxy solicitation or a director or candidate for director; or (iv) otherwise has a personal interest in the outcome in a particular matter before shareholders. Notwithstanding the above categories, BAMCO understands that the determination of whether a "material conflict" exists depends on all of the facts and circumstances of the particular situation.

If a portfolio manager wishes to vote a proxy with respect to a matter in a manner other than that set forth in BAMCO's Proxy Policy, the Legal Department reviews the matter to determine whether a material conflict exists. If a material conflict is found to exist, the Legal Department will either: (i) recommend that the President and COO vote the matter in the manner originally prescribed by the Proxy Policy; or (ii) obtain the informed written consent of the affected client (or clients). If a portfolio manager wishes to vote a proxy not covered by the Proxy Policy that involves a material conflict of interest, BAMCO will seek the informed written consent of the affected client (or clients). If obtaining such consent from any client is impracticable or undesirable, BAMCO will vote the client's proxy in accordance with the published recommendation of ISS or shall appoint an independent third party.

Clients may obtain a copy of BAMCO's Proxy Policy or information on how proxies were voted on securities held in the client's account by contacting BAMCO's Client Service Department. BAMCO's Proxy Policy is also available at www.BaronFunds.com. The Baron Funds' most current proxy voting record, Form N-PX, is available at www.BaronFunds.com and on the SEC's website at www.sec.gov.

Financial Information

BAMCO does not require or solicit prepayment of investment advisory fees from its clients. BAMCO is not aware of anything that is reasonably likely to impair its ability to meet its contractual commitments to clients, nor has BAMCO been the subject of a bankruptcy petition at any time during the past 10 years.