Baron Funds®

March 31, 2021

Quarterly Report

"This is just the beginning…" Dr. Ozlem Tureci and Dr. Ugur Sahin. Co-Founders and Chief Scientists, BioNTech SE. Inventors, Pfizer / BioNTech mRNA COVID-19 vaccine. Horizon Magazine. EU. April 2021.

Russia's launch of Sputnik in 1957 arguably set the stage for the enormous digital technology advances and innovation of the past 60 years: broadband and cellular communications; the Internet; the first moon landing in 1969 (only 66 years after Wilbur and Orville Wright's historic sub one minute flight at Kitty Hawk); and the birth of space exploration. We believe COVID-19 could have a similarly disruptive impact on health care innovation in coming decades.

During the COVID-19 pandemic, three million individuals have so far died. As difficult as it is to comprehend the enormity of this tragedy, those deaths represent only 0.04% of Earth's 7.5 billion population. In prior epochs, a COVID-19-like tragedy would have been worse. To give you a sense of medical advances in the past 100 years, during the 1918 Spanish flu pandemic, also caused by a virus with avian origin, experts estimate that more than 50 million died. That represented 3.3% of the Earth's then estimated 1.5 billion population. Further, during the Bubonic Plague in 1350, an estimated one-third of Earth's 475 million inhabitants were stricken and more than 50 million, more than 10% of Earth's population, died! Yikes!!!

We regard COVID-19 and the use of messenger RNA vaccines, so-called mRNA, as a "Sputnik moment," the "silver lining" inside the COVID-19 cloud. mRNA is a platform technology with potential applications for the treatment of serious infectious and genetic diseases in addition to COVID-19…and, of cancer, too! mRNA technology has been studied for more than 30 years. However, mRNA's rapid development last year would not have happened without our government's financial assistance. Prior to COVID, pharmaceutical economics served as barriers to realizing the potential of mRNA. Since there were already low-cost vaccines to treat the types of diseases that would represent a "proof of concept" for mRNA, pharmaceutical business economics are such that the large investments required to produce an mRNA vaccine (new technology) for diseases already serviced by older technology were not otherwise practical.

Ron Baron. CEO and Portfolio Manager. Working from home's been great, but Ron is ready… as The Beatles sang… to *'Get Back'* live with the Baron team!

Dr. Ozlem Tureci and her husband Dr. Ugur Sahin are scientists and Turkish immigrant founders of German mRNA vaccine manufacturer **BioNTech SE**. This husband-and-wife scientific team, newly minted billionaires, were recently chosen "Persons of the Year" by FT in Europe. For many years, the two doctors had been studying mRNA. Their primary interest had been its use as a vaccine to activate the human immune system. This was to enable individuals to produce antibodies and T-cells to protect them against cancer. The scientists also realized mRNA applicability to other diseases, including prophylactic vaccines for infectious diseases. mRNA vaccines are synthetic and produced by chemistry. They are unlike vaccines produced by biological processes that use live attenuated viruses incubated in chicken eggs or cultured via insect proteins. By shortening the vaccine supply chain and making it less variable, it also became more difficult to screw up the manufacturing process…. and easier and cheaper to scale to mass quantities. COVID was the catalyzing event that propelled governments to provide the economics enabling BioNTech and **Moderna, Inc.** to improve the innovative mRNA platform.

In a recent interview, Ugur Sahin noted that mRNA COVID vaccines had the "fastest development time ever in medical history." They took only a few *months*, not years. The vaccines were also extraordinarily effective "inducing immune responses and preventing symptomatic disease." The BioNTech mRNA vaccine provided immunity to more than 95% of those who received shots in their arms. Finally, the production of these vaccines was uniquely scalable. When I study new businesses with which I am unfamiliar, especially when science is important, I need experts to explain the processes and products simply enough for me to understand. In the case of mRNA, the simplified explanation follows: synthetic mRNA is injected into arms to teach the body to produce antibodies on its own using mRNA as its "coach." The human body is the "athlete" that listens to the coach so its cells can produce antibodies to fight the virus. Further, since mRNA is produced using a non-infectious agent, it is less likely the individual receiving mRNA vaccine will have an adverse reaction.

Rahm Emanuel, the former Mayor of Chicago and Chief of Staff for President Obama, was fond of saying, "You never want to let a serious crisis go to waste." What he meant by this is,

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"Don't miss an opportunity to do things you could not do otherwise." BioNTech/Pfizer and Moderna have certainly taken this advice to heart and hopefully have produced a vaccine that will soon consign COVID to history books. We think BioNTech and Moderna are currently being valued on the basis of earnings and sales they are likely to produce from COVID vaccines. Those vaccines will likely not be as important in the future. We believe in the next 10 years both BioNTech and Moderna have the opportunity to produce innovative therapies using the mRNA platform that could have an important impact on global health care.

"The lead fish in a school of fish turns to the fish behind him." "Hey, boys, how's the water?" "What water?" was the reply. David Rubenstein. Chairman of The Carlyle Group Inc. May 3, 2012.

When private equity investment management firm **The Carlyle Group Inc.** was about to become a publicly owned business in 2012, David Rubenstein, its Chairman, visited Baron during the course of Carlyle's IPO "roadshow." Roadshows before initial public offerings enable investors to meet with executives of businesses that are about "to go public." This is so the executives can describe their businesses' prospects and growth opportunities to investors like us. This is a critical step to help us study those businesses to determine whether they are fairly valued and offer Baron shareholders opportunity.

During that meeting, David told us his "fish story" to illustrate, we thought, why the environment that surrounds investors is not as clear and important as the fundamentals of the businesses in which we invest. David then explained that he believed bankers and investors were mispricing Carlyle's prospects and undervaluing it as a publicly held company. This was, he opined, principally because investors gave little credit to Carlyle's ability to continue to consistently generate "carried interest" profits. The undervaluation, however, was also because of the environment. Recent public offerings of private equity firms had not done as well as expected. "I promise you, you won't lose money if you purchase Carlyle shares at its initial public offering price of $22 per share," he told us. David was right. In addition to Carlyle's share price approximately doubling over the past nine years, we received dividends of about 3% annually during the period!

During my investment career, our method of valuing securities and our process for investing has evolved…and, we think, improved. Our investment interest has always been centered on growth companies. But, from premising our investments on book value…to making my first investments at 10 times price/earnings ratios when I was 14 years old… ("…amazing….you get to purchase a part ownership in a business at 10 times earnings and someone else manages that business for you," I thought, when my friend's dad explained it to me when I was young. "How cool!")…to multiples of cash flow…to multiples of EBITDA that my friend Mario Gabelli invented…to purchasing at multiples of free cash flow that my partner Cliff Greenberg favors…to multiples of capital-light, platform subscription revenues…to investing in my favorite people over the long term… so numerous over the past 50 years they would be impossible to list! The biggest lesson? Bet on people…talent…integrity…leadership skills…heart…smart…hardworking…live by their word…people… And, of course, invest in businesses that are competitively advantaged.

"Businesses are often overvalued in the short term and undervalued over the long term." Daniel Ek. Founder and Chairman. Spotify. 2021.

That is because, as **Microsoft Corporation**'s Founder, Bill Gates, believes, "Most people overestimate what they can accomplish in one year and underestimate what they can accomplish in ten years." In the short-term, instant gratification-focused world in which we live, investors generally rely upon analysts' earnings estimates for the next quarter…which are often missed. This is since analysts' estimates are often based on optimistic assumptions that underweight costs to achieve long-term growth. Further, analysts usually accord less importance to long-term business goals…which companies often exceed! That is why share prices of rapidly growing companies may appear expensive in the short term but are wildly undervalued over the longer term.

We think good advice regarding everything you purchase…whether it is financial assets like mutual funds…stocks…real estate… businesses…or an electric car…or a refrigerator….is, *do your homework*. My friend Peter Lynch believes that individuals devote more time to determining the best refrigerator to buy than they do to learning about their most important investments, financial assets! Not to be preachy, but making appropriate financial investments is what will determine your and your family's lifestyle.

We believe it *just takes time* for terrific assets to appreciate in value. The best art…the most attractively located real estate…and the fastest-growing, competitively advantaged, well-managed businesses will increase in value more rapidly than investments with commodity-like characteristics. That is even though cyclical businesses may at times be inordinately cheap and more attractive assets may seem expensive. The reason fast-growing, attractive businesses are expensive in the short term may be because those businesses are not yet mature…or because their profits are depressed by costs they incur to grow bigger and faster. "The power of compounding is the strongest force in the universe," is a quote often attributed to Albert Einstein in 1955. What he meant was that if something grows consistently for a long time, it will ultimately become exponentially larger than it is today. *"Time is on my side…yes it is…" Surprisingly, Mick Jagger had the same idea as Einstein in 1964. On the other hand, considering Mick Jagger, maybe that is not surprising*.

We were recently interviewed by the head of a large endowment for a prestigious college. We are competing to be one of several investment managers for that endowment. Unlike many endowments, this endowment had achieved double-digit returns for the past several years. It quickly became apparent from their questions, why they have outperformed their peers. "We can see your returns are superior," they began. "We would like you to explain why others can't easily copy what you do. Why can't they invest in people and businesses for the long term, just like you? What is *your* competitive advantage?"

We answered that most investors try to allocate assets based on their assessment of the *macro* environment. Further, they generally believe businesses are more appropriately valued based on current results not on what a business could become in 5 or 10 years or longer. In addition, they don't have a track record to demonstrate they have successfully bought and owned growth businesses for years, not months. They also cannot point to "investing for the long term in people" who have become inordinately successful. Finally, most investors are generally unwilling to take the risk of making an investment in a business whose share price may be relatively unchanged or volatile for several years while those businesses' sales are growing rapidly but their earnings are not.

Baron is different. We rely upon our own research, not recommendations of others, to assess the likelihood businesses in which we choose to invest will be successful. We believe this process allows us to make better decisions. Further, Baron is a family business with an unusually strong balance sheet that we expect to help our business last for many generations. Accordingly, we believe we are able to make long-term decisions that few others can. And, as the largest investors in Baron mutual funds, our interests are aligned with Baron Funds' shareholders.

One example? We invested $339 million in Tesla at an average price of $43 per share split adjusted from 2014 through 2016. Tesla's share price was volatile and little changed as were its earnings or lack thereof for the next five years. This was while its sales grew about ten-fold. During 2020, Tesla's share price increased 743%…and we believe it will at least triple again in the next 10 years! We have made several billion dollars in realized and unrealized profits on our Tesla investment in the past year. We have lots of examples of our successful "time arbitrage" investment strategy working well…although none quite so spectacularly as Tesla. We have hopes that our investments in privately owned **Space Exploration Technologies Corp.** ("SpaceX") can do as well during the "Roaring Twenties" that now seem upon us.

"When you left Herzfeld & Stern in 1982 to found Baron Capital, I saw what you had done there and I decided if I ever had a chance to invest with you, I would." Robert Kaplon. December 2020.

While Judy and I were hiding out from COVID-19 in Florida during Christmas and New Year's, our son Michael and his wife Genna were staying at our family's summer home in East Hampton. Michael then called to tell me we had just received a present of four bottles of Dom Perignon champagne. Although I don't drink alcohol, even I knew that was a very expensive and very special present. "Who sent it?" "Robert Kaplon," Michael answered. "Boy, that's odd. Robert is a friend with whom I worked more than 40 years ago. I don't understand why he would send me such an extravagant present. I need to call him."

In 1975, five years after I began my career as a securities analyst, I was recruited to become an institutional research analyst at Herzfeld & Stern. That was where I met Robert who worked there as a stockbroker for individual investors and their families. Herzfeld, which has since been acquired, was a small, highly regarded, 100-year old brokerage firm. My new job there was to sell ideas I had researched to institutions, principally hedge funds and mutual funds…and to be right. Those clients paid Herzfeld brokerage commissions for my ideas. My compensation depended upon those commissions. I worked at Herzfeld until 1982 when I left to start Baron Capital.

When I called Bob to thank him for his unexpected, incredibly generous gift, I asked him why he had given me such a present. He told me his oldest son had just graduated from medical school and "you paid for that. So, this is to thank you." "What do you mean?" "Well, when you started Baron Partners Fund in 1992, I did something I tell my retail clients they should never do. I borrowed $200,000 to invest in that fund and, after I had doubled or tripled my money, I took $100,000 from Baron Partners Fund and invested it in one of your private funds. The second investment is now worth $1.7 million! The money I left in Baron Partners Fund with reinvested dividends has become more than 40,000 shares of Baron Partners Fund. That investment is now worth more than $7 million! You have made my family financially secure. The champagne was to say, 'Thank you.' I can never thank you enough."

P.S. When the individual with whom I worked and I were being recruited to work at Herzfeld in May 1975, we wanted to keep it a secret. We were being courted aggressively. We were regularly picked up at our apartments early in the mornings; brought downtown to meet with Paul Cohen, Herzfeld's Chairman and principal owner; and driven back to our office and existing jobs in midtown before the markets opened. After weeks of negotiations, we agreed to the terms and were told Paul wanted to meet us again. We were again picked up by his driver and brought to his office to shake hands. "Congratulations, boys. You are going to love working here," he said in a warm, grandfatherly manner. When we left his office to go back to work, the chauffeur-driven car wasn't waiting for us. The lesson? Wall Street is a tough neighborhood.

"If you've got it, flaunt it!" Broadway Joe Namath. Quarterback Super Bowl Champion New York Jets. 1969.

Few fund managers have been able to outperform their benchmark indices. That is the reason John Bogle, Founder of Vanguard, the passive index mutual fund business, advised, "Don't look for the needle in the haystack. Just buy the haystack!" The obvious analogy was for investors not to look for the rare mutual funds that beat the market, just invest in the passive mutual funds that ARE the market.

Baron Funds is among the few mutual fund groups that have outperformed "the markets" over the long term. As of March 31, 2021, 16 of 17 Baron Funds representing 98.3% of their assets under management (AUM), have outperformed their respective passive benchmarks since their inceptions. Further, 14 of those funds, representing 98.2% of AUM, rank in the top 22% of their respective Morningstar categories; and, 11 of those funds representing 71.8% of our AUM rank in the top 8%.

In 1992, Baron Capital had $100 million of assets under management. As of the writing of this letter, it had $51.7 billion! During the period, we have made our clients more than $49 billion in realized and unrealized gains.

As of March 31, Baron Partners Fund's performance made it number 2 out of 2,299 mutual funds since its conversion to a mutual fund in 2003.* Since conversion, it earned 19.50% annualized return vs. 13.18% for the Russell Midcap Growth Index. From its inception as a partnership in 1992, it has earned 16.52% vs. 10.85% for its benchmark.

As of March 31, Baron Growth Fund's performance made it number 13 out of 573 mutual funds since its inception in 1994.** Baron Focused Growth Fund's performance made it number 86 out of 3,557 mutual funds since its conversion from a partnership in 2008.***

Baron Global Advantage Fund is in the top 1% of its category since its inception. So is Baron Real Estate Fund. So is Baron WealthBuilder Fund. Baron Opportunity Fund, Baron Discovery Fund, and Baron Real Estate Income Fund are in the top 4% of their respective categories since inception. (All based on Retail Shares.)

Baron WealthBuilder Fund's inception date was December 29, 2017. **Baron WealthBuilder Fund was conceived to enable investors to obtain exposures to and the performance of many Baron mutual funds by investing in just one fund.** Based on its since inception performance, Baron WealthBuilder Fund (Institutional Shares) was the number 1 fund out of the 151 funds in the Morningstar Allocation–85%+ Equity Category.

Since Baron WealthBuilder Fund's inception in December 2017, its annualized rate of return has been 25.78% (Institutional Shares) per year. That compares to 15.12% per year for the S&P 500 Index and 10.76% for the MSCI ACWI Index! Baron WealthBuilder Fund charges no management fee and operating expenses are capped at 5 bps annually. Of course, the underlying Baron Funds in which Baron WealthBuilder invests charge their institutional management fees and operating expenses. But that's it.

Baron WealthBuilder Fund is a diversified fund that invests in a portfolio of Baron mutual funds all but one of which have outperformed their benchmark indexes since their inceptions. Baron WealthBuilder Fund is designed to be attractive to long-term shareholders saving for their retirements and/or their children's college tuition, weddings, or first homes. We are hopeful that foundations, endowments, sovereign wealth funds, and corporate pension plans with long-term investment horizons similar to other Baron mutual funds will also find Baron WealthBuilder Fund attractive. Especially those institutional entities that need to meet unfunded liabilities, which, due to actuarial assumptions, require 7% annual returns that few have achieved.

I am excited about the prospects for the Baron WealthBuilder Fund and expect it to become one of the largest Baron mutual funds in the next 10 years…perhaps even the largest.

We will continue to provide you with information about Baron Funds that we would like to have if our roles were reversed. Thank you again for your confidence in joining us as investors in Baron mutual funds.

Respectfully,

Ronald Baron

Ronald Baron
CEO and Portfolio Manager
April 20, 2021

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* **This is a hypothetical ranking created by Baron Capital using Morningstar data and is as of 3/31/2021.** There are **2,229** share classes in these nine Morningstar Categories for the period from 4/30/2003 to 3/31/2021.

** **This is a hypothetical ranking created by Baron Capital using Morningstar data and is as of 3/31/2021.** Baron Growth Fund's Retail Share class was launched on 12/31/1994. There are **573** share classes in these nine Morningstar Categories for the period from 12/31/1994 to 3/31/2021.

*** **This is a hypothetical ranking created by Baron Capital using Morningstar data and is as of 3/31/2021.** There are **3,557** share classes in these nine Morningstar Categories for the period from 6/30/2008 to 3/31/2021.

Note, the peer group used for these analyses include all U.S. equity share classes in Morningstar Direct domiciled in the U.S., including obsolete funds, index funds, and ETFs. The individual Morningstar Categories used for this analysis are the Morningstar Large Blend, Large Growth, Large Value, Mid-Cap Blend, Mid-Cap Growth, Mid-Cap Value, Small Blend, Small Growth, and Small Value Categories.

The **Morningstar Mid-Cap Growth Category** consisted of 595, 500, and 379 share classes for the 1-, 5-, and 10-year periods. Morningstar ranked *Baron Partners Fund – Retail Share Class* in the 1st, 1st, 1st, and 1st percentiles for the 1-, 5-, 10-year, and since conversion periods, respectively. The Fund converted into a mutual Fund 4/30/2003, and the category consisted of 221 share classes. Morningstar ranked *Baron Growth Fund – Retail Share Class* in the 57th, 35th, 40th, and 8th percentiles for the 1-, 5-, 10-year, and since inception periods, respectively. The Fund launched 12/31/1994, and the category consisted of 54 share classes. Morningstar ranked *Baron Focused Growth Fund – Retail Share Class* in the 4th, 3rd, 4th, and 5th percentiles for the 1-, 5-, 10-year, and since conversion periods, respectively. The Fund converted into a mutual Fund 6/30/2008, and the category consisted of 318 share classes.

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

Baron Funds (Institutional Shares) and Benchmark Performance 3/31/2021

Fund	Primary Benchmark	Annualized Return Since Fund Inception	Annualized Benchmark Return Since Fund Inception	Inception Date	Average Annualized Returns				Annual Expense Ratio	Net Assets
					1-Year	3-Year	5-Year	10-Year		
SMALL CAP										
Baron Growth Fund	Russell 2000 Growth Index	14.06%	9.15%	12/31/1994	72.85%	21.47%	19.91%	14.13%	1.04%[3]	$8.64 billion
Baron Small Cap Fund	Russell 2000 Growth Index	11.48%	7.57%	9/30/1997	88.40%	20.71%	21.19%	13.68%	1.05%[3]	$5.12 billion
Baron Discovery Fund†	Russell 2000 Growth Index	21.38%	13.12%	9/30/2013	123.05%	32.16%	31.52%	N/A	1.08%[3]	$1.64 billion
SMALL/MID CAP										
Baron Focused Growth Fund[1]	Russell 2500 Growth Index	14.52%	9.43%	5/31/1996	167.83%	44.10%	31.27%	18.02%	1.07%[4]	$671.01 million
MID CAP										
Baron Asset Fund	Russell Midcap Growth Index	12.34%	10.93%[2]	6/12/1987	58.28%	20.31%	20.05%	14.74%	1.05%[3]	$5.75 billion
LARGE CAP										
Baron Fifth Avenue Growth Fund	Russell 1000 Growth Index	11.59%	11.87%	4/30/2004	63.99%	23.44%	24.09%	17.52%	0.78%/0.75%[3][6]	$735.03 million
Baron Durable Advantage Fund	S&P 500 Index	16.04%	15.12%	12/29/2017	47.45%	16.98%	N/A	N/A	2.40%/0.70%[3][7]	$21.26 million
ALL CAP										
Baron Partners Fund[1]	Russell Midcap Growth Index	16.36%	10.73%	1/31/1992	213.03%	50.75%	38.03%	23.14%	1.30%[4][5]	$6.71 billion
Baron Opportunity Fund†	Russell 3000 Growth Index	10.64%	6.55%	2/29/2000	104.55%	38.62%	33.50%	18.37%	1.08%[3]	$1.55 billion
INTERNATIONAL										
Baron Emerging Markets Fund	MSCI EM Index	6.93%	3.77%	12/31/2010	72.06%	7.42%	12.65%	7.25%	1.09%[4]	$7.85 billion
Baron Global Advantage Fund†	MSCI ACWI Index	20.19%	10.55%	4/30/2012	90.71%	32.19%	30.97%	N/A	0.92%/0.90%[4][8]	$2.57 billion
Baron International Growth Fund	MSCI ACWI ex USA Index	12.65%	8.21%	12/31/2008	70.57%	11.81%	15.05%	9.04%	1.01%/0.95%[4][9]	$626.30 million
SECTOR										
Baron Real Estate Fund	MSCI USA IMI Extended Real Estate Index	17.39%	12.63%	12/31/2009	99.99%	24.02%	19.54%	15.94%	1.08%[4]	$1.46 billion
Baron Real Estate Income Fund	MSCI US REIT Index	15.53%	4.67%	12/29/2017	56.17%	19.36%	N/A	N/A	3.45%/0.80%[4][10]	$45.23 million
Baron Health Care Fund	Russell 3000 Health Care Index	25.06%	16.49%	4/30/2018	63.93%	N/A	N/A	N/A	1.45%/0.85%[4][11]	$127.24 million
Baron FinTech Fund	S&P 500 Index	34.84%	20.09%	12/31/2019	66.06%	N/A	N/A	N/A	2.43%/0.95%[12]	$44.12 million
EQUITY ALLOCATION										
Baron WealthBuilder Fund	S&P 500 Index	25.78%	15.12%	12/29/2017	102.31%	27.20%	N/A	N/A	1.22%/1.11%[4][13]	$345.60 million

(1) Reflects the actual fees and expenses that were charged when the Funds were partnerships. The predecessor partnerships charged a 20% performance fee (Baron Partners Fund) or a 15% performance fee (Baron Focused Growth Fund) after reaching a certain performance benchmark. If the annual returns for the Funds did not reflect the performance fee for the years the predecessor partnerships charged a performance fee, returns would be higher. The Funds' shareholders are not charged a performance fee.
(2) For the period June 30, 1987 to March 31, 2021.
(3) As of 9/30/2020.
(4) As of 12/31/2020.
(5) Comprised of operating expenses of 1.05% and interest expenses of 0.25%.
(6) Annual expense ratio was 0.78%, but the net annual expense ratio was 0.75% (net of Adviser's fee waivers).
(7) Annual expense ratio was 2.40%, but the net annual expense ratio was 0.70% (net of Adviser's fee waivers).
(8) Annual expense ratio was 0.92%, but the net annual expense ratio was 0.90% (net of Adviser's fee waivers).
(9) Annual expense ratio was 1.01%, but the net annual expense ratio was 0.95% (net of Adviser's fee waivers).
(10) Annual expense ratio was 3.45%, but the net annual expense ratio was 0.80% (net of Adviser's fee waivers).
(11) Annual expense ratio was 1.45%, but the net annual expense ratio was 0.85% (net of Adviser's fee waivers).
(12) Annual expense ratio was 2.43%, but the net annual expense ratio was 0.95% (net of Adviser's fee waivers).
(13) Annual expense ratio was 1.22%, but the net annual expense ratio was 1.11% (includes acquired fund fees and expenses, net of the Adviser's fee waivers).
† The Fund's historical performance was impacted by gains from IPOs and/or secondary offerings. There is no guarantee that these results can be repeated or that the Fund's level of participation in IPOs and secondary offerings will be the same in the future.

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 reimburses certain Baron Fund expenses pursuant to a contract expiring on August 29, 2031, 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 www.BaronFunds.com or call 1-800-99BARON.

Performance for the Institutional Shares prior to 5/29/2009 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 5/29/2009 did not reflect this fee, the returns would be higher.

Asset Fund's 1Q 2021, **Discovery Fund's** 1Q 2021, 3- and 5-year, **Emerging Market Fund's** 1Q 2021, **FinTech Fund's** 1Q 2021, **Global Advantage Fund's** 1Q 2021, 3- and 5-year, **HealthCare Fund's** 1Q 2021, and **Opportunity Fund's** 1Q 2021, 3-, 5- and 10-year historical performance were impacted by gains from IPOs and/or secondary offerings, and there is no guarantee that these results can be repeated or that the Funds' level of participation in IPOs and secondary offerings will be the same in the future.

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

Portfolio holdings as a percentage of net assets as of March 31, 2021 for securities mentioned are as follows: **Microsoft Corporation** – Baron Opportunity Fund (8.8%), Baron Durable Advantage Fund (8.4%); **Tesla, Inc.** –Baron Opportunity Fund (2.9%), Baron Partners Fund (40.2%*), Baron Focused Growth Fund (32.0%); **The Carlyle Inc.** –Baron Growth Fund (0.8%); **Space Exploration Technolgies Corp.** – Baron Asset Fund (0.7%), Baron Opportunity Fund (0.7%), Baron Partners Fund (4.9%*), Baron Fifth Avenue Growth Fund (0.1%), Baron Focused Growth Fund (4.0%), Baron Global Advantage Fund (0.2%); **BioNTech SE** – Baron Focused Growth Fund (1.6%), Baron Health Care Fund (0.8%); **Moderna, Inc.** – Baron Partners Fund (0.1%*), Baron Health Care Fund (0.9%).

* % of Long Positions.

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

Ranking information provided is calculated for the Retail Share Class and is as of 3/31/2021. The number of share classes in each category may vary depending on the date that Baron downloaded information from Morningstar Direct. **Morningstar calculates its 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 account for management, administrative, and 12b-1 fees and other costs automatically deducted from fund assets.** The **Morningstar Mid-Cap Growth Category** consisted of 595, 500, and 379 share classes for the 1-, 5-, and 10-year periods. Morningstar ranked *Baron Asset Fund* in the 89th, 33rd, 27th and 22nd percentiles for the 1-, 5-, 10-year, and since inception periods, respectively. The Fund launched 6/12/1987, and the category consisted of 20 share classes. Morningstar ranked *Baron Growth Fund* in the 57th, 35th, 40th, and 8th percentiles for the 1-, 5-, 10-year, and since inception periods, respectively. The Fund launched 12/31/1994, and the category consisted of 54 share classes. Morningstar ranked *Baron Partners Fund* in the 1st, 1st, 1st, and 1st percentiles for the 1-, 5-, 10-year, and since conversion periods, respectively. The Fund converted into a mutual Fund 4/30/2003, and the category consisted of 221 share classes. Morningstar ranked *Baron Focused Growth Fund* in the 4th, 3rd, 4th, and 5th percentiles for the 1-, 5-, 10-year, and since conversion periods, respectively. The Fund converted into a mutual Fund 6/30/2008, and the category consisted of 318 share classes. The **Morningstar Small Growth Category** consisted of 619, 503, and 379 share classes for the 1-, 5-, and 10-year time periods. Morningstar ranked *Baron Small Cap Fund* in the 57th, 42nd, 52nd, and 16th percentiles for the 1-, 5-, 10-year, and since inception periods, respectively. The Fund launched 9/30/1997, and the category consisted of 92 share classes. Morningstar ranked *Baron Discovery Fund* in the 9th, 5th, and 4th percentiles for the 1-, 5-year, and since inception periods, respectively. The Fund launched 9/30/2013, and the category consisted of 438 share classes. The **Morningstar Real Estate Category** consisted of 248, 201, and 145 share classes for the 1-, 5-, and 10-year time periods. Morningstar ranked *Baron Real Estate Fund* in the 3rd, 1st, 1st, and 1st percentiles for the 1-, 5-, 10-year, and since inception periods, respectively. The Fund launched 12/31/2009, and the category consisted of 130 share classes. Morningstar ranked *Baron Real Estate Income Fund* in the 9th and 3rd percentiles for the 1-year and since inception periods, respectively. The Fund launched 12/29/2017, and the category consisted of 224 share classes. The **Morningstar Large Growth Category** consisted of 1,282, 1,065, 788, and 283 share classes for the 1-, 5-, 10-year, and since inception (2/29/2000) periods. Morningstar ranked *Baron Opportunity Fund* in the 3rd, 2nd, 7th, and 3rd percentiles, respectively. The **Morningstar Foreign Large Growth Category** consisted of 447, 313, 226, and 201 share classes for the 1-, 5-, 10-year, and since inception (12/31/2008) periods. Morningstar ranked *Baron International Growth Fund* in the 11th, 15th, 22nd, and 12th percentiles, respectively. The **Morningstar Diversified Emerging Markets Category** consisted of 800, 596, 292, and 283 share classes for the 1-, 5-year, 10-year and since inception (12/31/2010) periods. Morningstar ranked *Baron Emerging Markets Fund* in the 19th, 35th, 3rd, and 5th percentiles, respectively. The **Morningstar World Large Stock Category** consisted of 866, 645, and 442 share classes for the 1-, 5-year, and since inception (4/30/2012) periods. Morningstar ranked *Baron Global Advantage Fund* in the 6th, 1st, and 1st percentiles, respectively. The **Morningstar Health Category** consisted of 158 and 139 share classes for the 1-year and since inception (4/30/2018) periods. Morningstar ranked *Baron Health Care Fund* in the 21st and 5th percentiles, respectively. The **Morningstar Allocation—85%+ Equity Category** consisted of 160 and 151 share classes for the 1-year and since inception (12/29/2017) periods. Morningstar ranked *Baron WealthBuilder Fund* in the 2nd and 2nd percentiles, respectively.

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 managers 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.

The **MSCI ACWI Index** measures the equity market performance of large and midcap securities across developed and emerging markets, including the United States. The **S&P 500 Index** measures the performance of 500 widely held large-cap U.S. companies. Russell Investment Group is the source and owner of the trademarks, service marks and copyrights related to the Russell Indexes. Russell is a trademark of Russell Investment Group. The indexes are unmanaged. Index performance is not fund performance. Investors cannot invest directly into an index.

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

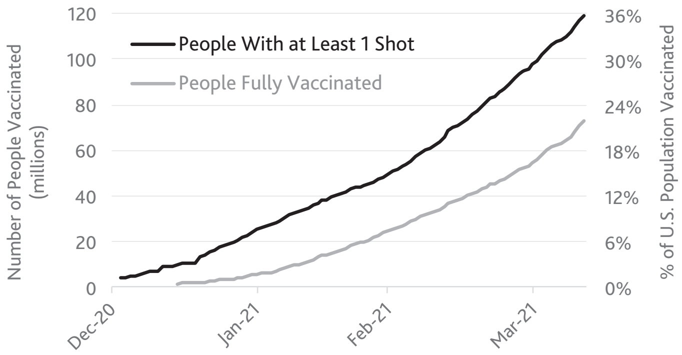
It has been a full year in pandemic mode and things are finally starting to improve. The infection rate is still dangerously high, but vaccine production and distribution are advancing rapidly, and the pandemic seems to be at a pivotal point. And so is the economy. Businesses are reopening, more people are returning to their pre-pandemic routines, and mobility is on the rise. Baseball is in full swing, and the basketball and hockey seasons are progressing well. Restaurant dining is closing the gap from its pre-pandemic levels and air travel is well off its lows and rebounding rapidly, although some of the recent change may be due to Spring break.

LINDA MARTINSON
CHAIRMAN, PRESIDENT AND COO

Vaccinations are Progressing, and Mobility is on The Rise

COVID Vaccinations

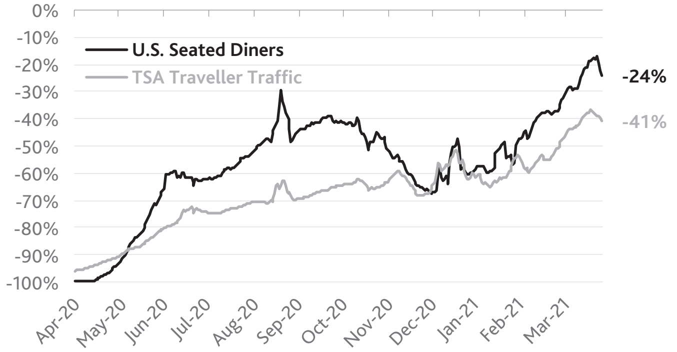
as of 4/13/2021



Source: Centers for Disease Control and Prevention

Travel and Restaurant Activity

7-Day Average vs. Same Period in 2019, as of 4/13/2021



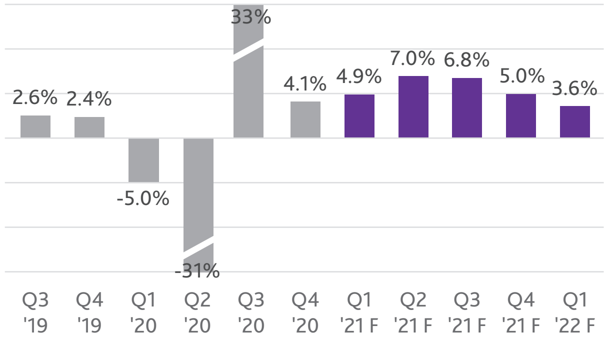
Source: Transportation Security Administration, OpenTable.

Of course, there is much work to be done before the gaps close and economic losses are recovered. And some losses may be recovered more quickly than others, particularly because certain areas of the economy and people were more severely affected. Yet, the subsiding effects of the pandemic and the recent pace of positive developments are encouraging, which makes us feel more optimistic about the economy. The March jobs report smashed expectations and showed significant increase in employment in leisure and hospitality, which were among the worst affected businesses last year. Employment was also higher in education, construction, manufacturing, and services, among other areas. We believe the economy is well positioned for a strong second quarter. Economists also expect declining unemployment and a significant increase in U.S. economic output throughout 2021, as shown on the charts below.

The Economy Is Recovering at a Solid Pace

U.S. Real GDP Growth

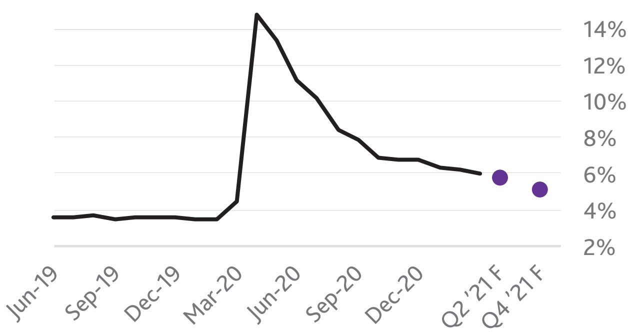
as of 3/31/2021



Sources: U.S. Bureau of Economic Analysis, WSJ Economic Survey.

U.S. Civilian Unemployment Rate

as of 3/31/2021



Sources: U.S. Bureau of Labor Statistics, WSJ Economic Survey.

Letter from Linda

With rising optimism and strong company earnings and earnings expectations, and despite some concerns of rising rates and inflation, the U.S. stock market reached new highs in March. As of 3/31/2021, the S&P 500 Index had risen ~78% from its lows about a year ago, rewarding those investors that stayed put during the pandemic-driven decline.

Stocks Have Recovered, and Earnings are on The Rise

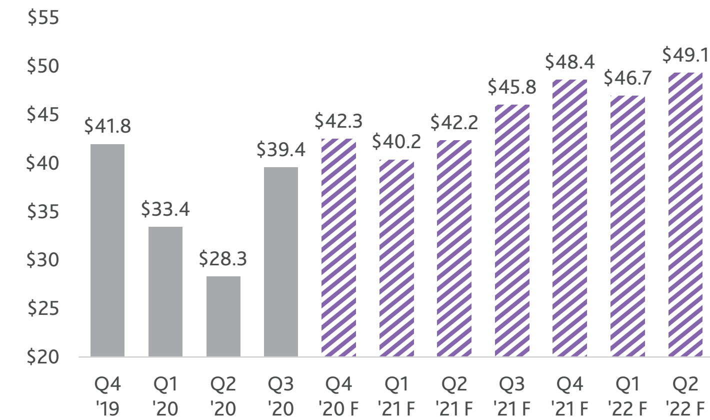
S&P 500 Index

as of 3/31/2021

Source: FactSet. Performance does not include dividends.
The performance data quoted represents past performance.
Past performance is no guarantee of future results.

S&P 500 Index - Quarterly Earnings per Share

as of 3/31/2021



Source: FactSet. Purple bars represent forecasts via FactSet estimates.

During the first quarter of 2021, we saw a continued rotation toward value stocks. The Energy and Financials sectors, which primarily consist of value stocks, performed best. Real estate investment trusts (REITs) also outperformed the broad market, although performance varied significantly by real estate type. Other property-related segments, like homebuilding, real estate services, and hotels and resorts also beat the S&P 500 Index by a significant margin, as the chart below shows.

Q1 2021 Performance Has Been Strong but Uneven

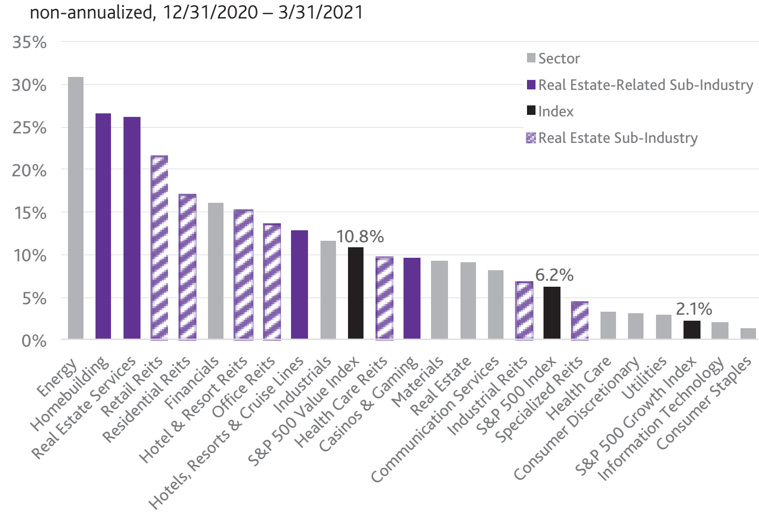
S&P 500 Index – Q1 2021 Performance by Sector

non-annualized, 12/31/2020 – 3/31/2021

GICS Sector	Return
Energy	30.85%
Financials	15.99%
Industrials	11.41%
Materials	9.08%
Real Estate	9.02%
Communication Services	8.03%
S&P 500 Index	**6.17%**
Health Care	3.18%
Consumer Discretionary	3.11%
Utilities	2.80%
Information Technology	1.98%
Consumer Staples	1.15%

Q1 2021 Performance by Segment

non-annualized, 12/31/2020 – 3/31/2021



Source: FactSet.
The performance data quoted represents past performance. Past performance is no guarantee of future results.

Despite the quick market rebound since last year's trough and strong performance in Q1 2021, stock prices in some areas have not fully recovered or are significantly lagging the pace of the broad market. As the table below shows, travel and leisure businesses and REITs still trade below their pre-pandemic highs, which puts them behind the rest of the market.

Real Estate is Lagging the Broad Market's Recovery

Cumulative Returns by Period

	COVID Panic 2/19/20 - 3/23/20	Return Needed to Recover Losses	COVID Recovery 3/23/20 - 3/31/21
S&P 500 Index	-33.8%	51.0%	80.7%
Russell 3000 Index	-35.0%	53.8%	88.1%
Russell 3000 Index – Real Estate	-42.5%	74.0%	44.4%
Russell 3000 Index – REITs	-42.2%	73.0%	42.2%
Russell 3000 Index – Hotels	-50.2%	100.7%	52.3%
Russell 3000 Index – Travel & Leisure	-47.6%	90.8%	60.4%

Source: FactSet.
Note: The COVID Panic period dates are the peak and trough dates of the S&P 500 Index during its decline after the World Health Organization declared COVID a pandemic.
The performance data quoted represents past performance. Past performance is no guarantee of future results.

Real estate and real estate-related businesses are notable not only because we see remaining upside in their continued recovery, but also because we believe that currently there are particularly attractive investment opportunities, given where we are in the cycle.

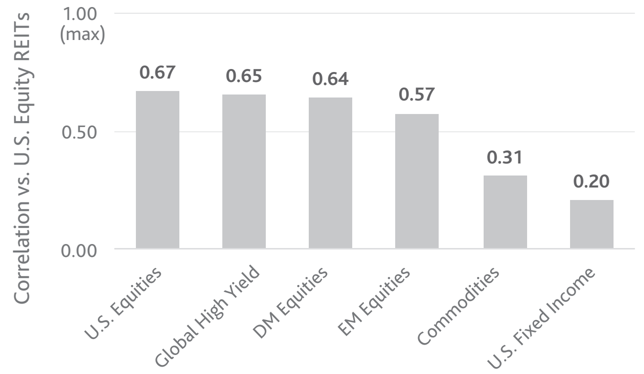
Similar to the broader economy, real estate is cyclical. A typical cycle lasts five to seven years, going from recovery through expansion, followed by exuberance, and ending with a recession. The effects of real estate cyclicalty propagate through all industries at various degrees, typically most affecting direct real estate investments, like REITs, and other businesses whose revenues and cash flows are strongly tied to real estate (e.g., hotels, resorts, casinos, home improvement). Following the significant decline in economic activity and stock prices in 2020, we believe that real estate and real estate-related businesses are in the initial stages of a new multi-year cycle. If the expectations for strong economic growth, continued low interest and mortgage rates, and accommodative central bank policy come true, as we believe will happen, real estate should be poised to deliver a strong multi-year performance.

In addition to the above, we believe that equity real estate presents an attractive investment opportunity due to its potential diversification benefits. As the charts on the right show, over a long period of time, REITs have had a modest correlation versus stocks and a low correlation versus bonds and commodities. At the same time, REITs have been the best performer over the past 20 years.

REITs Have Historically Offered Diversification and High Returns

Historical 20-Year Correlations of U.S. Equity REITs vs. Other Asset Types

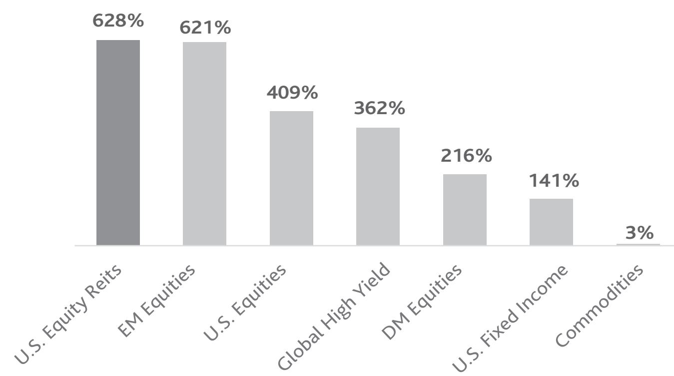
3/31/2001 – 3/31/2021



Note: A correlation of zero implies no relationship, while correlations close to 1 or -1 imply a strong positive or negative relationship, respectively.
Correlations between 0.50 and 0.70 are generally considered moderate.
Correlation does not imply there is a causal relationship.

Historical 20-Year Cumulative Returns

3/31/2001 – 3/31/2021



Source: FactSet. Indexes used are as follows: U.S. Equity REITs: FTSE Nareit All Equity REITs Index; U.S. Equities: S&P 500 Index; Global High Yield: Bloomberg Barclays Global High Yield Index; DM Equities: MSCI EAFE Index; EM Equities: MSCI Emerging Markets Index; Commodities: Bloomberg Commodity Index; U.S. Fixed Income: Bloomberg Barclays US Aggregate Index.
The performance data quoted represents past performance. Past performance is no guarantee of future results.

Correlation is a statistical measure of how two variables (in the chart above, two indexes) move in relation to each other. While the correlation benefits and upside potential may differ from one real estate investment to another, we believe that a skilled active manager could capture and incorporate an attractive balance of these features. Note that diversification could help reduce certain investment risks, but it cannot guarantee profit or protect against a loss.

In addition, real estate has offered a good, although not always full, protection against inflation in the past. According to academic research, real estate can be considered a hedge against inflation, under the assumption that future rent growth and property values tend to increase when prices do.

Real Estate Is More Than REITs

For many investors, equity real estate investing is generally synonymous with investing in REITs. REITs are companies that own (and in many cases operate) income-producing real estate, including office and apartment buildings, hotels, shopping centers, industrial centers, storage facilities and many other. Pursuant to SEC guidelines, REITs must have the bulk of their assets and income connected to real estate investments and must distribute at least 90% of their taxable income to shareholders annually in the form of dividends. The dividends are derived from a stream of contractual rents paid by the tenants of the properties owned by the REIT. In addition to dividends, REITs may generate value for investors through long-term capital appreciation.

Since their creation in 1960, REITs have become a significant part of the economy, with approximately $3.5 trillion in gross real estate assets, according to Q4 2020 data from the National Association of Real Estate Investment Trusts. Many REIT stocks are publicly traded, and today they dominate the real estate sector composition in broad market indexes such as the S&P 500 Index and the Russell 3000 Index. A number of popular real estate indexes are entirely or almost entirely composed of REITs, and the biggest real estate passive products in the U.S. are benchmarked to those.

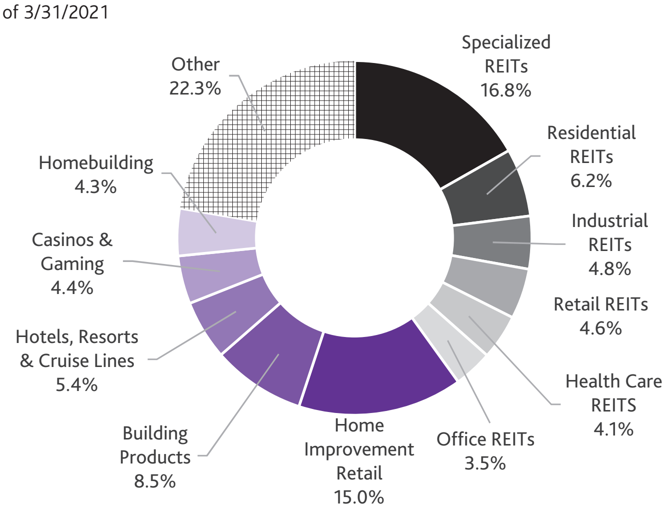
As useful and important as REITs are, real estate investing is not limited to just REITs. In our view, there are attractive real estate-related investing opportunities across all sectors. Location, uniqueness, and other property specifics can result in significant competitive advantages for some non-real estate businesses.

The MSCI USA IMI Extended Real Estate Index, a custom benchmark that Baron helped create over a decade ago, is one example of a broader real estate view. About 40% of the index consists of various types of REITs and the remaining weight is allocated to selected sub-industries that MSCI considers related to real estate, some of which are listed in the chart below.

Real Estate Beyond the GICS Real Estate Sector

MSCI USA IMI Extended Real Estate Index Weights

as of 3/31/2021



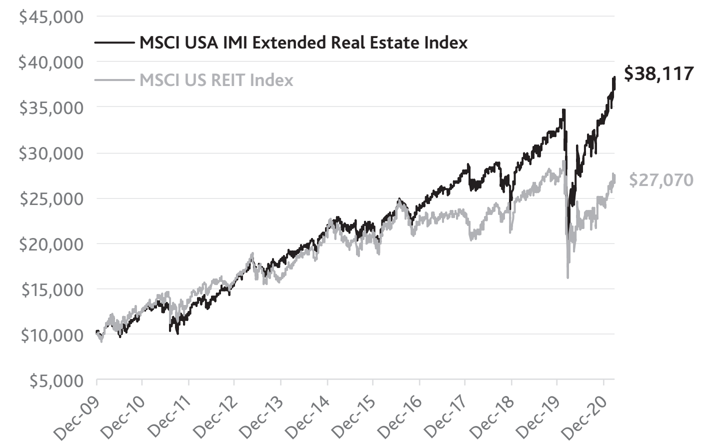
Source: MSCI Inc.

Since its inception at the end of 2009, the extended real estate index has outperformed REITs by a significant margin, as the chart below shows. Performance has been stronger over the short and medium terms, too.

A Broader Approach to Real Estate Has Generated Better Performance

Growth of $10,000

12/31/2009 – 3/31/2021



Cumulative Total Returns

as of 3/31/2021

	MSCI USA IMI Extended Real Estate Index	MSCI US REIT Index	Return Difference
1 Year	64.2%	36.1%	28.1%
3 Years	43.5%	26.6%	16.9%
5 Years	66.8%	21.8%	45.0%
10 Years	190.3%	100.7%	89.6%

Source: FactSet. Based on net total returns.
The performance data quoted represents past performance. Past performance is no guarantee of future results.

Despite the broader scope of the MSCI USA IMI Extended Real Estate Index, its definition and periodic rebalancing are formulaic and backward looking, as are all indexes. In our view, formulas cannot fully appreciate the qualities of a property, nor can they connect these qualities with the competitive advantages and growth prospects of a business, or the skill of its management, to assess the overall investment opportunity. Moreover, given the lack of clarity of how much office space will be needed in the future, whether business travel will return to pre-pandemic levels, or the impact on urban living and brick and mortar retail, having a view of the future and the flexibility to change things are more critical than ever for public real estate investors. We believe that a skilled active manager could navigate the tricky real estate investment landscape better than an index and generate alpha.

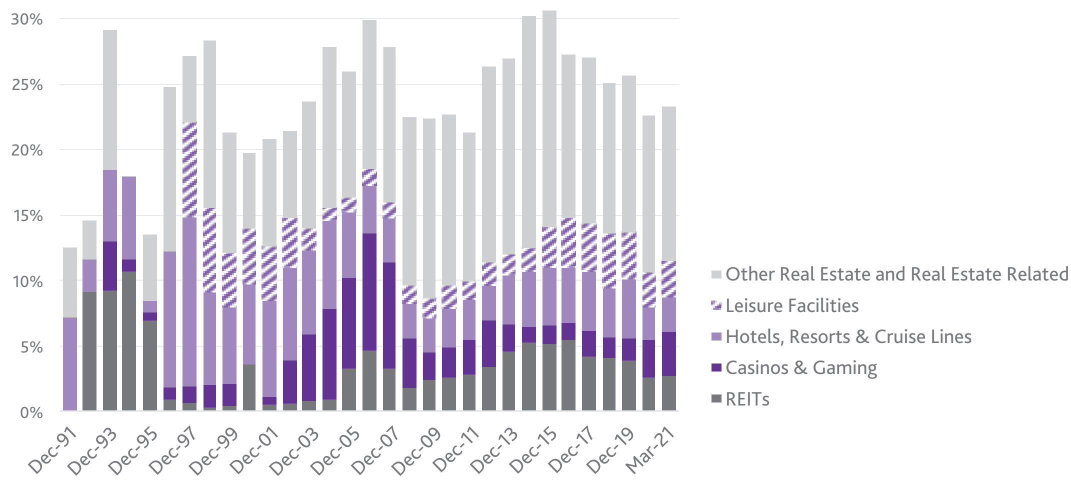
Baron's Approach to Real Estate Investing

Real estate-related businesses have been a significant source of investment ideas at Baron throughout the history of our Firm. As the chart below shows, as of 3/31/2021 nearly a quarter of Baron's assets were invested in what we consider real estate-related businesses across a variety of categories, and our allocation to such investments has been significant for the past 30 years. We consider real estate-related businesses those whose cash flows, competitive advantages, and prospects are tied to real estate or to secular growth trends in real estate.

Baron Has a Long History of Investing in Real Estate

Baron Funds – % of Net Assets Invested in Real Estate and Real Estate-Related Businesses

12/31/1991 – 3/31/2021



Source: FactSet, Baron Capital.

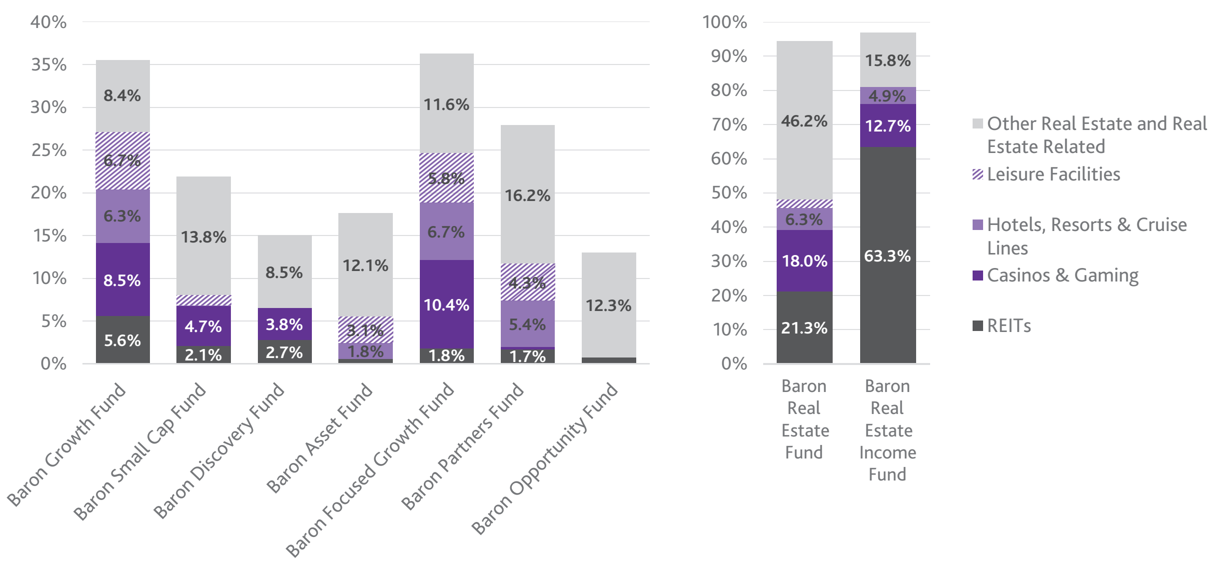
Our dedicated real estate investment team consists of four exceptional investment professionals. Three of them have been at Baron for over a decade, and two have been with the Firm for 16 years. However, our expertise in real estate does not end there – many of our portfolio managers have long-term expertise in real estate-related investing.

We believe that our strong team and decades of institutional knowledge in investing in real estate and real estate-related businesses make Baron's approach and offerings unique. Most of our Funds have meaningful exposures to real estate-related companies, and we also have two sector Funds which focus entirely on real estate.

Baron Has Significant Exposure to Real Estate-Related Companies

Baron Funds – % of Net Assets Invested in Real Estate and Real Estate-Related Businesses

as of 3/31/2021



Source: FactSet, Baron Capital.

As of March 31, Baron had investments worth over $10 billion in real estate-related companies across all mutual Funds we manage. This represents around 23% of our mutual Fund assets under management. Our top 10 largest mutual Fund investments in the area have a combined value of over $6 billion, as shown in the table below. Our cost for these investments was $1.5 billion, and over time they have generated $5.8 billion in realized and unrealized gains for our shareholders, including dividends. For more information about these companies, please see Appendix 1 to this letter with business descriptions and our investment premises.

Baron's Top Real Estate-Related Holdings Have Generated Significant Returns

Baron Funds – Top 10 Largest Real Estate-Related Positions (Currently Held)

as of 3/31/2021

Security Name	Aggregate Baron Funds Cost (millions)	Aggregate Baron Funds Gains* (millions)	Aggregate Baron Funds Investment Value (millions)	Aggregate Baron Funds % of Net Assets	# of Years Held	Security Cumulative Total Return	Security Annualized Total Return	Security Cumulative Excess Return vs. Russell 3000 Growth Index	Security Annualized Excess Return vs. Russell 3000 Growth Index
CoStar Group, Inc.	$175.8	$1,554.3	$1,388.1	3.2%	19.4	4637.1%	22.0%	4054.4%	11.6%
Vail Resorts, Inc.	$124.8	$1,110.0	$1,093.0	2.5%	24.2	1469.7%	12.1%	725.5%	2.8%
Penn National Gaming, Inc.	$126.9	$1,044.7	$914.4	2.1%	12.7	1463.7%	24.1%	1024.7%	9.9%
Zillow Group, Inc.	$171.3	$465.6	$601.4	1.4%	5.6	414.2%	33.8%	261.0%	15.8%
GDS Holdings Ltd.	$320.6	$131.4	$432.7	1.0%	3.2	195.3%	40.6%	123.7%	22.1%
Choice Hotels International, Inc.	$84.1	$546.7	$398.2	0.9%	24.4	2137.5%	14.2%	1553.4%	6.0%
Marriott Vacations Worldwide Corp.	$148.7	$233.0	$365.1	0.8%	8.1	350.5%	20.5%	63.2%	2.2%
Gaming and Leisure Properties, Inc.	$173.0	$222.1	$323.1	0.7%	7.4	99.9%	9.8%	-122.0%	-7.3%
Hyatt Hotels Corp.	$113.5	$207.9	$312.9	0.7%	11.4	201.5%	10.2%	-314.5%	-7.1%
Trex Company, Inc.	$59.9	$312.9	$305.6	0.7%	7.0	929.6%	39.5%	723.9%	22.2%
Total:	**$1,498.6**	**$5,828.6**	**$6,134.5**	**14.1%**					

Source: FactSet, Baron Capital.
* *Including dividends.*
The performance data quoted represents past performance. Past performance is no guarantee of future results.

These 10 stocks are not only our largest investments related to real estate, they are also some of our longest-held investments. All 10 investments have delivered significant absolute returns over time, and eight of 10 have outperformed the Russell 3000 Growth Index since we first purchased them. Hyatt Hotels Corp., a hotel operator, and Gaming and Leisure Properties, Inc., a specialized REIT, were among the more significantly impacted businesses during COVID which explains a large part of their underperformance. Despite the recent challenges, our investment theses for both companies are unchanged, and we believe their long-term competitive advantages remain intact and that they will deliver strong results in the future.

We believe our time-tested approach and investing principles will continue to lead to strong results. Real estate-related investments have contributed significantly to our absolute and relative returns, mainly through strong stock selection. The tables on the next page show several significant outcomes as of 3/31/2021 for the Baron Funds with more significant real estate-related exposures:

(i) The Funds have generated strong positive absolute returns over the past year and longer periods.

(ii) The Funds have generated positive excess returns over the long term.

(iii) Stock selection has been a positive contributor and a driver of excess returns over the long term.

(iv) Stock selection in real estate-related companies has been a positive contributor and a driver of the Funds' overall stock selection over the long term.

Baron's Scorecard

Baron Mutual Funds with Significant Real Estate-Related Exposures – Absolute and Relative Performance

as of 3/31/2021 (Institutional Shares)

	Fund Performance (annualized, except for 1Q '21)					Primary Benchmark (annualized, except for 1Q '21)					Fund Excess Return vs. Primary Benchmark (annualized, except for 1Q '21)				
	1Q '21	1 Year	3 Years	5 Years	10 Years or SI*	1Q '21	1 Year	3 Years	5 Years	10 Years or SI*	1Q '21	1 Year	3 Years	5 Years	10 Years or SI*
Baron Growth Fund	0.94%	72.85%	21.47%	19.91%	14.13%	4.88%	90.20%	17.16%	18.61%	13.02%	-3.94%	-17.35%	4.31%	1.30%	1.11%
Baron Small Cap Fund	2.67%	88.40%	20.71%	21.19%	13.68%	4.88%	90.20%	17.16%	18.61%	13.02%	-2.21%	-1.80%	3.55%	2.58%	0.66%
Baron Discovery Fund	7.47%	123.05%	32.16%	31.52%	21.38%	4.88%	90.20%	17.16%	18.61%	13.12%	2.59%	32.85%	15.00%	12.91%	8.26%
Baron Asset Fund	-1.03%	58.28%	20.31%	20.05%	14.74%	-0.57%	68.61%	19.41%	18.39%	14.11%	-0.46%	-10.33%	0.90%	1.66%	0.63%
Baron Focused Growth Fund	0.11%	167.83%	44.10%	31.27%	18.02%	2.49%	87.50%	19.96%	19.91%	14.21%	-2.38%	80.33%	24.14%	11.36%	3.81%
Baron Partners Fund	-0.38%	213.03%	50.75%	38.03%	23.14%	-0.57%	68.61%	19.41%	18.39%	14.11%	0.19%	144.42%	31.34%	19.64%	9.03%
Baron Opportunity Fund	0.88%	104.55%	38.62%	33.50%	18.37%	1.19%	64.31%	22.39%	20.87%	16.35%	-0.31%	40.24%	16.23%	12.63%	2.02%

	Fund Stock Selection Effect vs. Primary Benchmark (annualized, except for 1Q '21)					Stock Selection Effect in Real Estate Related Companies (annualized, except for 1Q '21)					Attribution Total Effect in Real Estate Related Companies (annualized, except for 1Q '21)				
	1Q '21	1 Year	3 Years	5 Years	10 Years or SI*	1Q '21	1 Year	3 Years	5 Years	10 Years or SI*	1Q '21	1 Year	3 Years	5 Years	10 Years or SI*
Baron Growth Fund	-5.05%	-8.19%	6.09%	2.37%	1.33%	-2.83%	-2.39%	0.66%	1.13%	0.31%	-0.90%	0.91%	0.84%	1.09%	0.67%
Baron Small Cap Fund	-3.81%	-0.73%	2.57%	2.38%	1.09%	-1.06%	1.00%	1.51%	0.66%	-0.04%	-0.35%	2.36%	1.78%	0.80%	0.38%
Baron Discovery Fund	2.41%	33.04%	13.08%	11.42%	7.66%	-0.003%	5.99%	3.36%	1.99%	1.03%	0.20%	7.27%	3.79%	2.26%	1.34%
Baron Asset Fund	-0.84%	-5.01%	2.57%	1.27%	1.08%	-0.92%	-0.48%	0.53%	0.94%	0.69%	-0.03%	-0.43%	0.20%	0.71%	0.60%
Baron Focused Growth Fund	-8.23%	61.16%	24.86%	10.86%	3.80%	-2.04%	7.48%	3.74%	4.15%	1.06%	-0.08%	9.28%	2.21%	3.15%	0.88%
Baron Partners Fund	-4.13%	97.39%	27.21%	13.79%	4.61%	-2.22%	12.24%	3.25%	4.95%	1.84%	-0.67%	8.07%	-0.14%	3.27%	1.39%
Baron Opportunity Fund	-1.82%	34.50%	12.73%	8.88%	0.41%	-0.25%	2.66%	1.86%	1.74%	0.57%	0.49%	3.30%	1.91%	1.84%	0.85%

Source: FactSet PA, Baron Capital.

* *Since inception for the Baron Funds younger than 10 years.*

Notes: Excess Returns are calculated versus each Fund's primary benchmark. Stock Selection Effect was calculated using the Brinson performance attribution method and is a combination of selection and interaction effects. Brinson attribution is a form of relative performance attribution and was introduced to the investment industry in 1985, known as Brinson, Hood, Beebower (BHB). The BHB framework evaluates excess performance based on the manager's decision-making process. A portfolio manager that has discretion as to which sectors to invest in and which assets within those sectors to buy can be evaluated as to how well he or she executes those decisions. Which sectors to invest in are known as allocation decisions. Which assets to buy are known as selection decisions. For additional information, please see last page.

***Fund Primary Benchmarks:** for Baron Growth Fund, Baron Small Cap Fund, and Baron Discovery Fund – Russell 2000 Growth Index; Baron Asset Fund and Baron Partners Fund – Russell Midcap Growth Index; Baron Opportunity Fund – Russell 3000 Growth Index; Baron Focused Growth Fund – Russell 2500 Growth Index. **Fund Inception Dates:** Baron Growth Fund – 12/31/1994; Baron Small Cap Fund – 9/30/1997; Baron Discovery Fund – 9/30/2013; Baron Asset Fund – 6/12/1987; Baron Opportunity Fund – 2/29/2000; Baron Partners Fund – 1/31/1992; Baron Focused Growth Fund – 5/31/1996.*

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 reimburses certain Baron Fund expenses pursuant to a contract expiring on August 29, 2031, 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 www.BaronFunds.com or call 1-800-99BARON.

Annual expense ratios for Inst. Shares as of 9/30/2020: Baron Asset Fund, 1.05%, Baron Growth Fund, 1.04%, Baron Small Cap Fund, 1.05%, Baron Opportunity Fund, 1.08%, Baron Discovery Fund, 1.08%. Annual expense ratios for Inst. Shares as of 12/31/2020: Baron Partners Fund, 1.30% (comprised of operating expenses of 1.05% and interest expense of 0.25%), Baron Focused Growth Fund, 1.07%.

As we previously mentioned, Baron has a distinct approach to real estate investing. We find opportunities in a wide group of real estate categories, and we are not limited by index or GICS boundaries. Just like in other areas, we research companies one by one and focus on sustainable, long-term growth opportunities, lasting competitive advantages, and strong management teams. We also evaluate real estate-related specifics such as asset quality, short vs. long term leases, commercial vs. residential real estate, interest rate sensitivity, and cyclical and secular forces, among other factors. We like unique real estate assets and high-quality products or services enabled by property specifics. Yet, there isn't a single set of rules that we follow when we look for these opportunities and when we make our evaluations, which is largely why our real estate-related investments come from many areas.

One example of a business we consider real estate-related is **Vail Resorts, Inc.** Vail is the largest operator of ski resorts in North America. It owns and operates 37 world class ski resorts in some of the most desired locations in the U.S, Canada, and Australia. Vail's competitive advantages are directly related to the quality and uniqueness of these properties and to its successful long-term real estate development expertise. We believe that the strong customer demand for top quality outdoor experiences, combined with the company's efforts to attract more customers through the expansion of attractions for non-skiers should work well and further grow Vail's customer base.

We also consider real estate-related those companies that provide goods and services to the real estate sector. **Trex Company, Inc.**, the largest U.S. manufacturer of wood-alternative decking and railing, is one such investment we have in several of our Funds. The company has 40% market share, with 90% of sales tied to the U.S. construction repair/remodel segment. While Trex's revenues and cash flows are not directly tied to properties, they are tied to trends in construction and real estate market activity. Trex is 2.5 times the size of its next biggest competitor and maintains a cost advantage by processing recycled raw materials, which give it strong competitive advantages.

Zillow Group, Inc. is an example of a real estate-related company whose competitive advantages are not tied to a specific property but to a vast portfolio of properties not owned by the company. Zillow operates the leading residential real estate websites in the U.S., including Zillow.com, Trulia.com, StreetEasy.com, and Hotpads.com. The company also operates a mortgage marketplace and the Zillow Offers home-buying business. Zillow has less than 10% share of the $19 billion-plus U.S. real estate advertising market. With the leading brands in each of its relevant categories, we believe Zillow will continue to take share in the online and offline real estate advertising markets for years to come. Zillow is also an example of the convergence between real estate and technology, known as proptech. The growing demand for efficiency in real estate transactions combined with digitalization have given rise to a secular growth trend around real estate and technology, a theme in which we have several investments.

Other real estate-related themes that we are currently investing in include residential real estate, COVID-19 recovery beneficiaries, and niche REITs. For more information and examples on these themes, please see portfolio manager Jeff Kolitch's quarterly letter for Baron Real Estate Fund.

Baron's Real Estate Sector Funds

Our conviction and successful track record in real estate were among the key reasons behind the launch of two real estate-specific Baron Funds. Baron Real Estate Fund was established at the end of 2009, and Baron Real Estate Income Fund was added at the end of 2017. Both Funds have been managed by Jeff Kolitch, and our seasoned analyst David Kirshenbaum is an assistant portfolio manager of Baron Real Estate Income Fund. We view the two products as highly complementary to each other. Baron Real Estate Fund is mostly focused on best-in-class real estate-related businesses with attractive growth prospects over the long term, while Baron Real Estate Income Fund's primary emphasis is income producing real estate investment trusts. The table below outlines the key similarities and differences between the two Funds.

The Baron Real Estate Sector Funds Are Complementary

	Baron Real Estate Income Fund	Baron Real Estate Fund
Investment Objective	Income & capital appreciation	Capital appreciation
Equity vs. Income Orientation	Greater than 75% income	Equity
Typical exposure to REITs	75% or more	25% – 30%
Real Estate Category Focus	Primarily commercial real estate	Commercial and residential real estate
Market Capitalization Focus	All Cap	All Cap
Typical number of securities	30 – 45	40 – 60
Weight of top 10 securities as of 3/31/2021	35.8%	33.7%

Source: FactSet, Baron Capital.

Since their inceptions, both Funds have generated outstanding absolute and relative returns driven by strong stock selection.

The Baron Real Estate Sector Funds Have Generated Strong Performance

Baron Real Estate Fund and Baron Real Estate Income Fund – Performance

as of 3/31/2021 (Institutional Shares)

	1Q '21	1 Year	3 Years	5 Years	10 Years	Since Inception
Baron Real Estate Fund	11.08%	99.99%	24.02%	19.54%	15.94%	17.39%
MSCI USA IMI Extended Real Estate Index	12.20%	64.19%	12.79%	10.77%	11.25%	12.63%
Fund Excess Return	-1.12%	35.80%	11.23%	8.77%	4.69%	4.76%
Fund Total Stock Selection Effect	0.42%	14.56%	6.57%	4.38%	4.20%	
Stock Selection From non-REITs	0.58%	15.28%	3.02%	1.48%	3.22%	
Stock Selection From REITs	-0.16%	-0.72%	3.55%	2.90%	0.98%	
Baron Real Estate Income Fund	7.58%	56.17%	19.36%			15.53%
MSCI US REIT Index	8.50%	36.13%	8.18%			4.67%
Fund Excess Return	-0.92%	20.04%	11.18%			10.86%
Fund Total Stock Selection Effect	0.57%	2.11%	2.75%			2.83%

Source: Baron Capital, FactSet.
The MSCI USA IMI Extended Real Estate Index's inception date is 12/23/2010. Performance attribution results prior to 12/23/2010 are not available for Baron Real Estate Fund.
***Fund Primary Benchmarks:** for Baron Real Estate Fund – MSCI USA IMI Extended Real Estate Index; for Baron Real Estate Income Fund – MSCI US REIT Index.*
***Fund Inception Dates:** for Baron Real Estate Fund – 12/31/2009; Baron Real Estate Income Fund – 12/29/2017.*
The performance data quoted represents past performance. Past performance is no guarantee of future results. The indexes and the Funds include reinvestment of dividends, net of withholding taxes, which positively impacts the performance results. The indexes are unmanaged. Index performance is not Fund performance; one cannot invest directly in an index.
Annual expense ratios for Inst. Shares as of 12/31/2020: Baron Real Estate Fund, 1.08%, Baron Real Estate Income Fund, 0.80%.

The strong performance of the two Funds, especially over longer periods, has ranked them in the top quartile of their Morningstar peer group the majority of the time. As of 3/31/2021, Baron Real Estate Fund ranked in the 1st percentile by 3-, 5-, and 10-year returns, and in the 2nd percentile by 1-year returns. Baron Real Estate Income Fund's scorecard has also been impressive: 2nd percentile for 3-year returns and 8th percentile for 1-year returns.

Performance Rankings

as of 3/31/2021 (Institutional Shares)

	% Of Time Ranked in the Top Quartile of the Morningstar Real Estate Category			
	1-Year Rolling Rankings	3-Year Rolling Rankings	5-Year Rolling Rankings	10-Year Rolling Rankings
Baron Real Estate Fund	59%	70%	75%	100%
Baron Real Estate Income Fund	64%	100%		

Source: Morningstar Direct.
The performance data quoted represents past performance. Past performance is no guarantee of future results.

As of 3/31/2021, the Morningstar Real Estate Category consisted of 248, 225, 201, and 145 share classes for the 1-, 3-, 5-, and 10-year periods. Morningstar calculates the Morningstar Real Estate 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.

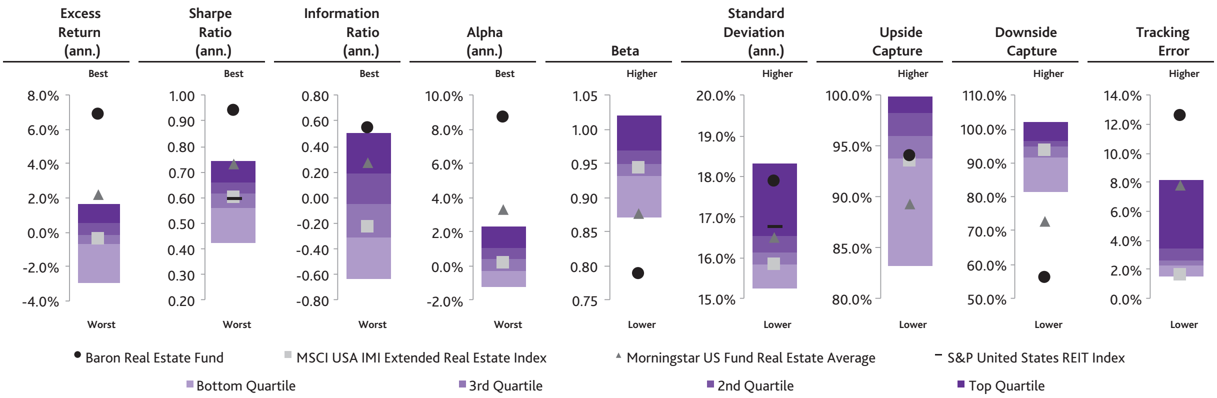
Letter from Linda

Moreover, the top performance of both Funds has been accompanied by strong risk-adjusted returns. As the charts below show, since their inception dates the Funds have generated outstanding return-to-risk payoffs (Sharpe Ratio and Information Ratio), high alphas with low betas, and impressive upside and downside capture ratios.

The Baron Real Estate Sector Funds Have Attractive Risk-Adjusted Returns

Baron Real Estate Fund – Performance-Based Characteristics Since Inception

vs. the Morningstar Real Estate Category Benchmark*, as of 3/31/2021 (Institutional Shares)



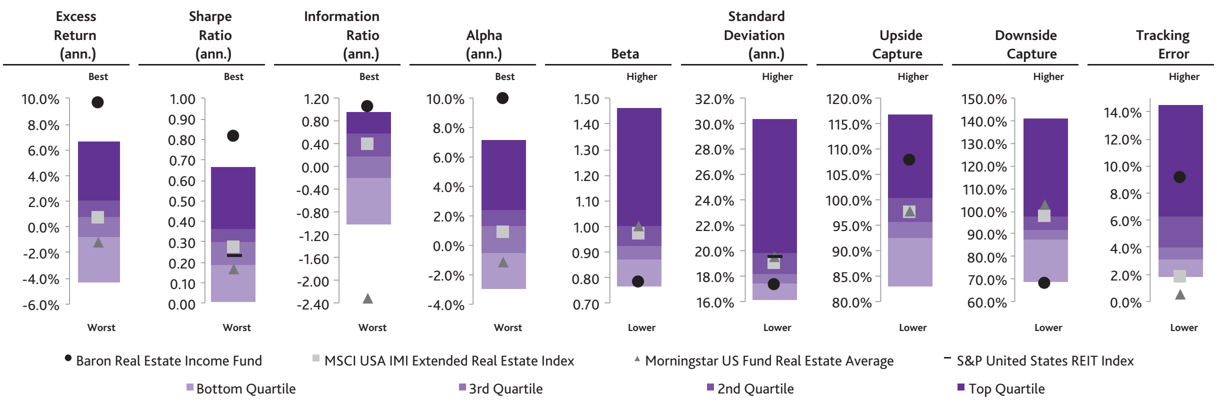
Source: Morningstar Direct.

* *The S&P United States REIT Index.*

The performance data quoted represents past performance. Past performance is no guarantee of future results.

Baron Real Estate Income Fund – Performance-Based Characteristics Since Inception

vs. the Morningstar US Fund Real Estate Category Benchmark*, as of 3/31/2021 (Institutional Shares)



Source: Morningstar Direct.

* *The S&P United States REIT Index.*

The performance data quoted represents past performance. Past performance is no guarantee of future results.

In addition, both Funds have generated strong results in rising rate environments. We believe that interest rates will remain low relative to history for an extended period, but we understand that some investors may think differently. Broadly speaking, the share price movements of real estate-heavy companies (both REITs and non-REITs) tend to be more sensitive to changes in interest rates due to two key considerations. First, many real estate-related companies utilize a high proportion of debt in the capitalization of their companies. When interest rates rise, higher borrowing costs negatively impact earnings growth and real estate values. Second, some real estate companies, most notably REITs, pay out dividends. When interest rates rise, the relative attractiveness of REIT dividend yields decreases.

Nonetheless, there have been periods when real estate-related stocks rise as rates increase. Interest rates are only one of many factors that move company stock prices. Companies will be impacted differently depending on their idiosyncrasies, industry, competitive landscape, and capital structure, among other things.

The overall economic environment may also counter or amplify the effects of rising rates. Interest rates could increase at times of improving economic conditions, as a result of higher capital demand. On the other hand, they could increase due to worsening conditions, like higher inflation.

In the table below, we show six rising rate periods that we have identified since 2010.

The S&P 500 Index increased in all six periods, the MSCI USA IMI Extended Real Estate increased in five of them, and the MSCI US REIT Index generated positive returns half of the time. Baron Real Estate Fund delivered positive returns and outperformed its primary benchmark in all periods except for 2017/18. Baron Real Estate Income Fund also generated solid absolute and excess performance in the one period of rising rates since its inception.

The Baron Real Estate Sector Funds Performed Well When Rates Rose

Cumulative Returns During Periods of Rising Rates

			Cumulative Total Returns				
Rising Rate Period	**Increase in 10-Year Treasury Yield**	**Change in 10-Year Treasury Yield (bps)**	**S&P 500 Index**	**MSCI US REIT Index**	**MSCI USA IMI Extended Real Estate Index**	**Baron Real Estate Fund**	**Baron Real Estate Income Fund**
10/8/2010 – 2/10/2011	2.38% to 3.72%	+ 134 bps	14.17%	9.04%	13.85%	**16.61%**	
7/24/2012 – 1/1/2014	1.39% to 3.04%	+ 165 bps	42.60%	3.47%	32.83%	**60.33%**	
1/30/2015 – 6/10/2015	1.64% to 2.48%	+ 84 bps	6.38%	-10.62%	-1.36%	**3.76%**	
7/8/2016 – 3/13/2017	1.36% to 2.63%	+ 127 bps	13.07%	-8.43%	1.42%	**5.92%**	
9/7/2017 – 10/5/2018	2.06% to 3.23%	+ 117 bps	19.48%	-1.97%	4.56%	**-1.82%**	
3/9/2020 – 3/31/2021	0.50% to 1.74%	+ 124 bps	47.33%	12.00%	35.18%	**83.59%**	**44.85%**

Source: FactSet, Board of Governors of the Federal Reserve System (US).
The analysis is based on daily data. The quoted performance for the Baron Funds is for the Institutional Shares.
The performance data quoted represents past performance. Past performance is no guarantee of future results.
The indexes are unmanaged. Index performance is not Fund performance; one cannot invest directly in an index.

The table above shows one additional important outcome – the S&P 500 Index has delivered strong returns over all analyzed periods of rising rates. We believe this is an important observation, particularly for those investors who may be concerned with how rising rates may impact equities. Our analysis over a longer period of history shows a similar outcome – equities have rarely declined in rising rate environments (full analysis in Appendix 2).

Notwithstanding the uncertainty of the current environment, we are optimistic about the prospects for stocks and the economy. It is precisely in periods of uncertainty when skilled active managers can add value by identifying mispriced opportunities and secular shifts, or simply by staying put. While we do not know what lies ahead, our seasoned research team will continue to work tirelessly to identify what we believe are the best investment opportunities.

Sincerely,

Linda S. Martinson
Chairman, President and COO
April 20, 2021

Appendix 1 – Baron Funds Top Ten Real Estate-Related Holdings & Investment Premises
as of 3/31/2021

Company	Market Capitalization (billions)		Company Description	Baron's Investment Premise	GICS Sub-Industry
CoStar Group, Inc.	$	32.39	**CoStar Group, Inc. (CSGP)** is the leading provider of information and marketing services to the commercial real estate industry.	CoStar has built a proprietary database through data collection over a 20-year period, creating high barriers to entry. We think CoStar's suite should grow at mid-teens rates, and we believe its Loopnet marketing platform can grow even faster. The Apartments.com platform has emerged as the dominant multi-family internet listing service and should grow revenue more than 20%. CoStar is starting to expand into residential, creating additional significant growth opportunities. Its balance sheet and cash generation create M&A optionality.	Research & Consulting Services
Vail Resorts, Inc.	$	11.74	**Vail Resorts, Inc. (MTN)** is the largest ski resort operator in North America. It owns 37 resorts in the U.S., Canada, and Australia, including Vail and Breckenridge in Colorado, Whistler Blackcomb in Canada, and Stowe in Vermont. Its RockResorts brand offers luxury ski lodging properties.	Most of Vail's revenue comes from its ski resorts. The company has been upgrading its properties to offer new and higher quality services and amenities and summer recreational activities, which we believe should help attract more visitors and allow it to continue to raise lift ticket prices. Vail is also focused on increasing season pass sales and has been acquiring resorts and forming partnerships to enhance the attractiveness of its season pass. The company generates strong free cash flow that it is using for increased dividends, debt reduction, and share buybacks.	Leisure Facilities
Penn National Gaming, Inc.	$	16.41	**Penn National Gaming, Inc. (PENN)** is the largest and most diversified regional casino operator, with 42 facilities in 19 jurisdictions. Penn has a history of acquiring quality gaming companies at favorable prices that are accretive. It also has a 36% interest in online sports betting company Barstool.	We think Penn is one of the best regional gaming operators, with a strong and experienced management team and the highest gaming-tax adjusted margins in the industry. We think there is much potential to grow through the acquisition of Barstool and casino companies Pinnacle Entertainment, Margaritaville, and Greektown. Penn should generate substantial synergies from all four deals, and we expect the deals to add value for shareholders over time through debt reduction and further investment in the core business and its Barstool digital platform.	Casinos & Gaming
Zillow Group, Inc. Class A	$	31.31	**Zillow Group, Inc. (ZG)** operates the leading residential real estate websites in the U.S., including Zillow.com, Trulia.com, StreetEasy.com, and Hotpads.com. Zillow also operates a mortgage marketplace and the Zillow Offers home-buying business.	Zillow Group has less than 10% share of the $19 billion-plus U.S. real estate advertising market. With the leading brands in each of its relevant categories, we believe Zillow will continue to take share in the online and offline real estate advertising markets for years to come. In our view, Zillow is well positioned to penetrate the large online real estate advertising opportunity with substantial upside from Offers, which could grow the company's addressable market in both houses to be bought/sold and leads provided to Premier Agents, as well as from Zillow Home Loans.	Interactive Media & Services
GDS Holdings Ltd.	$	15.16	**GDS Holdings Limited (GDS)** is a market-leading China-based operator of data centers with over 50 data centers, five markets, and approximately 320,000 square meters in service. More than 50% of its revenue comes from top Chinese internet companies.	We believe that as the preferred provider to Alibaba and Tencent, GDS is poised to benefit from the exploding growth in cloud computing in China. Cloud adoption is still in the early stages in China, and GDS is capturing more than its fair share of incremental deployments due to its proven track record and carrier-neutral value proposition.	Internet Services & Infrastructure
Choice Hotels International, Inc.	$	5.96	**Choice Hotels International, Inc. (CHH)** is one of the largest hotel franchisors in the world with brands in the economy, midscale, and upscale segments. Its franchise contracts are long term, with many as long as 20 years. Brands include Quality Inn, Comfort Inn, Comfort Suites, Cambria Suites, and Ascend.	Choice has a strong franchising business with recurring revenue. It has demonstrated consistent profitability across up and down cycles through increased rates and occupancy, new unit growth, and increased royalty rates. The company has a strong pipeline of new hotel franchises and is looking to expand the number of upscale brands in its portfolio through acquisitions and new brand creations like Cambria Suites and Ascend Collection. It is also selling its systems to third-party hotels, which we think will generate significant income over time.	Hotels, Resorts & Cruise Lines
Marriott Vacations Worldwide Corporation	$	7.18	**Marriott Vacations Worldwide Corp. (VAC)** sells timeshare products, manages resorts, finances consumer purchases, and rents timeshare inventory. It has 100 timeshare resorts with 660,000 owners and completed its acquisition of Interval Leisure in August 2018.	A strong timeshare market has helped the company generate consistent revenue and earnings even during uncertain times which has allowed it to produce substantial free cash flow for share buybacks and increased dividends. The Interval Leisure and Welk acquisitions should be accretive and accelerate growth in the years to come, in our view. Management has outlined only cost synergies. We think revenue synergies could be as much as cost synergies over time, which should lead to strong earnings and free cash flow that is not currently being valued by the market.	Hotels, Resorts & Cruise Lines

Company	Market Capitalization (billions)	Company Description	Baron's Investment Premise	GICS Sub-Industry
Gaming and Leisure Properties, Inc.	$ 9.88	**Gaming and Leisure Properties, Inc. (GLPI)** holds all of the real property interests related to the gaming operations of Penn National Gaming, Tropicana, the Casino Queen in Illinois, and four assets of Boyd Gaming in Ohio and Missouri. It also owns and operates Penn's Baton Rouge and Maryland casinos.	Management has indicated it expects to spend about $500 million a year on acquisitions. The company, structured as a REIT, expects to finance these transactions with half debt and half equity. It has a $1.1 billion credit facility at 2% interest, and its stock trades at 12.5 times forward EBITDA, so buyouts should be free cash flow accretive and add significantly to the dividend, in our view. It has a strong balance sheet and should be able to make further acquisitions and increase its dividend. Its current 6.5% dividend yield remains attractive based on 2022 estimates.	Specialized REITs
Hyatt Hotels Corporation	$ 8.38	**Hyatt Hotels Corp. (H)** is a global hospitality company with 974 Hyatt-branded properties representing 235,272 keys. The company's brands include Park Hyatt, Grand Hyatt, Hyatt Regency, Hyatt, Hyatt Place, and Hyatt Summerfield Suite. It derives 60% of EBITDA from fees and 40% from owned assets.	We believe Hyatt has a significant opportunity to market more of its brands globally, given an undersupply of rooms in developing countries. Compared to its competitors, Hyatt has the least brand penetration across the globe and the largest pipeline of unit growth. We believe its asset light strategy and strong balance sheet, coupled with continued strong pricing for hotel assets, give Hyatt an opportunity to generate strong growth. The resulting potential increased cash flow could be used for continued share repurchases and further acquisitions.	Hotels, Resorts & Cruise Lines
Trex Company, Inc.	$ 10.61	**Trex Company, Inc. (TREX)** is the largest U.S. manufacturer of wood-alternative decking and railing, with 40% market share. The majority of sales come from the U.S., with 90% of sales tied to the U.S. construction repair/remodel segment.	Trex is the pioneer and leader in composite decking, which is taking share from wood decking due to its low maintenance qualities. Trex continues gaining share, and is now 2.5 times the size of its next biggest competitor. We think it can double its volumes with minimal incremental CapEx needs at high incremental margins. Trex is expanding internationally and into new markets, and an improving U.S.. housing industry should boost long-term demand as well. Lastly, Trex maintains a cost advantage by processing recycled raw materials.	Building Products

Appendix 2 – S&P 500 Index Performance in Periods of Rising Rates

as of 3/31/2021, based on monthly data

			10-Yr Treasury Rate			S&P 500 Index Return
From	To	Length (months)	Start	End	Change	
4/30/1954	10/31/1957	42	2.25%	3.99%	1.74%	67.94%
4/30/1958	12/31/1959	20	2.83%	4.77%	1.94%	45.99%
5/31/1961	8/31/1966	63	3.68%	5.36%	1.68%	36.93%
3/31/1967	5/31/1970	38	4.50%	7.95%	3.45%	-6.08%
10/31/1971	9/30/1975	47	5.87%	8.48%	2.61%	2.68%
12/31/1976	9/30/1981	57	6.81%	15.84%	9.03%	38.26%
4/30/1983	5/31/1984	13	10.27%	13.91%	3.64%	-3.89%
8/31/1986	9/30/1987	13	6.95%	9.63%	2.68%	31.57%
9/30/1993	11/30/1994	14	5.40%	7.91%	2.51%	2.15%
12/31/1995	8/31/1996	8	5.58%	6.96%	1.38%	7.45%
9/30/1998	1/31/2000	16	4.44%	6.68%	2.24%	39.44%
5/31/2003	6/30/2006	37	3.37%	5.14%	1.77%	39.33%
12/31/2008	3/31/2010	15	2.06%	3.84%	1.78%	33.28%
7/31/2012	12/31/2013	17	1.47%	2.97%	1.50%	38.34%
7/31/2016	11/30/2018	28	1.45%	3.01%	1.56%	33.16%
7/31/2020	3/31/2021	8	0.54%	1.74%	1.20%	22.78%

Source: FactSet, Board of Governors of the Federal Reserve System (US).
The performance data quoted represents past performance. Past performance is no guarantee of future results. Index performance is not Fund performance; one cannot invest directly in an index.

Disclosures:

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

Performance for the Institutional Shares prior to 5/29/2009 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 5/29/2009 did not reflect this fee, the returns would be higher.

Asset Fund's 1Q 2021, **Discovery Fund's** 1Q 2021, 3- and 5-year, and **Opportunity Fund's** 1Q 2021, 3-, 5- and 10-year historical performance were impacted by gains from IPOs and/or secondary offerings, and there is no guarantee that these results can be repeated or that the Funds' level of participation in IPOs and secondary offerings will be the same in the future.

Risks: In addition to general market conditions, the value of the Real Estate and Real Estate Income Funds 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 Funds invest in debt securities which are affected by changes in prevailing interest rates and the perceived credit quality of the issuer. The Funds invest 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.

Portfolio holdings as a percentage of net assets as of March 31, 2021 for securities mentioned are as follows: – **CoStar Group, Inc.** – Baron Asset Fund (3.1%), Baron Growth Fund (5.7%), Baron Opportunity Fund (1.7%), Baron Partners Fund (8.7%*), Baron Focused Growth Fund (7.6%), Baron Real Estate Fund (2.5%), Baron FinTech Fund (2.1%); **Vail Resorts, Inc.** – Baron Asset Fund (3.1%), Baron Growth Fund (6.7%), Baron Partners Fund (4.2%*), Baron Focused Growth Fund (5.8%); **Penn National Gaming, Inc.** – Baron Growth Fund (7.6%), Baron Small Cap Fund (2.5%), Baron Focused Growth Fund (9.4%), Baron Real Estate Fund (3.4%), Baron Discovery Fund (1.3%), Baron Real Estate Income Fund (2.1%); **Zillow Group, Inc.** – Baron Asset Fund (2.9%), Baron Opportunity Fund (1.7%), Baron Real Estate Fund (3.2%), Baron Partners Fund (5.2%*), Baron FinTech Fund (2.1%); **GDS Holdings Ltd.** – Baron Asset Fund (1.0%), Baron Partners Fund (1.1%*); Baron Opportunity Fund (1.4%), Baron Fifth Avenue Growth Fund (1.8%), Baron Focused Growth Fund (1.9%), Baron International Growth Fund (0.8%), Baron Real Estate Fund (4.2%), Baron Emerging Markets Fund (1.5%), Baron Global Advantage Fund (2.7%), Baron Real Estate Income Fund (2.8%); **Choice Hotels International, Inc.** – Baron Asset Fund (1.0%), Baron Growth Fund (3.7%), Baron Focused Growth Fund (2.5%), **Marriott Vacations Worldwide Corp.** – Baron Partners Fund (1.8%*), Baron Growth Fund (2.5%), Baron Real Estate Fund (1.6%); **Gaming and Leisure Properties, Inc.** – Baron Partners Fund (1.1%*), Baron Growth Fund (2.7%), Baron Real Estate Fund (0.9%), Baron Real Estate Income Fund (2.3%); **Hyatt Hotels Corp.** – Baron Asset Fund (0.8%), Baron Partners Fund (3.5%*), Baron Focused Growth Fund (4.2%); **Trex Company, Inc.** – Baron Growth Fund (2.4%), Baron Small Cap Fund (1.4%), Baron Real Estate Fund (0.3%); Baron Discovery Fund (1.2%).

* % of Long Positions.

Portfolio holdings may change over time.

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

The **S&P 500 Index** measures the performance of 500 widely held large-cap U.S. companies. The **Russell 2000® Growth Index** measures the performance of small-sized U.S. companies that are classified as growth. **The Russell Midcap® Growth Index** measures the performance of medium-sized U.S. companies that are classified as growth. The **Russell 3000® Index** measures the performance of the broad segment of the U.S. equity universe comprised of the largest 3000 U.S. companies representing approximately 98% of the investable U.S. equity market. The **Russell 3000® Growth Index** measures the performance of the broad growth segment of the U.S. equity universe comprised of the largest 3000 U.S. companies representing approximately 98% of the investable U.S. equity market. The **MSCI USA IMI Extended Real Estate Index** is a custom index calculated by MSCI for, and as requested by, BAMCO, Inc. The index includes real estate and real estate related GICS classification securities. MSCI makes no express or implied warranties or representations and shall have no liability whatsoever with respect to any MSCI data contained herein. The MSCI data may not be further redistributed or used as a basis for other indexes or any securities or financial products. This report is not approved, reviewed or produced by MSCI. The **MSCI US REIT Index** is a free float-adjusted market capitalization index that measures the performance of all equity REITs in the US equity market, except for specialty equity REITs that do not generate a majority of their revenue and income from real estate rental and leasing operations. Russell Investment Group is the source and owner of the trademarks, service marks and copyrights related to the Russell Indexes. Russell is a trademark of Russell Investment Group. MSCI is the source and owner of the trademarks, service marks and copyrights related to the MSCI Indexes. MSCI is a trademark of Russell Investment Group. The indexes and the Funds include reinvestment of interest, capital gains and dividends, which positively impact the performance results. The indexes are unmanaged. The index performance is not Fund performance; one cannot invest directly into an index.

The portfolio manager defines "**Best-in-class**" 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.

Alpha measures the difference between a fund's actual returns and its expected performance, given its level of risk as measured by beta. **Beta** measures a fund's sensitivity to market movements. The beta of the market is 1.00 by definition. **Sharpe Ratio** is a risk-adjusted performance statistic that measures reward per unit of risk. The higher the Sharpe ratio, the better a fund's risk adjusted performance. **Information Ratio** (Info Ratio) is a ratio of portfolio returns above the returns of a benchmark – usually an index – to the volatility of those returns. **Upside Capture** explains how well a fund performs in time periods where the benchmark's returns are greater than zero. **Downside Capture** measures how well a fund performs in time periods where the benchmark's returns are less than zero.

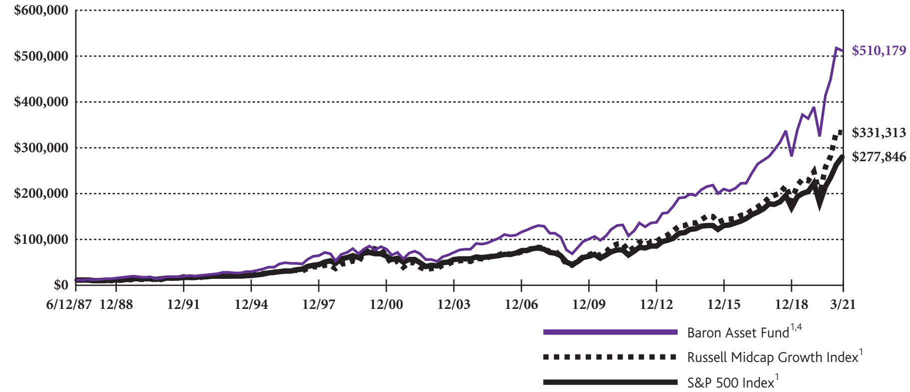
The stock selection effect appearing in the table on pages 13 and 15 measures the aggregate result of the portfolio manager's ability to select securities within each of the GICS sectors relative to their benchmarks. The over or underperformance of the portfolio within each sector is weighted by the benchmark sector weight, therefore, selection is not affected by the manager's allocation to the sector. The weight of the sector in the benchmark determines the size of the effect – the larger the sector, the larger the effect is, positive or negative. Selection effect is calculated as follows: [(benchmark weight)] * [(portfolio return) – (benchmark return)].

For a full description of the Brinson attribution method, please refer to Brinson, Gary P., L. Randolph Hood, and Gilbert L. Beebower, "Determinants of Portfolio Performance," Financial Analysts Journal, July-August 1986, pp. 39-44.

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

Baron Asset Fund

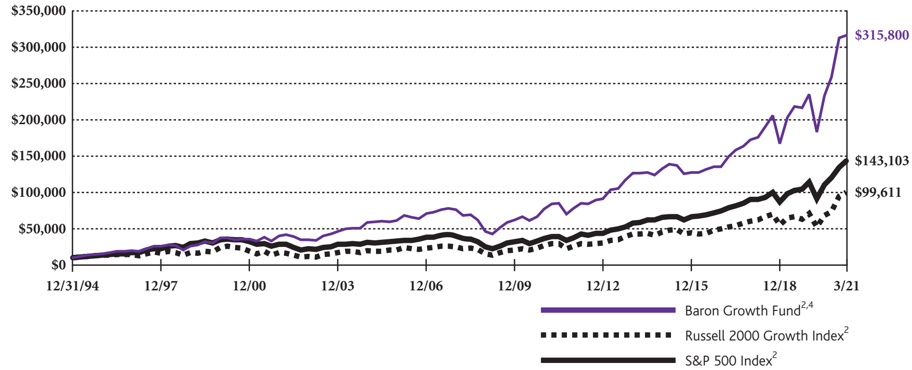
Comparison of the change in value of $10,000 investment in Baron Asset Fund (Institutional Shares)† in relation to the Russell Midcap Growth Index and the S&P 500 Index



Baron Asset Fund's annualized returns as of March 31, 2021: 3-month, (1.03)%; 1-year, 58.28%; 3-year, 20.31%; 5-year, 20.05%; 10-year, 14.74%; and Since Inception, 12.34%.

Baron Growth Fund

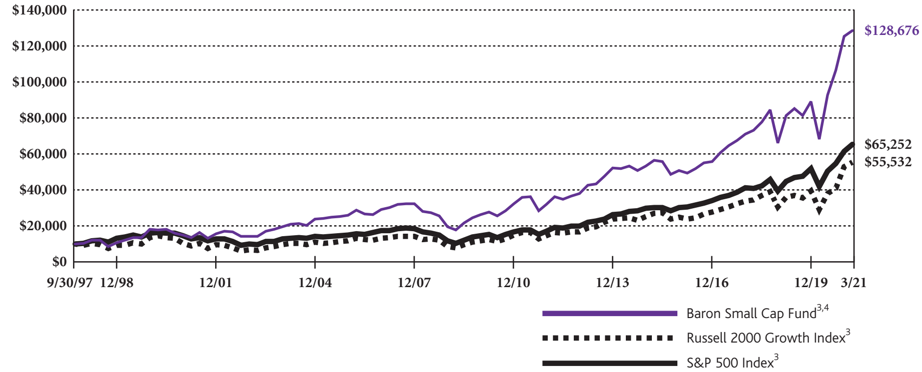
Comparison of the change in value of $10,000 investment in Baron Growth Fund (Institutional Shares)† in relation to the Russell 2000 Growth Index and the S&P 500 Index



Baron Growth Fund's annualized returns as of March 31, 2021: 3-month, 0.94%; 1-year, 72.85%; 3-year, 21.47%; 5-year, 19.91%; 10-year, 14.13%; and Since Inception, 14.06%.

Baron Small Cap Fund

Comparison of the change in value of $10,000 investment in Baron Small Cap Fund (Institutional Shares)† in relation to the Russell 2000 Growth Index and the S&P 500 Index



Baron Small Cap Fund's annualized returns as of March 31, 2021: 3-month, 2.67%; 1-year, 88.40%; 3-year, 20.71%; 5-year, 21.19%; 10-year, 13.68%; and Since Inception, 11.48%.

1 The Russell Midcap® Growth Index measures the performance of medium-sized U.S. companies that are classified as growth and the S&P 500 Index of 500 widely held large cap U.S. companies. The indexes and Baron Asset Fund are with dividends, which positively impact the performance results. The indexes are unmanaged. The Fund's 3-month historical performance was impacted by gains from IPOs and/or secondary offerings, and there is no guarantee that these results can be repeated or that the Fund's level of participation in IPOs and secondary offerings will be the same in the future.

2 The Russell 2000® Growth Index measures the performance of small-sized U.S. companies that are classified as growth and the S&P 500 Index of 500 widely held large cap U.S. companies. The indexes and Baron Growth Fund are with dividends, which positively impact the performance results. The indexes are unmanaged.

3 The Russell 2000® Growth Index measures the performance of small-sized U.S. companies that are classified as growth and the S&P 500 Index of 500 widely held large cap U.S. companies. The indexes and Baron Small Cap Fund are with dividends, which positively impact the performance results. The indexes are unmanaged.

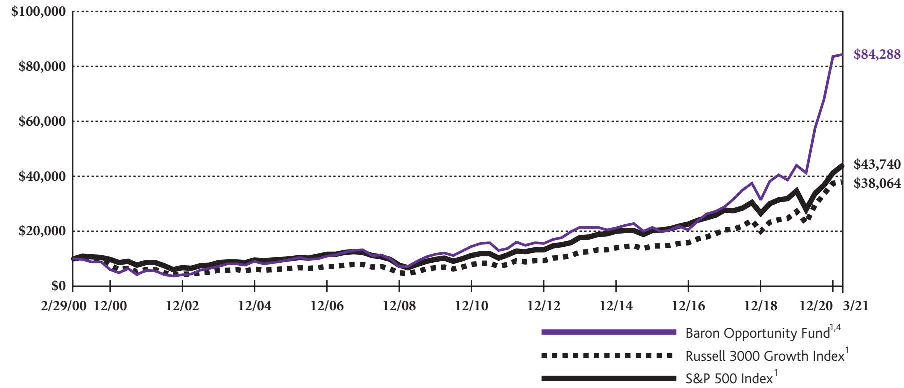
4 Past performance is not predictive of future performance. The performance data does not reflect the deduction of taxes that a shareholder would pay on Fund distributions or redemptions of Fund shares.

† 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.

Baron Funds Performance

Baron Opportunity Fund

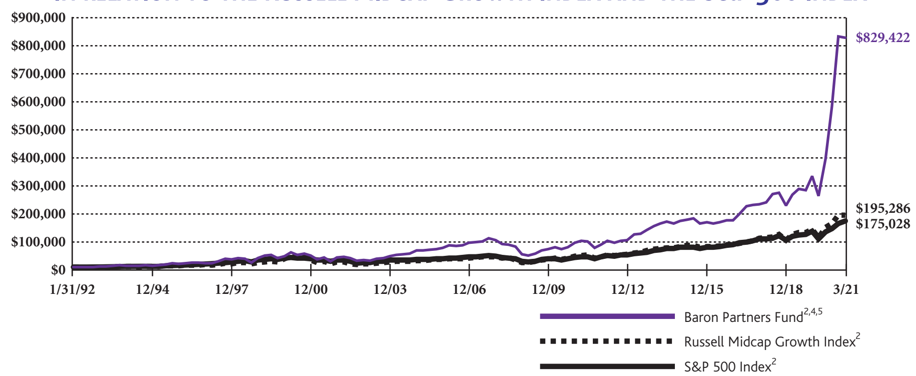
Comparison of the change in value of $10,000 investment in Baron Opportunity Fund (Institutional Shares)† in relation to the Russell 3000 Growth Index and the S&P 500 Index



Baron Opportunity Fund's annualized returns as of March 31, 2021: 3-month, 0.88%; 1-year, 104.55%; 3-year, 38.62%; 5-year, 33.50%; 10-year, 18.37%; and Since Inception, 10.64%.

Baron Partners Fund

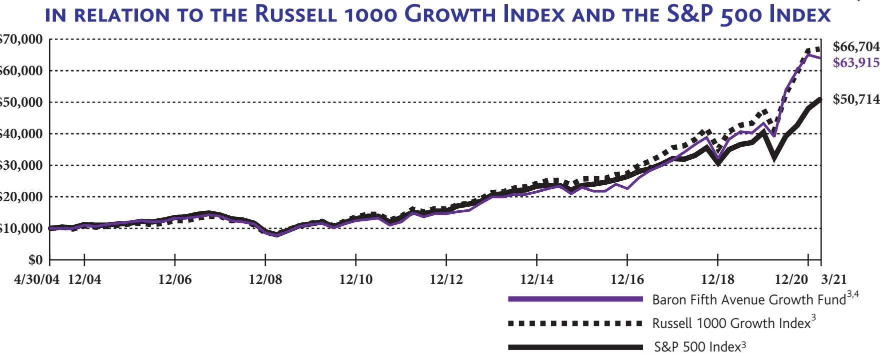
Comparison of the change in value of $10,000 investment in Baron Partners Fund (Institutional Shares)† in relation to the Russell Midcap Growth Index and the S&P 500 Index



Baron Partners Fund's annualized returns as of March 31, 2021: 3-month, (0.38)%; 1-year, 213.03%; 3-year, 50.75%; 5-year, 38.03%; 10-year, 23.14%; and Since Inception, 16.36%.

Baron Fifth Avenue Growth Fund

Comparison of the change in value of $10,000 investment in Baron Fifth Avenue Growth Fund (Institutional Shares)† in relation to the Russell 1000 Growth Index and the S&P 500 Index



Baron Fifth Avenue Growth Fund's annualized returns as of March 31, 2021: 3-month, (1.57)%; 1-year, 63.99%; 3-year, 23.44%; 5-year, 24.09%; 10-year, 17.52%; and Since Inception, 11.59%.

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1 The Russell 3000® Growth Index measures the performance of those companies classified as growth among the largest 3,000 U.S. companies and the S&P 500 Index of 500 widely held large cap U.S. companies. The indexes and Baron Opportunity Fund are with dividends, which positively impact the performance results. The indexes are unmanaged. The Fund's 3-month, 3-, 5-, and 10-year historical performance was impacted by gains from IPOs and/or secondary offerings, and there is no guarantee that these results can be repeated or that the Fund's level of participation in IPOs and secondary offerings will be the same in the future.

2 The Russell Midcap® Growth Index measures the performance of medium-sized U.S. companies that are classified as growth and the S&P 500 Index of 500 widely held large cap U.S. companies. The indexes and Baron Partners Fund are with dividends, which positively impact the performance results. The indexes are unmanaged.

3 The Russell 1000® Growth Index measures the performance of large-sized U.S. companies that are classified as growth and the S&P 500 Index of 500 widely held large cap U.S. companies. The indexes and Baron Fifth Avenue Growth Fund are with dividends, which positively impact the performance results. The indexes are unmanaged.

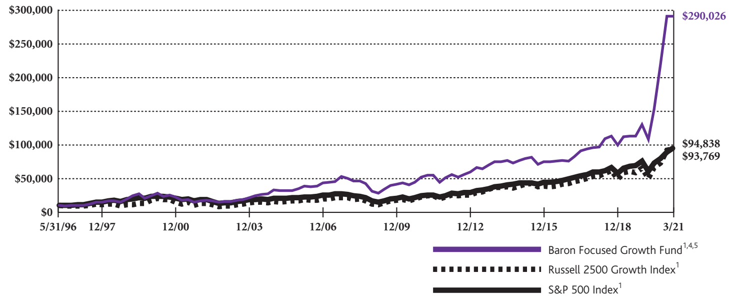
4 Past performance is not predictive of future performance. The performance data does not reflect the deduction of taxes that a shareholder would pay on Fund distributions or redemption of Fund shares.

5 Reflects the actual fees and expenses that were charged when the Fund was a partnership. The predecessor partnership charged a 20% performance fee after reaching a certain performance benchmark. If the annual returns for the Fund did not reflect the performance fees for the years the predecessor partnership charged a performance fee, returns would be higher. The Fund's shareholders will not be charged a performance fee. The predecessor partnership's performance is only for periods before the Fund's registration statement was effective, which was April 30, 2003. During those periods, the predecessor partnership was not registered under the Investment Company Act of 1940 and was not subject to its requirements or the requirements of the Internal Revenue Code relating to registered investment companies, which, if it were, might have adversely affected its performance.

† 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.

Baron Focused Growth Fund

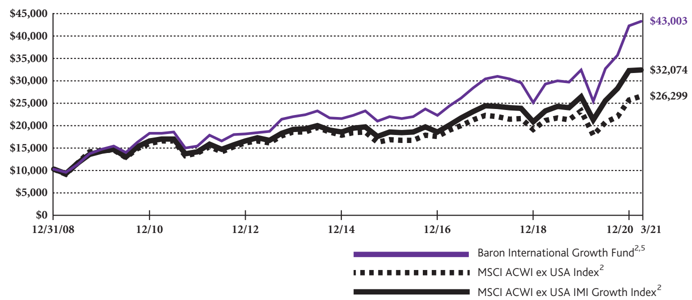
Comparison of the change in value of $10,000 investment in Baron Focused Growth Fund (Institutional Shares)† in relation to the Russell 2500 Growth Index and the S&P 500 Index



Baron Focused Growth Fund's annualized returns as of March 31, 2021: 3-month, 0.11%; 1-year, 167.83%; 3-year, 44.10%; 5-year, 31.27%; 10-year, 18.02%; and Since Inception, 14.52%.

Baron International Growth Fund

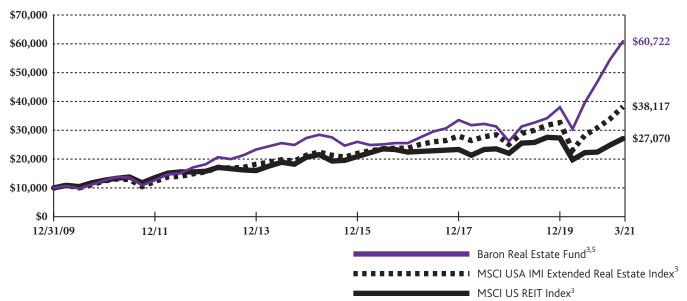
Comparison of the change in value of $10,000 investment in Baron International Growth Fund (Institutional Shares)† in relation to the MSCI ACWI ex USA Index and the MSCI ACWI ex USA IMI Growth Index



Baron International Growth Fund's annualized returns as of March 31, 2021: 3-month, 2.34%; 1-year, 70.57%; 3-year, 11.81%; 5-year, 15.05%; 10-year, 9.04%; and Since Inception, 12.65%.

Baron Real Estate Fund

Comparison of the change in value of $10,000 investment in Baron Real Estate Fund (Institutional Shares) in relation to the MSCI USA IMI Extended Real Estate Index and MSCI US REIT Index



Baron Real Estate Fund's annualized returns as of March 31, 2021: 3-month, 11.08%; 1-year, 99.99%; 3-year, 24.02%; 5-year, 19.54%; 10-year, 15.94%; and Since Inception, 17.39%.

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1 The Russell 2500™ Growth Index measures the performance of small- to medium-sized U.S. companies that are classified as growth and the S&P 500 Index of 500 widely held large-cap U.S. companies. The indexes and Baron Focused Growth Fund are with dividends, which positively impact the performance results. The indexes are unmanaged.

2 The MSCI ACWI ex USA Index Net USD is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of large- and mid-cap securities across developed and emerging markets, excluding the United States. The MSCI ACWI ex USA IMI Growth Index Net USD is a free float-adjusted market capitalization weighted index that is designed to measure the performance of large-, mid-, and small-cap growth securities across developed and emerging markets, excluding the United States. MSCI is the source and owner of the trademarks, service marks and copyrights related to the MSCI Indexes. MSCI is a trademark of Russell Investment Group. The indexes and Baron International Growth Fund include reinvestment of dividends, net of foreign withholding taxes, which positively impact the performance results. The indexes are unmanaged.

3 The MSCI USA IMI Extended Real Estate Index is a custom index calculated by MSCI for, and as requested by, BAMCO, Inc. The index includes real estate and real estate-related GICS classification securities. MSCI makes no express or implied warranties or representations and shall have no liability whatsoever with respect to any MSCI data contained herein. The MSCI data may not be further redistributed or used as a basis for other indexes or any securities or financial products. This report is not approved, reviewed or produced by MSCI. The MSCI US REIT Index is a free float-adjusted market capitalization index that measures the performance of all equity REITs in the US equity market, except for specialty equity REITs that do not generate a majority of their revenue and income from real estate rental and leasing operations. MSCI is the source and owner of the trademarks, service marks and copyrights related to the MSCI Indexes. MSCI is a trademark of Russell Investment Group. The indexes and Baron Real Estate Fund are with dividends, which positively impact performance results. The indexes are unmanaged.

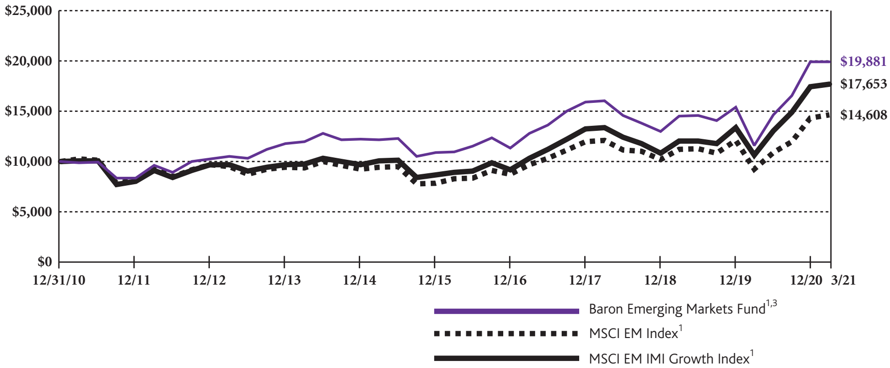
4 Reflects the actual fees and expenses that were charged when the Fund was a partnership. The predecessor partnership charged a 15% performance fee through 2003 after reaching a certain performance benchmark. If the annual returns for the Fund did not reflect the performance fees for the years the predecessor partnership charged a performance fee, the returns would be higher. The Fund's shareholders will not be charged a performance fee. The predecessor partnership's performance is only for the periods before the Fund's registration statement was effective, which was June 30, 2008. During those periods, the predecessor partnership was not registered under the Investment Company Act of 1940 and was not subject to its requirements or the requirements of the Internal Revenue Code relating to registered investment companies, which, if it were, might have adversely affected its performance.

5 Past performance is not predictive of future performance. The performance data does not reflect the deduction of taxes that a shareholder would pay on Fund distributions or redemption of Fund shares.

† 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.

Baron Emerging Markets Fund

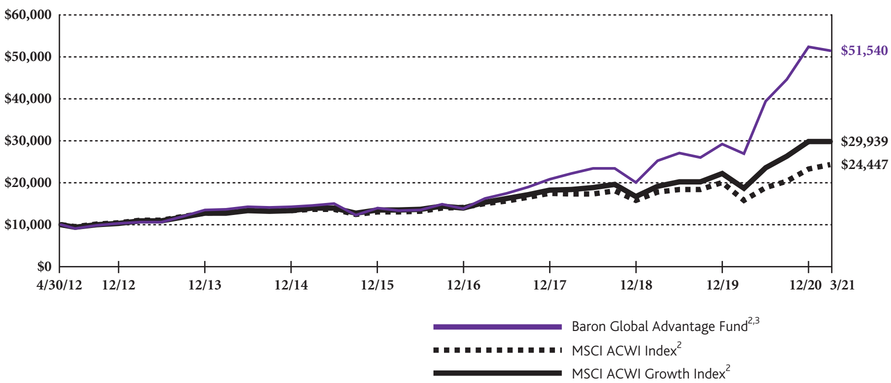
Comparison of the change in value of $10,000 investment in Baron Emerging Markets Fund (Institutional Shares) in relation to the MSCI EM Index and the MSCI EM IMI Growth Index



Baron Emerging Markets Fund's annualized returns as of March 31, 2021: 3-month, (0.16)%; 1-year, 72.06%; 3-year, 7.42%; 5-year, 12.65%; 10-year, 7.25%; and Since Inception, 6.93%.

Baron Global Advantage Fund

Comparison of the change in value of $10,000 investment in Baron Global Advantage Fund (Institutional Shares) in relation to the MSCI ACWI Index and the MSCI ACWI Growth Index



Baron Global Advantage Fund's annualized returns as of March 31, 2021: 3-month, (1.84)%; 1-year, 90.71%; 3-year, 32.19%; 5-year, 30.97%; and Since Inception, 20.19%.

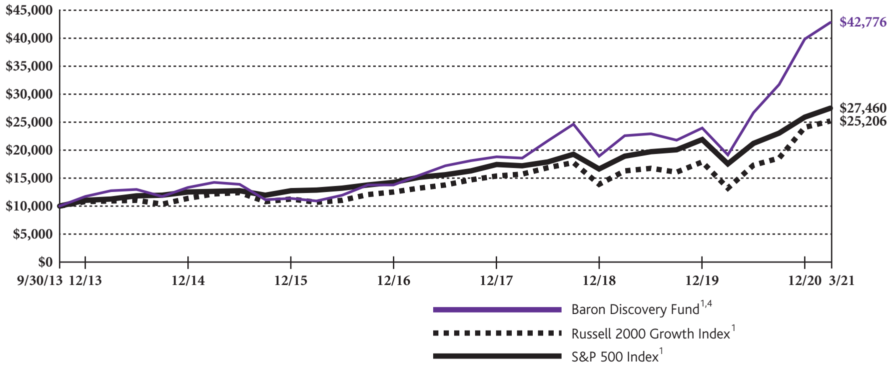
1 The MSCI EM (Emerging Markets) Index and the MSCI EM (Emerging Markets) IMI Growth Index are free float-adjusted market capitalization weighted indexes. The MSCI EM (Emerging Markets) Index Net USD and the MSCI EM (Emerging Markets) IMI Growth Index Net USD are designed to measure the equity market performance of large-, mid-, and small-cap securities in the emerging markets. The MSCI EM (Emerging Markets) IMI Growth Index Net USD screens for growth-style securities. MSCI is the source and owner of the trademarks, service marks and copyrights related to the MSCI Indexes. MSCI is a trademark of Russell Investment Group. The indexes and Baron Emerging Markets Fund include reinvestment of dividends, net of withholding taxes, which positively impact the performance results. The indexes are unmanaged. The Fund's 3-month historical performance was impacted by gains from IPOs and/or secondary offerings, and there is no guarantee that these results can be repeated or that the Fund's level of participation in IPOs and secondary offerings will be the same in the future.

2 The MSCI ACWI Index and the MSCI ACWI Growth Index are free float-adjusted market capitalization weighted indexes. The MSCI ACWI Index Net USD and the MSCI ACWI Growth Index Net USD are designed to measure the equity market performance of large- and mid-cap securities across developed and emerging markets, including the United States. The MSCI ACWI Growth Index Net USD screens for growth-style securities. MSCI is the source and owner of the trademarks, service marks and copyrights related to the MSCI Indexes. MSCI is a trademark of Russell Investment Group. The indexes and Baron Global Advantage Fund include reinvestment of dividends, net of foreign withholding taxes, which positively impact the performance results. The indexes are unmanaged. The Fund's 3-month, 3- and 5-year historical performance was impacted by gains from IPOs and/or secondary offerings, and there is no guarantee that these results can be repeated or that the Fund's level of participation in IPOs and secondary offerings will be the same in the future.

3 Past performance is not predictive of future performance. The performance data does not reflect the deduction of taxes that a shareholder would pay on Fund distributions or redemption of Fund shares.

Baron Discovery Fund

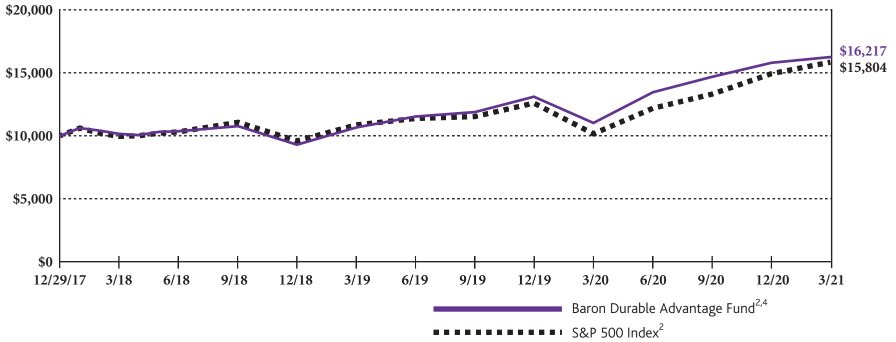
Comparison of the change in value of $10,000 investment in Baron Discovery Fund (Institutional Shares) in relation to the Russell 2000 Growth Index and the S&P 500 Index



Baron Discovery Fund's annualized returns as of March 31, 2021: 3-month, 7.47%; 1-year, 123.05%; 3-year, 32.16%; 5-year, 31.52%; and Since Inception, 21.38%.

Baron Durable Advantage Fund

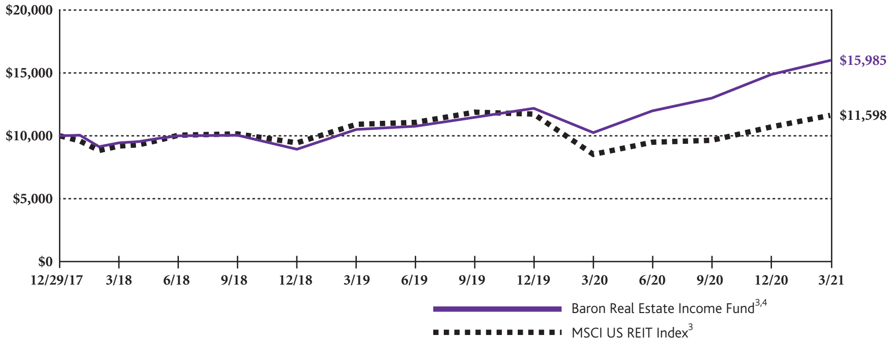
Comparison of the change in value of $10,000 investment in Baron Durable Advantage Fund (Institutional Shares) in relation to the S&P 500 Index



Baron Durable Advantage Fund's annualized returns as of March 31, 2021: 3-month, 3.00%; 1-year, 47.45%; 3-year, 16.98%; and Since Inception, 16.04%.

Baron Real Estate Income Fund

Comparison of the change in value of $10,000 investment in Baron Real Estate Income Fund (Institutional Shares) in relation to the MSCI US REIT Index



Baron Real Estate Income Fund's annualized returns as of March 31, 2021: 3-month, 7.58%; 1-year, 56.17%; 3-year, 19.36%; and Since Inception, 15.53%.

1 The Russell 2000® Growth Index measures the performance of small-sized U.S. companies that are classified as growth and the S&P 500 Index of 500 widely held large cap U.S. companies. The indexes and Baron Discovery Fund are with dividends, which positively impact the performance results. The indexes are unmanaged. The Fund's 3-month, 3-, and 5-year historical performance was impacted by gains from IPOs and/or secondary offerings, and there is no guarantee that these results can be repeated or that the Fund's level of participation in IPOs and secondary offerings will be the same in the future.

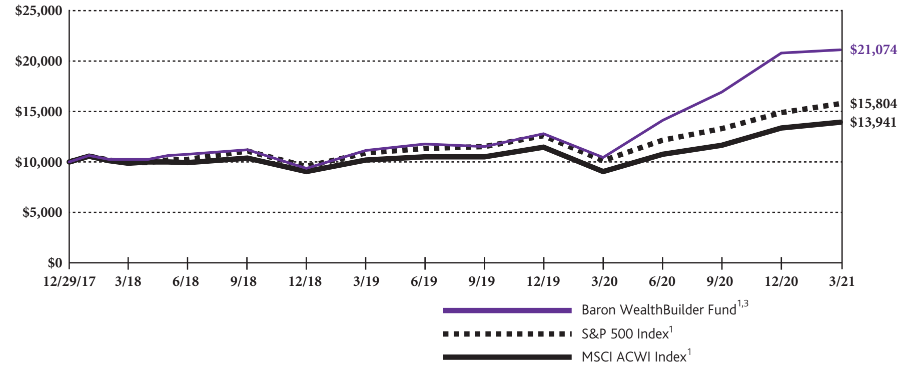
2 The S&P 500 Index measures the performance of 500 widely held large cap U.S. companies. The index and Baron Durable Advantage Fund are with dividends, which positively impact the performance results. The index is unmanaged.

3 The MSCI US REIT Index is a free float-adjusted market capitalization index that measures the performance of all equity REITs in the US equity market, except for specialty equity REITs that do not generate a majority of their revenue and income from real estate rental and leasing operations. MSCI is the source and owner of the trademarks, service marks and copyrights related to the MSCI Indexes. MSCI is a trademark of Russell Investment Group. The index and Baron Real Estate Income Fund include reinvestment of interest, capital gains and dividends, which positively impact the performance results. The index is unmanaged.

4 Past performance is not predictive of future performance. The performance data does not reflect the deduction of taxes that a shareholder would pay on Fund distributions or redemption of Fund shares.

Baron WealthBuilder Fund

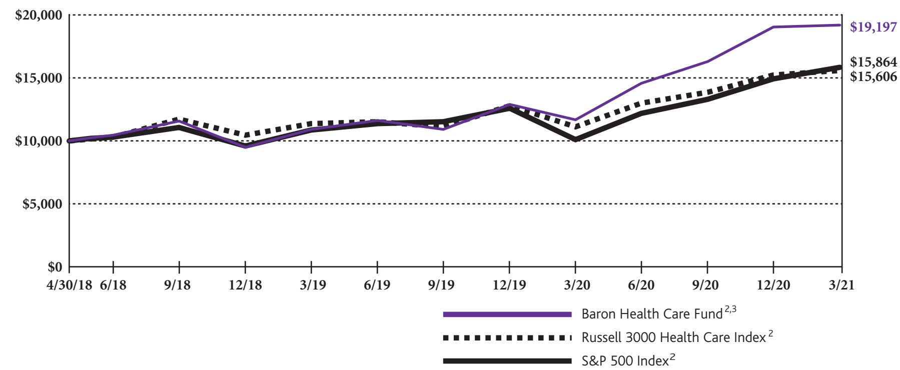
Comparison of the change in value of $10,000 investment in Baron WealthBuilder Fund (Institutional Shares) in relation to the S&P 500 Index and the MSCI ACWI Index



Baron WealthBuilder Fund's annualized returns as of March 31, 2021: 3-month, 1.27%; 1-year, 102.31%; 3-year, 27.20%; and Since Inception, 25.78%.

Baron Health Care Fund

Comparison of the change in value of $10,000 investment in Baron Health Care Fund (Institutional Shares) in relation to the Russell 3000 Health Care Index and the S&P 500 Index



Baron Health Care Fund's annualized returns as of March 31, 2021: 3-month, 0.58%; 1-year, 63.93%; and Since Inception, 25.06%.

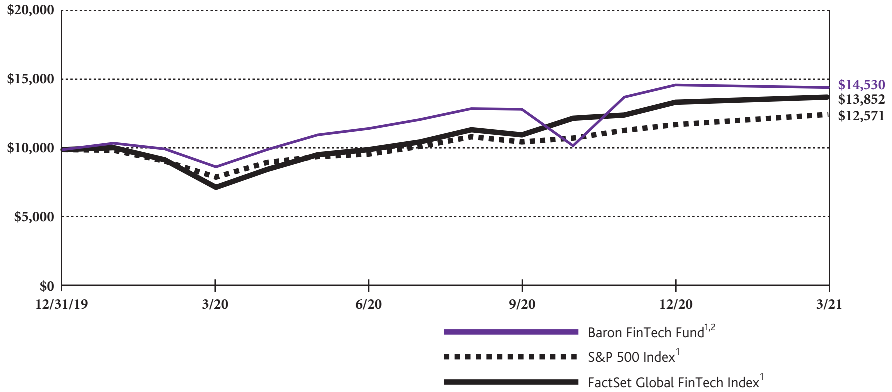
1 The S&P 500 Index measures the performance of 500 widely held large cap U.S. companies. The MSCI ACWI Index is an unmanaged, free float-adjusted market capitalization weighted index reflected in US dollars that measures the equity market performance of large- and mid-cap securities across developed and emerging markets, including the United States. MSCI is the source and owner of the trademarks, service marks and copyrights related to the MSCI Indexes. MSCI is a trademark of Russell investment Group. The indexes and Baron WealthBuilder Fund are with dividends, which positively impact the performance results. The MSCI ACWI Index is net of foreign withholding taxes. The indexes are unmanaged.

2 The Russell 3000® Health Care Index is a free float-adjusted market capitalization index that measures the performance of all equity in the US equity market. The S&P 500 Index measures the performance of 500 widely held large-cap U.S. companies. The indexes and Baron Health Care Fund are with dividends, which positively impact the performance results. The indexes are unmanaged. The Fund's 3-month historical performance was impacted by gains from IPOs and/or secondary offerings, and there is no guarantee that these results can be repeated or that the Fund's level of participation in IPOs and secondary offerings will be the same in the future.

3 Past performance is not predictive of future performance. The performance data does not reflect the deduction of taxes that a shareholder would pay on Fund distributions or redemption of Fund shares.

Baron FinTech Fund

Comparison of the change in value of $10,000 investment in Baron FinTech Fund (Institutional Shares) in relation to the S&P 500 Index and the FactSet Global FinTech Index



Baron FinTech Fund's returns as of March 31, 2021: 3-month, (1.29)%; 1-year, 66.06%; and Since Inception, 34.84%.

1 The S&P 500 Index measures the performance of 500 widely held large-cap U.S. companies. The FactSet Global Fintech Index is an unmanaged and equal-weighted index that measures the equity market performance of companies engaged in Financial Technologies, primarily in the areas of software and consulting, data and analytics, digital payment processing, money transfer, and payment transaction-related hardware, across 30 developed and emerging markets. The indexes and Baron FinTech Fund are with dividends, which positively impact the performance results. The indexes are unmanaged. The Fund's 3-month historical performance was impacted by gains from IPOs and/or secondary offerings, and there is no guarantee that these results can be repeated or that the Fund's level of participation in IPOs and secondary offerings will be the same in the future.

2 Past performance is not predictive of future performance. The performance data does not reflect the deduction of taxes that a shareholder would pay on Fund distributions or redemption of Fund shares.

3-month returns for all funds are not annualized.

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

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 reimburses certain Fund expenses pursuant to a contract expiring on August 29, 2031, 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 www.BaronFunds.com or call 1-800-99BARON

Risks: The Funds invest primarily in equity securities, which are subject to price fluctuations in the stock market. 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. This may result in greater share price volatility. 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. Investments in health care companies are subject to a number of risks, including the adverse impact of legislative actions and government regulations. Securities issued by small and medium sized companies may be thinly traded and may be more difficult to sell during market downturns. Companies propelled by innovation, including technology advances and new business models, may present the risk of rapid change and product obsolescence, and their success may be difficult to predict for the long term. In addition to general market conditions, the value of the real estate and real estate related investments 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. Even though the Funds are diversified, they may establish significant positions where the Adviser has the greatest conviction. This could increase volatility of the Funds' returns.

The index performance is not Fund performance; one cannot invest directly into an index.

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

Dear Baron Asset Fund Shareholder:

Performance

U.S. equity markets experienced meaningful volatility during the quarter, and market indexes finished with mixed results. The U.S. economy continued its recovery, driven by generally strong corporate earnings, the massive fiscal stimulus package, declining COVID-19 infection rates, an accelerating vaccination rollout, and the possibility of further significant federal spending on infrastructure. A steep back-up in interest rates pressured higher growth areas of the market where valuations had become stretched, and this contributed to a continued rotation into traditional value-oriented stocks. As a result, growth-oriented indexes underperformed indexes with a value component, such as the S&P 500 Index. The Energy sector led the market, as oil prices surged to their highest levels in over a year. Industrials and Materials benefited from the movement into value and cyclicals, while the uptick in rates drove the Financials sector higher. After outperforming last year, Information Technology and Consumer Discretionary trailed most other sectors. Utilities, Health Care, and Consumer Staples also underperformed as investors shied away from these more defensive sectors.

Against this backdrop, Baron Asset Fund (the "Fund") fell 1.03% (Institutional Shares), while the Russell Midcap Growth Index (the "Index") fell 0.57%, and the S&P 500 Index gained 6.17%.

ANDREW PECK

PORTFOLIO MANAGER

Retail Shares: BARAX
Institutional Shares: BARIX
R6 Shares: BARUX

Table I.
Performance
Annualized for periods ended March 31, 2021

	Baron Asset Fund Retail Shares[1,2]	Baron Asset Fund Institutional Shares[1,2,3]	Russell Midcap Growth Index[1]	S&P 500 Index[1]
Three Months[5]	(1.09)%	(1.03)%	(0.57)%	6.17%
One Year	57.89%	58.28%	68.61%	56.35%
Three Years	20.00%	20.31%	19.41%	16.78%
Five Years	19.74%	20.05%	18.39%	16.29%
Ten Years	14.44%	14.74%	14.11%	13.91%
Fifteen Years	10.55%	10.78%	10.97%	10.02%
Since Inception (June 12, 1987)	12.23%	12.34%	10.93%[4]	10.34%

Outperformance of the Fund's investments in Communication Services, Health Care, and Financials added the most value. Strength in Communication Services stemmed from online travel platform **Tripadvisor, Inc.**, whose shares appreciated on optimism about its new travel-focused subscription offering. The Health Care sector benefited from lower exposure to poor performing biotechnology stocks and the outperformance of life sciences tools developer **Bio-Techne Corporation**. The company saw its organic growth accelerate, driven by widespread strength across its businesses. Favorable stock selection in Financials was driven by brokerage firm **The Charles Schwab Corp.** and bank and wealth management company **First Republic Bank**. Both businesses are expected to benefit from higher interest rates.

Investments in Industrials, Consumer Discretionary, and Real Estate detracted the most from relative performance. Industrials suffered double-

Performance listed in the above table is net of annual operating expenses. Annual expense ratio for the Retail Shares and Institutional Shares as of September 30, 2020 was 1.31% and 1.05%, 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 www.BaronFunds.com or call 1-800-99BARON.

The Fund's 1Q 2021 historical performance was impacted by gains from IPOs and/or secondary offerings, and there is no guarantee that these results can be repeated or that the Fund's level of participation in IPOs and secondary offerings will be the same in the future.

1 The **Russell Midcap® Growth Index** measures the performance of medium-sized U.S. companies that are classified as growth and the **S&P 500 Index** of 500 widely held large cap U.S. companies. The indexes and the Fund are with dividends, net of withholding taxes, which positively impact the performance results. Russell Investment Group is the source and owner of the trademarks, service marks and copyrights related to the Russell Indexes. Russell is a trademark of Russell Investment Group. The indexes are unmanaged. The index performance is not Fund performance; one cannot invest directly into 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 For the period June 30, 1987 to March 31, 2021.

5 Not annualized.

BARON FUNDS 1987

digit share price declines from data and analytics vendor **Verisk Analytics, Inc.** and real estate information and marketing services company **CoStar Group, Inc.**, both of which had performed quite well last year. Verisk fell after its quarterly results were slightly below expectations because of pandemic-related weakness in its Energy and Financial Services segments. CoStar shares sold off alongside other higher multiple growth stocks in the latter half of the quarter. Performance in Consumer Discretionary was hindered by luxury fashion e-commerce marketplace **Farfetch Limited** and online personal styling service **Stitch Fix, Inc.** Shares of Farfetch were negatively impacted by the forced liquidation of positions at Archegos Capital Management, while Stitch Fix's stock price was down after financial results disappointed because of near-term logistics headwinds. Negative stock selection in Real Estate, driven by share price declines in REITs **Equinix, Inc.**, **Alexandria Real Estate Equities, Inc.**, and **SBA Communications Corp.**, was partly offset by higher exposure to this top performing sector.

Table II.
Top contributors to performance for the quarter ended March 31, 2021

	Year Acquired	Percent Impact
Gartner, Inc.	2007	0.56%
Bio-Techne Corporation	2015	0.46
Tripadvisor, Inc.	2021	0.45
The Charles Schwab Corp.	1992	0.35
CDW Corporation	2017	0.23

Shares of **Gartner, Inc.**, a provider of syndicated research primarily on information technology, increased after reporting financial results that exceeded analyst expectations. Growth in the company's core research business stabilized, and we believe it is poised to return to consistent double-digit revenue growth. We also believe its destination events business should contribute positively to financial results as travel restrictions ease. We expect that improved revenue growth combined with renewed focus on cost control will drive ongoing margin expansion and enhanced free cash flow generation. Gartner remains well capitalized, and we expect an acceleration in its share repurchase program.

Bio-Techne Corporation is a leading developer and manufacturer of high-quality purified proteins and life sciences tools, which it sells primarily to biomedical researchers and clinical research laboratories. The stock performed well after the company reported a 19% acceleration in organic growth during its fourth quarter, driven by strength across all areas of its business including a small contribution from COVID-19-related products. We continue to believe Bio-Techne has a solid long-term outlook with multiple growth drivers.

Tripadvisor, Inc., an online travel company on whose site users can browse reviews and plan trips, gained meaningfully during the quarter following a well-received launch of its travel-focused subscription offering. With more than 460 million unique monthly visitors to its travel sites, we believe that Tripadvisor is a unique asset that is well-positioned to benefit from pent-up demand as pandemic-related travel restrictions ease. We believe there are several positive changes underway at Tripadvisor, notably its introduction of subscription-based products, that will drive improved monetization going forward.

Shares of brokerage firm **The Charles Schwab Corp.** rose in the quarter. The company continued to successfully integrate its acquisition of TD Ameritrade. The merger enables Schwab to leverage efficiencies of scale to drive down its industry-leading operating costs per client assets even further. Additionally, net new assets grew in the mid-single-digits as customers tapped the services of the combined businesses. Finally, the business now has over $400 billion of interest-earning assets, which will generate improved profitability in a more normalized interest rate environment.

Shares of **CDW Corporation**, a value-added reseller that provides integrated information technology solutions, contributed to performance. The company reported strong fourth quarter earnings and issued 2021 guidance ahead of investor expectations. As the economy continues its post-pandemic recovery, we believe CDW will be in a strong competitive position that will allow it to compound earnings at a low double-digit rate. Technology is becoming an ever more critical and complex area of investment for businesses worldwide, and we believe CDW is well positioned to benefit from this trend.

Table III.
Top detractors from performance for the quarter ended March 31, 2021

	Year Acquired	Percent Impact
Guidewire Software, Inc.	2013	–0.65%
Ceridian HCM Holding Inc.	2018	–0.58
Verisk Analytics, Inc.	2009	–0.52
RingCentral, Inc.	2019	–0.36
CoStar Group, Inc.	2016	–0.32

Shares of property and casualty ("P&C") insurance software vendor **Guidewire Software, Inc.** detracted from performance as shares of high-multiple growth stocks lagged. The company is near the midpoint of transitioning its software from an on-premise solution to a cloud-based offering, which we believe will correspond with improved financial results. Despite short-term headwinds, we believe Guidewire has tripled its addressable market through new products and cloud delivery and will become the critical software vendor for the global P&C insurance industry, potentially capturing 30% to 50% of its $15 billion to $30 billion total addressable market and generating margins above 40%.

Ceridian HCM Holding Inc., a leader in payroll and workforce management software, detracted on concerns that increased pandemic-related mobility restrictions may slow the rate of employment recovery in its customer base. We expect its cloud-based Dayforce product to generate rapid revenue growth, leading to meaningful margin expansion, improved free cash flow conversion, and rapid deleveraging of its balance sheet. We are also excited about the potential for Dayforce Wallet, which will allow employees access to earned wages on a real-time basis rather than the traditional two-week pay cycle.

Shares of **Verisk Analytics, Inc.**, a leading data and analytics vendor, detracted from performance after the company reported fourth quarter earnings that came in slightly below Street expectations. Verisk's core insurance segment delivered strong results, but pandemic-related weakness impacted its smaller Energy and Financial Services segments. We remain positive about the competitive positioning, long-term growth, margin expansion, and capital deployment prospects for the business.

RingCentral, Inc. provides global cloud communications and collaboration solutions across multiple channels, including voice, video, and messaging. Despite continued solid execution with revenue acceleration, RingCentral's stock corrected during the quarter as the market rotated out of many fast-growing stocks. With its distribution advantage and the pandemic crystalizing the need for a communications platform that is agile, scalable, and global, we believe that RingCentral remains early in penetrating its addressable market. We believe this should allow sustainable growth for many years to come.

Shares of **CoStar Group, Inc.**, a real estate information and marketing services company, detracted as a result of the rotation away from higher multiple growth stocks. CoStar continued to experience accelerated demand for its digital marketplace businesses as "traditionally offline" activities shifted online. Modest headwinds in its data licensing businesses that hampered growth in 2020 are now abating. In addition, CoStar has moved to enter the residential real estate market, which meaningfully expands its overall market opportunity.

Portfolio Structure

At March 31, 2021, Baron Asset Fund held 67 positions. The Fund's 10 largest holdings represented 36.1% of assets, and the 20 largest represented 57.7% of assets. The Fund's largest weighting was in the IT sector at 29.5% of assets. This sector includes software companies, IT consulting firms, and internet services companies. The Fund held 25.0% of its assets in the Health Care sector, which includes investments in life sciences companies, and health care equipment, supplies, and technology companies. The Fund held 14.6% of its assets in the Industrials sector, which includes investments in research and consulting companies, industrial conglomerates, and machinery companies. The Fund also had significant weightings in Financials at 11.0% of assets and Communication Services at 7.9% of assets.

Table IV.
Top 10 holdings as of March 31, 2021

	Year Acquired	Market Cap When Acquired (billions)	Quarter End Market Cap (billions)	Quarter End Investment Value (millions)	Percent of Net Assets
IDEXX Laboratories, Inc.	2006	$2.5	$41.8	$367.8	6.4%
Gartner, Inc.	2007	2.9	16.2	289.2	5.0
Mettler-Toledo International, Inc.	2008	2.4	27.0	224.3	3.9
ANSYS, Inc.	2009	2.3	29.6	199.3	3.5
Vail Resorts, Inc.	1997	0.2	11.7	178.9	3.1
CoStar Group, Inc.	2016	5.0	32.4	177.1	3.1
Verisk Analytics, Inc.	2009	4.9	28.8	174.3	3.0
Zillow Group, Inc.	2015	1.5	31.3	167.0	2.9
Bio-Techne Corporation	2015	4.0	14.8	152.8	2.7
Guidewire Software, Inc.	2013	2.8	8.5	144.5	2.5

Recent Activity

During the past quarter, the Fund established 8 new positions and added to 5 others. The Fund eliminated 5 positions and reduced its holdings in 18 others.

Table V.
Top net purchases for the quarter ended March 31, 2021

	Quarter End Market Cap (billions)	Amount Purchased (millions)
Tripadvisor, Inc.	$ 7.3	$57.3
EPAM Systems, Inc.	22.3	47.1
Diversey Holdings, Ltd.	4.5	27.8
Avalara, Inc.	11.4	22.4
HubSpot, Inc.	21.0	18.1

We initiated a position in **Tripadvisor, Inc.**, whose core business is hotel metasearch, driven by its extensive library of hotel reviews posted by travelers. The company has additional online aggregation businesses in private home rentals, travel experiences, and restaurants, as well as a 40% joint venture with Trip.com in China. We believe that Tripadvisor is a valuable online asset with more than 460 million unique monthly visitors that should benefit from pent-up consumer travel demand. Moreover, the business is undergoing several positive changes that we believe will drive improved monetization of its extensive internet traffic, most notably a subscription-based consumer travel product.

Three developments attracted us to the investment. We believe management was enhanced by an active board member with an excellent track record of capital allocation and extensive expertise in the travel industry, as well as new management in important parts of its business. Second, we believe that there is a large opportunity to drive more revenue from its substantial website traffic, particularly with a subscription service. Third, the company reduced parts of its cost structure in a permanent manner that should result in higher long-term margins and profitability.

Tripadvisor has been testing its Tripadvisor Plus subscription, which provides subscribers with discounts and perks on Tripadvisor bookings for $99/year. We have observed similar subscription products drive high-quality recurring revenue and strong customer loyalty at other companies, such as Amazon.com and DoorDash. If just a small percentage of the site's 460 million monthly unique visitors opt for this product, it could generate more than $1 billion in recurring subscription revenue at high margins. Based on our research, we are optimistic that this product could achieve meaningful adoption. Furthermore, this type of revenue would likely be assigned a high stock market multiple, potentially driving significant upside in its share price.

We also initiated a position in **EPAM Systems, Inc.**, which provides consulting and outsourced software development for business customers using highly skilled, low-cost employees based mostly in Eastern Europe. Competition is forcing businesses to invest more in technology and digital transformation to increase agility and better serve their customers. Corporate leaders are increasingly viewing technology as a strategic priority to grow revenue rather than merely as an operating expense to run the business. However, companies often lack the necessary talent and skills to drive digital transformation, so many turn to outsourced providers like EPAM. EPAM is well suited for this shift in corporate IT spending to software modernization, data and analytics, and cloud migration given its workforce of 37,000 engineers, designers, and consultants with valuable expertise in advanced technologies.

Within the $1 trillion global market for IT services, EPAM focuses on the $150 billion segment for digital platform and product engineering services, which is growing at a double-digit rate. With less than a 2% share of a highly fragmented market, we believe that EPAM has an extensive runway for growth. EPAM's advanced technical capabilities and differentiated talent pool enable the company to work on higher-value projects with better pricing power than peers. EPAM has longstanding relationships with over 400 clients, including Bridgewater Associates, Expedia, Google, Regeneron Pharmaceuticals, and UBS. Management targets 20% or better organic revenue growth, which is being supplemented with tuck-in acquisitions that expand its geographic reach and customer mix. We believe EPAM will continue gaining share in a large, growing market by adding new clients and increasing wallet share with existing clients.

Table VI.
Top net sales for the quarter ended March 31, 2021

	Amount Sold (millions)
IDEXX Laboratories, Inc.	$49.9
Booking Holdings, Inc.	45.1
FleetCor Technologies, Inc.	38.7
DoorDash Inc.	36.8
Verisk Analytics, Inc.	29.2

We reduced our stakes in successful longtime holdings **IDEXX Laboratories, Inc.** and **Verisk Analytics, Inc.**, and sold out of **Booking Holdings, Inc.** to raise capital to allocate elsewhere in the Fund. We sold our stake in **FleetCor Technologies, Inc.** on concerns about the company's reliance on credit cards used to purchase gasoline, a market which we believe may soon be in secular decline. We sold our stake in food delivery company **DoorDash Inc.** after its stock appreciated considerably after its recent IPO, and we became uncomfortable with its valuation.

Outlook

Baron Asset Fund remains a long-term investor in businesses that we believe will benefit from long-lived secular growth trends, with sustainable competitive advantages, led by exceptional management teams. We remain sensitive to valuation levels, particularly in light of the recent strength in the overall market and the large valuations being accorded to many speculative companies. We invest in stocks that we believe, based on our deep fundamental research, will double in value over a five-year period, and all new and existing holdings must meet that objective.

We believe that we have created value for our investors throughout the Fund's long history by understanding and analyzing businesses better than many others. We do not invest based on our insights into macroeconomic, political, or, more recently, public health issues. Nevertheless, we are optimistic that near-term business conditions seem favorable for our investments–vaccinations are proceeding rapidly, the reopening of the domestic economy appears imminent, significant fiscal stimulus in the form of infrastructure and related spending seems likely, and interest rates, though recently elevated, remain below historic levels.

We continue to adhere to our longstanding investment methodology, while working hard to identify beneficiaries of accelerating changes in technology and consumer preferences, many of which have been impacted by the pandemic. We remain optimistic that this approach will generate strong performance for our portfolio, regardless of the economic climate.

Sincerely,

Andrew Peck
Portfolio Manager
April 20, 2021

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 its distributor, Baron Capital, Inc., by calling 1-800-99BARON or visiting www.BaronFunds.com. Please read them carefully before investing.

Risks: The Adviser believes that there is more potential for capital appreciation in mid-sized companies, but there also may be more risk. Specific risks associated with investing in mid-sized companies include that the securities may be thinly traded and they may be 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. 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 managers 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 Asset Fund by anyone in any jurisdiction where it would be unlawful under the laws of that jurisdiction to make such offer or solicitation.

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

DEAR BARON GROWTH FUND SHAREHOLDER:

PERFORMANCE

Baron Growth Fund (the "Fund") gained 0.94% (Institutional Shares) during the quarter ended March 31, 2021. This trailed the Fund's primary benchmark, the Russell 2000 Growth Index (the "Benchmark"), which gained 4.88% during the quarter. The S&P 500 Index, which measures the performance of publicly traded large-cap U.S. companies, gained 6.17%.

Cyclical and lower-quality stocks outperformed in the quarter, while higher-quality secular growth stocks underperformed after last year's robust absolute gains. Stocks in the Energy, Materials, Industrials, and Consumer Discretionary sectors were the biggest beneficiaries of this rotation. The Fund has minimal exposure to Energy and Materials, and exclusively owns high-quality sustainably differentiated Consumer Discretionary and Industrials businesses, so was comparatively disadvantaged. While such cycles ebb and flow, we remain optimistic that our portfolio of durable growth businesses led by best-in-class management teams will generate compelling investment returns across market cycles.

NEAL ROSENBERG
CO-PORTFOLIO MANAGER

RONALD BARON
CEO AND LEAD PORTFOLIO MANAGER

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

Table I.
Performance
Annualized for periods ended March 31, 2021

	Baron Growth Fund Retail Shares[1,2]	Baron Growth Fund Institutional Shares[1,2,3]	Russell 2000 Growth Index[1]	S&P 500 Index[1]
Three Months[4]	0.87%	0.94%	4.88%	6.17%
One Year	72.42%	72.85%	90.20%	56.35%
Three Years	21.16%	21.47%	17.16%	16.78%
Five Years	19.60%	19.91%	18.61%	16.29%
Ten Years	13.83%	14.13%	13.02%	13.91%
Fifteen Years	10.51%	10.74%	10.05%	10.02%
Twenty Years	11.86%	12.03%	9.68%	8.47%
Since Inception (December 31, 1994)	13.92%	14.06%	9.15%	10.67%

During the first quarter, domestic investors were encouraged by the growing pace of COVID vaccinations, which is driving improved business conditions and accelerating economic activity. Vaccination-led fundamental improvements seem likely to be amplified by aggressive monetary and fiscal policy developments. The Fed reiterated its commitment to "easy" monetary policy, even at the risk of elevated inflation, while the Federal government passed a $1.9 trillion stimulus package with even larger packages already under discussion. Bond yields jumped in response, with U.S. 10-year Treasury yields having almost doubled in 2021 to date.

Investors sought to reposition their portfolios to benefit from the convergence of rosier near-term economic trends, higher interest rates, and a valuation gap between growth and value stocks. This drove a meaningful divergence in returns between stocks with different factor characteristics. Smaller-capitalization stocks outperformed larger-capitalization stocks. Cyclical stocks meaningfully outperformed defensive, acyclical, or counter-cyclical investments. Value stocks meaningfully outperformed growth stocks, with the Russell 2000 Value outperforming the Russell 2000 Growth by more than 16% to start the year.

These trends were also reflected within the Fund, as our top performers from 2020 gave up some of their gains, while some of our positions that lagged last year saw their stock prices better reflect improving fundamentals. We do not seek to reposition the portfolio or change our process or strategy just because certain areas of the market are temporarily in vogue. Instead, we continue to focus on identifying and researching unique businesses with significant barriers to entry and compelling growth prospects, investing in them at attractive prices, and holding them for the long term.

Performance listed in the above table is net of annual operating expenses. Annual expense ratio for the Retail shares and Institutional shares as of September 30, 2020 was 1.30% and 1.04%, 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 www.BaronFunds.com or call 1-800-99BARON.

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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.

BARON FUNDS 1987

Table II groups our portfolio based on our assessment of the attributes that best characterizes each investment. While this does not perfectly correlate to the Global Industry Classification Standard ("GICS"), the industry standard nomenclature, we believe it provides added transparency into our thought process and is particularly helpful in periods when the performance of stocks diverge.

Table II.
Total returns by category for the three months ended March 31, 2021

	% of Net Assets (as of 3/31/2021)	Total Return (%)	Contribution to Return (%)
Real/Irreplaceable Assets	**27.8**	**9.48**	**2.18**
Boyd Gaming Corporation	0.3	37.37	0.08
Red Rock Resorts, Inc.	0.6	30.15	0.14
Marriott Vacations Worldwide Corp.	2.5	26.93	0.52
Penn National Gaming, Inc.	7.6	21.39	1.30
American Assets Trust, Inc.	0.1	13.24	0.01
Douglas Emmett, Inc.	1.4	8.54	0.09
Vail Resorts, Inc.	6.7	4.55	0.18
Gaming and Leisure Properties, Inc.	2.7	1.60	0.03
Choice Hotels International, Inc.	3.7	0.52	0.00
OneSpa World Holdings Limited	0.0	0.37	–0.00
Manchester United plc	0.8	–5.97	–0.05
Alexandria Real Estate Equities, Inc.	1.4	–7.21	–0.11
Russell 2000 Growth Index		4.88	
Core Growth	**27.3**	**2.04**	**0.60**
Bio-Techne Corporation	3.8	20.37	0.63
Gartner, Inc.	3.4	13.96	0.38
Marel hf.	0.3	12.55	0.04
Neogen Corp.	0.6	12.09	0.06
BrightView Holdings, Inc.	0.2	11.57	0.02
Trex Company, Inc.	2.4	9.34	0.22
Littelfuse, Inc.	0.3	4.02	0.01
Mettler-Toledo International, Inc.	1.2	1.35	0.02
Dechra Pharmaceuticals PLC	0.3	0.73	0.00
Yucaipa Acquisition Corporation	0.1	0.49	0.00
West Pharmaceutical Services, Inc.	1.7	–0.48	0.00
Bright Horizons Family Solutions, Inc.	2.7	–0.89	–0.02
IDEXX Laboratories, Inc.	4.6	–2.17	–0.12
CoStar Group, Inc.	5.7	–11.08	–0.65
Financials	**29.8**	**–2.77**	**–0.78**
Windy City Investments Holdings, L.L.C.	–	227.38	0.00
Moelis & Company	0.5	18.57	0.07
The Carlyle Group Inc.	0.8	17.72	0.12
Primerica, Inc.	2.8	10.69	0.29
Essent Group Ltd.	0.3	10.35	0.03
Arch Capital Group Ltd.	4.1	6.38	0.23
Houlihan Lokey, Inc.	0.4	–0.55	–0.00
Morningstar, Inc.	2.8	–2.84	–0.05
SS&C Technologies Holdings, Inc.	2.1	–3.74	–0.10
MSCI, Inc.	8.4	–5.94	–0.50
FactSet Research Systems, Inc.	4.3	–6.95	–0.30
Cohen & Steers, Inc.	1.4	–11.48	–0.19
Kinsale Capital Group, Inc.	1.9	–17.60	–0.38
Disruptive Growth	**15.1**	**–5.57**	**–0.82**
ACV Auctions Inc.	0.2	38.44	0.05
Zymergen Inc.	0.1	17.54	0.02
Farmers Business Network, Inc.	0.2	16.99	0.02
Wix.com Ltd.	0.6	11.58	0.06
Altair Engineering Inc.	0.5	7.55	0.04
Iridium Communications Inc.	4.1	4.89	0.31
Northvolt AB	0.1	–0.59	0.00
Schrodinger, Inc.	0.8	–3.69	–0.05
ANSYS, Inc.	5.0	–6.68	–0.38
Desktop Metal, Inc.	0.2	–9.56	–0.01
Pegasystems, Inc.	1.3	–14.17	–0.22
Guidewire Software, Inc.	1.2	–21.05	–0.32
American Well Corporation	0.1	–31.28	–0.03
Denali Therapeutics Inc.	0.5	–31.83	–0.21
Adaptive Biotechnologies Corporation	0.2	–31.98	–0.10
Fees	**–**	**–0.28**	**–0.27**
Total	**100.0**	**0.92***	**0.92***

Sources: FactSet PA, BAMCO, and Russell, Inc.

* Represents the blended return of all share classes of the Fund.

Table II shows that our Consumer Discretionary investments, most of which fall under "Real/Irreplaceable Assets," performed strongly during the quarter, reflecting persistent improvements in underlying conditions and expectations for a release of pent-up demand over the duration of 2021. National trends have shown clear and consistent signs of improvement. For example, the U.S. Transportation Security Administration ("TSA") reports the number of travelers passing through its domestic security checkpoints. Trends have improved every month since bottoming last April. In March 2021, the TSA checked 38.1 million travelers, which was down around 48% from pre-COVID levels. This represented a nice improvement from a 57% decline in February. March 2021 demonstrated a 15%-plus improvement vs. March 2020, which was also impacted by COVID.

Our Consumer Discretionary investments have fared much better than the industry as a whole and are continuing to enjoying the same month-over-month improvements. For example, skier visits to **Vail Resorts, Inc.** through early March declined by just 8.2% from last year. Vail's total North American destination visits declined an even more modest 5%, despite travel and capacity restrictions in December. Daily retail sales for March were up three-fold versus pre-COVID levels in 2019, and ski school was sold out during the month. Vail's management was able to grow its season pass sales by almost 20% through creative pricing, aggressive use of data and analytics, and consistently expanding guest value. **Marriott Vacations Worldwide Corp.**'s new contract sales improved by 27% over the prior quarter, and reservations the second half of 2021 are running 8% above pre-COVID levels. Utilization at **Bright Horizons Family Solutions, Inc.**'s child care centers improved by approximately 10% sequentially during its most recently reported quarter, have continued to improve in early 2021, and are expected to reach pre-COVID levels by the end of this year. We expect to see trends continue to improve.

Importantly, we have invested in these Consumer Discretionary stocks because of their discrete attributes and opportunities and not because of any macroeconomically driven thesis. We have owned these stocks for a weighted average of 15.6 years, and all were purchased several years in advance of the current macroeconomic cycle. We remain excited by powerful secular and idiosyncratic opportunities such as the legalization of online gambling and sports gaming, the growing need for child care in dual income households, and the sophisticated use of data and analytics to reduce customer acquisition costs, enhance targeting, and bolster conversion rates. We believe that all our Consumer Discretionary investments possess unique and durable competitive advantages, are appropriately capitalized, and are led by best-in-class management teams. While they have generated strong returns so far in 2021, we continue to believe they have the potential to double in value over our five-year investment horizon.

While the market was focused on cyclical stocks during the quarter, we remain excited about the sustainable growth prospects of our secular-growth oriented portfolio over our five-year investment horizon. We believe that end market conditions are improving for almost all our investments, most notably for those that did not benefit from a COVID-driven tailwind last year. For example, we expect P&C insurance vendors **Arch Capital Group Ltd.** and **Kinsale Capital Group, Inc.** to benefit from the hardening of insurance prices after a decade of soft conditions. We expect **Primerica, Inc.** to benefit from the recent rise in interest rates, as its investment portfolio generates more compelling returns and its fixed income products offer better yields. **Bio-Techne Corporation** will benefit from the reopening of research laboratories, which should reaccelerate demand for its portfolio of proteins and antigens.

We view our 5-year baseline holding period as a significant competitive advantage for several reasons. First, we view the long term as a less efficient area of the market. There is a lot of focus on predicting financial results over the next quarter or two, but almost no focus on forecasting over a 5-year period. This gives us a more fertile competitive set and enables us to identify businesses that will compound at faster-than-expected rates for longer-than-expected time periods. Additionally, this investment horizon allows us to be opportunistic. When companies miss quarterly earnings estimates, or announce investment programs, stocks go down indiscriminately. This is because investors with short-term time horizons view this as uncertainty and expect the stocks to be in the penalty box for several quarters. We can evaluate these situations dispassionately, determine the cause of a miss, or the expected return on an investment program, and make an active investment decision. Ideally this allows us to buy a best-in-class business at a more attractive valuation. Finally, this allows us better access to management teams. Time for investor relations professionals is a scarce resource, and we find that management teams are far more willing to spend time meeting with us than other investors because they know that we can own their stock for at least 5 years, and often for 10 years or longer.

During the quarter, we took advantage of the market's focus on cyclical stocks to initiate an investment in **ACV Auctions Inc.** We believe that ACV is a compelling secular growth business that is using technology, data, and analytics to disrupt the wholesale automotive auction market. We view this as a vast addressable market dominated by incumbents burdened by significant real estate footprints and legacy processes ripe for disruption by an agile digital-native competitor. Please see the section titled "Recent Purchases" for more details.

We intentionally keep our new investments small as we build confidence in our investment thesis and managements' ability to execute. Our new position in ACV reflects this philosophy, and we are working closely with our growing team of analysts to enhance and refine our understanding of this business and its opportunity. We also add opportunistically to existing positions where appropriate. This quarter's abrupt focus on cyclical stocks presented an opportunity to add to several positions at particularly attractive valuations. Most notably, we added to our position in **Schrodinger, Inc.** when the stock declined following its conservative initial financial outlook after its extraordinary financial performance in 2020.

Table III.
Performance Based Characteristics as of March 31, 2021

	Millennium Internet Bubble to Financial Panic 12/31/1999 to 12/31/2008	Financial Panic to Present 12/31/2008 to 3/31/2021	Millennium Internet Bubble to Present 12/31/1999 to 3/31/2021	Inception 12/31/1994 to 3/31/2021
Alpha (%)	5.05	3.34	5.39	7.02
Beta	0.58	0.81	0.69	0.71

Table IV.
Performance
Millennium to COVID-19 Pandemic. The Impact of Not Losing Money.

	Millennium Internet Bubble to Financial Panic 12/31/1999 to 12/31/2008		Financial Panic to Present 12/31/2008 to 3/31/2021		Millennium Internet Bubble to Present 12/31/1999 to 3/31/2021		Inception 12/31/1994 to 3/31/2021	
	Value $10,000	Annualized	Value $10,000	Annualized	Value $10,000	Annualized	Value $10,000	Annualized
Baron Growth Fund (Institutional Shares)	$12,448	2.46%	$68,581	17.02%	$85,373	10.62%	$315,800	14.06%
Russell 2000 Growth Index	$ 6,476	–4.71%	$64,487	16.43%	$41,759	6.96%	$ 99,611	9.15%
S&P 500 Index	$ 7,188	–3.60%	$56,701	15.22%	$40,756	6.84%	$143,103	10.67%

The indexes are unmanaged. Index performance is not Fund performance; one cannot invest directly into an index.

The Fund has meaningfully outperformed its Benchmark over the long term. This is principally the result of not losing money during the nine years ended December 2008, when most others did…as well as outstanding performance of our growth stock investments. The Fund has compounded at 14.06% annually since its inception on December 31, 1994, which exceeds the Benchmark by 4.91% annually. While the Fund did not make much money from the peak of the Internet Bubble on December 31, 1999 through the trough of the Financial Panic on December 31, 2008, it did generate a positive annualized return of 2.46%. Conversely, a hypothetical investment in the Fund's Benchmark would have declined in value by 4.71% on an annualized basis over the same time, while a hypothetical investment in a fund designed to track the large-cap S&P 500 Index would have declined 3.60% annualized. (Please see Table IV–Millennium Internet Bubble to Financial Panic). From the Financial Panic to the present, the Fund generated compounded returns of 17.02%, which exceeded that of its Benchmark by 0.59% annually. This represents robust absolute and relative returns across a variety of market environments, driven primarily by favorable stock selection.

The power of compounding is best demonstrated by viewing this return in dollar terms. A hypothetical investment of $10,000 in the Fund at its inception on December 31,1994 would be worth $315,800 at March 31, 2021. This is approximately 3.2 times greater than the $99,611 the same hypothetical investment made in a fund designed to track the Benchmark would be worth. Hypothetically, our returns were achieved with approximately 30% less volatility than the Benchmark, as represented by its beta. (Please see Tables III and IV.) We are pleased that our long-term investments in what we believe are competitively advantaged growth companies with exceptional management teams have generated attractive returns in good markets and have helped to protect capital during more challenging ones.

Table V.
Top contributors to performance for the quarter ended March 31, 2021

	Year Acquired	Market Cap When Acquired (billions)	Quarter End Market Cap (billions)	Total Return	Percent Impact
Penn National Gaming, Inc.	2008	$2.5	$16.4	21.39%	1.30%
Bio-Techne Corporation	2009	2.1	14.8	20.37	0.63
Marriott Vacations Worldwide Corp.	2013	1.5	7.2	26.93	0.52
Gartner, Inc.	2007	2.3	16.2	13.96	0.38
Iridium Communications Inc.	2014	0.6	5.5	4.89	0.31

Shares of regional casino operation **Penn National Gaming, Inc.** increased in the quarter on strong share gains in the online sports betting and gaming markets in Michigan and the opening of the large Illinois online sports betting market. Strong sequential growth in revenue and sustained margin improvement in its brick and mortar operations also helped boost the share price. We think these positive developments will lead to improvements in the company's balance sheet and its EBITDA to free cash flow conversion.

Bio-Techne Corporation is a leading developer and manufacturer of high-quality purified proteins and protein analysis and other life sciences tools, which it sells to biomedical researchers and clinical research laboratories. The stock did well in the quarter after the company reported a 19% acceleration in organic growth in the fourth quarter, driven by strength across the business including a small contribution from COVID-19- related products. We continue to believe Bio-Techne has a solid long-term outlook with multiple growth drivers.

Shares of timeshare company **Marriott Vacations Worldwide Corp.** increased in the quarter on accelerated sales driven largely by increased demand in Orlando and Hawaii. The company's announcement of its acquisition of Welk also helped boost its share price. We think added inventory and cost synergies from its Welk acquisition will help improve the company's balance sheet and cash flow profile.

Table VI.
Top detractors from performance for the quarter ended March 31, 2021

	Year Acquired	Market Cap When Acquired (billions)	Quarter End Market Cap (billions)	Total Return	Percent Impact
CoStar Group, Inc.	2004	$0.7	$32.4	–11.08%	–0.65%
MSCI, Inc.	2007	1.8	34.7	–5.94	–0.50
ANSYS, Inc.	2009	2.3	29.6	–6.68	–0.38
Kinsale Capital Group, Inc.	2016	0.6	3.8	–17.60	–0.38
Guidewire Software, Inc.	2012	1.3	8.5	–21.05	–0.32

Shares of **CoStar Group, Inc.**, a real estate information and marketing services company, detracted as a result of a broader rotation away from higher-multiple growth stocks. CoStar has seen an acceleration in demand for its digital marketplace businesses as traditionally offline activities shifted online. Modest headwinds in its data licensing businesses that hampered growth in 2020 are now abating. CoStar has moved to enter the residential real estate market, which meaningfully expands its market and should amplify growth as it launches new technological innovations.

Shares of **MSCI, Inc.**, a leading provider of investment decision support tools, detracted from performance. The stock pulled back as part of the broader market rotation that saw steady compounders, especially ones with strong 2020 performance, temporarily fall out of favor. There was no materially negative company-specific news; MSCI reported largely solid fourth quarter earnings and hosted an upbeat investor day. We retain long-term conviction as MSCI owns strong, all-weather franchises and remains well positioned to benefit from numerous tailwinds in the investment community.

ANSYS, Inc. is a leading provider of physics-based simulation software used to evaluate how products will perform under various scenarios. Shares fell amid a broader market correction in software valuations after a robust 2020. We retain conviction as ANSYS presented strong growth with large accounts and resiliency in its core business throughout 2020, supported by its diversified customer base and focus on secular growth initiatives.

RECENT PURCHASES

This quarter the Fund participated in the IPO of **ACV Auctions Inc.**, the market leader in digital wholesale vehicle transactions. We believe that ACV is a compelling secular growth business that is using technology, data, and analytics to disrupt the wholesale automotive auction market.

We believe that ACV is targeting a vast addressable market. We estimate that there are approximately 40 million used car transactions annually in the U.S. alone, around 75% of which are sold by dealers to consumers. To have a sufficient inventory of used vehicles to sell to consumers, dealers conduct approximately 22 million wholesale vehicle transactions every year, which corresponds to approximately $230 billion in gross merchandise value annually.

Given the fragmented nature of dealers, with over 38,000 independent used car dealers and 16,500 franchise dealers, wholesale transactions are largely facilitated by marketplaces connecting buyers and sellers. The market has been traditionally served by physical auctions held by Manheim, ADESA, and over 200 independent NAAA auction houses. These vendors account for close to 10 million units per year, with other transactions occurring through private auction platforms or in a more informal manner.

Today, digital transactions represent just 5% of all wholesale transactions, with ACV leading the digital market with approximately 40% market share. Digital auctions offer many benefits to dealers including the convenience of accessing auctions from anywhere, avoiding transportation costs and time spent at physical auctions, and increasing the potential buyer base for every vehicle. We believe that COVID has meaningfully accelerated the transition of physical-to-digital auctions. During 2020, digital penetration jumped by 4 times in certain territories versus pre-COVID levels, and we ultimately believe that ACV's volumes can increase by a factor of 10 times.

We believe that ACV has developed meaningful competitive advantages. The company's digital-native footprint and current-generation technology stack create a sustainable cost advantage versus legacy incumbents, who are burdened by meaningful real estate and personnel expenses. The company's value proposition is focused on delivering trust and transparency to buyers and sellers. Its captive team of 750 vehicle inspectors use ACV's proprietary technology to generate best-in-class inspection reports that measure and report on 100 unique vehicle attributes. With each transaction and inspection, ACV collects incremental data, which can further help enhance its market insight and product offerings. Finally, we expect ACV to benefit from flywheel effects as the growing number of buyers on the platform will attract more dealers to sell through the platform, and more inventory on the platform will entice more buyers.

Currently, ACV collects a nominal buyer and seller fee for each vehicle bought and sold on the company's platform. We see ample ways to enhance monetization by selling high-margin ancillary services such as transportation, floorplan financing, and "Go Green" seller's assurance. The "Go Green" offering is the first of its kind in the industry that shifts the risk of the car not being as represented in the inspection report to ACV. We believe that ACV's inspection capabilities and vast data set enable it to offer this service profitably, while competitors would likely lose money if making a similar guarantee. Over time, we believe that increasing attach rates of ancillary services can increase the revenue per vehicle by around 20%, and the profit per vehicle by almost 50%. We also expect the company to identify additional ways to monetize its data assets in a profitable and recurring manner, which should be meaningfully additive to financial results.

As with all our investments, we believe that ACV is run by a best-in-class management team. The company was founded by former car dealers, who understood the opportunities and pitfalls of the industry. CEO George Chamoun, who founded Synacor in 1998, joined in 2016 after being an early investor in the company. George has built out a management team replete with technology industry veterans who have helped craft ACV's advantage as a digitally-native data-first disruptor. The management team remains focused on culture and has hired from, and modeled itself after, many best-in-class culture organizations.

Portfolio Structure and Investment Strategy

The Fund seeks to invest in businesses that we believe have attractive fundamental characteristics and are underpinned by durable competitive advantages. We search for businesses that serve large addressable markets and are benefiting from favorable secular trends. We favor business models that have high levels of recurring revenue, generate attractive incremental margins, are cash generative, and are not dependent on third-party financing. We exclusively invest with management teams that we consider exceptional and are investing in their businesses to generate long-term profitable growth.

The Fund holds investments for the long term. As of March 31, 2021, the weighted average holding period of the Fund was 12.9 years. The portfolio's 10 largest positions have been owned for a weighted average of 15.0 years, ranging from a 6.9 year investment in **Iridium Communications Inc.** to a 24.1 year investment in **Vail Resorts, Inc.** Twenty-one of the Fund's investments, representing 72.4% of the portfolio's net assets, have been held for more than 10 years, and 11 investments, representing 19.8% of the portfolio's net assets, have been held between 5 and 10 years. Twenty-one investments, representing 7.9% of the portfolio's net assets, had been owned for less than 5 years. This is dramatically longer than most other small-cap growth funds, which, according to Morningstar, turn over about 80% of their portfolios annually.

We believe that Table VII and Table VIII demonstrate the merits of our long-term holding philosophy.

Table VII.
Top performing stocks owned more than five years

	Year of First Purchase	Cumulative Total Return Since First Date of Purchase
IDEXX Laboratories, Inc.	2005	3,299.8%
Choice Hotels International, Inc.	1996	2,137.5
CoStar Group, Inc.	2004	1,952.7
MSCI, Inc.	2007	1,711.1
Vail Resorts, Inc.	1997	1,677.0
Mettler-Toledo International, Inc.	2008	1,502.0
Penn National Gaming, Inc.	2008	1,463.7
Arch Capital Group Ltd.	2002	1,242.1

The cohort of investments that have been held for more than five years earned an annualized rate of return of 20.3% based on weighted average assets since they were first purchased, which exceeds the performance of the Fund's Benchmark by 7.8% per year annualized. Six of these investments have achieved annualized returns that exceed the Benchmark by more than 10% per year, including two that have achieved annualized returns that exceed the Benchmark by more than 15% per year.

Table VIII.
Top performing stocks owned less than five years

	Year of First Purchase	Cumulative Total Return Since First Date of Purchase
Schrodinger, Inc.	2018	619.4%
Kinsale Capital Group, Inc.	2016	517.7
Wix.com Ltd.	2016	495.4

The cohort of investments that have been held for less than five years has returned 43.9% annually based on weighted average assets since their initial purchase and exceeded the Benchmark by 23.8% annualized. Seven of these investments have achieved annualized returns that exceed the Benchmark by more than 10% per year, including six that have achieved annualized returns that exceed the Benchmark by more than 20% per year.

Portfolio Holdings

As of March 31, 2021, Baron Growth Fund held 53 investments. The top 10 holdings represented 54.3% of the Fund's net assets. All were small-cap businesses at the time of purchase and have become top 10 positions mostly through stock appreciation. Our holdings in these stocks have increased by an average of 14 times since our initial investment, and have exceeded the Benchmark by an average of 9.5% annually. We believe all our positions offer significant further appreciation potential individually, and that the Fund's diversification offers potentially better-than-market returns with less risk than the market. Note that diversification cannot guarantee a profit or protect against loss.

Baron Growth Fund only purchases small-cap companies. Since the Fund holds its investments for the long term, the Fund has a significant percentage of assets invested in securities that have appreciated beyond their market capitalizations at the time of the Fund's investment. Baron Growth Fund's median market cap is $6.0 billion and its weighted average market cap is $16.6 billion. This compares to Morningstar's U.S. market cap breakpoints for small- and mid-cap funds of $6.4 billion and $33.5 billion, respectively, as of March 31, 2021.

Table IX.
Top 10 holdings as of March 31, 2021

	Year Acquired	Market Cap When Acquired (billions)	Quarter End Market Cap (billions)	Quarter End Investment Value (millions)	Percent of Net Assets
MSCI, Inc.	2007	$1.8	$34.7	$723.3	8.4%
Penn National Gaming, Inc.	2008	2.5	16.4	654.2	7.6
Vail Resorts, Inc.	1997	0.2	11.7	583.3	6.7
CoStar Group, Inc.	2004	0.7	32.4	493.1	5.7
ANSYS, Inc.	2009	2.3	29.6	432.9	5.0
IDEXX Laboratories, Inc.	2005	1.9	41.8	395.9	4.6
FactSet Research Systems, Inc.	2006	2.5	11.7	370.3	4.3
Iridium Communications Inc.	2014	0.6	5.5	355.8	4.1
Arch Capital Group Ltd.	2002	0.4	15.5	353.0	4.1
Bio-Techne Corporation	2009	2.1	14.8	324.6	3.8

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

Respectfully,

Ronald Baron
CEO and Lead Portfolio Manager
April 20, 2021

Neal Rosenberg
Co-Portfolio Manager
April 20, 2021

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 its distributor, Baron Capital, Inc., by calling 1-800-99BARON or visiting www.BaronFunds.com. Please read them carefully before investing.

Risks: The Adviser believes that there is more potential for capital appreciation in smaller companies, but there also may be more risk. Specific risks associated with investing in smaller companies include that the securities may be thinly traded, and they may be more difficult to sell during market downturns. 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 managers 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 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 "**Best-in-class**" 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.

Alpha: measures the difference between a fund's actual returns and its expected performance, given its level of risk as measured by beta.

Beta: measures a fund's sensitivity to market movements. The beta of the market (Russell 2000 Growth Index) is 1.00 by definition.

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

Dear Baron Small Cap Fund Shareholder:

Performance

Baron Small Cap Fund (the "Fund") gained 2.67% (Institutional Shares) in the first quarter of 2021. The Fund underperformed the Russell 2000 Growth Index, which was up 4.88%, and the broader S&P 500 Index, which was up 6.17%.

Table I.
Performance
Annualized for periods ended March 31, 2021

	Baron Small Cap Fund Retail Shares[1,2]	Baron Small Cap Fund Institutional Shares[1,2,3]	Russell 2000 Growth Index[1]	S&P 500 Index[1]
Three Months[4]	2.61%	2.67%	4.88%	6.17%
One Year	87.89%	88.40%	90.20%	56.35%
Three Years	20.38%	20.71%	17.16%	16.78%
Five Years	20.87%	21.19%	18.61%	16.29%
Ten Years	13.38%	13.68%	13.02%	13.91%
Fifteen Years	10.26%	10.48%	10.05%	10.02%
Since Inception (September 30, 1997)	11.34%	11.48%	7.57%	8.31%

The market continued its uptrend in the quarter and traded to new highs, extending the strong rally that started a year ago. The outlook for business is very strong. With the successful rollout of vaccines, the economy is on the cusp of a major boom that could last for years. There is enormous pent-up demand from consumers and businesses, after having been cooped up for a year and flush with resources. Consumer net worth is showing great strength with the increase in stocks and home values. With the expected recovery in employment markets plus the stimulus payments received in 2020 and again in early 2021, consumer spending seems poised to explode.

GDP growth is expected to be in the high single-digits and earnings are projected to grow some 30% from last year's depressed levels. This positive outlook drove the market this quarter, eclipsing the somewhat unsettling sidebars of the wild trading in Reddit stocks, volatile trading of speculative SPACs, and the failure of the large family office called Archegos.

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PORTFOLIO MANAGER

Retail Shares: BSCFX
Institutional Shares: BSFIX
R6 Shares: BSCUX

For the first half of the quarter, the market traded similarly to how it acted in the fourth quarter. The best performers were "reopening" plays, with an emphasis on value stocks and cyclicals. The best sectors were Energy, Industrials, and some Consumer Discretionary subsectors. The excitement over upcoming economic growth led to a significant, and somewhat unexpected, spike in interest rates. The 10-year Treasury yield rose from about 0.9% to 1.7% almost overnight, weighing on the trading multiples of stocks in growth sectors. Stocks in Information Technology ("IT"), Health Care, and some Consumer Discretionary sub-industries were challenged, after meaningfully outperforming last year. Also, in the small-cap space, smaller market capitalization stocks, lower-quality, and more volatile stocks performed relatively better. In that environment, where the sectors we favor and factors we emphasize were not in vogue, our Fund lagged a bit.

Performance listed in the above table is net of annual operating expenses. Annual expense ratio for the Retail Shares and Institutional Shares as of September 30, 2020 was 1.31% and 1.05%, 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 www.BaronFunds.com or call 1-800-99BARON.

1 The **Russell 2000® Growth Index** measures the performance of small-sized U.S. companies that are classified as growth and the **S&P 500 Index** of 500 widely held large cap U.S. companies. Russell Investment Group is the source and owner of the trademarks, service marks and copyrights related to the Russell Indexes. Russell is a trademark of Russell Investment Group. The indexes and the Fund include reinvestment of dividends, net of withholding taxes, which positively impact the performance results. The indexes are unmanaged. The index performance is not Fund performance; one cannot invest directly into 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.

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However, trends changed in second half of the quarter, and our holdings did better both absolutely and relatively. We believe that the stocks that are benefiting because of expectation of cyclical growth have now risen to levels that mostly reflect those improved prospects. We sold shares of our holdings that were of this ilk, as they seemed more fully valued. As the rise in interest rates paused, we observed that the pendulum is swinging back… that the market is not all about value, as had been the case for three months, nor all about growth, which it was for the prior seven months, and will be more balanced go forward. We suspect that the best investments from here will be based more so on the particular micro achievements and attributes of those businesses than on broad generalizations.

Table II.
Top contributors to performance for the quarter ended March 31, 2021

	Percent Impact
The Cheesecake Factory, Inc.	0.60%
Penn National Gaming, Inc.	0.45
Gartner, Inc.	0.41
Installed Building Products, Inc.	0.36
ASGN Incorporated	0.35

Shares of **The Cheesecake Factory, Inc.**, the operator of casual dining restaurants, were up significantly in the first quarter, as their dining rooms reopened, and business recovered from the depths caused by COVID restrictions. We believe that the company weathered the downturn very well and emerged a stronger, more profitable entity, with an improved outlook. Off Premise sales were robust during the shutdown, and we believe that a good portion of those sales will be retained, so that each restaurant will do more revenue than before. We expect about 15% of restaurants in the casual dining space will be shuttered forever, which will help Cheesecake's volumes and already strong competitive position. And we are excited about the opportunity for it to grow units, especially in the North Italia and Fox brands, which the company acquired prior to COVID. However, with the stock quadrupling off the bottom and back to its highs of five years ago, and trading at a good multiple of our expectation of near-term earnings, we sold about a third of our position into strength.

Penn National Gaming, Inc. is the largest operator of regional casinos in the U.S. and owns the Barstool Sports mobile betting site and social media platform. The stock continued its amazing run in anticipation of great growth in both parts of its business. The brick-and-mortar casinos are doing well as capacity limits are raised, and the prospects are improved. We believe that they will achieve higher margins than in the past as they reduce marketing costs, eliminate lower-margin amenities (like buffets) and trim labor. Plus, the company plans to rebrand the casinos using its Barstool Sports brand and personalities to attract a younger crowd and gain share. The sports betting and iGaming opportunities are enormous. Though the opportunity is nascent, Penn has done really well in the recent opening of sports betting in new states, which lends credence to its goal of ultimately earning over $1 billion in EBITDA from these businesses based on garnering 15% market share of a $20 billion-plus industry. Crazy exciting.

Gartner, Inc., the leading provider of syndicated research focused on technology trends and business functions, reported strong financial results, and contributed to our performance. The stock had languished since sales of new subscriptions slowed and conferences came to a halt during the pandemic, but now the business is due for a strong cyclical rebound, and the company is well-positioned for revenue acceleration, expanding margins, and cash flow generation. We forecast the company's crown jewel subscription revenue business to return to double-digit annual growth and its GBS segment to really accelerate, after years of working on its product offerings and sales effort. The events business should snap back when travel restrictions are lifted. Gartner's balance sheet is in excellent shape, and we expect an acceleration in share repurchases with excess capital. All in all, we believe that free cash flow per share will grow over 20% per year for the next several years, and even after the rebound in the share price, the stock is inexpensive on that key metric.

Installed Building Products, Inc. ("IBP") is the leading installer of insulation and complementary products for the U.S. residential construction market. IBP is well-positioned to prosper from the acceleration in new home construction, brought about by the decline in interest rates and the attractiveness of the suburbs. IBP has built a powerhouse company with national scale and strong local presence. It was assembled through highly successful strategic and accretive acquisitions, and by expanding into complementary products to leverage existing relationships. The company has grown its top line over 21% compounded for the last seven years and has grown its earnings even faster. Growth in the first quarter of 2021 was dampened by delays in completions caused by other trades and a mix shift towards lower-priced work for larger national builders. This, coupled with the rise in interest rates, caused the stock to trade down after reporting results. We remain excited by the strong organic growth outlook, the prospect of higher margins as increased commodity costs are passed through, a more robust acquisition program in the base residential business, and by the company building its presence in commercial markets. We think the stock is cheap at under 9 times last year's EBITDA /14 times EPS, and we should benefit from anticipated growth and multiple expansion.

ASGN Incorporated is the second largest U.S. staffing firm, with a focus on the fast growing, high-end commercial and federal IT service sectors. ASGN reported strong fourth quarter results, which exceeded estimates in revenues, margins, and earnings. Revenues declined just 1% in the quarter in a terrible employment market. The business model and operations held up sensationally, and now there are strong tailwinds for growth. Consulting services grew 19% in the past quarter and has great visibility for continued strong growth. These services are higher-margin and higher-value add and is similar to the "digitization" work done by other IT service providers (like Endava and Grid Dynamics, which we also own). As this line of business becomes more significant, the stock should command a higher multiple. Additionally, the balance sheet is now underleveraged, and we would anticipate ASGN reentering the acquisition market, which has added great value in the past.

Other stocks that rose over 20% in the quarter but added less to our performance because they are smaller positions include **DraftKings, Inc.**, **PRA Health Sciences, Inc.**, **Red Rock Resorts, Inc.**, **Shoals Technologies Group, Inc.**, **Grid Dynamics Holdings, Inc.**, and **Fiverr International Ltd.**

Table III.
Top detractors from performance for the quarter ended March 31, 2021

	Percent Impact
Guidewire Software, Inc.	–0.65%
Mercury Systems, Inc.	–0.39
Array Technologies, Inc.	–0.39
Ceridian HCM Holding Inc.	–0.35
The Trade Desk	–0.30

Shares of property and casualty insurance software vendor **Guidewire Software, Inc.** detracted from performance after reporting a good quarter but guided to lower-than-expected revenues for the upcoming quarter. As we have discussed, Guidewire is in the midst of transitioning to providing its products from the cloud. We believe that transition is going well. This quarter, the company made good progress with a critical go-live implementation and new bookings were strong with five new cloud wins announced. However, the company's financials were obscured by complex accounting during this period. We believe that the addressable market for Guidewire's products through cloud delivery will triple. And we expect that the company will garner commanding market share and earn higher margins. We believe the stock could rise multiple fold as this plays out.

Mercury Systems, Inc. is a leading provider of innovative high-tech subsystems for the defense electronics industry. Shares fell this quarter after the company reported that near-term sales were a little light and because of a fear that the Democrats' control of the government could lead to a smaller defense budget. We do not think that the change in administrations will prevent the company from continuing to grow its sales at high single-digits, as in the past, as the company continues to benefit from its critical role as the outsourcing partner for prime contractors. The company also recently announced another large strategic and accretive acquisition, which has been core to the company's success. We added to our position on weakness.

Array Technologies, Inc. is the leading supplier to the utility scale solar energy industry, selling ground-mounted systems that provide tracker solutions that add great efficiency to the solar panel arrays. We purchased shares in Array last quarter, and the stock was one of our strongest performers (please check out our last quarterly letter). This quarter, the stock reversed course after its private equity owner submitted a filing for a large secondary offering. The company also guided to lower near-term margins caused by increased investments in growth. The stock traded back to what we believed was an attractive price, and we added to our holdings.

Ceridian HCM Holding Inc., a leader in payroll and workforce management software, fell in the quarter on concerns that increased pandemic-related restrictions will slow the rate of job recovery in its customer base. That kind of short-term thinking is not our approach. The stock also fell because it was a big winner last year and the market favored different stocks this quarter. We believe that the company's cloud-based Dayforce product will generate rapid earnings growth, meaningful margin expansion, and significant free cash flow. We are excited about the potential for its Dayforce Wallet product, which allows employees to access their earned wages on a real-time basis rather than waiting through the traditional two-week pay cycle. We think this product will be enthusiastically embraced by employees and lead to market share gains and higher profits for Ceridian.

The Trade Desk is a leading online platform that enables ad agencies to efficiently purchase advertising on digital media. The stock has been a monster for years but backed off this quarter over industry concerns that Google would move away from "cookies" as a way to track advertising. We believe that Trade Desk's Unified ID product might fill that void so are not so concerned. We expect programmatic advertising on digital media to continue to grow rapidly and for Trade Desk to be a major enabler and beneficiary. We sold some stock during the quarter because the shares were highly valued on near-term expectations and also for market cap considerations.

Other stocks that fell 20% or more in the quarter were **Madison Square Garden Entertainment Corp.** and **TS Innovation Acquisitions Corp.**

Portfolio Structure & Recent Activity

As of March 31, 2021, the Fund had $5.1 billion under management. The top 10 holdings made up 27.8% of the Fund's net assets, similar to prior periods. We held 74 stocks and warrants on 2 others. The stocks in our top holdings have been owned from 1 year to 14 years.

Table IV.
Top 10 holdings as of March 31, 2021

	Year Acquired	Quarter End Investment Value (millions)	Percent of Net Assets
Installed Building Products, Inc.	2017	$185.7	3.6%
Gartner, Inc.	2007	182.6	3.6
ASGN Incorporated	2012	152.7	3.0
SiteOne Landscape Supply, Inc.	2016	143.5	2.8
Vertiv Holdings, LLC	2020	140.0	2.7
Floor & Decor Holdings, Inc.	2017	133.7	2.6
Penn National Gaming, Inc.	2020	125.8	2.5
Guidewire Software, Inc.	2012	124.5	2.4
ICON Plc	2013	117.8	2.3
Aspen Technology, Inc.	2015	115.5	2.3

As in the recent past, the Fund is most invested in four sectors. IT stocks made up 25.1%, at quarter end, of our holdings. Industrials 23.7%; Consumer Discretionary 16.7%; and Health Care 16.5%. Compared to the Russell 2000 Growth Index we are overweight in Industrials, IT, and Consumer Discretionary. We are materially underweight in Health Care, because of our aversion to biotechnology and pharmaceutical stocks. Our IT holdings are focused on the application software (vertical software businesses and data processing (fintech businesses). Our Industrials are leading niche operations who are all secular, not cyclical, growers. Our Consumer Discretionary stocks span many end markets, including casinos & gaming, homebuilding, home improvement retail, and education services. In Health Care, we favor health care equipment and life sciences tools & services.

We continue our approach of buying new small-cap names each quarter and funding those purchases by selling out of or reducing the position sizes of some of the stocks we like less or those with higher market caps. In the quarter, the weighted average market cap of new ideas we purchased was $2.1 billion, and the weighted average market cap of all purchases was $2.4 billion. These levels have been our sweet spot for finding exciting well-established, successful businesses in which to invest. The market cap of our sales during the quarter was $14.4 billion. This demonstrates our disciplined commitment to stay true to our small-cap mandate while at the same time getting the benefits of our long-term investments in our biggest winners.

In previous letters, we have discussed why investing in SPACs has been a great benefit to the Fund and have detailed some of our successful investments. This quarter, many market commentators turned sour on SPACs, often for good reasons, so we would like to share our view and explain why we remain enthused about the investments we have made and excited about future opportunities. The criticism about SPACs focuses on the following: the enormous number of underwritings done year-to-date…we agree; more and more speculative early-stage businesses are being acquired and are trading at extremely high valuations for businesses that might not be ready for the public markets…we agree; and a handful of target companies are making grand projections and are already falling short of their numbers…we agree–surely an issue.

Even so, our view is that SPACs are a viable and established method to take companies public. We believe that three times as many companies will access this path to the public markets this year as did last year, which creates a great pipeline for us to find businesses that fit our strict criteria. We are crazy busy doing research on most all of the transactions in the market. Presently there is not enough institutional capital to fund all the Private Investments in Public Entities ("PIPEs") needed to close the acquisitions, which enables us to buy at more attractive valuations and entry prices, often which we can have a role in determining. And we can have the opportunity to do deeper and more extensive due diligence before investing and make larger initial investments if we see fit. We are not involved with the speculative high flyers that have garnered the most attention, first on the upside and now on the downside. We home in on investing in businesses with the traits we favor (niche market leaders, strong organic growth, sustainable competitive advantages, well managed, and reasonably priced).

Table V.
Top net purchases for the quarter ended March 31, 2021

	Year Acquired	Quarter End Market Cap (billions)	Amount Purchased (millions)
E2open Inc.	2021	$2.0	$56.4
Driven Brands Holdings Inc.	2021	4.3	42.0
Shoals Technologies Group, Inc.	2021	5.8	31.3
MaxCyte, Inc.	2021	1.0	20.7
TS Innovation Acquisitions Corp.	2021	0.4	20.5

During the quarter, we made seven new investments. Four of the investments were in IPOs, two in SPACs and one in a secondary offering. The investments spanned multiple sectors, including IT, Industrials, and Health Care.

We participated in the **Driven Brands Holdings Inc.** IPO during the quarter. Driven is the largest automotive services company in North America with a growing and mostly franchised base of more than 4,100 locations across 49 U.S. states and 14 international countries. Driven's scaled platform fulfills a wide range of core automotive needs-based services, including paint, collision, glass, vehicle repair, oil change, maintenance, and car wash.

Even as the largest player, Driven's market share remains low (1% to 4% depending on category), and we believe the company can triple its unit count to 12,000 over time supported by the extreme fragmentation of the industry and strong unit economics of each concept. The long-term industry demand drivers, such as the aging vehicle fleet and increasing vehicle complexity, provide a nice tailwind as well. Driven enjoys scale benefits versus small chains or independents in the form of purchasing power, marketing budget, data analytics, and B2B relationships with insurance partners and fleet vehicles. We are also attracted to Driven's franchise business model. Franchisees represent over 75% of systemwide sales resulting in a strong recurring revenue/cash flow model. Driven should benefit as consumers get back to driving their cars as we exit the pandemic.

We expect organic revenue to grow from $1.1 billion in 2020 to over $1.7 billion in 2025 driven by a combination of mid-single-digit unit growth and low single-digit same store sales. Driven has posted 12 consecutive years of same store sales growth with an average of around 4%. Over the past five years, total revenues have grown at a 37% CAGR as management has displayed a strong track record of executing accretive M&A. We expect that trend to continue, fueling high-teens EBITDA growth.

E2open Inc. provides a 100% cloud-based software platform to orchestrate complex global supply chains. Its end-to-end SaaS solutions are mission critical. They drive compelling value and ROI for a diverse, blue-chip customer base (including Dell, Peloton, and Boeing) by helping them optimize their supply chains across channel shaping, demand sensing, business planning, logistics, global trade, and supply management.

The market for supply chain management is large ($45 billion-plus market) and has only increased in complexity and importance due to the COVID pandemic. E2open's deeply embedded products enable strong retention (107% net retention) and long customer relationships (top 100 customers have a 14-year average tenure). Relative to the competition, E2open has devised an elegant and simple solution that is faster and nimbler compared to legacy ERP vendors, and its single interface for all participants compares favorably to the many point solutions out in the market.

E2open is poised to accelerate its organic revenue growth to about 10% in the upcoming fiscal year and maintain a low double-digit level over the medium term. Due to long-term contracts, the company has high visibility into future annual growth, and we expect acceleration will be driven by several factors, including expanding existing customer relationships ($1 billion white space alone), winning new customers, optimizing the sales force, getting better pricing realization, and enhancing strategic partnerships. Acquisitions are expected to be the primary use of free cash flow and should supplement the organic growth and provide meaningful synergies once integrated into E2open's platform. The company has an attractive margin profile (low 30% increasing to high 30%'s adjusted EBITDA margins) paired with strong FCF generation. We believe that E2open will be a steady earnings compounder, which should drive solid returns for the stock over a multi-year period.

We purchased shares in **Shoals Technologies Group, Inc.**, a leading provider of electrical balance of systems ("EBOS") solutions for solar energy projects in the U.S. EBOS solutions include all the components that are necessary to carry the electrical current produced by solar panels to the inverter, and ultimately to the grid. Shoals estimates that 50% of utility scale solar projects used one of its components in 2020.

While EBOS is mission critical, it represents only 6% of the cost of a solar project, and the labor to install it can be up to 150% of the cost of the components. Shoals invented a proprietary patent-protected system called the Big Lead Assembly ("BLA") that is a "plug-n-play" solution that makes installation more reliable and cost efficient. Shoals estimates that the BLA results in 43% lower installation costs and 20% lower material costs than the conventional architecture. Shoals' market share has grown from 7% in 2017 to 32% currently, and we think it can get up to 60% in a few years.

We expect revenues to grow from $175 million in 2020 to $500 million in 2023, while margins increase from its already robust 33% EBITDA margins. We think this is achievable as Shoals executes on its plan to develop innovative products that bring its labor-saving solutions to new high-growth end markets such as battery storage and electric vehicle charging infrastructure, while at the same time expanding its U.S. solar product portfolio and bringing the solar product to the international market. Electrical architecture will be even more in demand as the world electrifies and moves towards the rapid adoption of alternative energy.

Table VI.
Top net sales for the quarter ended March 31, 2021

	Year Acquired	Market Cap When Acquired (billions)	Quarter End Market Cap or Market Cap When Sold (billions)	Amount Sold (millions)
The Trade Desk	2017	$1.7	$30.9	$42.5
John Bean Technologies Corporation	2017	2.8	4.2	30.2
The Cheesecake Factory, Inc.	2001	1.3	2.7	29.3
Fiverr International Ltd.	2020	2.0	11.2	26.8
SiteOne Landscape Supply, Inc.	2016	1.1	7.6	26.8

Our sales in the quarter were either to reduce position sizes of some our stocks that had run up, or to exit some positions entirely to fund other purchases.

We sold out of **Fiverr International Ltd.**, the marketplace for freelance services, since the stock ran up multiple fold since our purchase less than a year ago and traded at a valuation that we thought captured much of the future opportunity. We also sold our common shares of One Spa World, the operator of spas on cruise ships, when that stock benefited as a "recovery" play. We sold out of **Summit Materials, Inc.**, a long-time holding in the building materials space, as we deemed its higher stock price to be full.

We reduced our position in some of our bigger positions/best performing stocks, such as **The Trade Desk**, **SiteOne Landscape Supply, Inc.**, **IDEXX Laboratories, Inc.**, and **Mettler-Toledo International, Inc.** All are companies we greatly admire and believe in, but the stocks' valuations were extended and now have larger market caps, so we trimmed as is our practice. We also sold some of our holdings in the stocks that were in favor this quarter because of the pending reopening of the economy. These sales include shares of **The Cheesecake Factory, Inc.**, **John Bean Technologies Corporation**, and **RBC Bearings Incorporated**.

Outlook

As we look out to 2021, we expect the economy to recover fast and furiously with growth rates of 6% to 8% in GDP, the strongest in 40 years. All segments of the economy are in launch mode, and we are comparing results against the steep decline of 2020. Corporate profits are poised to grow dramatically as well, as earnings for the broad indexes are expected to grow 30%. Our holdings are set up to have great near-term results, both the businesses that were most disrupted last year, and those that are benefiting from the growing digital economy.

However, we need to temper our enthusiasm about the performance of our stocks. After big gains last year, stocks are trading at rich valuations in anticipation of strong upcoming results. We believe that interest rates could rise further because of the strength of the economy, even as we believe the Fed will remain accommodative. We are less concerned that that would affect the operations of the businesses we own greatly, but it could affect the trading multiple of the stocks, as was the case in the first quarter. Corporate taxes are bound to increase, which will reduce earnings somewhat, and we expect individual tax rates to rise as well. We suspect that there might be some labor shortages and increases in wages or inputs, but we think that is more of a short-term issue. Longer term, we believe that the increased deficits created by the fiscal response to COVID and now proposed to fund growth, may have negative consequences.

Though valuations are high when compared to historic metrics, we believe that many of our larger holdings are not expensive and believe that their trading multiples will be stable or rising. We point to **Installed Business Products, Inc.**, **Gartner, Inc.**, **ASGN Incorporated**, **Vertiv Holdings, LLC**, and **ICON Plc** as being top 10 holdings that fit this bill. They are not just reasonably valued, but they also have strong growth outlooks and are special businesses, in our opinion. We expect that when the market focuses less on "growth versus value" or "stay at home versus reopening" and more on company-specific characteristics and results, these stocks will do well.

We are excited by all the small-cap companies coming public through IPO or SPAC combinations.

It's a fertile hunting ground for us to identify new investments that hopefully will develop into long-term winners for the Fund. Our deep and talented research group, along with Assistant Portfolio Manager David Goldsmith and myself, are all immersed in the research process and singularly focused on the Fund's success.

Thanks for investing with us in the Baron Small Cap Fund. I wish you all health and happiness as we hopefully (soon!) return to our normal lives.

Cliff Greenberg
Portfolio Manager
April 20, 2021

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 its distributor, Baron Capital, Inc., by calling 1-800-99BARON or visiting www.BaronFunds.com. Please read them carefully before investing.

Risks: The Adviser believes that there is more potential for capital appreciation in smaller companies, but there also may be more risk. Specific risks associated with investing in smaller companies include that the securities may be thinly traded and they may be more difficult to sell during market downturns. 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.

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Dear Baron Opportunity Fund Shareholder:

MICHAEL A. LIPPERT

PORTFOLIO MANAGER

Retail Shares: BIOPX
Institutional Shares: BIOIX
R6 Shares: BIOUX

Performance

After a robust 2020, Baron Opportunity Fund (the "Fund") held firm in the first quarter, advancing 0.88% (Institutional Shares), effectively in line with the Russell 3000 Growth Index, which rose 1.19%, but behind the S&P 500 Index, which increased 6.17%.

Table I.
Performance
Annualized for periods ended March 31, 2021

	Baron Opportunity Fund Retail Shares[1,2]	Baron Opportunity Fund Institutional Shares[1,2,3]	Russell 3000 Growth Index[1]	S&P 500 Index[1]
Three Months[4]	0.82%	0.88%	1.19%	6.17%
One Year	104.05%	104.55%	64.31%	56.35%
Three Years	38.25%	38.62%	22.39%	16.78%
Five Years	33.14%	33.50%	20.87%	16.29%
Ten Years	18.06%	18.37%	16.35%	13.91%
Fifteen Years	14.67%	14.91%	12.20%	10.02%
Since Inception (February 29, 2000)	10.47%	10.64%	6.55%	7.25%

Review & Outlook

If a stock market oracle had predicted to me on New Year's Eve 2020, after the Fund finished the year up about 90%, that the Fund would rise another 1% or so in the first quarter, I would have said something like, "fine, makes sense." But, boy, it didn't feel that way.

The performance of the Fund and the market[5] was bit of a wild – volatile – ride during the period. Both rose steadily through February 12th (with the Fund rising more), both retreated through March 8th (with the Fund declining more), and both climbed back (about equally) through quarter's end, finishing pretty much in the same place. This year began as last year ended, with the "digital transformation trade" continuing to lead the market (I'm using quotes because, as our shareholders know, we at Baron Funds don't focus on or try to predict short-term market trades). But then market sentiment flipped, and the prevailing "trade" rotated into value and cyclical-recovery stocks. The dominant themes became the $1.9 trillion stimulus package, the post-COVID pandemic reopening, the 2021 economic recovery, the rise of the 10-year treasury yield, and inflation fears. Fundamentals for our investments remained strong, based on fourth quarter earnings reports and 2021 guidance, but the heightened volatility I just described ensued.

Performance listed in the above table is net of annual operating expenses. Annual expense ratio for the Retail Shares and Institutional Shares as of September 30, 2020 was 1.34% and 1.08%, 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 The Adviser reimburses certain Baron Fund expenses pursuant to a contract expiring on August 29, 2031, 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 www.BaronFunds.com or call 1-800-99BARON.

The Fund's 1Q 2021, 3-, 5- and 10-year historical performance was impacted by gains from IPOs and/or secondary offerings, and there is no guarantee that these results can be repeated or that the Fund's level of participation in IPOs and secondary offerings will be the same in the future.

1 The indexes are unmanaged. The **Russell 3000® Index** measures the performance of the broad segment of the U.S. equity universe comprised of the largest 3000 U.S. companies representing approximately 98% of the investable U.S. equity market. The **Russell 3000® Growth Index** measures the performance of those companies classified as growth among the largest 3,000 U.S. companies and the **S&P 500 Index** of 500 widely held large cap U.S. companies. Russell Investment Group is the source and owner of the trademarks, service marks and copyrights related to the Russell Indexes. Russell is a trademark of Russell Investment Group. The indexes and the Fund include reinvestment of dividends, net of withholding taxes, which positively impact the performance results. Index performance is not Fund performance; one cannot invest directly into 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.

5 For purposes of this discussion, I'm using the Fund's primary benchmark the Russell 3000 Growth Index, as the market proxy.

BARON FUNDS 1987

We appreciate most investors would love for the market – and the funds they invest in – to steadily go up and to the right. A proverbial Goldilocks market – not too hot, not too cold. But, as we all know and have experienced, it is unrealistic and not the way it works. The market goes up, sometimes it keeps going up (occasionally too far, too fast), it plateaus or pulls back (every so often, sharp retreats and bear markets), and then it goes up again. But you never know what the market will do next – and it is almost impossible to predict – until you can look back in 20/20 hindsight.

Most investors do not trade these ups and downs beneficially. Ron told a great story about this, and a conversation with his friend Jeffrey, in his September 30, 2020 "Letter from Ron": "If you sell and you happen to be right and you're lucky and stock prices fall sharply, and I then call you to buy back, you won't. That's because you will be too afraid and will miss a great opportunity. On the other hand, if you are wrong and stock prices keep rising, you will say, well I missed it, and you won't buy back either. So, if you sell, you will have replaced great growth investments that are steadily increasing in value with cash that is inexorably losing value."

Ron further emphasized – as I did in many of my letters last year, underpinned by what I have learned over my 20 years at Baron Funds – that we don't have to make "predictions" of "developments that we believe cannot be predicted" to be successful long-term investors on behalf of our shareholders. While many market participants are consumed with the short term and trying to predict what is unpredictable, we "spend our time trying to find terrific, entrepreneurial management teams, many led by founders, who operate competitively advantaged, fast-growing businesses in which we invest for the long term."[6]

We believe market volatility and pullbacks provide great opportunities for longer-term investors, like us. We don't attempt to predict the 10-year yield, whether Congress will pass a large infrastructure bill and major tax reform, or the next cycle of sector rotation. We stay aware of these things, but don't concentrate our research or portfolio management on them. Instead, we focus on the key elements of Ron's quote above; and identifying the powerful and durable secular growth trends that will drive economic growth regardless of short-term economic cycles or stock market gyrations, and the individual companies that are leading or capitalizing on those trends. As I declared last quarter, it "is what we do" and the bedrock of our long-term performance.

On pullbacks, we look for opportunities to improve the quality and return profile of our portfolio. During the quarter, we added to and bought on weakness cloud computing and software names like **Microsoft** (Azure cloud computing, Office 365), **Workday** (human capital/financial management software), **Alphabet** (search, YouTube, cloud computing), **Ceridian** (workforce management/payroll software), **NVIDIA** (AI/ML[7] and accelerated computing chips), **HubSpot** (marketing, sales, and service software), **Twilio** (communications platform software), **ServiceNow** (business workflow-automation software), **Adobe** (creative and marketing software), and **RingCentral** (unified communications software); e-payments leaders, including name brands **Visa**, **Mastercard**, and **PayPal**; e-commerce disruptors, such as **Stitch Fix** (personalized apparel) and **Farfetch Limited** (luxury apparel); genomics pioneer **Guardant Health** (liquid-biopsy genetic cancer diagnostics); and bio-tech innovators, **Arrowhead Pharmaceuticals** (silences genes causing intractable diseases) and **argenx** (life-changing immunology solutions); among others.

Pullbacks occur frequently across the market, sometimes focused on certain industries or verticals. But we believe long-term investing in companies or industries that can grow faster for longer and generate substantial cash flow trumps obsessing about or trying to time such market cycles. Short-term market volatility is typically driven by shifts in investor sentiment reflected in valuation multiples overshooting or undershooting intrinsic value rather than material revisions of long-term growth and profit expectations.[8] Below I will share a few historical examples to provide context for the current environment and the Baron approach.

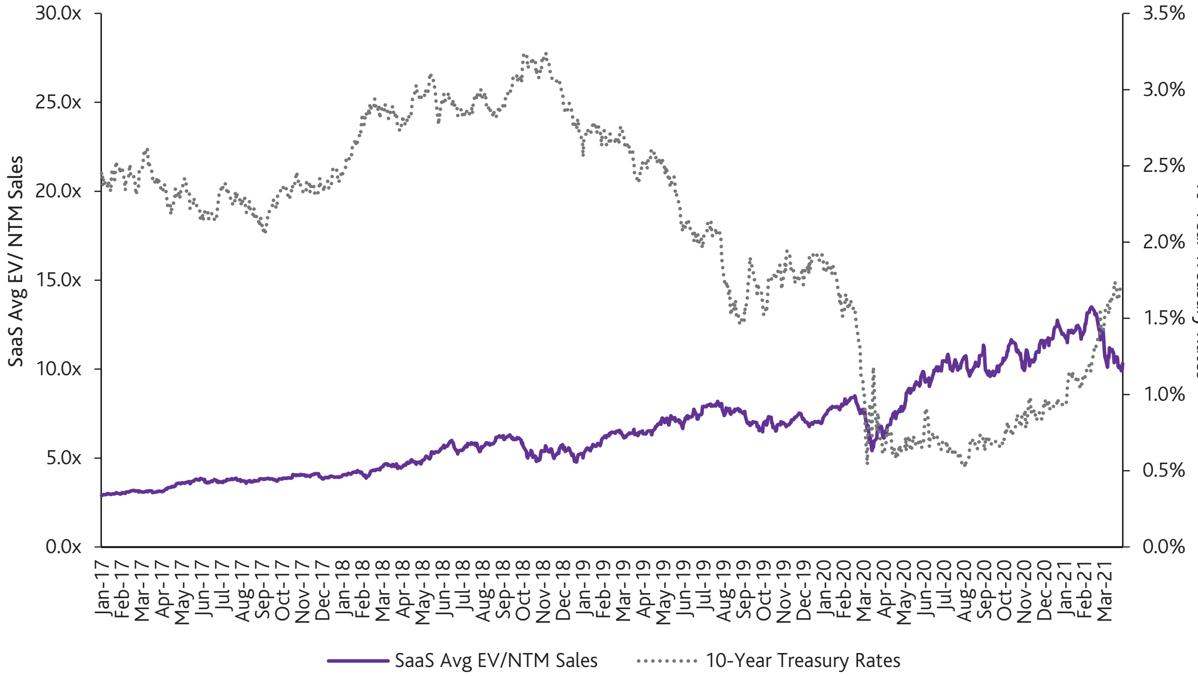
First, a brief synopsis of the current environment. Among other secular growth verticals, the cloud-software group (software-as-a-service or "SaaS") saw stock prices and valuation multiples retreat from their mid-February peaks over the course of the late-February/early-March pullback. Despite resilient software fundamentals, many investors became concerned with the rising 10-year treasury yield and the potential for further rate increases. As any student of discounted cash flow analysis knows, all other things being equal, a higher risk-free rate and thus a higher discount rate generates lower net present value calculations. So, in theory, higher treasury rates should lead to lower multiples, as setting price targets based on valuation multiples is a proxy for DCF calculations. Historically, rates are not the only factor affecting multiples, which are also impacted for any company or industry by other considerations, such as long-term growth and profit expectations. As can be seen from the chart below, sometimes SaaS valuations matched the 10-year rate and sometimes they didn't. The correlation is relatively low.

6 The quotations in the last two paragraphs are from the September 30, 2020 "Letter from Ron."

7 AI = artificial intelligence. ML = machine learning.

8 As I have written in prior quarterly letters, in our internal price target work, we don't shift our targets around based on applying prevailing multiples – which, as I wrote above, often overshoot or undershoot intrinsic value. Instead, we calculate and establish ranges of long-term average or median multiples for sets of comparable companies (reflecting sectors and peer groups), based on and adjusted for our projections of revenue growth rates, profit margins and cash generation at scale, competitive intensity and risks, and other fundamental factors. We establish (and monitor) short- and long-term price targets for our holdings and prospects, utilizing our own internal projections of revenues, earnings, and free cash flow, and what we believe is the appropriate multiple (or tight ranges of multiples) for each company based on the factors cited above. See longer discussion of multiples, valuations, and price targets in our third quarter 2019 letter.

Graph I.
Average SaaS EV/NTM Sales Multiple and 10-Year Treasury Rates



Source: Goldman Sachs.

Rather than economic or political cycles, we believe secular trends, durability of growth, and free cash flow ("FCF") generation at scale are the key factors in long-term growth investing and ultimately stock returns. Here are two historical examples that support our view.

A recent Goldman Sachs report studied software sector pullbacks for the last 20 years, showing 16 group valuation declines that averaged -27%, ranging from a low of -9% to a high of -60%.

Table II.
Software Sector Multiple Pullbacks

	Peak Date	Trough Date	EV/Sales Multiple Decline
2001	7/17/2001	9/27/2001	–37%
2002	1/9/2002	10/7/2002	–50%
2003	1/14/2003	3/11/2003	–12%
2004	1/20/2004	8/12/2004	–22%
2005	1/3/2005	4/28/2005	–23%
2006	4/27/2006	7/13/2006	–19%
2007	2/21/2007	3/13/2007	–13%
2008	6/5/2008	11/20/2008	–60%
2009	1/6/2009	3/9/2009	–20%
2010	4/26/2010	6/30/2010	–15%
2011	7/7/2011	8/19/2011	–26%
2014	3/5/2014	4/11/2014	–32%
2016	1/4/2016	2/9/2016	–35%
2018	1/26/2018	2/8/2018	–9%
2020	2/19/2020	3/16/2020	–37%
2021	2/12/2021	3/8/2021	–27%
Average			–27%

Source: Goldman Sachs.

Yet during that time, measured from the end of the year 2000 through the end of the first quarter of 2021, the Russell 3000 Growth Index Software Industry Group returned 12.91% annualized, above both the overall Russell 3000 Growth Index at 8.25%, and the S&P 500 Index at 7.69%.

Table III.
Software Returns December 31, 2000 through March 31, 2021

	Annualized Returns
Russell 3000 Growth Index Software Industry Group	12.91%
Russell 3000 Growth Index	8.25%
S&P 500 Index	7.69%

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

We believe short-term focused investors and consensus often miss the longer-term strength and durability of growth and business-model efficiency (earnings and free cash flow margins) of truly special businesses. An example of this is ServiceNow, a SaaS-industry leader and pioneer, and a long-time Fund investment. As shown in the table below, over the seven years from March 2014 through March 2021, ServiceNow experienced eight multiple declines that averaged –32%, ranging from a low of –19% to a high of –52%.

Table IV.
ServiceNow Multiple Pullbacks

Peak Date	Trough Date	EV/Sales Multiple Decline
3/5/2014	5/9/2014	–40%
4/16/2015	9/30/2015	–26%
12/4/2015	2/8/2016	–52%
11/1/2016	1/2/2017	–19%
9/14/2018	12/24/2018	–27%
7/15/2019	10/23/2019	–33%
2/20/2020	4/3/2020	–31%
2/12/2021	3/18/2021	–24%
Average		–32%

Source: Goldman Sachs.

But during that period, ServiceNow demonstrated compounding revenue performance and stronger operating leverage and FCF generation than expected by consensus. The table below shows the first quarter 2014 projections of one of the top software analysts on the Street, Keith Weiss of Morgan Stanley, versus what ServiceNow achieved.

Table V.
ServiceNow: Morgan Stanley 2014 Model vs. Actual

	Morgan Stanley 2014 Model			Actual			Difference	
	2014	2015	2016	2014	2015	2016	2016	%
Revenue	642	830	1,076	683	1,006	1,391	315	29%
Growth	51.3%	29.1%	29.7%	60.7%	47.3%	38.3%	8.6%	
FCF	33	112	135	85	228	322	186	138%
Margin	5.2%	13.5%	12.6%	12.4%	22.6%	23.1%	10.6%	

Source: Morgan Stanley.

As you can see, over this three-year period, ServiceNow beat revenue expectations by $315 million, or 29%, and generated FCF margins of 23%, trouncing estimates by $186 million, or 138%.The compounding effects of seven years of strong revenue growth and FCF generation drove ServiceNow's share price to increase from $70.03 on March 5, 2014 to $500.11 on March 31, 2021, a 32% annualized return. A 7-bagger!

Table VI.
ServiceNow Prices and Returns

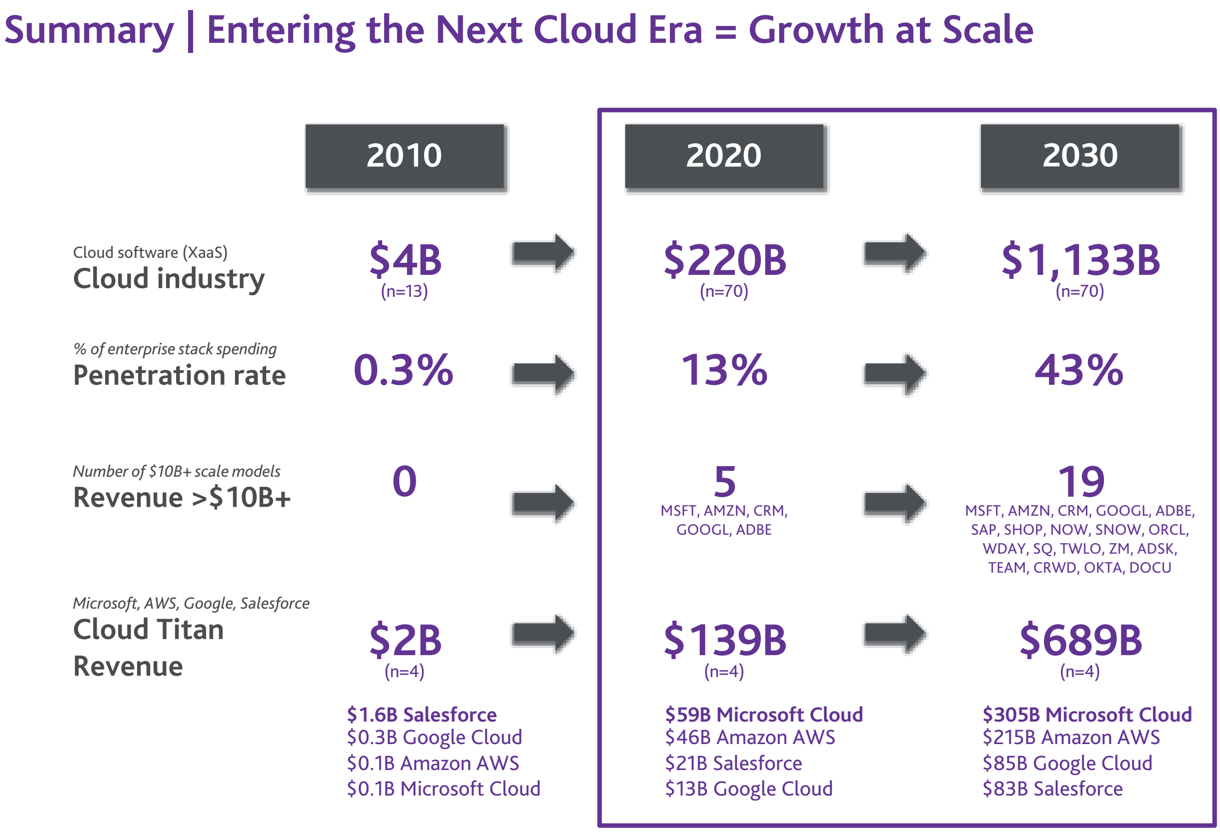
	ServiceNow
March 5, 2014 Stock Price	$ 70.03
March 31, 2021 Stock Price	$500.11
Total Return	7.1x
Annualized Return	32%

The performance data quoted represents past performance. Past performance is no guarantee of future results.

ServiceNow delivered these point-a-to-point-b returns despite the eight multiple pullbacks described above, including the one that occurred towards the end of the first quarter. The power of faster-for-longer, cash-generative business models.

Of course, we want to find more ServiceNows – not to mention Alphabets, Amazons, Equinixs, Teslas, CoStars, all of which we still own in the portfolio – and other successful long-term investments. We believe our powerful and sustainable secular growth themes are the right hunting grounds. As I emphasized in my letters over the last year, our research and management conversations have convinced us that the structural "digital-transformation" changes accelerated by the pandemic on top of the secular tailwinds already in place will drive durable growth for many more years. We believe long-term durable growth is often underestimated by the market. Let me highlight the digital trend of cloud software, following the discussion above, which we believe is emblematic of the trends and opportunities we see across our portfolio and the themes listed below.

Piper Sandler has issued two reports this year showing the historical growth and future "exceptional" market opportunity of the 70 largest cloud-software businesses, including its Cloud Titans of Microsoft Cloud, Amazon Web Services, Google Cloud, and Salesforce. The following chart summarizes their findings and future projections.



Source: Corporate Reports, FactSet, Piper Sandler Estimates

As you can see, over the last decade, the cloud industry has grown from $4 billion to $220 billion. Few sectors this large are growing as fast, with 2020 growth coming in at 30%. While cloud growth and adoption has been quite strong, it is still early as cloud software has only reached 13% penetration of the enterprise stack (defined as spending across software, data center systems, and IT services). Piper Sandler forecasts cloud adoption to reach 43% of the enterprise stack by 2030, and for the cloud industry to achieve revenues of $1.1 trillion, a compound annual growth rate of 18%. Moreover, Piper Sandler projects 19 companies to achieve $10 billion revenue scale by 2030 versus 5 today. We have significant cloud-software investments across our portfolio, including Microsoft (Azure cloud computing, Office 365), Alphabet/Google (cloud computing, ML/AI), **Amazon** (Amazon Web Services), **ZoomInfo** (business-to-business marketing data/analytics/ intelligence), RingCentral (unified communications-as-a-service), Ceridian (workforce management/payroll), **Guidewire** (property and casual insurance core systems), Workday (HR/ financial systems), Adobe (creative/marketing clouds), ServiceNow (business automation solutions), **Snowflake** (data cloud), and **CrowdStrike** (cloud/ endpoint cyber security).

We remain convinced that our investments and themes, many of which thrived and proved vital over the last year, will be even stronger when the "new normal" world takes shape. The pandemic – and the consumer and business reactions to it – merely accelerated the changes underway from the last few decades of innovation, technology disruption, and digital transformation. The world is not going back. The human law of inertia is as inescapable as gravity. Change is hard, but once we do change, whether forced or voluntary, and see that change is better, we seldom return to the way things were before. We invest with an eye towards where the world is going, not where it has been.

Below is a partial list of the secular megatrends we focus on. These themes will be the key drivers of revenue, earnings, and cash flow growth – and stock performance – for the companies in which we are invested:

- Cloud computing
- Software-as-a-service ("SaaS")
- Artificial Intelligence ("AI") and big data
- Mobile
- Digital communications
- Digital media/entertainment
- Targeted, people-based digital advertising
- e-commerce
- Genomics
- Genetic medicine
- Minimally invasive surgical procedures
- Cybersecurity
- Electric-drive vehicles/autonomous driving
- Electronic payments

By investing in businesses capitalizing on these potent trends, we have been able to build portfolios that have revenue growth rates that are multiples of the general economy, as reflected in broad market indexes. Below we compare the revenue growth rates of our Fund and three indexes for the trailing four quarters for which we have reliable data:

Comparison of Revenue Growth (based on quarter-end holdings)

	Actual Q4 2020	Actual Q3 2020	Actual Q2 2020	Actual Q1 2020
Baron Opportunity Fund	31.2%	24.8%	18.3%	18.6%
S&P 500 Index	2.8%	–1.3%	–9.5%	–1.8%
Russell 3000 Index	2.7%	–1.7%	–10.4%	–1.2%
Russell 3000 Growth Index	13.5%	9.3%	1.4%	8.7%

Source: BAMCO and FactSet.

Table VII.
Top contributors to performance for the quarter ended March 31, 2021

	Percent Impact
Tripadvisor, Inc.	1.06%
Alphabet Inc.	0.64
Pacific Biosciences of California, Inc.	0.54
Microsoft Corporation	0.41
Rivian Automotive, Inc.	0.29

Tripadvisor, Inc., an online travel company on whose website users can browse reviews and plan trips, outperformed during the quarter following a renewed consumer interest in travel and several company specific developments. Tripadvisor is in the early stages of further monetizing its traffic by rolling out a travel-focused subscription offering named Trip Plus. Investors believe that Trip Plus might represent not only a strong value proposition to consumers, but the most important new revenue and profit growth driver for the company going forward. We discuss our conviction in Tripadvisor's long-term opportunity in further detail in Top Purchases section below.

Alphabet Inc., the parent company of Google, is discussed further in the Review and Outlook section above and the Top Purchases section below. Google is the world's largest search and online advertising company, and a top cloud computing player. Shares rose in the quarter on strong fourth quarter results that saw solid revenue growth of 23% and expanding operating margins. Search grew 17%, YouTube grew 46%, and total cloud revenue grew 46%, with Google cloud computing meaningfully ahead. CEO Sundar Pichai began the earnings call with this statement: "The past year…accelerated the shift to cloud and adoption of online services. This has profound implications for all companies and consumers….Google's products…have been a lifeline for millions of small, medium businesses hit hard by the pandemic."

Pacific Biosciences of California, Inc. provides long-read DNA sequencing systems to help scientists conduct genetic analysis. Shares performed well during the quarter. We believe there is increasing excitement about the potential for its platform to move beyond research into clinical applications. During the quarter, Softbank made a $900 million investment in PacBio, giving the company more than $1 billion in firepower to invest in its platform and drive scale. Recently appointed CEO Christian Henry previously served as CFO and Chief Commercial Officer at Illumina, Inc., and we think he is well qualified to commercially execute on PacBio's differentiated long-read platform.

Microsoft Corporation is a cloud-software Titan, and also discussed further in the Review and Outlook section above and the Top Purchases section below. Microsoft was a top contributor in the period because it trades at reasonable FCF and earnings valuations, has cloud and digital transformation tailwinds at its back, and reported an excellent December quarter, beating Street expectations by a wide margin. Microsoft's results were strong across the board, with accelerating trends in Azure cloud computing and solid growth in its overall commercial cloud businesses. Azure accelerated to 48% constant-currency ("cc") revenue growth from 47% the quarter before, and commercial cloud grew 32% cc, ahead of Street estimates at 26%. Microsoft's profitability was also a significant beat, with operating income coming it at $17.9 billion, almost $3 billion ahead of Street estimates. Microsoft's March quarter guidance also outstripped Street projections, with revenue growth of 16.5% versus the Street at 10.6%, and operating income over $1 billion ahead. CEO Satya Nadella began the earnings call with this proclamation: "What we are witnessing is the dawn of a second wave of digital transformation sweeping every company and every industry. Digital capability is key to both resilience and growth … Microsoft is powering this shift with the world's largest and most comprehensive cloud platform … I'm energized by our increasing momentum and the expanding opportunity fueled by the structural change brought about by the rapid adoption of digital technology."

Rivian Automotive, Inc. is a private investment that we added to the portfolio during the second half of 2020. The company designs, manufactures, and sells consumer and commercial electric vehicles ("EVs") that share a similar underlying architecture. As electrification of the global automotive fleet is still in its infancy, we expect multiple winners and believe Rivian is well positioned for success. Beyond secular EV tailwinds, Rivian should be able to capitalize on its unique and strategic partnerships, particularly with Amazon. Amazon is both Rivian's largest outside investor and a significant anchor commercial customer, announcing it will buy 100,000 short-haul delivery EVs from Rivian in the coming years. By leveraging such large orders and operating in both the commercial and consumer vehicle segments, we believe Rivian will be able to scale rapidly, benefitting vehicle unit economics, allowing rapid data collection, and enabling efficient utilization of its expanding service, charging, and delivery networks. We have also been impressed with the Rivian management team, led by founder and CEO R.J. Scaringe, which combines people with experience in both the traditional automotive and innovative technology sectors. We value Rivian based on recent transactions and a proprietary valuation model, driving the recent price appreciation.

Table VIII.
Top detractors from performance for the quarter ended March 31, 2021

	Percent Impact
RingCentral, Inc.	–0.46%
QuantumScape Corporation	–0.39
Guidewire Software, Inc.	–0.38
Ceridian HCM Holding Inc.	–0.30
Arrowhead Pharmaceuticals, Inc.	–0.27

RingCentral, Inc. provides global cloud communications solutions across multiple channels (voice, video, and messaging). Despite continued solid execution with revenue acceleration, RingCentral's stock corrected during the quarter as the market rotated out of fast-growing cloud-software stocks. In its December quarter, RingCentral's subscription revenue expanded almost 34%, and its annualized recurring revenue metric accelerated to 35% growth. With its distribution advantage and the pandemic crystalizing the need for a communications platform that is agile, scalable, and global, RingCentral remains early in penetrating its addressable market, which we think should drive sustainable growth for years to come. CEO and Founder Vlad Shmunis began the December quarter earnings call as follows: "2020 was a transformational year. The global pandemic is fundamentally changing how businesses operate…[M]any businesses are preparing for hybrid work environments. They are planning for some workers in the office and some at home for the foreseeable future. If companies adapt to this new work from anywhere norm, digital transformation of business communications will become more critical. Enabling this transformation, our cloud-based communication solutions. This is essential to enabling employees to productively engage with customers, partners and peers from anywhere on any device and on any mode." We added to our RingCentral position during the quarter.

QuantumScape Corporation is an early-stage developer of solid-state battery technology for electric vehicles aimed at improving key aspects of batteries, including safety, charging times, energy density, and cost. The company went public via a SPAC in November. After rapid appreciation, the stock came under pressure when the company raised additional capital to help accelerate its commercialization process. We exited our small position, as described below.

Shares of P&C insurance software vendor **Guidewire Software, Inc.** detracted from performance as shares of growth cloud-software stocks lagged. The company is near the midpoint of its cloud transition, which should correspond with improving financial results. Despite short-term headwinds, we believe Guidewire has tripled its addressable market through new products and cloud delivery, and it will become the critical software vendor for the global P&C insurance industry capturing 30% to 50% of its $15 billion to $30 billion total addressable market and generating margins above 40%.

Ceridian HCM Holding Inc., a leader in payroll and workforce management cloud-software, detracted on concerns that increased pandemic-related mobility restrictions will slow the rate of employment recovery in its customer base. We expect its SaaS Dayforce product to generate rapid revenue growth, leading to meaningful margin expansion, improved free cash flow conversion, and rapid deleveraging. We are also excited about the potential for Dayforce Wallet, which will allow employees access to earned wages on a real-time basis rather than the traditional two-week pay cycle. On its December quarter earnings call, CEO David Ossip expressed confidence that Ceridian's "sales pipeline [was] very strong" and that "by the second half of 2021, …Dayforce recurring revenue growth (excluding float revenue) will return to pre-COVID-19 levels above 25%." We added to our Ceridian position during the quarter.

Arrowhead Pharmaceuticals, Inc. is a developer of RNAi-based therapeutics for a host of genetic disorders primarily focused on the liver with eventual planned expansion into treatments for the lung, muscle, and tumors. The stock declined in conjunction with the general market rotation from growth into value and the unwind in biotechnology stocks. There were no real fundamental events for Arrowhead in the quarter and we retain conviction as we expect more significant activity later in the year. We added to our Arrowhead position during the quarter.

Portfolio Structure

The Fund invests in secular growth and innovative businesses across all market capitalizations, with the bulk of the portfolio landing in the large-cap zone. The Fund is categorized as Large Growth by Morningstar. As of the end of the first quarter, the largest market cap holding in the Fund was $1.8 trillion and the smallest was $321 million. The median market cap of the Fund was $20.7 billion.

The Fund had $1.55 billion of assets under management. The Fund had investments in 76 securities. The Fund's top 10 positions accounted for 35.8% of net assets.

Fund inflows, which accelerated during 2020, remained solidly positive during the first quarter.

Table IX.
Top 10 holdings as of March 31, 2021

	Quarter End Market Cap (billions)	Quarter End Investment Value (millions)	Percent of Net Assets
Microsoft Corporation	$1,778.2	$136.4	8.8%
Alphabet Inc.	1,392.6	80.2	5.2
Amazon.com, Inc.	1,558.1	75.1	4.8
Tripadvisor, Inc.	7.3	53.5	3.4
Tesla, Inc.	641.1	45.4	2.9
Facebook, Inc.	838.7	36.3	2.3
ZoomInfo Technologies Inc.	19.1	36.1	2.3
Pinterest, Inc.	46.5	33.5	2.2
Visa, Inc.	467.8	31.8	2.0
PayPal Holdings, Inc.	284.4	29.1	1.9

Recent Activity

Table X.
Top net purchases for the quarter ended March 31, 2021

	Quarter End Market Cap (billions)	Amount Purchased (millions)
Microsoft Corporation	$1,778.2	$36.8
Tripadvisor, Inc.	7.3	34.6
Workday, Inc.	60.4	17.2
Alphabet Inc.	1,392.6	16.4
BridgeBio Pharma, Inc.	9.2	16.2

We continued adding to our **Microsoft Corporation** position during the quarter. Microsoft is a software and computing Titan, which has successfully pivoted from the legacy client-server and PC era to today's world of digital transformation and cloud. As described above, Microsoft sits among the cloud leaders with its Azure infrastructure and platform-as-a-service offerings, and by porting its dominant Office suite of desktop solutions to the cloud via its SaaS products (Office 365, Dynamics 365, and Teams). Microsoft remains well-positioned to benefit from cloud growth for many years to come.

Tripadvisor, Inc. is the world's largest travel platform, with over 460 million unique monthly visitors to its travel sites and approaching 1 billion customer reviews on hotels, restaurants, and experiences. Tripadvisor's revenues and profitability were materially impaired by the pandemic, and the company is a clear travel recovery play. More importantly, we believe there are a series of positive changes underway at the company that are underappreciated by the broader market. The company is testing its newly announced Tripadvisor Plus subscription, which provides consumers with discounts and perks at more than 100,000 hotels, as well as exclusive savings on hundreds of thousands of bookable experiences. Management believes many subscribers will save more than the $99 annual subscription on their first vacation booking. We have seen similar subscription products drive high-quality recurring revenue and strong customer loyalty at companies like Amazon and DoorDash. For every 2% of its 460 million monthly unique visitors that subscribes to Plus, Tripadvisor can add nearly 10 million subscribers and about $1 billion in high-margin recurring subscription revenue. We are further encouraged by the high level of involvement of Liberty Tripadvisor Holdings Vice Chairman and Tripadvisor board member Greg O'Hara, who helped us build conviction in the Tripadvisor Plus subscription strategy. We believe O'Hara's contributions go well beyond the traditional board member or investor in that he brings specific industry relationships and expertise to bear, both in the short and long term. Finally, Tripadvisor made $250 million of fixed and discretionary cost reductions in 2020, most of which will be permanent. We believe these savings will help drive a faster-than-expected recovery to pre-pandemic operating cash flow levels. At bottom, we think Tripadvisor is well positioned to better monetize its industry-leading traffic with Plus, which we view as a favorable, margin-accretive transition in the business model.

Workday, Inc. is the undisputed market leader in human capital management ("HCM") cloud software, with adoption of its financial management solutions steadily ramping. With about half of the Fortune 500 as HCM customers, Workday is the 800-pound gorilla in the space. Workday has evolved and expanded its financial management product strategy over the past few years, including the addition of planning, procurement, and analytics to its suite, as well as the recent introduction of Accounting Center. This versatile product suite has positively impacted Workday's ability to penetrate HCM customers with elements of its broader set of financial management solutions. At about 20% to 30% of its revenue mix today, growth in the financial management segment will be the key driver for the next five years to help Workday sustain, or even accelerate, the overall growth of the company and drive substantial operating leverage.

We added to long-term holding **Alphabet Inc.**, parent company of Google, due to the continued positive trends across its search, YouTube, and cloud computing businesses. Google is a Titan in all three of these key business lines. We believe Alphabet is attractively valued on its consolidated earnings and cash flow streams, which penalizes the company for its investments in Google Cloud and Waymo autonomous driving, but even more so on a sum-of-the-parts basis.

BridgeBio Pharma, Inc. is a biotechnology company developing a portfolio of breakthrough medicines for genetic diseases and cancers with genetic drivers. BridgeBio operates with a decentralized corporate structure in which each program is housed in its own subsidiary. Management believes this enables a team of experts who are economically incentivized at the program level to make key operational decisions, thereby making the development process more efficient. In addition, by focusing on drugs that target well-characterized genetic diseases at their source, the company increases its probability of success compared with other therapeutic categories. As evidence of the platform's ability to deliver, there are four late-stage trials and a small commercial opportunity expected to readout or launch in 2021, just six years after the company's founding. We expect the number of key value-creating pipeline candidates to keep increasing every year going forward.

Table XI.
Top net sales for the quarter ended March 31, 2021

	Quarter End Market Cap or Market Cap When Sold (billions)	Amount Sold (millions)
Pacific Biosciences of California, Inc.	$ 6.4	$16.6
Splunk, Inc.	21.9	12.1
Opendoor Technologies Inc.	12.2	11.5
QuantumScape Corporation	19.2	11.1
Vertex Pharmaceuticals Incorporated	55.9	9.1

The sales of **Pacific Biosciences of California, Inc.** and **Opendoor Technologies Inc.** were both trims for position-sizing purposes after orders-of-magnitude type stock returns over the last year for these investments. We continue to believe both companies are disruptive innovators with open-ended long-term opportunities.

We concluded it was prudent to trim **Splunk, Inc.** to a smaller position as it experienced a couple of challenging quarters last year and withdrew its long-term guidance, raising concerns that we are carefully researching.

We sold **QuantumScape Corporation**, an early-stage solid-state electric vehicle battery innovator, because it was an undersized position with an ambitious valuation. We will continue to monitor QuantumScape's developments and may revisit the company as an investment at a future point in time.

We sold **Vertex Pharmaceuticals Incorporated** to fund other biotechnology investments, including those discussed above.

To conclude, I remain confident in and committed to the strategy of the Fund: durable growth based on powerful, long-term, innovation-driven secular growth trends. In the highly unpredictable times we live in – both during this crisis and in the "new normal" hopefully just around the corner – we believe non-cyclical, sustainable, and resilient growth should be part of investors' portfolios.

Sincerely,

Michael A. Lippert
Portfolio Manager
April 20, 2021

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 its distributor, Baron Capital, Inc., by calling 1-800-99BARON or visiting www.BaronFunds.com. Please read them carefully before investing.

Risks: The Adviser believes that there is more potential for capital appreciation in securities of high growth businesses benefiting from innovation through development of pioneering, transformative or technologically advanced products or services, but there also is more risk. Companies propelled by innovation, including technological advances and new business models, may present the risk of rapid change and product obsolescence and their successes may be difficult to predict for the long term. Securities issued by small and medium sized companies may be thinly traded and may be 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. 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 managers 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.

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Dear Baron Partners Fund Shareholder:

Performance

Baron Partners Fund (the "Fund") declined marginally in the first quarter of 2021, slightly outperforming its primary benchmark, the Russell Midcap Growth Index (the "Index"). The S&P 500 Index, our secondary benchmark, and the Fund's Morningstar Mid-Cap Growth Category Average (the "Peer Group") achieved better returns over this period. The Fund declined 0.38% (Institutional Shares) in the quarter, while the Index declined 0.57%. The S&P 500 Index and the Peer Group rose 6.17% and 3.96%, respectively.

The Fund's trailing 12-month performance is outstanding. This period follows the panic-induced selling at the start of the COVID-19 pandemic. During that period, the Fund advanced 213.03%. This result compares very favorably to its benchmarks and Peer Group. The Index gained 68.61%, while the Peer Group and S&P 500 Index increased 81.95% and 56.35%, respectively.

Table I.
Performance
Annualized for periods ended March 31, 2021

	Baron Partners Fund Retail Shares[1,2,3]	Baron Partners Fund Institutional Shares[1,2,3,4]	Russell Midcap Growth Index[2]	S&P 500 Index[2]
Three Months[5]	(0.44)%	(0.38)%	(0.57)%	6.17%
One Year	212.21%	213.03%	68.61%	56.35%
Three Years	50.35%	50.75%	19.41%	16.78%
Five Years	37.67%	38.03%	18.39%	16.29%
Ten Years	22.81%	23.14%	14.11%	13.91%
Since Conversion (April 30, 2003)	18.97%	19.18%	12.95%	10.75%
Twenty Years	16.66%	16.85%	10.47%	8.47%
Since Inception (January 31,1992)	16.23%	16.36%	10.73%	10.31%

MICHAEL BARON
CO-PORTFOLIO MANAGER

RON BARON
CEO AND LEAD PORTFOLIO MANAGER

Retail Shares: BPTRX
Institutional Shares: BPTIX
R6 Shares: BPTUX

But it is not only the prior year when the Fund had strong performance. For the nearly 18 years since Baron Partners Fund converted from a private partnership into a mutual fund, it has an annualized return of 19.18%. Since its conversion, it is ranked 2nd among all U.S. equity funds (2,229 share classes) through March 31, 2021.*

Performance listed in the above table is net of annual operating expenses. Annual expense ratio for the Retail Shares as of December 31, 2020 was 1.56% (comprised of operating expenses of 1.31% and interest expense of 0.25%) and Institutional Shares was 1.30% (comprised of operating expenses of 1.05% and interest expense of 0.25%). 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 reimburses certain Baron Fund expenses pursuant to a contract expiring on August 29, 2031, 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 www.BaronFunds.com or call 1-800-99BARON.

1 Reflects the actual fees and expenses that were charged when the Fund was a partnership. The predecessor partnership charged a 20% performance fee after reaching a certain performance benchmark. If the annual returns for the Fund did not reflect the performance fees the returns would be higher. The Fund's shareholders will not be charged a performance fee. The predecessor partnership's performance is only for periods before the Fund's registration statement was effective, which was April 30, 2003. During those periods, the predecessor partnership was not registered under the Investment Company Act of 1940 and was not subject to its requirements or the requirements of the Internal Revenue Code relating to registered investment companies, which, if it were, might have adversely affected its performance.

2 The **Russell Midcap® Growth Index** measures the performance of medium-sized U.S. companies that are classified as growth and the **S&P 500 Index** of 500 widely held large cap U.S. companies. Russell Investment Group is the source and owner of the trademarks, service marks and copyrights related to the Russell Indexes. Russell is a trademark of Russell Investment Group. The index and the Fund include reinvestment of dividends, net of withholding taxes, which positively impact the performance results. The indexes are unmanaged. The index performance is not Fund performance; one cannot invest directly into an index.

3 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.

4 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.

5 Not annualized.

* **This is a hypothetical ranking created by Baron Capital using Morningstar data and is as of 3/31/2021.** Note, the peer group used for this analysis includes all U.S. equity share classes in Morningstar Direct domiciled in the U.S., including obsolete funds, index funds, and ETFs. The individual Morningstar Categories used for this analysis are the Morningstar Large Blend, Large Growth, Large Value, Mid-Cap Blend, Mid-Cap Growth, Mid-Cap Value, Small Blend, Small Growth, and Small Value Categories. There are **2,229** share classes in these nine Morningstar Categories for the period from 4/30/2003 to 3/31/2021.

The Morningstar Mid-Cap Growth Category consisted of 595, 500, and 379 share classes for the 1-, 5-, and 10-year periods. Morningstar ranked Baron Partners Fund – Retail Share Class in the 1st, 1st, 1st, and 1st percentiles for the 1-, 5-, 10-year, and since conversion periods, respectively. The Fund converted into a mutual Fund 4/30/2003, and the category consisted of 221 share classes.

BARON FUNDS 1987

We remain optimistic that the end of the COVID-19 pandemic is in sight. Vaccines are now in the process of being administered. The rollout has accelerated much faster than many had originally feared. Many jurisdictions are currently easing economic restrictions. Governments have continued to provide financial assistance to needy constituents. We believe this combination of effective vaccine distribution and financial assistance should continue until this pandemic has ended.

However, the waning pandemic has created a volatile period in the financial markets. Investors were quick to assess data on the vaccine rollout and attempt to infer when economic activity would return to "normal." In January and February, it appeared that vaccine administration would be slow. Stocks of companies that had done well during the pandemic continued to appreciate. The Fund was up 3.05% in the first two months of the year. However, data in March led investors to believe more citizens would soon be vaccinated. A rotation in the market towards COVID-impacted businesses, which are underrepresented in the Fund, resulted in the Fund falling 3.32% in March.

As we have stated numerous times, we do not try to predict these events nor make inferences from limited data sets. We did not alter the portfolio to populate it with "work-from-home" businesses at the start of the pandemic, and we have not modified the portfolio significantly in favor of "reopening" companies today. The main contributors to performance have been companies that had long been held in the portfolio prior to the COVID-19 outbreak. We do not believe this pandemic will fundamentally alter the long-term outcome of many industries, but rather has accelerated their transformations. The Fund owns businesses that are driving this change.

Baron Partners Fund is a concentrated portfolio, yet it is still diversified among different types of businesses. In our analysis, we segment the Fund's portfolio into four business categories (**Core Growth**, **Disruptive Growth**, **Financials**, and **Real/Irreplaceable Assets**).

Real/Irreplaceable Assets and **Financials** had the strongest performance in the current quarter. These companies were directly impacted by the stagnant global economy and should rebound quickly as commerce resumes. Real/Irreplaceable Assets companies like **Marriott Vacations Worldwide Corp.** and **Hyatt Hotels Corp.** came to a near standstill at the pandemic's peak, as travel was largely restricted. However, there is significant pent-up demand for both leisure and business travel. Occupancy at Marriott Vacations has steadily improved, and bookings now exceed 2019 levels. Occupancies are expected to reach over 90% by the second half of 2021, after bottoming in the mid-single-digits last spring. These strong occupancy rates bode well for future timeshare sales, as they have historically proven to be a quality source of new customers.

The **Financials** companies were also directly impacted by the virus and are now recovering. **The Charles Schwab Corp.**, **Arch Capital Group Ltd.**, and **Brookfield Asset Management, Inc.** had the largest favorable impacts on this group. Investors anticipate a macro environment of rising interest rates, firmer insurance pricing, and improved tenant occupancies which will lift these businesses' results. However, some of our Financials holdings, like data providers **FactSet Research Systems, Inc.** and **MSCI, Inc.**, were less impacted by the pandemic. Their data products were more heavily utilized by clients who were dispersed because of the virus. We expect their businesses to be favorably affected by higher asset levels and increased uses for their data. These stocks fell slightly because of the market rotation.

The stock prices of **Core Growth** and **Disruptive Growth** companies did not fare as well in the current period. Some Core Growth companies, like **Gartner, Inc.** benefited from the eased travel restrictions, and their stocks climbed in the quarter. Gartner's clients should return to their physical conferences next year. However, most Core Growth companies held in the Fund, like **CoStar Group, Inc.**, **IDEXX Laboratories, Inc.**, and **GDS Holdings Limited**, were impacted by the market rotation. These companies had been steady growers throughout the pandemic, and now investors are favoring businesses that are cyclically rebounding. However, we remain confident in the fundamentals and prospects of this group. GDS, the leading developer and operator of data centers in China, is one example. Chinese technology companies declined from their highs after strong appreciation in 2020. However, we believe that the growth prospects and operating fundamentals for GDS remain compelling. Customer demand for data center space has only strengthened, as clients accelerated cloud adoption throughout the pandemic. GDS expects new bookings to represent nearly 50% growth on currently utilized or revenue generating space. Existing clients have quickly reserved space in these new locations, and 75% of facilities under construction are already pre-committed by customers. We believe GDS will supplement organic growth with highly accretive acquisitions of data centers that GDS could market to its client base. Lastly, GDS plans to enter select countries in Southeast Asia with anchor orders from its existing customers. This expansion would create a unique pan-Asia platform and make the business a more attractive partner to global clients.

Disruptive Growth companies also were negatively impacted by the shift in investor sentiment. Despite these companies executing on their business plans and exhibiting strong results, companies like **Tesla, Inc.**, **Guidewire Software, Inc.**, **Zillow Group, Inc.**, and **Spotify Technology S.A.** all detracted from overall performance. However, we believe that the changes in consumer behavior are unlikely to revert to legacy models. These businesses are well-positioned to dominate their respective categories and have largely spent the pandemic enhancing their competitive positioning. Spotify is one example. We believe the digitization of audio entertainment is permanent. We also believe subscribing to the audio service will be sustained. Premium customer churn at Spotify has consistently fallen over the past four years and ended 2020 at its lowest level, 4.2%. Additionally, Spotify has broadened its offering, making it difficult for others to replicate or persuade users to depart for an alternative. Spotify has grown its original content through the purchase and integration of podcasts and its marketplace content creation service. It will also compete in the audio social media space through its acquisition of Locker Room. Users will soon not only be able to listen to entertainment, but also interact with a community. Subscriber growth was 74 million in 2020, and we believe its market share is approximately 35%. Its high number of users, along with its analytics, enables a highly advanced recommendation engine and superior engagement to its competitors.

The sudden market rotation in March undoubtedly caused the Fund to slightly trail its Peer Group. But the Fund's diversification among various types of businesses enabled it to retain its value during this volatile period. It is unlikely a fund populated with a single type of business would have been able to successfully weather this shift in investor sentiment. Not only are we satisfied with the Fund's performance during this discrete period (and are especially pleased with its performance over the prior year), but we are also optimistic about the prospects for the Fund's holdings over the coming years. The pandemic accelerated change throughout many industries. We believe many of the companies held in the Fund will lead this change and capitalize on the altered business landscape.

Table II.
Total returns by category for the three months ended March 31, 2021

	% of Net Assets (as of 3/31/2021)	Total Return (%)	Contribution to Return (%)
Real/Irreplaceable Assets	13.0	8.40	0.66
Red Rock Resorts, Inc.	0.3	30.15	0.06
Marriott Vacations Worldwide Corp.	1.8	26.93	0.36
Hyatt Hotels Corp.	3.6	11.38	0.24
Douglas Emmett, Inc.	0.5	8.32	0.02
Vail Resorts, Inc.	4.3	4.74	0.10
Gaming and Leisure Properties, Inc.	1.1	1.60	0.00
Manchester United plc	1.4	–5.33	–0.11
Financials	12.3	6.10	0.66
Windy City Investments Holdings, L.L.C.	–	227.38	0.01
The Charles Schwab Corp.	3.8	23.29	0.61
Brookfield Asset Management, Inc.	0.7	8.04	0.04
Arch Capital Group Ltd.	3.7	6.38	0.24
MSCI, Inc.	0.9	–6.08	–0.04
FactSet Research Systems, Inc.	3.2	–6.95	–0.19
Russell Midcap Growth Index		–0.57	
Disruptive Growth	56.5	–2.16	–0.20
Space Exploration Technologies Corp.	5.0	53.44	1.40
Virgin Galactic Holdings, Inc.	0.1	29.08	0.01
Airbnb, Inc.	0.0	28.02	0.01
Iridium Communications Inc.	1.0	4.90	0.06
Shopify Inc.	1.1	–2.25	–0.07
Zillow Group, Inc.	5.4	–3.35	–0.41
Tesla, Inc.	41.5	–5.39	–0.62
GoodRx Holdings, Inc.	–	–7.82	–0.01
Spotify Technology S.A.	0.8	–14.84	–0.15
Moderna, Inc.	0.1	–17.41	–0.01
Guidewire Software, Inc.	1.4	–21.05	–0.35
American Well Corporation	0.1	–31.43	–0.05
Core Growth	21.4	–5.67	–1.26
Gartner, Inc.	1.9	13.96	0.19
Activision Blizzard, Inc.	1.1	0.16	–0.01
IDEXX Laboratories, Inc.	5.8	–2.11	–0.21
Adyen N.V.	2.0	–3.97	–0.13
HEICO Corporation	0.4	–4.01	–0.02
CoStar Group, Inc.	9.0	–11.08	–0.89
GDS Holdings Limited	1.1	–13.22	–0.19
Cash	–3.3	–0.35	0.02
Fees	–	–0.30	–0.28
Total	100.0	–0.41*	–0.41*

Sources: FactSet PA, BAMCO, and Russell, Inc.

* Represents the blended return of all share classes of the Fund.

Table III.
Top contributors to performance for the quarter ended March 31, 2021

	Year Acquired	Market Cap When Acquired (billions)	Quarter End Market Cap (billions)	Total Return	Percent Impact
Space Exploration Technologies Corp.	2017	–	–	53.44%	1.40%
The Charles Schwab Corp.	1992	1.0	122.7	23.29	0.61
Marriott Vacations Worldwide Corp.	2018	3.2	7.2	26.93	0.36
Hyatt Hotels Corp.	2009	4.2	8.4	11.38	0.24
Arch Capital Group Ltd.	2002	0.6	15.5	6.38	0.24

Space Exploration Technologies Corp. ("SpaceX") designs, manufactures, and launches rockets, satellites, and spacecraft. Its mission, ultimately, is to enable people to live on other planets. SpaceX is commercializing its broadband offering by rapidly deploying user terminals and its satellite constellation. It continues to reliably provide reusable launch capabilities, including crewed flights, and advancing the development of its newest and larger rocket, Starship. We value SpaceX using prices of recent transactions and a proprietary valuation model.

Shares of brokerage firm **The Charles Schwab Corp.** rose in the quarter. The company has been successfully integrating its acquisition of TD Ameritrade. The merger enables Schwab to leverage efficiencies of scale to drive down its industry-leading operating costs per client assets. Additionally, net new assets grew in the mid-single digits as customers tapped the services of the combined businesses. Finally, the business now has over $400 billion of interest-earning assets, which should lead to improved earnings in a more normalized interest rate environment.

Shares of timeshare company **Marriott Vacations Worldwide Corp.** increased in the quarter on accelerated sales driven largely by increased demand in Orlando and Hawaii, which together comprise 40% of its annual sales. The company's announcement of its acquisition of Welk also helped boost its share price. We think the additional inventory from its Welk acquisition will lower the company's future capital expenditures and improve its cash flow.

Shares of global hotelier **Hyatt Hotels Corp.** rose in the quarter on an increase in business transient and group spending in China. This sequential improvement combined with better margins driven by enhanced operational efficiencies helped boost the share price. We think these welcome developments will strengthen Hyatt's balance sheet over the next year as EBITDA improves and cash flow is used to pay down debt taken on during the pandemic.

Arch Capital Group Ltd. is a specialty insurance company based in Bermuda. The stock increased on quarterly earnings that exceeded investor estimates and 15% growth in its book value per share. Pricing trends are favorable in the property & casualty insurance market, and the outlook for the mortgage insurance business has substantially improved as the economy recovers from last year's pandemic-related uncertainty. We continue to own the stock because we expect earnings growth to resume and admire Arch's strong management team and underwriting discipline.

Table IV.
Top detractors from performance for the quarter ended March 31, 2021

	Year Acquired	Market Cap When Acquired (billions)	Quarter End Market Cap (billions)	Total Return	Percent Impact
CoStar Group, Inc.	2005	$ 0.7	$ 32.4	–11.08%	–0.89%
Tesla, Inc.	2014	22.0	641.1	–5.39	–0.62
Zillow Group, Inc.	2015	1.5	31.3	–3.35	–0.41
Guidewire Software, Inc.	2017	6.0	8.5	–21.05	–0.35
IDEXX Laboratories, Inc.	2013	4.7	41.8	–2.11	–0.21

Shares of **CoStar Group, Inc.**, a real estate information and marketing services company, detracted as a result of a broader rotation away from higher-multiple growth stocks. CoStar has seen an acceleration in demand for its digital marketplace businesses as traditionally offline activities shifted online. Modest headwinds in its data licensing businesses that hampered growth in 2020 are now abating. CoStar has moved to enter the residential real estate market, which meaningfully expands its market and should amplify growth as it launches new technological innovations.

Tesla, Inc. designs, manufactures, and sells fully electric vehicles, solar products, energy storage solutions, and battery cells. The stock fell during the quarter as a result of general market dynamics and a potential production slowdown due to parts shortages. A refreshed S/X and China Model Y ramp could also have a negative impact on margins in early 2021. We anticipate strong growth and improved margins driven by new production capacity, manufacturing efficiencies, localization of its manufacturing and supply chain, and maturation of Tesla's full self-driving technology.

Zillow Group, Inc. operates leading U.S. real estate sites, a mortgage marketplace, and the Zillow Offers home-buying business. Shares fell during the quarter in concert with the broader rotation out of technology-based stocks despite the company's continued inflection in mortgages revenue, strong profitability in its core business, and a positive real estate outlook as Zillow builds out its iBuying ecosystem. In our view, Zillow is a leader in the large online real estate advertising market with substantial upside from mortgages and Offers, and we remain investors.

Shares of property and casualty ("P&C") insurance software vendor **Guidewire Software, Inc.** detracted from performance as shares of high-multiple growth stocks lagged. The company is near the midpoint of its cloud transition, which should correspond with improving financial results. Despite short-term headwinds, we believe Guidewire has tripled its addressable market through new products and cloud delivery, and it will become the critical software vendor for the global P&C insurance industry, capturing 30% to 50% of its $15 billion to $30 billion total addressable market and generating margins above 40%.

Shares of veterinary diagnostics leader **IDEXX Laboratories, Inc.** detracted from performance in the quarter as part of a broader rotation away from high-multiple growth stocks. Veterinary visits continued to increase, with practice revenue growing at double-digit rates. IDEXX's competitive trends are outstanding, and we expect new proprietary innovations and field sales force expansion to be meaningful contributors to growth. Margins are moving significantly higher, and we believe that margins can exceed 30% over time.

Investment Strategy and Portfolio Structure

Baron Partners Fund seeks to invest in businesses that we believe could double in value within five or six years. The Fund seeks to 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 approximately 30 securities diversified by GICS sectors, but with the top 10 positions representing a significant portion of net assets. The Fund uses leverage to enhance returns, although this does increase its volatility. These businesses are identified by our analysts and portfolio managers using our Firm's proprietary research. We think these well-managed businesses have sustainable competitive advantages and strong, long-term growth opportunities.

As of March 31, 2021, Baron Partners Fund held 31 investments. The median market capitalization of these growth companies was $16.0 billion. The top 10 positions represented 85.4% of net assets. Leverage was 3.3%.

We actively reduced the concentration in the top 10 positions. We have sold approximately 24% of our largest position, Tesla, since August 2020. These sales are not a reflection of our confidence in the company's prospects or its valuation, but rather our management of the risk its weighting represents to the portfolio. We began acquiring a stake in the car manufacturer in *2014*. We purchased shares at an average price of $42.67. Our last purchase of a Tesla share was in *February 2016*, at which point, the position represented 9.58% of total investments. Tesla has been operationally successful. It is recognized for revolutionizing the automobile industry as well as for its prospects to attain a dominant share of the global vehicle market. It has steadily been reducing its manufacturing costs and improving its factory productivity. Its battery hardware and autonomous software provide potential additional future revenue streams. Over the past 12 months, the stock price appreciated 538%, which resulted in it becoming 41.5% of the Fund. We felt it would be prudent risk management to reduce this concentration while still maintaining a meaningful stake that will allow the Fund to benefit if our investment analysis continues to prove correct.

Additionally, portfolio leverage is at historically low levels. We have traditionally managed the portfolio with 20% to 30% leverage (the average leverage over the prior five years was 24.0%). A year ago, leverage was 27.3%. However, due to a combination of a rapidly rising market, higher market volatility and increased concentration in top holdings, we lowered risk by reducing the amount of leverage used by the Fund. Leverage is currently only 3.3%. We continue to have a $1 billion line of credit and will increase portfolio leverage when we feel market conditions and investment opportunities make it appropriate. We believe this "dry powder" gives the Fund flexibility to make attractive investments.

The long-term absolute and relative performance of the Fund has been very good. The Fund has returned 16.36% annualized since inception as a private partnership on January 31, 1992, besting its comparable Index by 5.63% per year. Additionally, the Fund's performance has exceeded its Index over the prior 1-, 3-, 5-, 10- and 20-year periods. In addition to viewing the Fund's returns over various trailing periods, we believe it is helpful to understand how the Fund has performed in various economic cycles. (Please see Table V.)

The Fund has appreciated considerably in good times…

The Fund performed very well during the current economic expansion that followed the Financial Panic. For over 12 years, there has been sizable growth in the economy and stock market appreciation. While the market had strong returns, the Fund's returns were considerably greater. Baron Partners Fund's annualized return has been 24.43%. Had you hypothetically invested $10,000 in the Fund on 12/31/2008, it would have been worth $145,432 on 3/31/2021. Had you only tried to mimic the Index's returns by investing in a Fund designed to track an index, that $10,000 hypothetical investment would be worth $74,664.

The Fund has retained value in difficult times…

We believe it is equally important to examine the Fund's performance during more challenging economic times. The nine-year period from the Internet Bubble collapse through the Financial Panic (12/31/1999–12/31/2008) saw lower returns for the Fund. It had annualized returns of 1.54%. However, the Index declined substantially. $10,000 hypothetically invested 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 funds designed to track the Index would be worth only $6,488. The Fund preserved (and slightly grew) capital during this difficult economic time because its investments in high-quality growth businesses were able to weather the environment and enhance their competitive positioning.

The strong relative returns during difficult times are what we believe sets the Fund apart and makes its returns over an entire cycle exceptional. A $10,000 hypothetical investment at the start of the cycle on 12/31/1999 would be worth $166,936 today. That same $10,000 hypothetical investment would be worth 71% less had it been invested in a fund designed to track the Russell Midcap Growth Index. That investment would be worth only $48,439.

During periods of strong economic expansion, investors often disregard more challenging periods. Losing capital during those periods, we believe, makes it nearly impossible to have exceptionally strong returns over the long term. Baron Partners Fund has shown a prior ability to modestly grow capital during those tough times. We believe the high-quality growth portfolio should be able to perform well again in future difficult economic stretches, although there is no guarantee that will be the case.

Since its conversion to a mutual fund on April 30, 2003 through December 31, 2020, the Fund's performance ranked 2nd among all U.S equity funds (2,229 share classes). The Fund also ranked in the 1st percentile for the same time period.

Table V.
Performance
Millennium to COVID-19 Pandemic. The Impact of Not Losing Money.

	Millennium Internet Bubble to Financial Panic 12/31/1999 to 12/31/2008		Financial Panic to Present 12/31/2008 to 3/31/2021		Millennium Internet Bubble to Present 12/31/1999 to 3/31/2021		Inception 1/31/1992 to 3/31/2021	
	Value $10,000	Annualized	Value $10,000	Annualized	Value $10,000	Annualized	Value $10,000	Annualized
Baron Partners Fund (Institutional Shares)	$11,479	1.54%	$145,432	24.43%	$166,936	14.16%	$829,422	16.36%
Russell Midcap Growth Index	$ 6,488	(4.69)%	$ 74,664	17.84%	$ 48,439	7.71%	$195,286	10.73%
S&P 500 Index	$ 7,188	(3.60)%	$ 56,701	15.22%	$ 40,756	6.84%	$175,028	10.31%

The indexes are unmanaged. Index performance is not Fund performance; one cannot invest directly into an index.

Portfolio Holdings

Table VI.
Top 10 holdings as of March 31, 2021

	Year Acquired	Market Cap When Acquired (billions)	Quarter End Market Cap (billions)	Quarter End Investment Value (millions)	Percent of Total Investments
Tesla, Inc.	2014	$22.0	$641.1	$2,788.6	40.2%
CoStar Group, Inc.	2005	0.7	32.4	604.1	8.7
IDEXX Laboratories, Inc.	2013	4.7	41.8	391.4	5.6
Zillow Group, Inc.	2015	1.5	31.3	361.3	5.2
Space Exploration Technologies Corp.	2017	–	–	338.4	4.9
Vail Resorts, Inc.	2008	1.6	11.7	291.7	4.2
The Charles Schwab Corp.	1992	1.0	122.7	254.2	3.7
Arch Capital Group Ltd.	2002	0.6	15.5	251.3	3.6
Hyatt Hotels Corp.	2009	4.2	8.4	239.8	3.5
FactSet Research Systems, Inc.	2007	2.7	11.7	216.0	3.1

Thank you for joining us as fellow shareholders in Baron Partners Fund. We continue to work hard to justify your confidence and trust in our stewardship of your hard-earned savings. We remain dedicated to provide you with the information we would like to have if our roles were reversed. We hope this letter enables you to make an informed decision about whether this Fund remains an appropriate investment.

Respectfully,

Ronald Baron	Michael Baron
CEO and Lead Portfolio Manager	Co-Portfolio Manager
April 20, 2021	April 20, 2021

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 its distributor, Baron Capital, Inc., by calling 1-800-99BARON or visiting www.BaronFunds.com. Please read them carefully before investing.

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

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

Dear Baron Fifth Avenue Growth Fund Shareholder:

Performance

Baron Fifth Avenue Growth Fund (the "Fund") declined 1.6% (Institutional Shares) during the first quarter, which compared to gains of 0.9% for the Russell 1000 Growth Index ("R1KG") and 6.2% for the S&P 500 Index ("SPX"), the Fund's benchmarks.

Table I.
Performance
Annualized for periods ended March 31, 2021

	Baron Fifth Avenue Growth Fund Retail Shares[1,2]	Baron Fifth Avenue Growth Fund Institutional Shares[1,2,3]	Russell 1000 Growth Index[1]	S&P 500 Index[1]
Three Months[4]	(1.63)%	(1.57)%	0.94%	6.17%
One Year	63.59%	63.99%	62.74%	56.35%
Three Years	23.13%	23.44%	22.80%	16.78%
Five Years	23.77%	24.09%	21.05%	16.29%
Ten Years	17.23%	17.52%	16.63%	13.91%
Fifteen Years	11.34%	11.56%	12.38%	10.02%
Since Inception (April 30, 2004)	11.39%	11.59%	11.87%	10.07%

ALEX UMANSKY
PORTFOLIO MANAGER

Retail Shares: BFTHX
Institutional Shares: BFTIX
R6 Shares: BFTUX

After two years of strong absolute and relative performance through December 31, 2020, with the Fund gaining 102.5% (cumulatively), compared to returns of 88.9% and 55.7% for the R1KG and the SPX, respectively, we suspected that many of our investments might take a breather.

From a performance attribution standpoint, relative to the R1KG, the Fund underperformed mostly due to stock selection with our holdings in Information Technology ("IT"), Consumer Discretionary, Health Care, Real Estate, and Industrials (basically all of them) floundering and or not keeping up with the R1KG's returns. In terms of sector allocation, an underweight in Industrials and an overweight in IT were also modest headwinds.

Looking on a level deeper, within Consumer Discretionary, which cost us 71bps of relative returns, our results were impacted by not owning any of the double-digit gainers such as retailers or homebuilders and being significantly overweight e-commerce (internet & direct marketing retail) instead, which was one of the worst performing sub-industries during the quarter with a 3.2% decline.

At the company-specific level, decliners outnumbered gainers 3 to 2, while double-digit decliners pushed with double-digit gainers with seven for each side. All in all, we scored a modest loss against an even more modest gain for our primary benchmark.

There has been a perceptible change in market leadership with value indexes of all market capitalizations outperforming their growth counterparts over the last 6 months and with small- and mid-cap value now outperforming growth over the last 12 months. At the same time, as vaccinations have started to take hold the "reopening trade," or rotation, being funded by the work-from-home ("WFH") stocks has picked up steam. Though this has little to do with the way we think or make investment decisions, we believe it partially explains our recent results. R1KG returns have been driven by homebuilders, energy, banks, airlines, cruise lines and hotel businesses–areas

Performance listed in the table above is net of annual operating expenses. Annual expense ratio for the Retail and Institutional Shares as of September 30, 2020 was 1.05% and 0.78%, but the net annual expense ratio was 1.00% and 0.75% (net of the Adviser's fee waivers, restated to reflect current fee waivers). 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 reimburses certain Baron Fund expenses pursuant to a contract expiring on August 29, 2031, 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 www.BaronFunds.com or call 1-800-99BARON.

1 The **Russell 1000® Growth Index** measures the performance of large-sized U.S. companies that are classified as growth and the **S&P 500 Index** of 500 widely held large cap U.S. companies. Russell Investment Group is the source and owner of the trademarks, service marks and copyrights related to the Russell Indexes. Russell is a trademark of Russell Investment Group. The indexes and the Fund include reinvestment of dividends, net of withholding taxes, which positively impact the performance results. The indexes are unmanaged. The index performance is not Fund performance; one cannot invest directly into 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.

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in which we typically do not invest, while many of the WFH beneficiaries (i.e., companies enabling digital transformation, some of which we have been involved with for years) have been used as the sources of funds and have sold off as a result. And so, after experiencing, and giving credit to a favorable investing environment over the last several years, we think it is fair to point out this headwind, which while challenging, was not entirely unexpected. In fact, we have discussed it at length in our last several quarterly letters.

So, if this change in the investing environment and the resultant underperformance were not unexpected, why not adjust the portfolio accordingly?

The reasons are rooted in our investment philosophy and process, and how we execute it in circumstances like these:

- **We focus on big ideas–companies that we believe to be beneficiaries of disruptive change**. These types of businesses are rarely found in sectors that are currently benefiting from the reopening of the economy. Brick and mortar retailers, for example, will see more foot traffic/sales in the short run, but will continue to be structurally disrupted by e-commerce.
- **We are long-term investors with a focus on the duration of growth.** A longer time horizon is a competitive advantage. If our research suggests that a company has sustainable competitive advantages that will enable it to compound its intrinsic value for extended periods of time, we will exercise patience, even during periods of underperformance.
- **We believe all investing is value-based investing–**everything else is speculation. Valuations matter. We only allocate capital to investments when they are trading at 20% discounts (or more) to our estimate of their intrinsic values ("IVs"). Because we focus on the duration of growth and prioritize businesses that we believe will compound their IVs over extended periods of time, we are willing to hold them when they are fairly valued, or even modestly overvalued, to allow the fundamentals to catch up to the price of the stock. Many big ideas appeared to have high valuations in the early stages of their life cycles only to be recognized as great bargains once their growth rates proved to be durable (with the obvious caveat that no company can sustain high growth forever).
- **We think of risk differently than many others. As long-term investors we do not equate risk to market volatility. We define risk as probability of permanent loss of capital.** As a result, we do not attempt to manage market volatility through either cash management or sector rotation. There is nothing wrong with either, it is simply not a part of our process or skill set. We cannot add value that way.

We believe it would be beneficial for shareholders to know that we are not looking to outperform every quarter or every year. In fact, we are not "looking to outperform" at all. Instead, we focus on executing our investment process. We know that it works, and that if we execute it well, it will enable us to make good investment decisions over longer periods of time. If we focus on taking only good "shots" and avoid taking bad ones, the winning (or outperforming) will take care of itself.

According to Morningstar, for the period ended March 31, 2021, the Fund ranked in the top 36% for its 1-year return, top 19% for its 3-year return, top 9% for its 5-year return, and top 9% since the Fund's restructuring at the end of 2011. Since that time, it has returned 431.6% cumulatively, outperforming the R1KG by 50.4%, the SPX by 150.0%, and the Morningstar Large Growth Category Average by 119.7%.*

Table II.
Top contributors to performance for the quarter ended March 31, 2021

	Quarter End Market Cap (billions)	Percent Impact
Alphabet Inc.	$1,392.6	0.77%
ASML Holding N.V.	259.0	0.69
10X Genomics, Inc.	19.7	0.50
Facebook, Inc.	838.7	0.38
EPAM Systems, Inc.	22.3	0.32

Alphabet Inc. is the parent company of Google, the world's largest search engine and online advertising company. Shares rose 17.7% in the quarter on strong fourth quarter results that saw continued recovery in ad spending and accelerating cloud revenue growth, which was up 47% year-over-year with a backlog that nearly tripled. We remain excited about Alphabet's merits as it continues to benefit from growth in mobile and online video advertising, which accrues to its core assets of search, YouTube, and the Google ad network. Alphabet's investments in AI, autonomous driving (Waymo), and life sciences (Verily, Calico) add additional layers of optionality to the story. (Ashim Mehra)

ASML Holding N.V. designs and manufactures semiconductor production equipment, specializing in photolithography, in which light sources are used to photo-reactively create patterns on wafers that ultimately become printed integrated circuits. Shares of ASML appreciated 26.6% on continued market confidence that the semiconductor cycle has turned positive, driven by tight supply and a robust demand environment with strength in logic and foundry and rising memory prices. We maintain conviction in ASML as it is the de facto standard in next generation lithography, which is a required step for advanced semiconductor chip production. (Guy Tartakovsky)

* Mr. Umansky became the portfolio manager of the Fund on November 1, 2011. Since that date, the Fund has returned 415.40% cumulatively, which compares to 379.60% for the Russell 1000 Growth Index and 284.65% for the S&P 500 Index, outperforming the Morningstar US Fund Large Growth Category average by 112.45% over the 9 plus-year period. As of 3/31/2021, the annualized returns of the Morningstar Large Growth Category average were 63.57%, 20.44%, 19.42%, and 14.73% for the 1-, 3-, 5-, and 10-year periods, respectively.

Morningstar calculates the Morningstar Large Growth Category average performance and rankings using the Morningstar Fractional Weighting methodology. Total returns do account for management, administrative, and 12b-1 fees and other costs automatically deducted from fund assets.

Morningstar rankings are based on total returns and do not include sales charges. As of 3/31/2021, the Category consisted of 1,282, 1,186, 1,065, and 788 share classes for the 1-, 3-, 5-, and 10-year periods. Morningstar ranked Baron Fifth Avenue Growth Fund Institutional Share Class in the 36th, 19th, 9th, and 10th percentiles, respectively.

10X Genomics, Inc. sells products combining hardware, software, and chemistry to offer life sciences researchers single-cell, spatial, and in situ (targeted gene expression maps on specific tissue sections) views of biological systems. Shares performed well during the first quarter and were up 27.8% driven by growing excitement about the company's positioning on the cutting edge of research, with a strong core competency in single-cell analysis and continued innovation in launching new instruments and product lines. We see a future for applications in clinical diagnostics as well. (Caleb Huang)

Facebook, Inc. is the world's largest social network with 2.6 billion daily active users across Facebook, Instagram, Messenger, and WhatsApp. Shares of Facebook were up 7.9% during the first quarter on robust fourth quarter results driven by strong ad pricing growth and tailwinds to newer shopping and payments products from rapidly increasing e-commerce penetration. In our view, Facebook continues to utilize its leadership in mobile to provide global advertisers targeted marketing capabilities at scale, with substantial monetization opportunities across its various assets including WhatsApp, video tools including Watch and IG TV, and community-based marketplace, shopping, jobs, and dating features. (Ashim Mehra)

EPAM Systems, Inc. provides outsourced software development to business customers. Shares gained 10.7% during the quarter driven by strong financial results that exceeded Street expectations. Demand is rebounding after last year's slowdown as the pandemic has highlighted the need for greater investment in digital transformation. 2021 guidance called for a return to 20% or more revenue growth albeit with some temporary margin pressure from investments and catch-up spending as the company is ramping up hiring to meet this rebounding demand. We remain investors due to EPAM's long runway for growth underpinned by the need for digital transformations and the company's strong execution in addressing this growing demand. (Josh Saltman)

Table III.
Top detractors from performance for the quarter ended March 31, 2021

	Quarter End Market Cap (billions)	Percent Impact
RingCentral, Inc.	$ 27.0	–0.79%
Splunk, Inc.	21.9	–0.44
Amazon.com, Inc.	1,558.1	–0.37
CrowdStrike, Inc.	40.9	–0.34
ServiceNow, Inc.	98.1	–0.33

RingCentral, Inc. provides global cloud communications and collaboration solutions across multiple channels (voice, video, and messaging). Despite continued solid execution with revenue growth accelerating to over 32% year-over-year during the fourth quarter, RingCentral's stock corrected 21.4% as investors took profits after shares rose 125% in 2020 and rotated into stocks that benefit from the economy's reopening. With its distribution advantage and the COVID-19 pandemic crystalizing the need for a communications platform that is agile, scalable, and global, and with just 3 million current users, RingCentral remains early in the migration from premise-based communications solutions to the cloud, which should drive sustainable growth for years to come. (Guy Tartakovsky)

Splunk, Inc. is a data analytics company selling software solutions that help enterprises run their IT organizations, including security, internet-of-things, application and business analytics, and infrastructure. Splunk enables customers to collect, index, store, and analyze data, generating insights through a flexible and efficient platform architecture. A meaningful deceleration in contract activity during Splunk's third quarter pressured the share price, which declined 20.1%. Despite improvements in business trends during the fourth quarter, Splunk's on-premises business remains under pressure as organizations migrate to the cloud at an accelerated pace. Although we expect continued volatility due to an uncertain spending environment, we believe Splunk's new cloud offering should drive growth in annualized recurring revenues. We also think that Splunk is a unique and scarce asset that will likely become an attractive target for a larger software company should they continue to mis-execute on their own. (Ishay Levin)

Amazon.com, Inc. is the world's largest retailer and cloud services provider. Despite reporting extremely strong results for the fourth quarter of 2020, with revenues rising 44% year-over-year to over $125 billion, shares corrected 5.0% during the quarter as investors took profits (after shares were up 76% in 2020) and rotated into stocks that benefit from the economy's reopening. Amazon remains our largest position as we believe it remains one of the most competitively advantaged companies in the world with a leading position in multiple trillion dollar markets that are early in their disruption. Domestic e-commerce is still only 20% of retail (as of 2020), Amazon has around 1% market share of international commerce (about $150 billion out of $16 trillion), its advertising share is roughly 2%, and cloud is still only 7.5% in 2020 out of the $3.6 trillion global spending on information technology (according to Gartner). Areas such as logistics and health care present additional optionality. (Ashim Mehra)

CrowdStrike, Inc. provides cloud-delivered, next generation security solutions via its Falcon platform (consisting of end-point protection, advanced persistent threat, security information, event management, and cloud workload protection). Despite strong execution and best-in-class revenue growth at scale of over 70% with annualized recurring revenues passing $1 billion for the first time, CrowdStrike's stock corrected 13.8% during the quarter as investors took profits after the stock was up over 325% in 2020 and as they rotated into reopening names. With its disruptive technology platform, easy to consume product modules, and robust end-market demand for effective security solutions, CrowdStrike remains very early in penetrating its addressable market. (Ishay Levin)

ServiceNow, Inc. offers cloud-based solutions focused on increasing workflow efficiency through automation and digitization. Despite strong fourth quarter results with revenue growth of over 30% year-over-year, shares corrected 9.1% due to an extended budgetary approval process for larger customers, as a result of a more cautious spending environment during the pandemic. We retain conviction that ServiceNow will benefit from the accelerated pace of digitization that was brought on by the pandemic as it continues innovating across a growing number of use cases supported by its flexible platform and ecosystem capabilities. (Ishay Levin)

Portfolio Structure

The Fund's portfolio is constructed on a bottom-up basis with the quality of ideas and conviction level determining the size of each investment. Sector weights tend to be an outcome of the portfolio construction process and are not meant to indicate a positive or a negative "view."

As of March 31, the top 10 positions represented 43.6% of the Fund, and the top 20 were 70.4%. IT, Health Care, Consumer Discretionary, Communication Services, and Financials made up 95.4% of net assets. The remaining 4.6% was made up of Equinix, Inc., a REIT classified in Real Estate, GM Cruise and SpaceX, two new private investments classified in Industrials, and cash.

Table IV.
Top 10 holdings as of March 31, 2021

	Quarter End Market Cap (billions)	Quarter End Investment Value (millions)	Percent of Net Assets
Amazon.com, Inc.	$1,558.1	$59.6	8.1%
Alphabet Inc.	1,392.6	45.0	6.1
Facebook, Inc.	838.7	33.1	4.5
Twilio Inc.	58.1	27.9	3.8
Mastercard Incorporated	353.7	27.7	3.8
Veeva Systems Inc.	39.8	26.2	3.6
ServiceNow, Inc.	98.1	26.2	3.6
EPAM Systems, Inc.	22.3	25.2	3.4
Adobe Inc.	227.9	25.1	3.4
ASML Holding N.V.	259.0	24.2	3.3

Recent Activity

During the first quarter, we initiated six new investments: **NVIDIA**, **Square**, and **BridgeBio Pharma** as well as three private investments: **SpaceX**, **GM Cruise**, and **Rivian Automotive**. SpaceX is the leading designer and manufacturer of rockets, satellites, and spacecrafts, and disrupted the space launch market with its reusable launch systems. Cruise is one of the leaders in autonomous mobility solutions, with the company currently in development of purpose-built software and hardware that are expected to enable better-than-human driving capabilities. Rivian designs, manufactures, and sells electric vehicles ("EVs"), and we first invested in the company in the third quarter of 2020 for our global strategy. Since then, we have seen the company execute well and have decided to participate in its current round of capital raising for this strategy as well. Rivian is operating in two different segments including B2C and B2B, both sharing a similar underlying architecture. Amazon, our largest holding, is a customer and an investor. Its first vehicles are an electric pickup truck and an SUV that will leverage the R1 platform with production expected this year. As the electrification of the fleet is still in its infancy (less than 5% of cars are electric), we believe there is room for multiple winners in the EV space. We also believe that even though traditional auto OEMs will enter the EV market more aggressively over the next few years, they may face greater challenges due to their decades-long investments in combustion engine technologies, manufacturing processes, and dealer-focused distribution networks. We believe companies that are focused on a single architecture, starting from a clean slate, without the gravity of sunk costs, have a better shot at successfully attacking this opportunity. We expect Rivian to leverage its growing brand, talent, capital, and partners to build a successful EV company, while expanding its addressable market via cost reductions and product efficiencies as it scales. The three private investments combined, account for less than 1% of the Fund's assets.

We also added to 11 existing positions as we continued to put the Fund's inflows to work in our highest conviction names. We sold two investments–AstraZeneca and DoorDash, exiting the first quarter with 41 holdings. This number includes a stub position in Airbnb, in which we invested during its IPO but were unable to acquire a "real" position before its stock price moved away from us. It also includes our investment in Slack Technologies, which will be acquired by Salesforce, as well as our three new private investments.

Table V.
Top net purchases for the quarter ended March 31, 2021

	Quarter End Market Cap (billions)	Amount Purchased (millions)
NVIDIA Corporation	$ 331.0	$8.3
Square, Inc.	103.2	8.2
BridgeBio Pharma, Inc.	9.2	8.2
Alphabet Inc.	1,392.6	6.6
Facebook, Inc.	838.7	5.1

Our largest new additions this quarter were the Artificial Intelligence ("AI") leader **NVIDIA Corporation**, the payments leader **Square, Inc.**, and a genetics focused biotechnology company **BridgeBio Pharma, Inc**.

NVIDIA Corporation is a fabless semiconductor mega cap that is a global leader in gaming cards and accelerated computing hardware and software. Jensen Huang founded the company in 1993 to focus on graphics. Over the years, NVIDIA has become the leader in gaming cards for PCs and over the last decade has become one of the key enablers of AI. NVIDIA's cards are at the heart of several large secular trends, including AI, autonomous driving, gaming, and robotics. The main innovation responsible for NVIDIA's success was the realization that its graphic cards' parallel processing capabilities (which is core to gaming computations–parallel rendering), is also the main computation required for AI workloads (matrix multiplication), while the existing CPU architecture is at its core a sequential calculation machine. With that realization, NVIDIA has invested in an integrated hardware and software stack to make its gaming architecture relevant for these new use cases. Today, it is powering most of AI training and inference across hyperscalers and enterprises. It has over 75% gaming market share (desktops and notebooks), it is one of two key players in the autonomous driving space (the other is Mobileye/Intel), and it is expanding into robotics, AI at the edge, health care industrial AI, and more. With demand for computing power doubling every one to two years, and Moore's Law coming to an end, there is more need for computing than ever. At the same time, "near free" supply growth (that was possible thanks to Moore's law) has slowed dramatically. NVIDIA's accelerated architecture, with parallel computing at scale, meets that need and creates a long runway for NVIDIA to disrupt computing.

We initiated a new position in **Square, Inc.**, a provider of commerce solutions for merchants and financial services for consumers. The company enables sellers to accept card payments and provides other software solutions to help them run their businesses. In addition, Cash App is a digital service that provides an easy way for consumers to send, spend, and invest money. We have long admired the company's product innovation and rapid growth (gross profit is up over 7 times over the last five years). In the early days of the pandemic, we were concerned about the stock given Square's exposure to in-store payments at small businesses. However, Square continues to demonstrate its technology differentiation through share gains at the physical point of sale. The company is helping sellers adapt to the current environment by making it easier for them to develop an online presence, with omni-channel and e-commerce now representing over 50% of seller Gross Payment Volume (in the fourth quarter of 2020). Cash App has emerged as the leading digital challenger to traditional banks with over 35 million active customers. Through its P2P payment network, we believe Cash App has the lowest customer acquisition costs of any of the challenger banks, and it is adding more services to drive higher user engagement and monetization. With an admired brand, culture of innovation, and about 6% penetration of a $160 billion revenue opportunity, we believe Square has a long runway for growth.

BridgeBio Pharma, Inc. is a biotechnology company focused on developing a portfolio of breakthrough medicines for genetic diseases and cancers with genetic drivers. BridgeBio operates with a decentralized corporate structure in which each program is housed in its own subsidiary. We believe that this structure better aligns the experts (who are economically incentivized at the program level) with the success of their programs, enhancing operational decisions and making the development process more efficient. In addition, by focusing on drugs that target well-characterized genetic diseases at their source, the company increases its probability of success compared with other therapeutic categories. As evidence of the platform's ability to deliver, there are four late-stage trials and a small initial commercial opportunity expected to launch in 2021, just six years after the company's founding. We expect the number of key value-creating pipeline candidates to keep increasing every year.

We also added to our investment in **Alphabet Inc.**, the parent company of Google. Alphabet once again reported strong financial results with $57 billion of fourth quarter revenues, accelerating to over 23% year-over-year growth and with 28% operating margins, driven by a rapid recovery in advertising spending from the troughs of the pandemic. Google Cloud ("Cloud") is now a $15 billion run rate business and growing revenue over 45% annually and with a backlog that nearly tripled year-over-year. We believe that Cloud has become (and especially since Thomas Kurian took the lead of that business in 2019) a fiercer competitor in the public cloud market, as the company increased its investment in go-to-market direct and through partnerships, while refocusing the product vertically (making it more attractive to large enterprise customers). Alphabet has also recently made strategic changes to its commerce offering, opening the platform to third parties like Shopify and enabling merchants to list products for free, which we believe increases the likelihood for success in this business. Lastly, Alphabet recently decided to start breaking out profitability by segment, which could, in our view, reduce the relative discount investors apply to Alphabet's various earlier-stage businesses, such as Cloud.

Lastly, we took advantage of our inflows to add to **Facebook, Inc.** and 10 other existing investments that are high conviction holdings and present a margin of safety at their current prices.

Table VI.
Top net sales for the quarter ended March 31, 2021

	Quarter End Market Cap or Market Cap When Sold (billions)	Amount Sold (millions)
AstraZeneca PLC	$131.4	$7.9
Vertex Pharmaceuticals Incorporated	55.9	5.1
Datadog, Inc.	25.5	3.9
Slack Technologies Inc.	23.6	3.1
DoorDash Inc.	42.0	2.8

We exited our position in **AstraZeneca PLC**, a multi-national pharmaceutical company focused on development and commercialization of drugs in the oncology, respiratory, cardiometabolic, and inflammation areas. Despite AstraZeneca's solid growth profile, it has suffered what we perceive to be irreparable reputational damage from its COVID-19 vaccine efforts that will likely take years to repair. Moreover, we were unsure about the recent transformational $39 billion acquisition of Alexion, which was done despite AstraZeneca's organic growth runway and have therefore decided to move on. We also sold our stub position in **DoorDash Inc.**, one of the leading food delivery platforms, which was an IPO in which we attempted to invest, but were unable to purchase a real position before its stock price rose meaningfully above our estimate of intrinsic value. We also reduced our investments in **Vertex Pharmaceuticals Incorporated**, the leading cystic fibrosis biotechnology company, and **Datadog, Inc.**, the leading infrastructure and application performance management solution provider, as we reallocated capital to ideas with a more favorable risk-reward profile. Lastly, we reduced our **Slack Technologies Inc.** position, as it was acquired by Salesforce, with the deal expected to close later in 2021.

Outlook

To the uninitiated, the markets' continued march higher may appear to be "more of the same." However, the recent changes in market leadership have been unfavorable to the kinds of businesses that we tend to favor. We are not all that concerned with a much talked about rotation from growth to value or with even more talked about "reopening" trade, though both present obvious headwinds. The more important development, in our view, is the steady rise in interest rates. The yield on the 10-year U.S. Treasury bond moved from around 0.7% six months ago to 1.7% by the end of March. Why is this important? Well, besides offering a bit of an alternative to savers for the first time in a long time, higher interest rates make fast growing companies more expensive since their future earnings must be discounted back at higher rates. Having said that, we think some perspective here is in order. Jerome Powell, the chairman of the Federal Reserve, in his most recent comments said that the Fed intends to keep short-term interest rates low until *at least* 2023. And as the saying goes, "do not fight the Fed," especially when the Federal government is helping with the fiscal stimulus.

In any case, we think rotations, pull backs, and corrections are generally necessary and healthy, and they often create attractive opportunities for long-term investors like ourselves. We continue to focus on the quality of our decisions, and on taking what we believe are high percentage shots. Our goal continues to be, to generate 100bps to 150bps of alpha per year, over the R1KG and 200bps to 250bps over the SPX, net of all fees and expenses, over a three- to five-year cycle, while minimizing risk, which we define as probability of permanent loss of capital. Though we have exceeded our goals in the past, there is no assurance that we can meet or exceed them in the future.

Every day we live and invest in an uncertain world. Well-known conditions and widely anticipated events, such as Federal Reserve rate changes, ongoing trade disputes, government shutdowns, and the unpredictable behavior of important politicians the world over, are shrugged off by the financial markets one day and seem to drive them up or down the next. We often find it difficult to know why the market participants do what they do over the short term. The constant challenges we face are real and serious, with clearly uncertain outcomes. History would suggest that most will prove passing or manageable. The business of capital allocation (or investing) is the business of taking risk, managing the uncertainty, and taking advantage of the long-term opportunities that those risks and uncertainties create. We are confident that our process is the right one, and we believe that it will enable us to make good investment decisions over time.

We are optimistic about the long-term prospects of the companies in which we are invested and continue to search for new ideas and investment opportunities while remaining patient and investing only when we believe the target companies are trading significantly below their intrinsic values.

Sincerely,

Alex Umansky
Portfolio Manager
April 20, 2021

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 its distributor, Baron Capital, Inc., by calling 1-800-99BARON or visiting www.BaronFunds.com. Please read them carefully before investing.

Risks: The Fund invests primarily in large cap equity securities which are subject to price fluctuations in the stock market. The Fund may not achieve its objectives. Portfolio holdings are subject to change. Current and future portfolio holdings are subject to risk. There is no guarantee that these objectives will be met.

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 managers 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 Fifth Avenue Growth Fund by anyone in any jurisdiction where it would be unlawful under the laws of that jurisdiction to make such offer or solicitation.

Alpha measures the difference between a fund's actual returns and its expected performance, given its level of risk as measured by beta. **Beta** measures a fund's sensitivity to market movements. The beta of the market is 1.00 by definition.

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

Dear Baron Focused Growth Fund Shareholder:

Performance

Baron Focused Growth Fund (the "Fund") increased 0.11% (Institutional Shares) in the first quarter. The Russell 2500 Growth Index (the "Index"), the benchmark against which we compare the performance of the Fund, increased 2.49%, and the S&P 500 Index increased by 6.17%. The S&P 500 Index measures the performance of large-cap companies. Despite recent underperformance, the Fund continues to outperform its benchmarks for the 1-, 3-, 5-, and 10-year periods. Since its inception on May 31, 1996, the Fund has increased 14.52% annualized. This compares favorably to the Index, which has increased 9.43% annualized, and the S&P 500 Index, which has increased 9.48% annualized.

Table I.
Performance
Annualized for periods ended March 31, 2021

	Baron Focused Growth Fund Retail Shares[1,2,3]	Baron Focused Growth Fund Institutional Shares[1,2,3,4]	Russell 2500 Growth Index[2]	S&P 500 Index[2]
Three Months[5]	0.02%	0.11%	2.49%	6.17%
One Year	167.13%	167.83%	87.50%	56.35%
Three Years	43.74%	44.10%	19.96%	16.78%
Five Years	30.94%	31.27%	19.91%	16.29%
Ten Years	17.72%	18.02%	14.21%	13.91%
Since Conversion (June 30, 2008)	15.28%	15.55%	13.10%	11.61%
Twenty Years	14.90%	15.07%	10.82%	8.47%
Since Inception (May 31,1996)	14.39%	14.52%	9.43%	9.48%

DAVID BARON
CO-PORTFOLIO MANAGER

RONALD BARON
CEO AND LEAD PORTFOLIO MANAGER

Retail Shares: BFGFX
Institutional Shares: BFGIX
R6 Shares: BFGUX

First quarter performance for the Fund was again led by our travel and leisure stocks, which represented 27.4% of the Fund's net assets. These businesses benefited from the increased deployment of vaccines and pent-up demand from people ready to travel and vacation again. However, the performance of these investments was not driven solely on the prospect of earnings returning to pre-COVID levels. These companies have all found better, more efficient ways to operate. We believe this should allow these competitively advantaged businesses to increase earnings well beyond pre-pandemic levels allowing them to emerge from the pandemic financially

Performance listed in the above table is net of annual operating expenses. Annual expense ratio for the Retail Shares and Institutional Shares as of December 31, 2020 was 1.35% and 1.07%, 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 Adviser reimburses certain Baron Fund expenses pursuant to a contract expiring on August 29, 2031, 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 www.BaronFunds.com or call 1-800-99BARON.

1 Reflects the actual fees and expenses that were charged when the Fund was a partnership. The predecessor partnership charged a 15% performance fee through 2003 after reaching a certain performance benchmark. If the annual returns for the Fund did not reflect the performance fees for the years the predecessor partnership charged a performance fee, the returns would be higher. The Fund's shareholders will not be charged a performance fee. The performance is only for the periods before the Fund's registration statement was effective, which was June 30, 2008. During those periods, the predecessor partnership was not registered under the Investment Company Act of 1940 and was not subject to its requirements or the requirements of the Internal Revenue Code relating to registered investment companies, which, if it were, might have adversely affected its performance.

2 The **Russell 2500™ Growth Index** measures are classified as growth and the **S&P 500 Index** of 500 widely the performance of small to medium-sized U.S. companies that held large cap U.S. companies. Russell Investment Group is the source and owner of the trademarks, service marks and copyrights related to the Russell Indexes. Russell is a trademark of Russell Investment Group. The index and the Fund include reinvestment of dividends, net of withholding taxes, which positively impact the performance results. The indexes are unmanaged. The index performance is not Fund performance; one cannot invest directly into an index.

3 The performance data does not reflect the deduction of taxes that a shareholder would pay on Fund distributions or redemption of Fund shares.

4 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.

5 Not annualized.

stronger. For instance, **Red Rock Resorts, Inc.**, which had 10 casinos operating prior to the pandemic is now making 75% of its pre-pandemic revenue and more than 100% of its pre-pandemic EBITDA with just 6 of its 10 casinos open. This occurred because it has become more efficient with its labor and casino services. It has also more effectively marketed its casinos moving patrons from its closed casinos to open ones. We believe fully recovered EBITDA could be 20% higher than pre-COVID levels. This should help quickly improve the company's balance sheet and free cash flow profile. We see further potential for growth with its 340 acres of permitted but still undeveloped Las Vegas land.

The operating efficiencies of our travel and leisure businesses have resulted in higher margins, better cash flow, and stronger balance sheets, which in certain instances are better than pre-pandemic levels. Travel businesses are rapidly normalizing, and we believe the companies in which we have invested should exceed pre-pandemic earnings levels by 2023. Until then, we believe these companies have sufficient liquidity to survive the disruption. All have been able to get covenant relief from their banks. Balance sheets are no longer concerns and many are now switching their strategic plans from defense to offense. Further, many of our companies are considering acquisitions that should lead to significant earnings and cash flow growth in the years ahead. Others are using their enhanced cash flow to reduce debt or return capital to shareholders by reinstating or increasing dividends.

Penn National Gaming, Inc., with a 9.2% average portfolio weight, and **Hyatt Hotels Corp.**, with a 3.7% average portfolio weight, increased 21.4% and 11.4%, respectively. Penn rose on strong share gains in the online sports betting market in Michigan and the start of online operations in the large Illinois market. Penn also experienced improved sequential growth in revenue and sustained margin improvement in its casino operations. These positive developments put the company in a strong financial position with which to complete its strategic acquisition of Barstool Sports.

Hyatt rose in the quarter given a sequential improvement in its business. Noteworthy were favorable trends in business transient and group bookings in China. Investors extrapolated the improvement in China to its U.S. operations which represents 75% of its room base. This improvement, combined with better margins driven by enhanced operational efficiencies, helped boost the share price. These developments should strengthen Hyatt's balance sheet over the next year as EBITDA improves and cash flow is used to reduce debt. In addition, once the hotel transaction market returns, Hyatt should benefit as it resumes selling owned assets and converts to a fee-based business model.

On the negative side, **CoStar Group Inc.**, which was 7.5% of the average portfolio weight in the quarter, declined 11.1%. This was as higher-multiple growth companies, which performed exceptionally well in 2020, lagged value stocks to start the year. Regardless, CoStar continues to see an acceleration in demand for its digital real estate information, as trends shift from offline to online. The company's recent entry into the residential real estate business increases its addressable market and we believe should add to its growth prospects.

FactSet Research Systems, Inc., a provider of financial intelligence to the investment community, represented 3.3% of the average portfolio weight. Its stock price declined 7.0% in the quarter. This was when the company's recent investments in new products and services reduced FactSet's current earnings growth. However, we believe FactSet's two-year investment cycle in private equity information is warranted and should ultimately accelerate revenue growth. We believe these investments will eventually generate 50% returns on capital. However, we think FactSet shares may continue to underperform until the company experiences a reacceleration in revenue and EBITDA growth. FactSet is a prime example of a business penalizing its current earnings by investing in new products to become a significantly larger company.

We classify the holdings of the Fund as one of three types: rapid, early-stage growth businesses that are disruptive to their industries; companies with real, irreplaceable assets with pricing power that provide a hedge against inflation; and finally, foundational, long-term, core growth holdings that continue to steadily grow sales and earnings while using excess free cash to return value to shareholders. (Please see Table II.)

In the quarter, our **Disruptive Growth** companies underperformed, declining 2.6%, as these growth companies were hurt by the increase in yields, which lowered the discounted value of their future earnings. These stocks included **Stitch Fix, Inc.**, which declined 49.0% in the quarter and hurt performance by 57 bps; **Denali Therapeutics Inc.**, which declined 31.8% in the quarter and hurt performance by 37 bps; and **Guidewire Software, Inc.**, which declined 21.1% and hurt performance by 39 bps. While these declines contributed to underperformance in the quarter, we believe the growth prospects of these businesses remain favorable and their continued investments in their businesses should accelerate revenue and EBITDA growth.

The Fund's **Core Growth** investments decreased 7.3% in the quarter, mainly due to an 11.1% decline in CoStar, which comprised 7.6% of the portfolio's net assets at the end of the quarter. This was as more highly valued growth stocks lagged slower growth, more cyclical stocks. CoStar continues to generate strong earnings growth with new products and services.

GDS Holdings Limited, the largest data center provider in China, declined 13.9% in the quarter. This was amid a broader technical sell off Chinese internet businesses. We added to our position in the quarter as the company continues to grow at above market rates with strong operating leverage while trading at only modest premium to peers. GDS continues to invest in its data center businesses, which are experiencing strong demand. GDS operates in China and has significant land holdings and power commitments that are difficult to attain.

Our **Real/Irreplaceable Assets** investments experienced strong stock performance, increasing 11.0% in the quarter. They were boosted by the expedited distribution of vaccines, which should allow individuals to travel and vacation again. This led to strong gains for Red Rock, Penn, and Hyatt. We added to our investment in **Manchester United plc**, the English Premier League professional soccer team, on weakness. Its share price declined 6.1% in the quarter. We believe Manchester United will benefit from a full reopening of its stadium by the summer. The stock represented 2.4% of the Fund's net assets as of the end of the quarter. Manchester United is also on a strong winning streak following a successful year-long team rebuilding effort.

Table II.
Total returns by category for the quarter ended March 31, 2021

	% of Net Assets (as of 3/31/2021)	Total Return (%)	Contribution to Return (%)
Real/Irreplaceable Assets	**27.0**	**10.95**	**1.73**
Red Rock Resorts, Inc.	1.0	30.15	0.19
Penn National Gaming, Inc.	9.4	21.38	1.26
American Homes 4 Rent	1.1	11.49	0.11
Hyatt Hotels Corp.	4.2	11.38	0.30
Vail Resorts, Inc.	5.8	4.55	0.12
Americold Realty Trust	0.7	3.64	0.02
Choice Hotels International, Inc.	2.5	0.52	0.01
Manchester United plc	2.4	–6.07	–0.26
Russell 2500 Growth Index		2.49	
Disruptive Growth	**49.3**	**–2.60**	**–0.23**
Space Exploration Technologies Corp.	4.0	53.44	1.13
BioNTech SE	1.6	33.40	0.28
Tripadvisor, Inc.	2.2	18.13	0.27
Iridium Communications Inc.	2.5	4.90	0.17
Schrodinger, Inc.	1.0	–5.06	–0.26
Tesla, Inc.	32.0	–5.51	–0.14
Spotify Technology S.A.	2.0	–14.84	–0.36
Guidewire Software, Inc.	1.5	–21.05	–0.39
Denali Therapeutics Inc.	0.8	–31.83	–0.37
Stitch Fix, Inc.	1.7	–48.96	–0.57
Core Growth	**18.3**	**–7.27**	**–1.15**
Arch Capital Group Ltd.	3.4	5.52	0.22
Adyen N.V.	1.9	–3.97	–0.13
FactSet Research Systems, Inc.	3.4	–6.95	–0.21
CoStar Group, Inc.	7.6	–11.08	–0.78
GDS Holdings Limited	1.9	–13.89	–0.25
Cash	**5.4**	**–**	**–**
Fees	**–**	**–0.28**	**–0.26**
Total	**100.0**	**0.08***	**0.08***

Sources: FactSet PA, BAMCO, and Russell, Inc.

* Represents the blended return of all share classes of the Fund.

Table III.
Performance
Periods Baron Focused Growth Fund underperformed

	Internet Bubble	Baron Growth Stocks Underperform 2014-2016
	Annualized Returns	
	10/8/1998 to 3/9/2000	12/31/2013 to 12/31/2016
Baron Focused Growth Fund (Institutional Shares)	41.77%	0.45%
Russell 2500 Growth Index	126.53%	5.45%
S&P 500 Index	32.29%	8.87%

The indexes are unmanaged. Index performance is not Fund performance; one cannot invest directly into an index.

From 2014 through 2016, the Fund invested in several companies whose stocks underperformed when they were investing in their businesses. **CoStar Group, Inc.** and **Tesla, Inc.** were among those businesses. Their stocks outperformed in 2019 and 2020 as those investments began to generate strong returns. These companies continue to invest in themselves, although now that they are financially stronger, they are better able to finance these investments while continuing to grow their core businesses.

We believe the Fund's underperformance from 2014 through 2016 is analogous to instances when after brief periods of underperformance, the Fund subsequently outperformed for an extended period. For example, in the 18-month period from October 1998 through March 2000, at the height of the Internet Bubble, the Fund, which owned no internet stocks, increased 41.77% annualized while the Index increased 126.53% annualized. This was immediately prior to the Internet Bubble bursting and the Index falling materially over the next eight years. The Fund increased in value during that same period . (Please see Tables III and IV.)

Analogous to the Fund's relatively strong performance in the post-Internet Bubble period, we expect the Fund to perform well over the next several years. This is despite our expectation that there will be periods when value stocks outperform the growth stocks in which we have invested. We can certainly give no assurance this will be the case. Currently, we believe some of our growth companies are trading as if they were value stocks despite having strong liquidity and balance sheets. They are already recovering quickly as vaccines are administered to combat the virus, and we see further upside still to come.

Since its inception on May 31, 1996 through March 31, 2021, the Fund's 14.52% annualized performance has exceeded that of its Index by 509 bps per year. This means that a hypothetical $10,000 investment in Baron Focused Growth Fund nearly 25 years ago would now be worth approximately $290,000! If an investor had instead hypothetically invested $10,000 in a fund designed to track the Index, it would be worth approximately $94,000. (Please see Tables I and IV.)

The Fund's beta has averaged 0.82 since inception. This means the Fund has been 82% as volatile as the Index. As a result of the Fund's strong absolute and relative returns and lower risk, the Fund has achieved 6.94% annual alpha, a measure of risk-adjusted performance since inception.

Table IV.
Performance
Millennium to COVID-19 Pandemic. The Impact of Not Losing Money.

	Millennium Internet Bubble to Financial Panic 12/31/1999 to 12/31/2008		Financial Panic to Present 12/31/2008 to 3/31/2021		Millennium Internet Bubble to Present 12/31/1999 to 3/31/2021		Inception 5/31/1996 to 3/31/2021	
	Value $10,000	Annualized	Value $10,000	Annualized	Value $10,000	Annualized	Value $10,000	Annualized
Baron Focused Growth Fund (Institutional Shares)	$12,732	2.72%	$94,401	20.11%	$120,192	12.41%	$290,026	14.52%
Russell Midcap Growth Index	$ 6,931	–3.99%	$75,674	17.96%	$ 52,449	8.11%	$ 93,769	9.43%
S&P 500 Index	$ 7,188	–3.60%	$56,701	15.22%	$ 40,756	6.84%	$ 94,838	9.48%

The indexes are unmanaged. Index performance is not Fund performance; one cannot invest directly into an index.

We did not make much money from the peak of the Internet Bubble on December 31, 1999 through the trough of the Financial Crisis on December 31, 2008. But…we did make something…which gave investors a much better outcome than if they had invested in a passive index fund mirroring either the Index or the S&P 500 Index. Both indexes lost a material amount of money during that period. (Please see Table IV.)

Due to the "magic" of compounding and of not losing money from the Millennium Internet Bubble to the Financial Panic period and keeping up with the market during upswings from the Financial Panic to Present, $10,000 hypothetically invested in Baron Focused Growth Fund at the Fund's inception on May 31, 1996 was worth $290,026 on March 31, 2021. That is more than three times the value of a hypothetical investment of the same amount in funds designed to track the S&P 500 and Russell 2500 Indexes. (Please see Table IV.)

Table V.
Top contributors to performance for the quarter ended March 31, 2021

	Year Acquired	Market Cap When Acquired (billions)	Quarter End Market Cap (billions)	Total Return	Percent Impact
Penn National Gaming, Inc.	2019	$ 2.5	$16.4	21.38%	1.26%
Space Exploration Technologies Corp.	2017	–	–	53.44	1.13
Hyatt Hotels Corp.	2009	4.2	8.4	11.38	0.30
BioNTech SE	2020	24.1	26.4	33.40	0.28
Tripadvisor, Inc.	2021	6.0	7.3	18.13	0.27

Shares of regional casino operation **Penn National Gaming, Inc.** increased in the quarter on strong share gains in the online sports betting and i-gaming markets in Michigan and the opening of the large Illinois online sports betting market. Strong sequential growth in revenue and sustained margin improvement in its bricks and mortar operations also helped boost the share price. We think these positive developments will lead to improvements in the company's balance sheet and its EBITDA to free cash flow conversion.

Space Exploration Technologies Corp. ("SpaceX") designs, manufactures, and launches rockets, satellites, and spacecrafts. Its mission, ultimately, is to enable people to live on other planets. SpaceX is commercializing its broadband offering by rapidly deploying user terminals and its satellite constellation. It continues to reliably provide reusable launch capabilities, including crewed flights, and advancing the development of its newest and larger rocket, Starship. We value SpaceX using prices of recent transactions and a proprietary valuation model driving the price appreciation.

Shares of global hotelier **Hyatt Hotels Corp.** rose in the quarter on an increase in business and group spending in China. This sequential improvement, combined with better margins driven by enhanced operational efficiencies, helped boost the share price. We think these welcome developments will strengthen Hyatt's balance sheet over the next year as EBITDA improves and cash flow is used to pay down debt taken on during the pandemic.

BioNTech SE is a leader in the emerging field of mRNA drugs with additional programs in engineered cell therapies, antibodies, and immunomodulators. Shares performed well for the quarter. The COVID-19 vaccine rollout continues, and we believe the pandemic has been a strong proof point of the speed and efficacy of the mRNA platform. Beyond vaccines, we think BioNTech has the potential to disrupt the biopharma space with a pipeline spanning oncology, infectious diseases, and rare diseases.

Tripadvisor, Inc., an online travel company on whose website users can browse reviews and plan trips, contributed for the period held following a well-received launch of its travel-focused subscription offering. In our view, Tripadvisor is a unique asset with over 460 million unique monthly visitors to its travel sites and the business is well-positioned to benefit from pent-up consumer demand as pandemic-related travel restrictions ease. We believe there are a number of positive changes underway at Tripadvisor that will drive improved monetization going forward.

Table VI.
Top detractors from performance for the quarter ended March 31, 2021

	Year Acquired	Market Cap When Acquired (billions)	Quarter End Market Cap (billions)	Total Return	Percent Impact
CoStar Group, Inc.	2014	$ 6.2	$32.4	–11.08%	–0.78%
Stitch Fix, Inc.	2021	10.0	5.3	–48.96	–0.57
Guidewire Software, Inc.	2013	2.7	8.5	–21.05	–0.39
Denali Therapeutics Inc.	2020	8.4	6.9	–31.83	–0.37
Spotify Technology S.A.	2020	45.4	51.1	–14.84	–0.36

Shares of **CoStar Group, Inc.**, a real estate information and marketing services company, detracted as a result of a broader rotation away from higher-multiple growth stocks. CoStar has seen an acceleration in demand for its digital marketplace businesses as traditionally offline activities shifted online. Modest headwinds in its data licensing businesses that hampered growth in 2020 are now abating. CoStar has moved to enter the residential real estate market, which meaningfully expands its market and should amplify growth as it launches new technological innovations.

Stitch Fix, Inc., an online personal styling service that uses recommendation algorithms and data science to personalize clothing items, detracted in the quarter following near-term logistics headwinds amid high expectations for the stock. Previously a subscription-like model, Stitch Fix is leveraging its proprietary data and algorithms to enable direct retail from its site. We believe this is just the start of Stitch Fix successfully expanding its total addressable market to the entire $375 billion to $400 billion U.S. apparel market, along with international opportunities.

Shares of property and casualty ("P&C") insurance software vendor **Guidewire Software, Inc.** detracted from performance as shares of high-multiple growth stocks lagged. The company is near the midpoint of its cloud transition, which should correspond with improving financial results. Despite short-term headwinds, we believe Guidewire has tripled its addressable market through new products and cloud delivery and will become the critical software vendor for the global P&C insurance industry, capturing 30% to 50% of its $15 billion to $30 billion total addressable market and generating margins above 40%.

Denali Therapeutics Inc. is a biotechnology company developing therapies for neurodegeneration, including both targeted drugs and delivery systems for crossing the blood/brain barrier. Shares fell in concert with the broader market rotation from growth to value that resulted in significant weakness in biotechnology stocks. From a fundamental perspective, Denali reported incrementally positive updates from its Hunter Syndrome program in the quarter, although this development was more impactful in the prior quarter when initial data was released.

Spotify Technology S.A. is a leading digital music service available in 178 international markets, offering on-demand audio streaming through paid premium subscriptions as well as a free ad-supported model. Shares fell on mixed full-year guidance as pandemic-driven restrictions drove a pull-forward of user growth in 2020. We continue to view Spotify as a long-term winner in music streaming with the potential to go from 144 million paying subscribers today to over 250 million in four years, driven by its scalable core music product as well as its growing library of spoken-word content.

Investment Strategy & Portfolio Structure

Despite current market volatility and investor angst, we have continued to manage the Fund the same way we have historically. In the first quarter, we continued to consolidate recent gains in Tesla while adding to new positions. Given strong gains in the stock, we sold approximately 11% of our position in Tesla in the quarter on top of the 20% we sold from September through December 2020. We initiated smaller positions in online personal styling service **Stitch Fix, Inc.** and travel platform **Tripadvisor, Inc.** Both companies continue to have large addressable markets with strong brands to take significant share of those markets over time. We believe Tripadvisor could come out with a subscription service to offer to its over 240 million monthly active users that could drive significant value over time and become a source of recurring revenue growth. The company is already recovering strongly from its pandemic lows as people are searching once again for trips and using its site as a research tool. While we have made other modest changes on the margin, the Fund's strategy remains the same.

We continue to invest for the long term in a focused portfolio of what we believe are appropriately capitalized, competitively advantaged, and well-managed, small- and mid-cap growth businesses at attractive prices. We attempt to create a portfolio of approximately 20 to 25 securities diversified by GICS sectors that will be approximately 82% as volatile (as measured by beta) as the market. Since inception, the Fund has generated approximately 97% of the upside when the market rises but just 79% of the downside when the market declines. Businesses in which the Fund invests are identified by our analysts and portfolio managers using the Firm's proprietary research and time-tested investment approach.

As of March 31, 2021, the Fund held 23 investments. The Fund's average portfolio turnover for the past three years was 10.6%. This means the Fund has an average holding period for its investments of almost 9.5 years. This contrasts sharply with the average mid-cap growth mutual fund, which typically turns over its portfolio every 15 months. From a quality standpoint, the Fund's investments have stronger sales growth than the holdings in the benchmark, higher EBITDA and operating margins, stronger returns on invested capital with more robust balance sheets. We believe these metrics are important to limit risk in this concentrated portfolio.

While focused, the Fund is diversified by sector. The Fund's weightings are significantly different than those of the Index. For example, the Fund is heavily weighted in Consumer Discretionary businesses with 56.5% of its net assets in this sector versus 13.1% for the Index. Further, while the Fund has historically not invested in pharmaceuticals and biotechnology, it has added two biotechnology investments over the past year and now has 2.4% of the total portfolio in two stocks, **Denali Therapeutics Inc.** and **BioNTech SE**. While there is somewhat greater risk investing in these companies, we think the small positions do not significantly alter the portfolio's risk profile, and they give us upside potential should any of these companies discover new medicines and procedures. The Fund is further diversified by investments in businesses at different stages of growth and development as discussed above and shown below.

Table VII.
Disruptive Growth Companies as of March 31, 2021

	Percent of Net Assets	Year Acquired	Cumulative Return Since Initial Purchase
Tesla, Inc.	32.0%	2014	1,233.67%
Space Exploration Technologies Corp.	4.0	2017	203.71
Iridium Communications Inc.	2.5	2019	52.50
Tripadvisor, Inc.	2.2	2021	20.31
Spotify Technology S.A.	2.0	2020	11.98
Stitch Fix, Inc.	1.7	2021	–48.15
BioNTech SE	1.6	2020	9.12
Guidewire Software, Inc.	1.5	2013	119.88
Schrodinger, Inc.	1.0	2020	44.79
Denali Therapeutics Inc.	0.8	2020	–18.36

Disruptive Growth firms accounted for 49.3% of the Fund's net assets. On current metrics, these businesses may appear expensive; however, we think they will continue to grow significantly and, if we are correct, they have the potential to generate exceptional returns over time. Examples of these companies include electric vehicle leader **Tesla, Inc.**, commercial satellite company **Iridium Communications Inc.**, and systems software provider to the insurance industry **Guidewire Software, Inc.** All of these companies have large addressable markets relative to the current size of those competitively advantaged businesses.

Table VIII.
Investments with Real/Irreplaceable Assets as of March 31, 2021

	Percent of Net Assets	Year Acquired	Cumulative Return Since Initial Purchase
Penn National Gaming, Inc.	9.4%	2019	399.48%
Vail Resorts, Inc.	5.8	2013	443.10
Hyatt Hotels Corp.	4.2	2009	201.46
Choice Hotels International, Inc.	2.5	2010	422.70
Manchester United plc	2.4	2012	21.16
American Homes 4 Rent	1.1	2018	63.71
Red Rock Resorts, Inc.	1.0	2017	54.79
Americold Realty Trust	0.7	2020	14.88

Companies that own what we believe are **Real/Irreplaceable Assets** represented 27.0% of net assets. **Vail Resorts, Inc.**, owner of the premier ski resort portfolio in the world, upscale lodging brand **Hyatt Hotels Corp.**, and storied English Premier League sports franchise **Manchester United plc** are examples of companies we believe possess meaningful brand equity and barriers to entry that equate to pricing power over time. **Penn National Gaming, Inc.**'s state-granted licenses for its regional casinos provide important protection from competitors. Online sports betting and casino gaming offer large opportunities for future growth for the company.

Table IX.
Core Growth Investments: Growth, Dividends, and Share Repurchases as of March 31, 2021

	Percent of Net Assets	Year Acquired	Cumulative Return Since Initial Purchase
CoStar Group, Inc.	7.6%	2014	284.06%
FactSet Research Systems, Inc.	3.4	2008	594.45
Arch Capital Group Ltd.	3.4	2003	953.80
Adyen N.V.	1.9	2020	132.85
GDS Holdings Limited	1.9	2020	31.90

Core Growth investments, steady growers that continually return excess free cash flow to shareholders, represented 18.3% of net assets. Examples of these companies include **CoStar Group, Inc.** and **FactSet Research Systems, Inc.** CoStar continues to add new services both in the commercial and residential areas of real estate that has grown its addressable market and added new services for its clients further improving retention and cash flow. As one of the leading financial intelligence systems for the asset management industry, FactSet continues to grow into new areas via fixed income, risk management, and, most recently, private equity. This should enable the company to grow while generating a steady stream of recurring cash flow that it uses for acquisitions, dividends, and buybacks.

Portfolio Holdings

For the quarter ended March 31, 2021, the Fund's top 10 holdings represented 74.8% of net assets. A number of these investments have been successful and were purchased when they were much smaller businesses. We believe they continue to offer significant further appreciation potential although we cannot guarantee that will be the case.

The top five positions in the portfolio, **Tesla, Inc.**, **Penn National Gaming, Inc.**, **CoStar Group, Inc.**, **Vail Resorts, Inc.**, and **Hyatt Hotels Corp.** all have, in our view, significant competitive advantages due to irreplaceable assets, strong brand awareness, technologically superior know-how, or exclusive data that is integral to their operations. We think these businesses cannot be easily duplicated, which enhances their potential for superior earnings growth and returns over time.

Table X.
Top 10 holdings as of March 31, 2021

	Year Acquired	Market Cap When Acquired (billions)	Quarter End Market Cap (billions)	Quarter End Investment Value (millions)	Percent of Net Assets
Tesla, Inc.	2014	$31.2	$641.1	$214.4	32.0%
Penn National Gaming, Inc.	2019	2.5	16.4	62.9	9.4
CoStar Group, Inc.	2014	6.2	32.4	51.0	7.6
Vail Resorts, Inc.	2013	2.3	11.7	39.1	5.8
Hyatt Hotels Corp.	2009	4.2	8.4	28.1	4.2
Space Exploration Technologies Corp.	2017	–	–	26.9	4.0
FactSet Research Systems, Inc.	2008	2.5	11.7	23.1	3.4
Arch Capital Group Ltd.	2003	0.9	15.5	23.0	3.4
Choice Hotels International, Inc.	2010	1.9	6.0	16.6	2.5
Iridium Communications Inc.	2019	3.1	5.5	16.6	2.5

Thank you for investing in Baron Focused Growth Fund. We continue to work hard to justify your confidence and trust in our stewardship of your family's hard-earned savings. We also continue to try to provide you with information we would like to have if our roles were reversed. This is so you can make an informed judgment about whether Baron Focused Growth Fund remains an appropriate investment for your family.

Respectfully,

Ronald Baron
CEO and Lead Portfolio Manager
April 20, 2021

David Baron
Co-Portfolio Manager
April 20, 2021

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 its distributor, Baron Capital, Inc., by calling 1-800-99BARON or visiting www.BaronFunds.com. Please read them carefully before investing.

Risks: The Fund is non-diversified which means, in addition to increased volatility of the Fund's returns, it will likely have a greater percentage of its assets in a single issuer or a small number of issuers, including in a particular industry than a diversified fund. Single issuer risk is the possibility that factors specific to an issuer to which the Fund is exposed will affect the market prices of the issuer's securities and therefore the net asset value of the Fund. As of the date of the latest prospectus supplement, about 40% of the Fund's assets are invested in Tesla stock. Therefore, the Fund is exposed to the risk that were Tesla stock to lose significant value, which could happen rapidly, the Fund's performance would be adversely affected. Specific risks associated with investing in small and medium-sized companies include that the securities may be thinly traded and more difficult to sell during market downturns. The Fund may not achieve its objectives. Portfolio holdings are subject to change. Current and future 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 managers 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 Focused Growth Fund by anyone in any jurisdiction where it would be unlawful under the laws of that jurisdiction to make such offer or solicitation.

Beta: measures a fund's sensitivity to market movements. The beta of the market (Russell 2500 Growth Index) is 1.00 by definition. **Alpha:** measures the difference between a fund's actual returns and its expected performance, given its level of risk as measured by beta. **Upside Capture** explains how well a fund performs in time periods where the benchmark's returns are greater than zero. **Downside Capture** measures how well a fund performs in time periods where the benchmark's returns are less than zero.

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

Baron International Growth Fund

Dear Baron International Growth Fund Shareholder:

Performance

Baron International Growth Fund (the "Fund") gained 2.34% (Institutional Shares) during the first quarter of 2021, while its principal benchmark index, the MSCI ACWI ex USA Index, appreciated 3.49%. The MSCI ACWI ex USA IMI Growth Index gained 0.38% for the quarter. The Fund modestly underperformed its principal benchmark index, while outperforming the all-cap growth proxy. International and emerging market ("EM") equities modestly trailed their U.S. counterparts, consolidating the outperformance of the second half of 2020. Market leadership by sector continued to ebb and flow, with strength in quality growth stocks in the first half of the quarter giving way to notable outperformance by more economically cyclical stocks in the second half. In our view, with the exception of a couple of outlier countries, investors largely looked through ongoing COVID-19 disruption and focused on vaccine penetration and sustained fiscal largesse, anticipating positive corporate earnings momentum in future periods. The rise in longer-term sovereign bond yields that began late last year accelerated midway through the quarter, coincident with the sector rotation noted above. In our view, this signals the market's passage through the most favorable post-COVID market environment, where risk aversion and low expectations met massive policy stimulus and positive vaccine developments. Going forward, equities will be much more sensitive to growth and inflation expectations, though we note that bond yields have already priced in a materially tighter Fed than what has been officially communicated. In short, to sustain solid gains, equities will need the affirmation of strong earnings performance and guidance, while in our view, multiples are unlikely to expand from here. We remain optimistic that corporate earnings are likely to deliver, particularly for the companies in which we have invested, and we continue to anticipate a sustainable period of dollar weakness and relative outperformance for international and EM equities. As always, we are confident that we have invested in many well-positioned and well-managed companies on a bottom-up basis, which are poised to benefit from long-term and attractive investment themes.

MICHAEL KASS

PORTFOLIO MANAGER

Retail Shares: BIGFX
Institutional Shares: BINIX
R6 Shares: BIGUX

Table I.
Performance
Annualized for periods ended March 31, 2021

	Baron International Growth Fund Retail Shares[1,2]	Baron International Growth Fund Institutional Shares[1,2,3]	MSCI ACWI ex USA Index[1]	MSCI ACWI ex USA IMI Growth Index[1]
Three Months[4]	2.28%	2.34%	3.49%	0.38%
One Year	70.08%	70.57%	49.41%	52.20%
Three Years	11.53%	11.81%	6.51%	10.11%
Five Years	14.77%	15.05%	9.76%	11.99%
Ten Years	8.77%	9.04%	4.93%	6.76%
Since Inception (December 31, 2008)	12.37%	12.65%	8.21%	9.98%

Performance listed in the above table is net of annual operating expenses. Annual expense ratio for the Retail Shares and Institutional Shares as of December 31, 2020 was 1.28% and 1.01%, but the net annual expense ratio was 1.20% and 0.95% (net of the Adviser's fee waivers), 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 Adviser reimburses certain Baron Fund expenses pursuant to a contract expiring on August 29, 2031, 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 www.BaronFunds.com or call 1-800-99BARON.

1 The MSCI ACWI ex USA indexes cited are unmanaged, free float-adjusted market capitalization weighted indexes. The **MSCI ACWI ex USA Index Net USD** measures the equity market performance of large- and mid-cap securities across developed and emerging markets, excluding the United States. The **MSCI ACWI ex USA IMI Growth Index Net USD** measures the equity market performance of large-, mid- and small-cap growth securities across developed and emerging markets, excluding the United States. MSCI is the source and owner of the trademarks, service marks and copyrights related to the MSCI Indexes. MSCI is a trademark of Russell Investment Group. The indexes and Baron International Growth Fund include reinvestment of dividends, net of foreign withholding taxes, which positively impact the performance results. The index performance is not Fund performance; one cannot invest directly into an index.

2 The performance data 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 5/29/2009 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 5/29/2009 did not reflect this fee, the returns would be higher.

4 Not annualized.

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For the first quarter of 2021, we modestly underperformed our primary benchmark, the MSCI ACWI ex USA Index, while outperforming the all-cap International growth proxy. From a broad market perspective, first quarter trends were largely a continuation of the previous quarter, wherein investors increasingly allocated capital toward more economically cyclical stocks. Our performance was in line with our expectations as we often lag the core index in such periods. From a sector perspective, adverse stock selection in the Financials and Information Technology ("IT") was the largest detractor from relative performance. Within the Financials sector, declines in **Credit Suisse Group AG**, related to two unusual credit events, and in **Itau Unibanco Holding SA**, in our view, related to the re-emergence of COVID-disruption in Brazil, drove the bulk of poor performance. In the IT sector, several investments, primarily related to our digitization and fintech themes (**TeamViewer AG**, **Keyence Corporation**, **NEXTDC Limited**, **Kingdee International Software Group Co. Ltd.**, **PagSeguro Digital Ltd.**, and **GDS Holdings Limited**) retraced a portion of prior period gains amid a general period of correction in growth stocks. Offsetting a portion of the above, strong stock selection effect in the Health Care sector was led by **Eurofins Scientific SE** and **Zai Lab Limited**, while positive allocation effect resulting from our underweight position in Consumer Staples also contributed to relative performance. From a country perspective, our overweight position in Brazil, and adverse stock selection in Germany and Switzerland, due to the declines mentioned above in our investments in TeamViewer and Credit Suisse, were the largest detractors from relative performance during the quarter. In our view, the weakness in Brazil was driven by the re-emergence of COVID-related disruption and is likely to be temporary, however we have reduced aggregate exposure and will continue to monitor the situation as such challenges have begun to threaten the favorable reform agenda. Offsetting a portion of the above, from a country perspective, strong stock selection effect in Russia (**TCS Group Holding PLC** and **Novatek PJSC**), China (**Agora, Inc.** and **Galaxy Entertainment Group Limited**), and France (**BNP Paribas S.A.** and **Eurofins Scientific SE**) contributed positively to relative performance.

Table II.
Top contributors to performance for the quarter ended March 31, 2021

	Percent Impact
TCS Group Holding PLC	0.62%
Agora, Inc.	0.44
BNP Paribas S.A.	0.32
AMG Advanced Metallurgical Group N.V.	0.28
Grupo Mexico, S.A.B. de C.V.	0.25

TCS Group Holding PLC operates Tinkoff Bank in Russia. Shares appreciated on strong traction in several of TCS Group's business lines, including its retail brokerage business and online payment processing. In January, the company announced changes to its share class structure and board of directors, which improved the corporate governance outlook for the company. We retain high conviction in TCS Group as it morphs from a consumer-focused neobank to a platform company with growing fee-based revenues.

Agora, Inc. provides Real-Time Engagement Platform-as-a-Service ("RTE PaaS") in China. Shares increased during the period held after Agora's fourth quarter earnings results reaffirmed its leadership position in the RTE PaaS vertical and alleviated margin concerns over infrastructure costs and investments in overseas expansions. Nevertheless, we exited our position to reallocate to higher conviction ideas.

BNP Paribas S.A. is a France-based universal bank with operations across several European markets and the U.S. Shares of BNP appreciated after reporting year-end results that beat Street estimates and providing an encouraging outlook for 2021. The bank is seeing a strong rebound in its domestic markets and corporate and institutional banking divisions, driven by lower provision costs and higher demand for credit. We retain conviction in BNP given its solid capital position and its credible self-help plan to improve profitability in the mid term.

AMG Advanced Metallurgical Group N.V. is a Netherlands-based company that produces specialty metals, mineral products, and related vacuum furnace systems. AMG also recycles spent catalysts from oil refineries into ferrovanadium using proprietary technology. Shares increased due to a rally in vanadium and lithium prices. AMG has a captive customer base with long-term contracts, and demand for its services is being driven by environmental regulations to reduce hazardous waste. In addition, we like the company's growth and margin expansion opportunity in lithium.

Grupo Mexico, S.A.B de C.V. is a conglomerate that owns copper mines, railroads, and infrastructure projects in Latin America. Shares rose due to a rally in copper prices as well as peer railroad M&A news that highlighted the value of its rail segment. We retain conviction as we believe Grupo Mexico is a well-managed company trading at a meaningful discount to the sum of its parts. The copper segment includes some of the largest, lowest-cost copper mines and production should grow significantly. The railroad segment is benefiting from higher shipping volumes and margin expansion.

Table III.
Top detractors from performance for the quarter ended March 31, 2021

	Percent Impact
Credit Suisse Group AG	–0.46%
TeamViewer AG	–0.31
Keyence Corporation	–0.29
Kingdee International Software Group Co. Ltd.	–0.22
SMS Co., Ltd.	–0.21

Credit Suisse Group AG is a Switzerland-based financial institution focused on wealth management and investment banking. Shares of Credit Suisse declined during the quarter as the company experienced two high-profile mishaps in its asset management and prime brokerage businesses, leading to significant losses and curtailment of its capital return plans. We believe the impact of these losses is already reflected in the market cap and see value in the group's wealth management operations, which provide upside from current levels.

TeamViewer AG, a leading global software connectivity platform, detracted from performance. The company announced two large sponsorship deals with Manchester United and the Mercedes-AMG Formula One team. The goal of the sponsorships is to enhance the TeamViewer brand globally, but in the near term, they will take down margins by approximately 600 basis points. This drop in near-term profitability was the primary driver of stock weakness. We retain conviction and believe the company has a compelling combination of strong growth prospects and attractive margins.

After a strong 2020, shares of **Keyence Corporation** gave up some gains in the quarter as the market rotated out of high-valuation technology stocks. As a global leader in machine vision and factory automation systems, the company is well positioned to benefit from rising adoption of industrial automation equipment to enhance productivity, in our view. We retain conviction due to Keyence's dominant market position and ability to generate high returns on capital and expect it to sustain mid-teen earnings growth over the next three to five years.

After achieving record growth in 2020, shares of enterprise management software provider **Kingdee International Software Group Co. Ltd.** gave up some gains during the quarter. While the underlying growth in core cloud products remained strong, the market rotation from growth to value and margin pressure from its cloud transition weighed on the stock. We maintain our conviction in Kingdee's ability to deliver growth in the vastly underpenetrated customer relationship management segment in China given its long-standing leadership and R&D capability.

SMS Co., Ltd. is a Japan-based operator of websites focused on elder care. Shares fell due to the prolonged pandemic-related shutdown in Japan's economy, delaying hiring from enterprises and pressuring the company's growth. In addition, the rotation from growth to value led to multiple contraction in the cloud and SaaS segments in which SMS operates. We continue to believe the structural misalignment between worker supply and demand will sustain the sector's long-term growth and that SMS is well positioned to benefit as the leader in the space.

Portfolio Structure

Table IV.
Top 10 holdings as of March 31, 2021 – Developed Countries

	Percent of Net Assets
BNP Paribas S.A.	3.1%
S4 Capital plc	1.9
argenx SE	1.9
Future plc	1.9
Lloyds Banking Group plc	1.8
Linde plc	1.7
Credit Suisse Group AG	1.6
Takeda Pharmaceutical Company Limited	1.6
LVMH Moet Hennessy Louis Vuitton SE	1.6
Befesa S.A.	1.5

Table V.
Top five holdings as of March 31, 2021 – Emerging Countries

	Percent of Net Assets
TCS Group Holding PLC	1.6%
Zai Lab Limited	1.6
Tencent Holdings Limited	1.6
Bajaj Finance Limited	1.6
Korea Shipbuilding & Offshore Engineering Co., Ltd.	1.4

Table VI.
Percentage of securities in Developed Markets as of March 31, 2021

	Percent of Net Assets
United Kingdom	16.0%
Japan	12.9
France	8.3
Netherlands	4.1
Germany	3.8
Switzerland	3.6
Sweden	3.2
Israel	2.6
United States	2.4
Canada	2.1
Spain	1.8
Hong Kong	1.2
Australia	0.9
Denmark	0.9
Norway	0.7

Table VII.
Percentage of securities in Emerging Markets as of March 31, 2021

	Percent of Net Assets
China	12.7%
India	7.4
Russia	4.2
Brazil	4.0
Korea	1.4
Mexico	1.3
United Arab Emirates	0.3

Exposure by Market Cap: The Fund may invest in companies of any market capitalization, and we strive to maintain broad diversification by market cap. At the end of the first quarter of 2021, the Fund's median market cap was $16.6 billion. We were invested 68.3% in large- and giant-cap companies, 20.1% in mid-cap companies, and 7.4% in small- and micro-cap companies, as defined by Morningstar, with the remainder in cash.

Recent Activity

During the first quarter of 2021, we added a couple of new positions while also increasing position sizes in several existing investments. We continue our endeavor to reduce the number of positions in the portfolio while adding concentration to our highest conviction ideas.

As part of our sustainability/EV supply chain theme, we initiated a position in **Glencore PLC**, which is a large producer of key energy metals (copper, cobalt, and nickel) enabling the electrification of transportation (EV batteries) and growth in energy storage systems. We have been bullish on the long-term growth outlook for copper since our investment in Grupo Mexico, and we continue to expect multi-year supply deficits driven by the structural demand increase from electrification. On average, electric vehicles require 4 times the amount of copper content compared to ICE vehicles, while wind and solar power plants use 5 times the amount of copper per megawatt compared to conventional power plants. We are encouraged by the portfolio transition at the company with a greater focus on increasing the net share of battery metals in the overall production mix. We also like the company's commitment to ESG-related improvements. Glencore became the first global miner that established goals aligned with The Paris Agreement, targeting net zero emissions by 2050. We believe Glencore has substantial appreciation potential given its current discounted valuation and attractive free cash flow yield.

We also initiated a position in **Watches of Switzerland Group Limited** ("WOSG"), a U.K.-based retailer of luxury watches. WOSG focuses on the leading luxury watch brands that are generally immune from the cyclical volume growth often experienced by much of the European watch industry, in our view, a result of chronic undersupply and demand-pull of the leading brands. Over 50% of sales are Rolex, one of the top brands overall in global luxury, while over 70% of sales are comprised of Rolex, Audemars Piguet, and Patek Philippe, brands for which demand significantly outstrips supply. As evidence, WOSG posted positive revenue growth in the second half of 2020 despite losing a large fraction of its operating hours due to mandated store closures. WOSG has been a key beneficiary as the top luxury watch brands consolidate distribution to fewer, higher-quality dealers that are investing in elevated retail spaces, with the company now representing some 50% of total Rolex sales in the U.K. WOSG entered the U.S. several years ago via an acquisition, and we believe the company is well positioned to consolidate the highly fragmented U.S. market via acquisitions and new openings, while achieving highly accretive returns on invested capital, similar to what it has already achieved in the U.K. We also believe opportunities exist to enhance growth via expansion in certain continental European markets.

During the quarter, we also added to several existing positions, notably **Genmab A/S**, **BNP Paribas S.A.**, **Symrise AG**, **Linde plc**, **Industria de Diseno Textil, S.A.**, **AMG Advanced Metallurgical Group N.V.**, and **Korea Shipbuilding & Offshore Engineering Co., Ltd.** Based on our goal to increase portfolio concentration and/or due to valuations reaching levels inconsistent with our view of fundamentals, we exited our positions in **Farfetch Limited**, **Rentokil Initial plc**, **Agora, Inc.**, **Fidelity National Information Services, Inc.**, and **Trainline Plc**.

Outlook

The first quarter of 2021 was volatile, with more speculative and higher growth stocks advancing briskly to reach a peak in mid-February, only to reverse and end the quarter relatively flat. Quality growth stocks performed similarly, albeit with less volatility. This reversal coincided with the acceleration of the rise in longer-term sovereign bond yields that began late last year. In our view, this is a reflection of growing market conviction around vaccine penetration, economic reopening, and the re-upping of global fiscal stimulus. Although the earnings outlook remains buoyant across most sectors, more economically sensitive stocks have recently benefited from rising growth expectations, while quality growth stocks were more vulnerable to multiple compression when interest rates rose abruptly. We view the first quarter market behavior as evidence that we have likely passed through the most favorable phase of the post-COVID market recovery, where risk aversion, low expectations, and pent-up demand met massive policy stimulus, positive vaccine developments, and increasingly, economic reopening and normalization. Going forward, we expect equity investors to be more sensitive to the pace of growth and inflation expectations, while skeptical of central bank tightening, and real economic growth and earnings will replace policy stimulus as the primary catalyst for future gains. In our view, bond yields have already priced in a materially tighter Fed than both what is being communicated and what is likely. We suspect bond market vigilantes may have gone too far too soon, and note that a peak in bond yields would favor growth stocks after a substantive first quarter correction.

We often say that whether looking at a particular company, a country/currency, or an asset class such as equities, what matters in assessing the attractiveness of an investment is not only the likely forward evolution of fundamentals, but also, and often critically, what has already been priced in. We view the current market environment as unique in the context of prior post-economic/financial crises. The COVID crisis was not provoked by excessive leverage or speculation, but rather was an exogenous pandemic event that triggered historic stimulus and fiscal expansion to create a bridge to recovery. Also unusual after a major economic disruption, the global banking system remains largely healthy and pent-up demand is well primed, particularly at the consumer level. However, because investors now express near certainty that following mass vaccination the global economy and corporate earnings will return to potential, if not overshoot due to stimulus in the pipeline, equity values have recovered well in advance of earnings. In other words, even for the most COVID-impacted sectors and stocks, a substantive if not full recovery has largely been discounted, in this case sooner than what is typically observed following an economic disruption. This presents a challenge for investors as we believe the key question now is whether the earnings evolution will merely meet, or *exceed*, what has already been discounted. While we have high conviction that very good earnings news likely lies ahead, we believe stocks may have already entered a digestion or consolidation phase after stellar returns from the lows of a year ago gains are likely to moderate from here.

In recent months, as growth and inflation expectations have firmed, longer-term bond yields have risen while more economically cyclical and value-oriented stocks have outperformed secular growth stocks. We certainly are not surprised by this turn of events, having anticipated and communicated our expectation of such a mean reversion for some time. While we cannot predict when this reversion will have run its course to find equilibrium, we suspect this sector rotation would likely subside or inflect when either longer-term bond yields rise to a level that suggests a peak in economic growth momentum, or when rising inflation expectations coerce the Fed to signal an openness to rate hikes. We believe the abrupt move higher in U.S. Treasury yields may have already approached this threshold, and we reiterate our view that in the longer term, a vast majority of value creation resides in secular growth sectors such as digitization (semiconductor/software-related/internet platforms/e-commerce/logistics/AI/cloud), fintech, health care/biotechnology, smart manufacturing, automation/robotics, and sustainability/carbon reduction. Further, we remain confident that the transition to fiscal expansion and "Modern Monetary Theory" as the primary means of global stimulus, alongside the ongoing development of EU mutualization and the "digital Euro", suggest a sustainable improvement in global growth expectations and a likely dollar bear market ahead, and we continue to believe international and EM equities have likely entered a longer-term phase of outperformance.

Thank you for investing in the Baron International Growth Fund.

Sincerely,

Michael Kass
Portfolio Manager
April 20, 2021

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 its distributor, Baron Capital, Inc., by calling 1-800-99BARON or visiting www.BaronFunds.com. Please read them carefully before investing.

Risks: 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. This may result in greater share price volatility. Securities of small and medium-sized companies may be thinly traded and more difficult to sell. 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. 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 International Growth Fund by anyone in any jurisdiction where it would be unlawful under the laws of that jurisdiction to make such offer or solicitation.

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

Dear Baron Real Estate Fund Shareholder:

We are pleased to report that the Baron Real Estate Fund (the "Fund") generated strong performance for the most recent quarter ended March 31, 2021.

During this period, the Fund gained 11.08% (Institutional Shares), exceeding the MSCI US REIT Index, which appreciated 8.50%, and modestly underperforming the MSCI USA IMI Extended Real Estate Index (the "MSCI Real Estate Index"), which rose 12.20%.

Baron Real Estate Fund Cumulative Return Since Inception
(December 31, 2009 through March 31, 2021)

- **Baron Real Estate Fund: 507.22%**
- MSCI Real Estate Index: 281.17%
- MSCI US REIT Index: 170.70%

We are also pleased to report that as of March 31, 2021, the Fund received a **5-star Overall Morningstar Rating™**.

Morningstar Real Estate Category Rankings *(as of March 31, 2021)*

- **10-year performance**: Ranked as the #1 real estate fund
- **5-year performance**: Ranked as the #1 real estate fund
- **3-year performance**: Ranked as the #1 real estate fund
- **1-year performance**: Ranked in the top 2% of all real estate funds

Barron's

The Fund was recently profiled in the weekly business magazine, *Barron's*, with a favorable review (March 17, 2021). The article, titled "*Keeping Score in Real Estate*," can be accessed on our Baron website in the "News & Events" section at www.baronfunds.com.

JEFFREY KOLITCH
PORTFOLIO MANAGER

Retail Shares: BREFX
Institutional Shares: BREIX
R6 Shares: BREUX

We will address the following topics in this letter:

- A chronicle of our active management of the Fund
- Our investment themes and portfolio construction
- The digitalization of real estate
- The performance of the Fund in a rising interest rate environment (*preview*: strong historical performance)
- The prospects for real estate and the Baron Real Estate Fund (*preview*: we remain bullish)

As of 3/31/2021, the Morningstar Ratings™ were based on 225, 201, 145, and 225 share classes for the 3-year, 5-year, 10-year, and Overall periods, respectively. The Baron Real Estate Fund received 5, 5, 5, and 5 stars, respectively. The Morningstar Ratings are for the Institutional Share Class only; other classes may have different performance characteristics.

As of 3/31/2021, the Morningstar Real Estate Category consisted of 248, 225, 201, and 145 share classes for the 1-, 3-, 5-, and 10-year periods.

Morningstar ranked Baron Real Estate Fund Institutional Share Class in the 2nd, 1st, 1st, and 1st percentiles, respectively. On an absolute basis, Morningstar ranked Baron Real Estate Fund Institutional Share Class as the 4th, 2nd, 2nd, and 1st best performing share class in its Category, for the 1-, 3-, 5-, and 10-year periods, respectively.

As of 3/31/2021, the Morningstar Real Estate Category consisted of 248, 225, and 201 share classes for the 1-, 3-, and 5-year periods. Morningstar ranked Baron Real Estate Fund R6 Share Class in the 2nd, 1st, and 1st percentiles, respectively. On an absolute basis, Morningstar ranked Baron Real Estate Fund R6 Share Class as the 3rd, 1st, and 1st best performing share class in its Category for the 1-, 3-, and 5-year periods, respectively.

Morningstar calculates the Morningstar Real Estate 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.

The **Morningstar Rating™** for funds, or "star rating", is calculated for managed products (including mutual funds, variable annuity and variable life subaccounts, exchange-traded funds, closed-end funds, and separate accounts) with at least a three-year history. Exchange-traded funds and open-ended mutual funds are considered a single population for comparative purposes. It is calculated based on a Morningstar Risk-Adjusted Return measure that accounts for variation in a managed product's monthly excess performance, placing more emphasis on downward variations and rewarding consistent performance. The Morningstar Rating does not include any adjustment for sales loads. The top 10% of products in each product category receive 5 stars, the next 22.5% receive 4 stars, the next 35% receive 3 stars, the next 22.5% receive 2 stars, and the bottom 10% receive 1 star. The Overall Morningstar Rating for a managed product is derived from a weighted average of the performance figures associated with its three-, five-, and 10-year (if applicable) Morningstar Rating metrics. The weights are: 100% three-year rating for 36-59 months of total returns, 60% five-year rating/40% three-year rating for 60-119 months of total returns, and 50% 10-year rating/30% five-year rating/20% three-year rating for 120 or more months of total returns. While the 10-year overall star rating formula seems to give the most weight to the 10- year period, the most recent three-year period actually has the greatest impact because it is included in all three rating periods.

BARON FUNDS 1987

Table I.
Performance
Annualized for periods ended March 31, 2021

	Baron Real Estate Fund Retail Shares[1,2]	Baron Real Estate Fund Institutional Shares[1,2]	MSCI USA IMI Extended Real Estate Index[1]	MSCI US REIT Index[1]
Three Months[3]	11.02%	11.08%	12.20%	8.50%
One Year	99.48%	99.99%	64.19%	36.13%
Three Years	23.70%	24.02%	12.79%	8.18%
Five Years	19.22%	19.54%	10.77%	4.02%
Ten Years	15.64%	15.94%	11.25%	7.22%
Since Inception (December 31, 2009) (Annualized)	17.09%	17.39%	12.63%	9.26%
Since Inception (December 31, 2009) (Cumulative)[3]	490.24%	507.22%	281.17%	170.70%

A CHRONICLE OF OUR ACTIVE MANAGEMENT OF THE FUND

In recent shareholder letters, we highlighted that 2020 was a particularly active year for our management of the Fund due to the acceleration and emergence of headwinds and tailwinds in certain segments of real estate, the unprecedented economic and social lockdown, and the resulting stock market volatility.

Our decision to implement a more active and aggressive portfolio management playbook than our more typical Baron lower turnover approach produced strong performance results in an extremely challenging and unpredictable year for numerous categories of real estate.

In 2020, the Fund's 44.28% gain, measured against the 8.70% decline of the MSCI US REIT Index, was the Fund's best annual comparative performance since its inception 11 years ago. The Fund also generated its best annual performance versus its primary benchmark, the MSCI Real Estate Index, which rose only 4.21%.

In the last few months of 2020 and the first few months of 2021, **we have maintained our elevated active approach of managing the Fund in preparation for this year and the years ahead**.

Though the Fund's long-term investment philosophy remains the prioritization of best-in-class real estate growth companies, in recent months we implemented a barbell approach to the Fund's portfolio construction that includes a more balanced mix between best-in-class real estate "growth" companies and real estate "value" opportunities.

We believe our current barbell approach is prudent because COVID-19 led to a wide disparity in share price performance and valuation for several real estate companies.

We have maintained the Fund's investments in competitively advantaged best-in-class real estate companies with long runways for growth. Examples include:

- **Penn National Gaming, Inc., GDS Holdings Limited, American Tower Corp., Equinix, Inc., CBRE Group, Inc., Zillow Group, Inc., CoStar Group, Inc., Prologis, Inc., and Alexandria Real Estate Equities, Inc.**

We have also acquired shares in several real estate companies that are attractively valued and are "on sale." Examples include:

- **Brookfield Asset Management, Inc.**, **Douglas Emmett, Inc.**, **The Howard Hughes Corporation**, **Toll Brothers, Inc.**, **Simon Property Group, Inc.**, **Vornado Realty Trust**, and **Jones Lang LaSalle Incorporated**.

In our 2020 fourth quarter letter, we stated that we believed the valuation gap between the 2020 real estate laggards and winners would narrow if economic activity improved in 2021. This process has begun. In the first quarter, the share prices of many of the 2020 laggards increased sharply (see "Table II") and the share prices of several 2020 winners declined (see "Table III").

Performance listed in the above table is net of annual operating expenses. Annual expense ratio for the Retail Shares and Institutional Shares as of December 31, 2020 was 1.34% and 1.08%, 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 Adviser reimburses certain Baron Fund expenses pursuant to a contract expiring on August 29, 2031, 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 www.BaronFunds.com or call 1-800-99BARON.

[1] The **MSCI USA IMI Extended Real Estate Index** is a custom index calculated by MSCI for, and as requested by, BAMCO, Inc. The index includes real estate and real estate related GICS classification securities. MSCI makes no express or implied warranties or representations and shall have no liability whatsoever with respect to any MSCI data contained herein. The MSCI data may not be further redistributed or used as a basis for other indexes or any securities or financial products. This report is not approved, reviewed or produced by MSCI. The **MSCI US REIT Index** is a free float-adjusted market capitalization index that measures the performance of all equity REITs in the US equity market, except for specialty equity REITs that do not generate a majority of their revenue and income from real estate rental and leasing operations. MSCI is the source and owner of the trademarks, service marks and copyrights related to the MSCI Indexes. MSCI is a trademark of Russell Investment Group. The indexes and the Fund include reinvestment of interest, capital gains and dividends, which positively impact the performance results. The indexes are unmanaged. The index performance is not Fund performance; one cannot invest directly into 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] Not annualized

Table II.
Examples of 2020 Laggards as of March 31, 2021

	2020 Return	YTD 2021 Return
Vornado Realty Trust	–40.47%	23.18%
Simon Property Group, Inc.	–38.95	33.41
The Howard Hughes Corporation	–37.75	20.52
American Assets Trust, Inc.	–34.96	13.23
Douglas Emmett, Inc.	–30.88	8.54
Six Flags Entertainment Corporation	–23.62	36.28
Equity Residential	–23.53	21.84
Wynn Resorts Ltd.	–18.04	11.11
Jones Lang LaSalle Incorporated	–14.77	20.67
Travel + Leisure Co.	–9.05	36.99

Table III.
Examples of 2020 Winners as of March 31, 2021

	2020 Return	YTD 2021 Return	Percent Change from YTD 2021 High Price
Zillow Group, Inc.	182.54%	–0.12%	–35.15%
Opendoor Technologies Inc.	110.39	–6.78	–40.94
NEXTDC Limited	104.03	–15.90	–20.26
GDS Holdings Limited	81.54	–13.40	–29.92
Pool Corporation	76.94	–7.16	–11.70
CoStar Group, Inc.	54.48	–11.08	–12.54
Cellnex Telecom, S.A.	49.86	–3.98	–8.05
Equinix, Inc.	24.23	–4.43	–11.58
SBA Communications Corp.	17.82	–1.39	–1.78
Alexandria Real Estate Equities, Inc.	13.25	–7.21	–7.81

We also said that if the extreme valuation gap between the 2020 real estate winners and laggards narrows over the course of 2021, we would likely reorient the Fund's holdings, once again, toward best-in-class real estate growth companies. Following the sharp divergence in year-to-date performance between real estate value and real estate growth stocks, the risk-reward prospects have started to become more favorable for growth stocks.

We continue to believe, however, that maintaining a mix of value and growth real estate stocks is prudent. We expect several real estate growth stocks may begin to perform better in the months ahead given the recent correction in share prices and our expectation for the continuation of strong business results. We also maintain our positive view on real estate value stocks for the following reasons:

1. Several 2020 real estate laggards remain attractively valued and "on sale."
2. The business results of many of the 2020 real estate laggards–such as office, mall, hotel, and commercial real estate services companies–should improve disproportionately as economic activity rebounds.
3. Attractively valued and economically sensitive companies may continue to perform well if interest rates continue to rise.

Unlike passive real estate strategies that replicate a real estate benchmark or index by owning the entire universe of public real estate companies regardless of the return prospects for individual companies, ***we will continue to actively manage our real estate fund by prioritizing companies with attractive return prospects while de-emphasizing companies with unappealing return prospects***.

Our actively managed approach to investing in real estate has yielded strong long-term results. Since the launch of the Fund more than 11 years ago on December 31, 2009, the Fund has increased 507.22% cumulatively (net of fees) which compares favorably to the performance of the largest real estate passive strategy, the Vanguard Real Estate ETF ("VNQ"), which increased 220.56%.

Our team remains driven to continue to produce strong long-term results for our shareholders. We will stay vigilant, adaptive, and active regarding the management of the Fund.

OUR INVESTMENT THEMES AND PORTFOLIO CONSTRUCTION

We continue to prioritize three investment themes.

2021 investment themes

1. COVID-19 recovery beneficiaries
2. Opportunities in residential real estate
3. The intersection of technology and real estate

1. COVID-19 recovery beneficiaries

This investment theme encompasses what we call the epicenter real estate companies of the 2020 pandemic.

Last year, certain REITs and other real estate-related businesses that rely on the assembly of people were severely impacted by COVID-19 as they were forced to shut down all or a large part of operations almost without exception. The share prices of many of these companies declined last year and remain below peak prices.

Examples of COVID-19 recovery beneficiaries include the following real estate companies:

- Hotels
- Timeshare companies
- Amusement park companies
- Casinos & gaming operators
- Real estate operating companies
- Land development companies
- Senior housing operators
- Commercial real estate services companies
- Certain REITs (e.g., office, apartment, mall, shopping center, hotel, health care, and gaming REITs)

Most of the real estate businesses that we continue to prioritize remain cyclically depressed–not secularly challenged. Consequently, we expect the cash flows of many of these real estate businesses to rebound as people are inoculated with COVID-19 vaccines and economic activity resumes.

Over the course of 2021, we anticipate the release of pent-up consumer and commercial demand for several of the hardest hit segments of real estate–particularly the travel-related segments.

Real estate casino and gaming companies, such as **Wynn Resorts Ltd.**, **Las Vegas Sands Corporation**, **Red Rock Resorts, Inc.**, **Boyd Gaming Corporation**, and **Penn National Gaming, Inc.**, have been in the bullseye of the COVID-19 pandemic. In the past year, their businesses have been hampered both by pandemic-related shutdowns and by consumers' uneasiness congregating in enclosed spaces such as casinos. As properties have opened, we have seen strong signs of pent-up demand and we expect business activity to rebound sharply as an increasing number of people are vaccinated.

Despite a recent rebound in the share prices of many of the "COVID-19 recovery beneficiaries," we believe several companies have significant upside.

Additional examples of the Fund's COVID-19 recovery beneficiaries include hotel companies (**Hilton Worldwide Holdings, Inc.**), vacation timeshare companies (**Travel + Leisure Co.**, **Hilton Grand Vacations Inc.**, and **Marriot Vacations Worldwide Corp.**), amusement park operators (**Six Flags Entertainment Corporation** and **Seaworld Entertainment Inc.**), commercial real estate services companies (**CBRE Group, Inc.** and **Jones Lang LaSalle Incorporated**), real estate operating companies (**Brookfield Asset Management, Inc.**), land development companies (**The Howard Hughes Corporation**), and certain REITs (**Douglas Emmett, Inc.**, **Simon Property Group, Inc.**, **Vornado Realty Trust**, **American Assets Trust, Inc.**, **Equity Residential**, **MGM Growth Properties LLC**, and **Gaming and Leisure Properties**, **Inc.**).

On March 31, 2021, COVID-19 recovery beneficiary companies represented 47.1% of the Fund's net assets.

Table IV.
COVID-19 Recovery Beneficiaries as of March 31, 2021

	Percent of Net Assets
Casinos & Gaming Operators	17.9%
Certain REITs	9.5
Timeshare Companies	5.6
Commercial Real Estate Services companies	3.9
Hotels and OTAs	3.4
Amusement Park Companies	2.6
Real Estate Operating Companies	2.6
Land Development Companies	1.6
Total	47.1%

2. Opportunities in residential real estate

The strength in certain segments of residential real estate was one of the major positive economic surprises of 2020. This strength has continued in the first few months of 2021.

Both cyclical and secular tailwinds are aiding the U.S. housing market.

Cyclical tailwinds

Cyclically depressed levels of construction activity, low inventory levels, pent-up demand, low mortgage rates, higher consumer savings, meaningful stimulus checks, and a rebound in job and economic growth are benefiting the U.S. housing market. The current situation is nothing like what occurred during the global Financial Crisis when our country's inventory of homes was significantly oversupplied relative to demand.

Secular tailwinds

COVID-19 has also given rise to secular tailwinds that may aid the U.S. housing market for several years:

Suburban may become the new urban: More U.S. families have been moving out of urban areas to more suburban towns. Given the sense of safety that comes with owning a single-family home rather than living in an apartment building (no elevators, no shared spaces, more space, less density), we expect demand for single-family homes to remain strong.

The Fund also has investments in REITs that would benefit from this movement out of urban areas into suburban areas. We expect single-family rental REIT **Invitation Homes, Inc.** to benefit as more people opt for single-family home rentals rather than apartment rentals. In the aftermath of the economic impact from the Coronavirus, we expect demand for affordable housing to benefit manufactured housing REIT **Equity Lifestyle Properties, Inc.**

Work from home or anywhere: Should work-from-home arrangements become more permanent, people will have more flexibility to relocate away from urban centers. This should lead to an increase in new home sales and demand for single-family rentals.

More time at home may lead to more investment in the home: Homeowners are likely to spend more time at home than ever before as more employees work from home and people prioritize social distancing. This trend should contribute to homeowners spending more on home repair and remodeling activity (home office, outdoor decks and living spaces, pools, kitchens, and refreshing paint jobs). The Fund currently has investments in several companies that should benefit from this trend including: **Home Depot, Inc.**, **Lowe's Companies, Inc.**, **The Sherwin-Williams Company**, **Fortune Brands Home & Security, Inc.**, **Installed Building Products, Inc.**, **SiteOne Landscape Supply, Inc.**, **Pool Corporation**, **Trex Company, Inc.**, and **The AZEK Company Inc.**

We are mindful of, and will continue to monitor, the potential risks to the Fund's investments in residential real estate-related companies. Many residential-related stocks performed well in 2020 and in the first quarter of 2021, certain valuations are not as compelling, year-over-year growth comparisons may be more challenging later in 2021, and a sharp increase in mortgage rates coupled with double digit home price growth would make homes less affordable.

Should headwinds begin to surface for the housing market, we would expect any correction in the share prices of residential real estate-related companies to be relatively shallow given the powerful cyclical and secular housing-related tailwinds.

We have continued to be struck by the notably optimistic commentary by two of the leading executives in the housing industry.

February 24, 2021: Doug Yearley, Chairman and Chief Executive Officer of Toll Brothers, Inc.

"***Demand for new homes remains incredibly strong*** and we are enjoying pricing power in nearly all of our markets…our results reflect a robust housing market that continues to benefit from favorable demographic trends, a very tight supply of for-sale homes stemming from a decade of underproduction, low mortgage rates and a renewed appreciation for the importance of the home…***we expect fiscal year 2021 to be a tremendous year for Toll Brothers, and we are laying the foundation for an even better 2022***."

March 17, 2021: Stuart Miller, Executive Chairman of Lennar Corporation

"From a macro perspective, ***the housing market remains strong. Demand has continued to strengthen, as the millennial generation which had previously postponed its entry into the housing market has now continued to drive family formation, while at the same time, the supply of new and existing homes remains constrained***."

We remain bullish on the prospects for homebuilders, single-family rental REITs, manufactured housing REITs, residential building products/services companies, apartment REITs, and other residential-related real estate companies.

The Fund's ability to invest in non-REIT residential-related real estate companies such as homebuilders, land developers, building products/services companies, and home centers is one of the important differentiators that affords the Fund the ability to distinguish itself versus REIT funds.

On March 31, 2021, residential-related real estate companies represented 18.0% of the Fund's net assets.

Table V.
Residential-related Real Estate Companies as of March 31, 2021

	Percent of Net Assets
Building Products/Services	6.3%
Homebuilders	5.2
Home Centers	3.9
REITs	
Manufactured Housing	1.3
Single-Family Rental	1.3
Total[1]	18.0%

[1] Total would be 23.5% if included residential-related technology companies Zillow Group, Inc. and Opendoor Technologies Inc.

3. The intersection of technology and real estate

Real estate technology-related companies performed well in 2020. We noted in our 2020 fourth quarter letter that valuations were generally less compelling than one year ago and the performance of the stocks may underperform in the near term relative to laggard real estate categories that should benefit if economic growth accelerates in 2021. This has occurred in the first quarter of 2021. We also cited that we remain bullish on the long-term prospects for several real estate technology companies.

The impact of technology on real estate is undeniable. The growth in cloud computing, the internet, mobile data and cellphones, and wireless infrastructure are powerful secular drivers that should continue unabated for years and are impacting real estate, along with many other industries.

If anything, the pandemic has accelerated these secular trends as more people conduct business, leisure, residential, and commercial activities online.

Real estate-related companies that embrace and adopt the latest technological advances and innovations remain an important focus for us. For our more expanded thoughts on this important topic, please read our comments on "The digitalization of real estate" later in this letter.

Key beneficiaries of the technology revolution include data center companies, wireless tower companies, industrial REITs, real estate data analytics companies, among others.

GDS Holdings Limited is the leading carrier-neutral developer and operator of data centers in China, a market that represents the largest growth potential globally. We believe the company represents one of the most compelling multi-year secular growth stories in all of real estate, as we expect GDS to organically grow its cash flow by more than 40% annually for the next few years. By comparison, U.S. data center companies are expected to grow their annual cash flow by only 5% to 10% per year. A key growth driver is cloud computing, which is earlier in its adoption in China and is expected to grow 35% annually versus 5.5% in the U.S. over the next several years according to industry research. GDS customers include some of the fastest growing cloud, e-commerce, gaming, and social media companies including Alibaba, Tencent, and Baidu as well as financial institutions, enterprise, and other large emerging technology companies in China. We still see a path to more than double our money over the next three to four years combined with a highly attractive near-term upside potential.

Other examples of companies we believe are poised to benefit from the impact of technology on real estate include data center companies **Equinix, Inc.** and **NEXTDC Limited**, wireless tower REITs **American Tower Corp.** and **SBA Communications Corp.**, wireless tower company **Cellnex Telecom, S.A.**, and industrial logistics REITs **Prologis, Inc.** and **Rexford Industrial Realty, Inc.**

On March 31, 2021, technology-related real estate companies represented 19.8% of the Fund's net assets.

Table VI.
Technology-related Real Estate Companies as of March 31, 2021

	Percent of Net Assets
Real Estate Data Analytics Companies	7.9%
Data Centers	5.1
Wireless Tower Operators	0.6
REITs	
Wireless Tower REITs	3.5
Data Center REITs	2.7
Total	19.8%

Baron Real Estate Fund currently has investments in REITs, plus eight additional real estate-related categories. Our percentage allocations to these categories vary, and they are based on our research and assessment of opportunities in each category (See Table VII below).

Table VII.
Fund Investments in Real Estate-related Categories as of March 31, 2021

	Percent of Net Assets
REITs	24.6%
Casinos & Gaming Operators	17.9
Real Estate Service Companies	14.4
Building Products/Services	9.0
Hotels & Leisure	8.9
Homebuilders & Land Developers	6.5
Data Centers[1]	5.1
Unclassified	4.8
Real Estate Operating Companies	2.6
Tower Operators	0.6
Cash and Cash Equivalents	5.6
Total	100.0%

[1] Total would be 7.8% if included data center REIT Equinix, Inc.

THE DIGITALIZATION OF REAL ESTATE

The real estate industry, which represents approximately 13% of U.S. GDP, has eschewed decades of technological innovation while many other industries have evolved rapidly. We are seeing evidence of that trend beginning to change as real estate companies are increasingly adopting technology as a source of competitive differentiation and evolution across property sectors.

This collision of real estate and technology has led to a new sub-industry within real estate: real estate technology, also referred to as *proptech*. Proptech is the usage of technology and software to assist in real estate needs.

The emergence of proptech and the digitalization of real estate is an exciting and promising new development for real estate. We believe we are in the early innings of a technology-driven investment cycle centered on data and digitalization that allows real estate-related businesses to drive incremental revenue streams and lower costs. For example, we anticipate an acceleration in online activity for real estate-related transactions in the years ahead.

The digitalization of residential real estate, commercial real estate, casino gambling, hotel bookings, and other segments of real estate are a key focus for the Fund. We have identified several real estate companies that are well-positioned to capitalize on this burgeoning secular growth trend. Examples include **Zillow Group, Inc.**, **Opendoor Technologies Inc.**, **Lennar Corporation**, **CoStar Group, Inc.**, and **Penn National Gaming**.

We are bullish about the long-term prospects for technology-centric housing-related companies such as **Zillow Group, Inc.** and **Opendoor Technologies Inc.** Consumers are seeking streamlined, tech-enabled shopping experiences and both companies are developing a simpler real estate transaction that will enable consumers to buy, sell, rent, and finance residential real estate with the click of a button and save consumers time, money, and stress through technology service and integration. The opportunity is massive as approximately $1.6 trillion of home sales are transacted each year.

Lennar Corporation is a leading national homebuilding company that is at the forefront of the digitalization of real estate with its LEN^X technology platform. LEN^X has made, and will continue to make, strategic investments in housing-related technology companies.

On March 17, 2021, Stuart Miller, Executive Chairman of Lennar Corporation, said the following:

"We are no longer just a homebuilding company with technology operating in the background; we are now a focused technology-aware and technology-engaged homebuilder that incorporates effective and new technology solutions to enhance our core operations and our product offering. We invest in technology companies and professionals; we work alongside them to develop products for our industry; we incorporate new ways of doing business; and we profit as well by investing in world-class innovators and entrepreneurs that help illuminate our path forward."

CoStar Group, Inc. is the leader in transforming the $180 trillion real estate industry from offline to digital. The company has built the most comprehensive and proprietary database of essential commercial real estate data in the U.S. Millions of visitors view CoStar's online marketplaces for real estate making them key revenue drivers for the company's clients.

We hold CEO Jay Snowden of **Penn National Gaming, Inc.** in high regard. Jay and his team have engineered one of the best executed strategic business pivots that we have ever encountered. In 2020, Penn supercharged its digital transformation with its investment in Barstool Sports, a well-known sports and lifestyle media brand. This key investment has catapulted Penn to an omni-channel technology-focused casino gaming company that operates 41 regional casinos across 19 states and offers online sports betting, casino gaming, and an evolving media platform that creates meaningful synergies to the entire Penn ecosystem.

Penn remains well funded, and we expect the company to deploy a portion of its $1.9 billion in cash by investing in cutting-edge technology to engage with customers more effectively and solidify its lead in the evolving sports betting market. We believe Penn is poised to grow its pre-pandemic cash flow by more than 100% in the next four to five years.

In the first quarter, we invested in three SPACs, or special purpose acquisition companies, that intend to merge with real estate technology companies. In our opinion, each SPAC is led by a seasoned and highly regarded real estate sponsor.

The Fund's proptech SPAC investments include:

Fifth Wall Acquisition Corp. I

Fifth Wall is among the largest and most active venture capital investors in proptech. Led by co-founder Brendan Wallace, Fifth Wall has developed impressive relationships with the management teams of several exciting public and private real estate companies and has invested in many promising proptech companies.

RXR Acquisition Corp.

Chairman and CEO Scott Rechler and the RXR management team have worked together for over 25 years capitalizing on mega-trends in real estate. Three years ago, Scott built a team of more than 25 professionals that invests in early-stage real estate-related technology companies and has already become a leader in the digitalization of real estate.

Tishman Speyer Innovation Corp. II

As a global real estate firm, Tishman Speyer has a long and successful track record of identifying monumental shifts in the real estate industry. In 2017, Chairman Rob Speyer built a dedicated team to source and make investments in proptech companies. In the last few years, the company has invested in 11 venture proptech investments, several of which we believe have promising long-term growth potential.

THE PERFORMANCE OF THE FUND IN A RISING INTEREST RATE ENVIRONMENT

We are mindful that interest rates are currently a top-of-mind topic.

Since bottoming at a historic low of only 0.50% on March 9, 2020, the U.S. 10-Year Treasury yield has responded to the double-barrel of extremely accommodative fiscal and monetary policy, a steady improvement in economic growth, and a rise in inflation by increasing to 1.74% on March 31, 2021.

While falling interest rates tend to lower the demanded return on assets and contribute to a rise in equity prices (i.e., P/E ratios and other stock valuation metrics expand), an increase in interest rates has the potential to be a source of vulnerability for the prices of certain stocks and other assets (i.e., P/E ratios and other stock valuation metrics may compress).

Following the sharp rise in many stocks in 2020, in part due to the collapse in global interest rates, we are aware that the valuations of some stocks may be vulnerable should interest rates continue to rise in the months ahead.

Our additional observations regarding interest rates are as follows:

1. **No one has a crystal ball**

Although we are always mindful of the macroeconomic environment, we do not base our investment decisions on macro forecasts.

Macro forecasts such as for the direction of interest rates, inflation, the U.S. dollar, and economic growth tend to be hit or miss.

The events of 2020 are a case in point. We are confident that the onset of a global pandemic, a recession, the collapse in interest rates, and the largest ever decline in the S&P 500 Index in a 4 ½ week period (the S&P 500 Index fell 34% from February 19, 2020 to March 23, 2020) were not on the radar of the 2020 macro forecasters.

We have cited on several occasions that we agree with Howard Marks, Co-Chairman of Oaktree Capital Management, who believes that successful macro forecasters are "few and far between." In the past, he has noted that:

- No one knows with clarity the events that are going to transpire
- No one knows what the market's reaction to those events will be

2. **Baron Real Estate Fund – an "all-weather fund"**

More than 11 years ago, we began to prepare for the launch of the Baron Real Estate Fund. Our goal was to structure a real estate fund that would have the potential to perform well in various macro-economic environments such as periods of strong and weak economic growth, declining and rising interest rates, etc. We wanted to build an "all-weather fund."

We chose to create a more inclusive and unique real estate fund–one that is expansive, balanced, and more diversified than typical REIT funds. In addition to investments in REITs, the Baron Real Estate Fund would also invest in a broader group of non-REIT real estate-related categories such as hotel and leisure companies, real estate service companies, homebuilders, building product and services companies, casino and gaming operators, infrastructure companies, and other real estate operating companies.

Our decision to pursue a differentiated real estate investment approach has afforded the Fund a greater ability to navigate and generate strong returns in various macro-economic environments.

3. **Strong performance track record in declining and rising interest rate environments**

Since inception on December 31, 2009, the Fund has generated strong performance in declining and rising interest rate environments.

Declining interest rate environments

The 10-year U.S. Treasury yield has decreased from 3.83% to 1.74% since the launch of the Fund more than 11 years ago through March 31, 2021. During this declining interest rate environment, the Fund has increased 507.22% (net of fees), outperforming both the MSCI US REIT Index (170.70%) and the MSCI Real Estate Index (281.17%) by a wide margin.

In 2020, a year when the 10-year U.S. Treasury yield fell sharply from 1.92% to a low of 0.50% before rebounding to end the year at 0.92%, the Fund increased 44.28% (net of fees), outperforming both the MSCI US REIT Index which declined by 8.70% and the MSCI Real Estate Index which rose only 4.21%.

Rising interest rate environments

Since the launch of the Fund at the end of 2009, there have been six periods when the U.S. 10-year Treasury yield increased by at least 80 basis points. During these rising interest rate periods, the Baron Real Estate Fund:

- Outperformed the MSCI US REIT Index 100% of the time (in six of six periods)
- Generated positive absolute performance and strong relative performance in five of six periods. The only period the Fund did not generate a positive return was a 13-month period when it declined 1.82%.

The following table summarizes the Fund's performance during the periods when interest rates have increased at least 80 basis points.

Table VIII.
Performance of Baron Real Estate Fund When Interest Rates Have Risen

Date	Increase in 10-Year Treasury Yield	Change in Increase in 10-Year Treasury Yield (bps)	Baron Real Estate Fund Performance	MSCI US REIT Index Performance	MSCI USA IMI Extended Real Estate Performance
10/8/2010 to 2/10/2011	2.38% to 3.72%	+ 134 bps	16.61%	9.04%	13.85%
7/24/2012 to 1/1/2014	1.39% to 3.04%	+ 165 bps	60.33%	3.47%	32.83%
1/30/2015 to 6/10/2015	1.64% to 2.48%	+ 84 bps	3.76%	-10.62%	-1.36%
7/8/2016 to 3/13/2017	1.36% to 2.63%	+ 127 bps	5.92%	-8.43%	1.42%
9/7/2017 to 10/5/2018	2.06% to 3.23%	+ 117 bps	-1.82%	-1.97%	4.56%
3/9/2020 to 3/31/2021	0.50% to 1.74%	+ 124 bps	83.59%	12.00%	35.18%

Source: BAMCO and FactSet.

4. **The playbook for a rising interest rate environment**

In the past, the Fund has often benefited from utilizing its playbook for an environment of accelerated economic and business growth and rising interest rates. Our Baron playbook entails five strategies. They include:

(i) Carefully reviewing and updating our allocations to REITs and other dividend-yielding securities. Higher bond yields can limit the attractiveness of dividend stocks such as REITs (although that is not always the case).

(ii) Focusing on short lease duration real estate companies such as hotels that can re-price more often, grow faster, and better offset increases in interest rates.

(iii) Emphasizing real estate-related companies and sectors that will most likely benefit from an improvement in the economy. Examples may include housing-related securities.

(iv) Owning real estate companies with compelling growth prospects, including organic growth (cyclical and/or secular) and external growth (development projects and acquisition prospects).

(v) Investing in companies with strong balance sheets that are less sensitive to interest rate increases.

Our playbook for a rising interest rate environment may require modifications because every market environment is distinct. For example, the share prices of many REITs declined sharply in 2020 despite the drop in interest rates. And, as interest rates have increased in the first few months of 2021, the share prices of many REITs have rebounded sharply.

THE INVESTING PROSPECTS FOR REAL ESTATE AND THE BARON REAL ESTATE FUND

In 2018, Morgan Stanley published a report titled *"The End of Easy."* In that report, the authors noted that the stock market performance in the prior nine years had exceeded the performance of the economy due to multiple positive tailwinds that included low inflation, historically low interest rates, and positive U.S. policy catalysts (e.g., tax reform).

Looking forward, however, the authors predicted that ***"the end of easy"*** stock market performance may be approaching, as the positive effects of moderate growth, low inflation, low interest rates, and an accommodative Fed (the goldilocks environment) start to moderate. The essence of the report was that when this occurs, the economy may outperform the stock market.

Fast forward to 2020 and 2021. Last year, the share price performance of several companies exceeded the performance of the economy. And now, in 2021, perhaps the "end of easy" has arrived once again. Recent reports regarding job growth, consumer confidence, and consumer spending have all been quite strong. Economic growth is accelerating. Interest rates and inflation have been increasing in response to strong economic data. In the first quarter, stock market volatility and the wide divergence in company share price performances perhaps portends that it will be trickier to navigate the investing landscape in the months ahead.

We continue to be of the view, however, that no one has a crystal ball regarding how macroeconomic changes, political events, and central bank actions may unfold, and what the market's reaction will be to those events.

Our antenna will remain up. We will continue to monitor those factors that influence real estate most directly such as construction activity, demand prospects, lending practices, interest rates and credit spreads, bank liquidity, and valuations. We also weigh macro dynamics that could impact certain segments of real estate such as economic growth, inflation, interest rates, oil prices, and the strength of the U.S. dollar.

We continue to believe there are valid reasons for optimism:

- Widespread inoculation of COVID-19 vaccines is leading to an easing of mobility restrictions, an improvement in employment and economic growth.
- Corporate earnings have begun to bounce back, fueled by the release of consumer pent-up demand, improving profitability margins, and an increase in corporate investment activity such as mergers & acquisitions and share buybacks.
- The double barrel of exceptionally favorable monetary and fiscal support is aiding the economic recovery.
- Many companies and consumers have maintained record cash levels due to the uncertain outlook in 2020. Corporations and consumers have begun to spend more cash as economic and employment prospects improve. Various companies are increasing capital expenditures, pursuing mergers and acquisitions, repaying debt, and returning capital to shareholders in the form of dividends and share buybacks.
- The U.S. banking system has improved dramatically and is maintaining strong capital ratios. Substantial private capital is in pursuit of real estate and remains supported by widely available debt capital at low interest rates.

Although there are clear differences in the prospects for various residential and commercial real estate companies, **we continue to believe investment prospects for much of public real estate remain attractive:**

- The performance of several real estate companies lagged in 2020 largely due to the Coronavirus headwind that led to a sharp slowdown in business activity for hotels, real estate casinos, urban apartment and office landlords, malls and shopping centers, and other real estate categories. Last year's real estate headwinds have begun to recede, and we expect this trend to continue in the months ahead.
- Several real estate companies remain "on sale" and are attractively valued relative to equity, fixed income, and private real estate alternatives.
- The real estate cycle has reset, and we believe the multi-year outlook is attractive–fueled by improving prospects for demand, subdued construction inventory levels, strong and liquid balance sheets, and still historically low interest rates.
- Much of real estate was in the crosshairs of the pandemic in 2020 given the inability to assemble people and businesses. Looking forward, we expect real estate to be one of the key beneficiaries of an economic reopening.

We remain optimistic about the prospects for Baron Real Estate Fund.

- We believe the benefits of the Fund's broader approach and flexibility will become even more apparent in the years ahead in part due to the new and evolving real estate landscape.
- We continue to believe the Fund is comprised of quality companies. The businesses that we continue to own are well managed, have market-leading positions, possess quality balance sheets, own well-located real estate, and grow cash flow at faster rates than most of their peers.
- We believe the Fund is structured to capitalize on compelling investment themes.
- A portion of the Fund's real estate companies–such as certain REITs, real estate service companies, homebuilders, casinos & gaming companies, and other commercial and residential-related real estate companies–remain "on sale" at appealing prices.

Table IX.
Top 10 holdings as of March 31, 2021

	Quarter End Market Cap (billions)	Quarter End Investment Value (millions)	Percent of Net Assets
Las Vegas Sands Corporation	$ 46.4	$69.8	4.8%
GDS Holdings Limited	15.2	60.4	4.2
Wynn Resorts Ltd.	14.5	56.8	3.9
Penn National Gaming, Inc.	16.4	49.5	3.4
Zillow Group, Inc.	31.3	46.1	3.2
Red Rock Resorts, Inc.	3.8	44.9	3.1
American Tower Corp.	106.2	42.2	2.9
Boyd Gaming Corporation	6.6	40.3	2.8
Lowe's Companies, Inc.	136.4	39.9	2.7
Equinix, Inc.	60.7	39.9	2.7

I sincerely thank you, our loyal shareholders, and express my utmost gratitude for your past and continuing support during the past 11 years.

Of course, I proudly continue as a major shareholder of the Baron Real Estate Fund, alongside you.

Sincerely,

Jeffrey Kolitch
Portfolio Manager
April 20, 2021

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 its distributor, Baron Capital, Inc., by calling 1-800-99BARON or visiting www.BaronFunds.com. Please read them carefully before investing.

Risks: In addition to general market conditions, the value of the Fund will be affected by the strength of the real estate markets. Factors that could affect the value of the Fund's holdings include the following: overbuilding and increased competition; increases in property taxes and operating expenses; declines in the value of real estate; lack of availability of equity and debt financing to refinance maturing debt; vacancies due to economic conditions and tenant bankruptcies; losses due to costs resulting from environmental contamination and its related cleanup; changes in interest rates; changes in zoning laws, casualty or condemnation losses; variations in rental income; changes in neighborhood values; and functional obsolescence and appeal of properties to tenants. The Fund may not achieve its objectives. Portfolio holdings are subject to change. Current and future portfolio holdings are subject to risk.

The portfolio manager defines "**Best-in-class**" 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.

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 managers 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 Real Estate Fund by anyone in any jurisdiction where it would be unlawful under the laws of that jurisdiction to make such an offer or solicitation.

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

Dear Baron Emerging Markets Fund Shareholder:

Performance

Baron Emerging Markets Fund (the "Fund") declined a modest 0.16% (Institutional Shares) during the first quarter of 2021, while its principal benchmark index, the MSCI EM Index, appreciated 2.29%. The MSCI EM IMI Growth Index gained 1.30% for the quarter. The Fund underperformed its principal benchmark index, as well as the all-cap growth proxy, after a strong period of absolute and relative performance in the second half of 2020. Emerging market ("EM") and international equities modestly trailed their U.S. counterparts, consolidating the outperformance of the second half of 2020. Market leadership by sector continued to ebb and flow, with strength in quality growth stocks in the first half of the quarter giving way to notable outperformance by more economically cyclical stocks in the second half. In our view, with the exception of a couple of outlier countries, investors largely looked through ongoing COVID-19 disruption and focused on vaccine penetration and sustained fiscal largesse, anticipating positive corporate earnings momentum in future periods. The rise in longer-term sovereign bond yields that began late last year accelerated midway through the quarter, coincident with the sector rotation noted above. In our view, this signals the market's passage through the most favorable post-COVID market environment, where risk aversion and low expectations met massive policy stimulus and positive vaccine developments. Going forward, equities will be much more sensitive to growth and inflation expectations, though we note that bond yields have already priced in a materially tighter Fed than what has been officially communicated. In short, to sustain solid gains, equities will need the affirmation of strong earnings performance and guidance, while in our view, multiples are unlikely to expand from here. We remain optimistic that corporate earnings are likely to deliver, particularly for the companies in which we have invested, and we continue to anticipate a sustainable period of dollar weakness and relative outperformance for EM and international equities. As always, we are confident that we have invested in many well-positioned and well-managed companies on a bottom-up basis, which are poised to benefit from long-term and attractive investment themes.

MICHAEL KASS

PORTFOLIO MANAGER

Retail Shares: BEXFX
Institutional Shares: BEXIX
R6 Shares: BEXUX

Table I.
Performance
Annualized for periods ended March 31, 2021

	Baron Emerging Markets Fund Retail Shares[1,2]	Baron Emerging Markets Fund Institutional Shares[1,2]	MSCI EM Index[1]	MSCI EM IMI Growth Index[1]
Three Months[3]	(0.21)%	(0.16)%	2.29%	1.30%
One Year	71.62%	72.06%	58.39%	66.27%
Three Years	7.13%	7.42%	6.48%	9.68%
Five Years	12.36%	12.65%	12.07%	14.71%
Ten Years	6.98%	7.25%	3.65%	5.77%
Since Inception (December 31, 2010)	6.66%	6.93%	3.77%	5.70%

Performance listed in the above table is net of annual operating expenses. Annual expense ratio for the Retail Shares and Institutional Shares as of December 31, 2020 was 1.35% and 1.09%, 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 Adviser reimburses certain Baron Fund expenses pursuant to a contract expiring on August 29, 2031, 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 www.BaronFunds.com or call 1-800-99BARON.

The Fund's 1Q 2021 historical performance was impacted by gains from IPOs and/or secondary offerings. There is no guarantee that these results can be repeated or that the Fund's level of participation in IPOs and secondary offerings will be the same in the future.

[1] The **MSCI EM (Emerging Markets) Index Net USD** is designed to measure equity market performance of large and mid-cap securities across 23 Emerging Markets countries. The **MSCI EM (Emerging Markets) IMI Growth Index Net USD** is a free float-adjusted market capitalization index designed to measure equity market performance of large, mid and small-cap securities exhibiting overall growth characteristics across 23 Emerging Markets countries. MSCI is the source and owner of the trademarks, service marks and copyrights related to the MSCI Indexes. MSCI is a trademark of Russell Investment Group. The indexes and the Fund include reinvestment of dividends, net of foreign withholding taxes, which positively impact the performance results. The indexes are unmanaged. The index performance is not Fund performance; one cannot invest directly into an index.

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

[3] Not annualized.

For the first quarter of 2021, we underperformed our primary benchmark, the MSCI EM Index, while also modestly trailing our all-cap EM growth proxy. From a broad market perspective, first quarter trends were largely a continuation of the previous quarter, wherein investors increasingly allocated capital toward more economically cyclical stocks. Our performance was in line with our expectations as we often lag the core index during such periods. From a sector or theme perspective, our relative underperformance resulted mainly from adverse stock selection effect in the Information Technology ("IT") and Financial sectors. Within IT, a correction following strong 2020 performance in our fintech (**StoneCo Ltd.** and **PagSeguro Digital Ltd.**), China value-added (**Kingdee International Software Group Co. Ltd.**, **Glodon Company Limited**, and **Hua Hong Semiconductor Ltd.**), and digitization (**GDS Holdings Limited**) themes stood out. Within Financials, concerns related to the re-emergence of COVID-related disruption, triggered a correction in several investments, notably **Itau Unibanco Holding SA** and **B3 S.A. – Brasil, Bolsa, Balcao** in Brazil, and **Kotak Mahindra Bank Ltd.** and **Bajaj Finance Limited** in India. Partially offsetting the above, solid gains from several of our investments related to our sustainability/EV supply chain theme (**Korea Shipbuilding & Offshore Engineering Co., Ltd.**, **Techtronic Industries Co. Ltd.**, **Grupo Mexico, S.A.B. de C.V.**, and **Glencore PLC**) contributed positively. In addition, positive stock selection effect in the Consumer Discretionary (**Ozon Holdings PLC** and **Galaxy Entertainment Group Limited**) and Energy (**Novatek PJSC**) sectors contributed positively to relative performance. From a country perspective, our overweight positioning together with weak stock selection in Brazil, and adverse stock selection in India were key detractors from relative performance this quarter. In our view, this weakness was driven by the re-emergence of COVID-related concerns in these countries and is likely to be temporary, however we have reduced aggregate exposure to Brazil and will continue to monitor the situation as COVID challenges have begun to threaten the favorable reform agenda.

Table II.
Top contributors to performance for the quarter ended March 31, 2021

	Percent Impact
Tencent Holdings Limited	0.40%
Taiwan Semiconductor Manufacturing Company Ltd.	0.36
Korea Shipbuilding & Offshore Engineering Co., Ltd.	0.28
Max Financial Services Limited	0.28
Beijing Oriental Yuhong Waterproof Technology Co., Ltd.	0.27

Tencent Holdings Limited operates the leading social network and messaging platforms, the largest online entertainment and media business, and the largest online gaming business in China. Shares of Tencent were up on broad-based strength across segments, continuation of robust investment activity, and significant optionality going forward across cloud, gaming, SaaS, video, and education. We believe Tencent can grow each of its businesses over the long term given its track record of execution, scale, and unique and diversified online assets.

Semiconductor giant **Taiwan Semiconductor Manufacturing Company Ltd.** continued to outperform the broader technology sector as demand for next generation chips remained strong, and global chip shortages led to industry price increases. In addition, investors viewed Taiwan Semi's planned $100 billion capital expenditure over the next three years as a strong vote of confidence that the company will continue to offer leading edge development and stay ahead of its peers. We believe Taiwan Semi will grow on the high end of its 10% to 15% growth target.

Korea Shipbuilding & Offshore Engineering Co., Ltd. is the largest shipbuilder in the world. Shares rose after an analyst day revealed a growth strategy in eco-friendly LNG, ammonia, and hydrogen shipbuilding in addition to plans to develop offshore wind farms. We expect tightening international maritime carbon emission regulations to drive much higher demand for LNG fuel-propelled ships and carbon free ammonia-fueled ships. The company has technological leadership in LNG dual fueled ships and will effectively operate in a duopoly after its merger with DSME is completed.

Max Financial Services Limited contributed to performance after gaining regulatory approval to consummate a strategic investment by Axis Bank, its key distribution partner, coupled with a demonstrated increase in market share. As India's leading life insurance player, the company is benefiting from strong consumer demand for term protection and financial savings products. We retain conviction owing to secular growth opportunities in India's life insurance industry and expect mid-teens earnings growth over the next three to five years.

Beijing Oriental Yuhong Waterproof Technology Co., Ltd. is China's leading provider of waterproofing and other advanced building materials to the real estate and infrastructure sectors. Shares rose after the company beat consensus estimates and raised guidance. We expect structural growth in the waterproofing industry to accelerate as China pushes for higher-quality standards. In our view, Beijing Oriental Yuhong has the best product quality, track record, and pricing power in the industry and is well positioned to sustain 30% earnings growth over the next several years.

Table III.
Top detractors from performance for the quarter ended March 31, 2021

	Percent Impact
Kingdee International Software Group Co. Ltd.	–0.28%
StoneCo Ltd.	–0.25
InPost SA	–0.24
GDS Holdings Limited	–0.22
Localiza Rent a Car S.A.	–0.22

After achieving record growth in 2020, shares of enterprise management software provider **Kingdee International Software Group Co. Ltd.** gave up some gains during the quarter. While the underlying growth in core cloud products remained strong, the market rotation from growth to value and margin pressure from its cloud transition weighed on the stock. We maintain our conviction in Kingdee's ability to deliver growth in the vastly underpenetrated customer relationship management segment in China given its long-standing leadership and R&D capability.

StoneCo Ltd. is a leading financial technology services company in Brazil. Shares declined on results that were weaker than analyst forecasts coupled with macro factors, including a devaluation in the Brazilian real and a resurgence of COVID-19 in Brazil, which will likely impact near-term payment volumes in Stone's core small- and medium-sized enterprise segment. We believe Stone has the best value proposition for clients through its solutions in payments, software, and e-commerce, driving higher lifetime customer value and market share gains vs. peers.

InPost SA, a Poland-based operator of automated parcel locker networks, detracted on reports that its largest customer in Poland, Allegro, will roll out a small parcel locker network of its own, potentially cannibalizing its business with InPost. We initiated a position and added to it during the quarter, as we believe InPost's network density and efficiency in Poland offers unmatched unit economics, and we are excited about its growth potential across Western Europe.

GDS Holdings Limited is a leading Chinese data center operator within Tier 1 cities. The stock was a detractor in the quarter due to the broader sell-off in technology-related companies, growth to value market rotation, and escalation of tensions between the U.S. and China. Fundamentals, however, remained robust, and growth visibility has improved. We retain conviction in GDS due to durable secular tailwinds in cloud adoption (early innings in China), increased visibility of growth/funding, and its status as a provider of choice to China's leading technology companies.

Localiza Rent a Car S.A. is the largest car rental and fleet rental company in Brazil. It has pioneered the integrated business model from car purchases, through car and fleet rentals, to used car sales. Shares fell due to uncertainty around the regulatory approval of its proposed merger with Unidas as well as macro concerns. We maintain conviction in the stock. Localiza enjoys competitive advantages in buying and selling vehicles and should continue to gain market share due to its scale and cost structure. We also expect its new car subscription (leasing) service to enhance the company's growth potential.

Portfolio Structure

Table IV.
Top 10 holdings as of March 31, 2021

	Percent of Net Assets
Tencent Holdings Limited	4.6%
Samsung Electronics Co., Ltd.	4.1
Taiwan Semiconductor Manufacturing Company Ltd.	3.8
Alibaba Group Holding Limited	3.6
Reliance Industries Limited	2.2
Bajaj Finance Limited	2.2
Korea Shipbuilding & Offshore Engineering Co., Ltd.	2.0
Zai Lab Limited	2.0
Sberbank of Russia PJSC	1.7
Glencore PLC	1.6

Exposure by Country

Table V.
Percentage of securities by country as of March 31, 2021

	Percent of Net Assets
China	37.3%
India	21.2
Brazil	8.2
Russia	6.1
Korea	6.1
Taiwan	5.3
Hong Kong	2.5
Mexico	2.5
United Kingdom	1.6
Philippines	1.1
Hungary	0.8
Poland	0.8
Japan	0.7
Norway	0.5
United Arab Emirates	0.3
United States	0.2

Exposure by Market Cap: The Fund may invest in companies of any market capitalization, and we have generally been broadly diversified across large-, mid-, and small-cap companies, as we believe developing world companies of all sizes can exhibit attractive growth potential. At the end of the first quarter of 2021, the Fund's median market cap was $17.5 billion, and we were invested 49.0% in giant-cap companies, 35.7% in large-cap companies, 8.9% in mid-cap companies, and 1.6% in small- and micro-cap companies as defined by Morningstar, with the remainder in cash.

Recent Activity

During the first quarter of 2021, we added several new ideas to existing themes while also increasing exposure to several positions that we established in prior quarters. We continue our endeavor to add to our highest conviction investments.

We added to our digitization theme during the quarter, most notably by initiating positions in **Lojas Americanas S.A.**, **InPost SA**, and **Think & Learn Private Limited**. Lojas Americanas operates a leading chain of Brazilian discount retail stores and is the majority owner of the B2W e-commerce assets, its publicly traded subsidiary. The stock sold off materially in the second half of last year as B2W's growth trailed that of its closest Brazilian e-commerce peers. We believe that some of the underperformance was product mix-related, as the coronavirus pandemic benefited certain categories in which B2W is underexposed, and which we believe will normalize over time. We viewed the severely discounted valuation relative to peers as an attractive entry point ahead of what we believe can be a reacceleration of e-commerce growth this year and continued high ROI unit growth for the retail chain when the pandemic subsides. The two companies (Lojas Americanas and B2W) also announced they are exploring a merger during the quarter, which we think would ignite operational synergies in the intermediate term, particularly in fulfillment and logistics, and potentially narrow its valuation gap to other omni-channel retailers.

We also participated in the IPO of InPost, a Poland-based but increasingly pan-European operator of logistics networks that emphasizes technology-enabled automated parcel lockers. InPost operates the largest automated parcel locker network in Poland with a dominant market share, increasingly the preferred method among Poles to receive and return online purchases. The company's dense, technology-enabled logistics network has facilitated efficient package delivery times and e-commerce frequency levels generally not seen in any other emerging market outside of China. In our view, InPost's density of lockers, couriers, and pickup points, and merchant-neutral network creates unit economics that new entrants are unlikely to be able to replicate. The company is also expanding to new markets, with a nascent position in the U.K. and via a recently announced acquisition of Mondial Relay, a logistics network in France, from which we believe InPost will extract synergies by overlaying its technology and onboarding pan-European customers from its Polish and U.K. businesses. We believe continued fast growth in Poland, as well as international expansion, will power annual revenue growth in excess of 30% over the next five years.

Finally, during the quarter, we participated in the Series F private funding round of Think & Learn, which is the parent entity of BYJU's–the Learning App, India's largest education technology company with over 90% market share. Think & Learn is our first private investment, and we are excited to partner with founder Byju Raveendran and his entrepreneurial team as the company continues to grow its user base and diversify into new business verticals and expand internationally. BYJU's has made a string of strategic acquisitions to give it an omnichannel presence across the entire product cycle (toddlers/K-12/post-K-12/programming). In our view, India's education technology industry is still in its infancy and is expected to scale significantly over the next several years, driven by an ever-growing focus on education in India, rising disposable income to support premium services, and higher smartphone/4G penetration that is accelerating online education and expanding the total addressable market beyond the largest cities.

During the quarter, we also initiated several investments related to our long-held EM consumer theme. **Budweiser Brewing Company APAC Limited** (Anheuser-Busch InBev's listed Asian subsidiary) operates a premium-branded beer business across most of InBev's Asian markets. Approximately 80% of operating income is earned in China and the remaining 20% in Korea, while other operations in Southeast Asia and India are currently small but offer upside potential, particularly via M&A opportunities. In our view, China is one of the most attractive beer markets globally as the penetration of premium and super premium beer brands is growing off a very low base of only 15% of total consumption. Bud APAC is the largest, if not dominant, player in the premium and super premium categories, with respective market shares of 50% and 25%, owing to decades of brand investment. As such, we believe the company is best positioned to capitalize on what we believe will be a decade of premiumization in beer consumption in China. The company's business suffered from a slowdown in the core nightlife channel in late 2019 as well as from its exposure to on premise consumption during the COVID-19 pandemic in 2020. Having passed on the IPO 18 months ago, we viewed the subsequent sell-off as providing an attractive entry point to invest in the best brand portfolio in Chinese beer, and we now expect temporary pandemic-related headwinds to offer easy comparisons over the next couple of years.

We also recently initiated a position in **Jubilant FoodWorks Limited**, the sole and exclusive master franchisee of Domino's Pizza in India, Bangladesh, Sri Lanka, and Nepal. Jubilant owns and operates over 1,300 stores located across over 280 cities in India with plans to open 100 to 150 new stores annually to cater to rising consumer demand for fast food dining. Jubilant is emerging as an "India food-tech" proxy by leveraging its best-in-class, in-house delivery & logistics network. With over 50 million app downloads, online delivery now accounts for about 70% of revenue, and we believe the online channel will continue to drive growth going forward due to a structural shift in consumer preferences post the onset of COVID-19 and the current work from home environment. In our view, Jubilant is well-positioned to sustain mid-to high teens earnings growth over the next five to seven years driven by new store openings, market share gains from unorganized and less hygienic restaurant competitors, and accelerating adoption of online food delivery in India.

Finally, we participated in the IPO of **Fix Price Group Ltd.** Fix Price is the largest multi-category deep discount retailer in Russia, a category that it essentially owns with over 90% market share. The company has carved out a highly profitable niche, evidenced by top tier unit economics in global retail, by offering consumers a limited but deeply discounted assortment of fast-moving SKUs in small, standardized, and highly capital-efficient stores. By focusing on private label and working closely with suppliers to engineer costs out of products, Fix Price carries a relatively unique assortment that drives savings of 30% to 40% for Russian consumers, who are price conscious after a period of stagnation in real discretionary income. The company is founder-led by respected retail executives and has outlined a vision to more than triple its store count at an annual unit growth pace of 15% to 20% for many years. Negative working capital and short paybacks on store buildout make this fast pace of growth entirely self-funding, and we expect an attractive dividend payout concurrent with such growth.

We added to several of our existing positions during the quarter, most notably **Korea Shipbuilding & Offshore Engineering Co., Ltd.**, **Glencore PLC**, **Will Semiconductor Co., Ltd.**, **Bajaj Finance Limited**, **Sberbank of Russia PJSC**, **Suzano S.A.**, **Novatek PJSC**, and **Galaxy Entertainment Group Limited**.

During the quarter, we also exited several positions due to concerns regarding fundamental developments or valuation, or due to our endeavor to increase concentration where we have the highest conviction in quality and return potential. Positions sold during the quarter include **B3 S.A. – Brasil, Bolsa, Balcao**, **Rumo S.A.**, **Li Auto Inc.**, **Britannia Industries Limited**, **Fomento Economico Mexicano, S.A.B. de C.V.**, **GRUMA, S.A.B. de C.V.**, **Hangzhou Hikvision Digital Technology Co., Ltd.**, and **CP All Plc**.

Outlook

The first quarter of 2021 was volatile, with more speculative and higher growth stocks advancing briskly to reach a peak in mid-February, only to reverse and end the quarter relatively flat. Quality growth stocks performed similarly, albeit with less volatility. This reversal coincided with the acceleration of the rise in longer-term sovereign bond yields that began late last year. In our view, this is a reflection of growing market conviction around vaccine penetration, economic reopening, and the re-upping of global fiscal stimulus. Although the earnings outlook remains buoyant across most sectors, more economically sensitive stocks have recently benefited from rising conviction around growth expectations, while quality growth stocks were more vulnerable to multiple compression when interest rates rose abruptly. We view the first quarter market behavior as evidence that we have likely passed through the most favorable phase of the post-COVID market recovery, where risk aversion, low expectations, and pent-up demand met massive policy stimulus, positive vaccine developments, and increasingly, economic reopening and normalization. Going forward, we expect equity investors to be more sensitive to the pace of growth and inflation expectations, while skeptical of central bank tightening, and real economic growth and earnings will replace policy stimulus as the primary catalyst for future gains. In our view, bond yields have already priced in a materially tighter Fed than both what is being communicated and what is likely. We suspect bond market vigilantes may have gone too far too soon, and note that a peak in bond yields would favor growth stocks after a substantive first quarter correction.

We often say that whether looking at a particular company, a country/currency, or an asset class such as equities, what matters in assessing the attractiveness of an investment is not only the likely forward evolution of fundamentals, but also, and often critically, what has already been priced in. We view the current market environment as unique in the context of prior post-economic/financial crises. The COVID crisis was not provoked by excessive leverage or speculation, but rather was an exogenous pandemic event that triggered historic stimulus and fiscal expansion to create a bridge to recovery. Also unusual after a major economic disruption, the global banking system remains largely healthy and pent-up demand is well primed, particularly at the consumer level. However, because investors now express near certainty that following mass vaccination the global economy and corporate earnings will return to potential, if not overshoot due to stimulus in the pipeline, equity values have recovered well in advance of earnings. In other words, even for the most COVID-impacted sectors and stocks, a substantive if not full recovery has largely been discounted, in this case sooner than what is typically observed following an economic disruption. This presents a challenge for investors as we believe the key question now is whether the earnings evolution will merely meet, or *exceed*, what has already been discounted. While we have high conviction that very good earnings news likely lies ahead, we believe stocks may have already entered a digestion or consolidation phase after stellar returns from the lows of a year ago and gains are likely to moderate from here.

In recent months, as growth and inflation expectations have firmed, longer-term bond yields have risen while more economically cyclical and value-oriented stocks have outperformed secular growth stocks. We certainly are not surprised by this turn of events, having anticipated and communicated our expectation of such a mean reversion for some time. While we cannot predict when this reversion will have run its course to find equilibrium, we suspect this sector rotation would likely subside or inflect when either longer-term bond yields rise to a level that suggests a peak in economic growth momentum, or when rising inflation expectations coerce the Fed to signal an openness to rate hikes. We believe the abrupt move higher in U.S. Treasury yields may have already approached this threshold, and we reiterate our view that in the longer term, a vast majority of value creation resides in secular growth sectors such as digitization (semiconductor/software-related/internet platforms/e-commerce/logistics/AI/cloud), fintech, health care/biotechnology, smart manufacturing, automation/robotics, and sustainability/carbon reduction. Further, we remain confident that the transition to fiscal expansion and "Modern Monetary Theory" as the primary means of global stimulus, alongside the ongoing development of EU mutualization, suggest a sustainable improvement in global growth expectations and a likely dollar bear market ahead, and we continue to believe EM and international equities have likely entered a longer-term phase of outperformance.

Thank you for investing in the Baron Emerging Markets Fund.

Sincerely,

Michael K

Michael Kass
Portfolio Manager
April 20, 2021

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 its distributor, Baron Capital, Inc., by calling 1-800-99BARON or visiting www.BaronFunds.com. Please read them carefully before investing.

Risks: 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 Fund 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. 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 Emerging Markets Fund by anyone in any jurisdiction where it would be unlawful under the laws of that jurisdiction to make such offer or solicitation.

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

Dear Baron Global Advantage Fund Shareholder:

Performances

Baron Global Advantage Fund (the "Fund") declined 1.8% (Institutional Shares) during the first quarter. The MSCI ACWI Index and the MSCI ACWI Growth Index, the Fund's benchmarks gained 4.6% and 0.3%, respectively, for the quarter. After a few years of very strong performance, including last year's best absolute and relative returns in the 9-year history of the Fund, it was time for many of our investments to take a breather.

Table I.
Performance†
Annualized for periods ended March 31, 2021

	Baron Global Advantage Fund Retail Shares[1,2]	Baron Global Advantage Fund Institutional Shares[1,2]	MSCI ACWI Index[1]	MSCI ACWI Growth Index[1]
Three Months[3]	(1.89)%	(1.84)%	4.57%	0.28%
One Year	90.22%	90.71%	54.60%	58.95%
Three Years	31.86%	32.19%	12.07%	17.51%
Five Years	30.67%	30.97%	13.21%	17.08%
Since Inception (April 30, 2012)	19.93%	20.19%	10.55%	13.09%

ALEX UMANSKY
PORTFOLIO MANAGER

Retail Shares: BGAFX
Institutional Shares: BGAIX
R6 Shares: BGLUX

From a performance attribution standpoint, the Fund's underperformance for the quarter was mostly due to stock selection, with holdings in Information Technology ("IT") and Consumer Discretionary accounting for most of the shortfall versus the MSCI ACWI Index. In terms of sector allocation, our lack of exposure to some of the best performing sectors also hurt our results:

- Energy – the sector was up 17.7%, and we had no exposure.
- Financials – the sector was up 11.4%, and we were 12.4% underweight.
- Industrials – the sector was up 7.5%, and we were 9.0% underweight.

Performance listed in the table above is net of annual operating expenses. Annual expense ratio for the Retail Shares and Institutional Shares as of December 31, 2020 was 1.17% and 0.92%, respectively, but the net annual expense ratio is 1.15% and 0.90% (net of the Adviser's fee waivers), 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 Adviser reimburses certain Baron Fund expenses pursuant to a contract expiring on August 29, 2031, 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 www.BaronFunds.com or call 1-800-99BARON.

† The Fund's 1Q 2021, 3- & 5 year historical performance was impacted by gains from IPOs and/or secondary offerings. There is no guarantee that these results can be repeated or that the Fund's level of participation in IPOs and secondary offerings will be the same in the future.

[1] The MSCI ACWI indexes cited are unmanaged, free float-adjusted market capitalization weighted indexes reflected in US dollars. The **MSCI ACWI Growth Index Net USD** measures the equity market performance of large- and mid-cap growth securities across developed and emerging markets. The **MSCI ACWI Index Net USD** measures the equity market performance of large- and mid-cap securities across developed and emerging markets. MSCI is the source and owner of the trademarks, service marks and copyrights related to the MSCI Indexes. MSCI is a trademark of Russell Investment Group. The indexes and the Baron Global Advantage Fund include reinvestment of dividends, net of foreign withholding taxes, which positively impact the performance results. The index performance is not Fund performance; one cannot invest directly into 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] Not annualized.

BARON FUNDS 1987

Looking on a level deeper, within Consumer Discretionary our results were impacted by not being in the right sub-industries as we had no exposure to double-digit gainers such as hotels, casinos, and homebuilders, and instead were significantly overweight e-commerce (internet & direct marketing retail) and education services, sub-industries that were down 2.8% and 24.4%, respectively, during the quarter. Similarly, in IT, we had almost no exposure to the more cyclical sub-industries, such as communications equipment and semiconductors, which performed very well, and were significantly overweight software and internet services & infrastructure which were either flat or down in the quarter.

Ironically, the picture is similar from a geographical perspective, where we seemed to have been in mostly the wrong places. Per usual, we were overweight emerging markets, which underperformed and were responsible for about half of our underperformance. Within emerging markets, we were also overweight some of the worst performing countries such as Argentina (down 11.4%) and Brazil (down 10.0%). Additionally, our investments in China – TAL Education, Pinduoduo, and Alibaba were hurt due to heightened regulatory concerns.

At the company specific level, we experienced unusual volatility with 18 double-digit gainers (in percentage terms) against 21 double-digit decliners. There has been a perceptible change in market leadership with value indexes of all market capitalizations outperforming their growth counterparts over the last 6 months and with small- and mid-cap value now outperforming growth over the last 12 months. At the same time, as vaccinations have started to take hold, the "reopening trade" or rotation, being funded by the work-from-home ("WFH") stocks has picked up steam. Though this has little to do with the way we think or make investment decisions, we believe it partially explains our recent results. MSCI ACWI Index returns have been driven by energy, banks, airlines, cruise line and hotel businesses–areas that we typically do not invest in, while many of the WFH beneficiaries (i.e., companies enabling digital transformation, some of which we have been involved with for years) have sold off. And so, after experiencing and giving credit to a favorable investing environment over the last four years, we think it is fair to point out this headwind, which while clearly challenging was not entirely unexpected. In fact, we have discussed it at length in our last several quarterly letters.

So, if this change in the investing environment and the resultant underperformance were not unexpected, why not adjust the portfolio accordingly?

The reasons are rooted in our investment philosophy and process, and how we execute it in circumstances like these:

- **We focus on big ideas–companies that we believe to be beneficiaries of disruptive change**. These types of businesses are rarely found in sectors that are currently benefiting from the reopening of the economy. Brick and mortar retailers, for example, will see more foot traffic/sales in the short run, but will continue to be structurally disrupted by e-commerce.
- **We are long-term investors with a focus on the duration of growth.** A longer time horizon is a competitive advantage. If our research suggests that a company has sustainable competitive advantages that will enable it to compound its intrinsic value for extended periods of time, we will exercise patience, even during periods of underperformance.
- **We believe all investing is value-based investing–**everything else is speculation. Valuations matter. We only allocate capital to investments when they are trading at 20% discounts (or more) to our estimate of their intrinsic values ("IVs"). Because we focus on the duration of growth and prioritize businesses that we believe will compound their IVs over extended periods of time, we are willing to hold them when they are fairly valued, or even modestly overvalued, to allow the fundamentals to catch up to the price of the stock. Many big ideas appeared to be excessively valued in the early stages of their life cycles only to be recognized as great bargains once their growth rates proved to be durable (with the obvious caveat that no company can sustain excessive growth forever).
- **We think of risk differently than many others. As long-term investors we do not equate risk to market volatility. We define risk as probability of permanent loss of capital.** As a result, we do not attempt to manage market volatility through either cash management or sector rotation. There is nothing wrong with either, it is simply not a part of our process or skill set. We cannot add value that way.

We believe it would be beneficial for shareholders to know that we are not looking to outperform every quarter or every year. In fact, we are not "looking to outperform" at all. Instead, we focus on executing our investment process. We know that it works, and that if we execute it well, it will enable us to make good investment decisions over longer periods of time. If we focus on taking only good shots and avoid taking bad ones, the winning and losing (or outperforming) will take care of itself.

Threepeat? – We are happy to report that in March 2021, Baron Global Advantage Fund was named a winner by Lipper Analytics as the best fund in its category for consistent risk-adjusted returns over the last three years, for the third consecutive time. This year, the Fund was also recognized as the best fund in its category for its risk-adjusted returns over the last five years. That's pretty cool.

The **Refinitiv Lipper Fund Awards**, granted annually, highlight funds and fund companies that have excelled in delivering consistently strong risk-adjusted performance relative to their peers. The Refinitiv Lipper Fund Awards are based on the Lipper Leader for Consistent Return rating, which is a risk-adjusted performance measure calculated over 36, 60 and 120 months. The fund with the highest Lipper Leader for Consistent Return (Effective Return) value in each eligible classification wins the Refinitiv Lipper Fund Award. For more information, see lipperfundawards.com. Although Refinitiv Lipper makes reasonable efforts to ensure the accuracy and reliability of the data contained herein, the accuracy is not guaranteed by Refinitiv Lipper.

According to Morningstar, as of March 31, 2021, Baron Global Advantage Fund ranked in the top 6% for its 1-year return and in the top 1% for its 3-year and 5-year returns. The Fund is also ranked in the top 1% since its inception on 4/30/2012. The Fund received a 5-Star Morningstar Rating™ for its 3-year, 5-year, and Overall performance. Since its inception, Baron Global Advantage Fund has returned 415.4% (Institutional Shares) cumulatively, compared to 144.5% for the MSCI ACWI Index, and 199.4% for the MSCI ACWI Growth Index. Over that same period of time, the Fund has outperformed the Morningstar World Large Stock Category Average, by 274.9%, cumulatively. On an annualized since inception basis, the Fund generated excess returns of 9.6% and 7.1% over its benchmarks, the MSCI ACWI Index and the MSCI ACWI Growth Index, respectively. On an annualized since inception basis, the Fund generated excess returns of 9.9% over its peer group average.*

Table II.
Top contributors to performance for the quarter ended March 31, 2021

	Quarter End Market Cap (billions)	Percent Impact
Alphabet Inc.	$1,392.6	0.63%
10X Genomics, Inc.	19.7	0.49
Guardant Health, Inc.	15.3	0.38
Coupang, LLC	84.6	0.36
Fiverr International Ltd.	7.8	0.32

Alphabet Inc. is the parent company of Google, the world's largest search engine and online advertising company. Shares rose 17.7% in the quarter on strong fourth quarter results that saw continued recovery in ad spending and accelerating cloud revenue growth, which was up 47% year-over-year with backlog that nearly tripled. We remain excited about Alphabet's merits as it continues to benefit from growth in mobile and online video advertising, which accrue to its core assets of search, YouTube, and the Google ad network. Alphabet's investments in AI, autonomous driving (Waymo), and life sciences (Verily and Calico) add additional layers of optionality to the story. (Ashim Mehra)

10X Genomics, Inc. sells products combining hardware, software, and chemistry to offer life sciences researchers single-cell, spatial, and in situ (targeted gene expression maps on specific tissue sections) views of biological systems. Shares performed well during the first quarter and were up 27.8% driven by a growing excitement about the company's positioning on the cutting edge of research, with a strong core competency in single-cell analysis and continued innovation in launching new instruments and product lines. We see a future for applications in clinical diagnostics as well. (Caleb Huang)

Guardant Health, Inc. offers liquid biopsy tests for advanced stage cancer and recurrence monitoring and is developing a test for early cancer detection. Shares performed well during the first quarter and were up 18.4%. The outperformance was driven by the recently launched test for disease recurrence monitoring, while Guardant also remains on track to complete enrollment this year for its early cancer screening trial. We continue to believe Guardant is a unique company that has potential to change cancer care. (Caleb Huang)

Coupang, LLC is a leading e-commerce platform in South Korea. Coupang outperformed during the quarter, with shares up 41.0% from strong market reception of its IPO as investors are excited about its ability to deliver long-term growth in the Korean e-commerce market. We believe Coupang, leveraging its unrivaled logistics capability and differentiated customer experience, with 99% of orders delivered within one day, will continue to gain market share, while benefiting from continued growth in underlying e-commerce penetration. (Shu Bai)

Shares of **Fiverr International Ltd.**, a two-sided online marketplace for freelance services, contributed to performance after being up 11.3% during the first quarter. The company reported strong fourth quarter earnings as it continued benefiting from the pandemic, which has accelerated digital transformations, with revenue sustaining above 80% year-over-year growth.

* As of 3/31/2021, the annualized returns of the Morningstar World Large Stock Category average were 57.22%, 11.58%, 12.57%, and 10.34% for the 1-, 3-, 5-year, and since inception (4/30/2012) periods, respectively.

As of 3/31/2021, the Morningstar Ratings™ were based on the Morningstar Risk-Adjusted Return measures of 762, 645, and 762 share classes for the 3-year, 5-year and Overall periods, respectively. The Morningstar Ratings™ are for the Institutional share class only; other classes may have different performance characteristics.

As of 3/31/2021, the Morningstar World Large Stock Category consisted of 866, 762 645, and 442 share classes for the 1-, 3-, 5-year and since inception (4/30/2012) periods.

Morningstar calculates the Morningstar World Large Stock 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.

The **Morningstar Rating™** for funds, or "star rating", is calculated for managed products (including mutual funds, variable annuity and variable life subaccounts, exchange-traded funds, closed-end funds, and separate accounts) with at least a three-year history. Exchange-traded funds and open-ended mutual funds are considered a single population for comparative purposes. It is calculated based on a Morningstar Risk-Adjusted Return measure that accounts for variation in a managed product's monthly excess performance, placing more emphasis on downward variations and rewarding consistent performance. The Morningstar Rating does not include any adjustment for sales loads. The top 10% of products in each product category receive 5 stars, the next 22.5% receive 4 stars, the next 35% receive 3 stars, the next 22.5% receive 2 stars, and the bottom 10% receive 1 star. The Overall Morningstar Rating for a managed product is derived from a weighted average of the performance figures associated with its three-, five-, and 10-year (if applicable) Morningstar Rating metrics. The weights are: 100% three-year rating for 36-59 months of total returns, 60% five-year rating/40% three-year rating for 60-119 months of total returns, and 50% 10-year rating/30% five-year rating/20% three-year rating for 120 or more months of total returns. While the 10-year overall star rating formula seems to give the most weight to the 10- year period, the most recent three-year period actually has the greatest impact because it is included in all three rating periods.

We believe that Fiverr remains early in its growth curve since freelance work is a secularly growing part of the global economy (with a multi-billion dollar total addressable market) as Millennials and Gen-Z'ers become a larger part of the population and as organizations realize they can benefit from reducing inefficiencies associated with searching for, contracting, and collaborating with freelance employees. Finally, we believe that the company's early-mover and scale advantages and well-known brand lead to a virtuous cycle that reinforces its competitive moat. (Adam Lieb)

Table III.
Top detractors from performance for the quarter ended March 31, 2021

	Quarter End Market Cap (billions)	Percent Impact
RingCentral, Inc.	$27.0	–0.63%
StoneCo Ltd.	18.9	–0.48
TAL Education Group	32.3	–0.44
Splunk, Inc.	21.9	–0.38
Afya Limited	1.7	–0.34

RingCentral, Inc. provides global cloud communications and collaboration solutions across multiple channels (voice, video, and messaging). Despite continued solid execution with revenue growth accelerating to over 32% year-over-year during the fourth quarter, RingCentral's stock corrected 21.4% as investors took profits after shares rose 126% in 2020 and rotated into stocks that benefit from the economy's reopening. With its distribution advantage and the COVID-19 pandemic crystalizing the need for a communications platform that is agile, scalable, and global, and with just 3 million current users, RingCentral remains early in the migration from premise-based communications solutions to the cloud, which should drive sustainable growth for years to come. (Guy Tartakovsky)

StoneCo Ltd. is a leading financial technology services company in Brazil. Shares of StoneCo declined 27.0% during the first quarter after the company reported weaker-than-expected results that were impacted by macro factors, including a steep devaluation in the currency and a resurgence of COVID cases in Brazil, which will likely impact near-term payment volumes in its core SME segment. We retain conviction in Stone as we believe it has the best value proposition to clients through its solutions in payments, software, and e-commerce, driving higher lifetime customer value and market share gains vs. peers. We remain excited about Stone's opportunity to enable credit, debit, and other forms of electronic payments in a large portion of the Brazilian economy, which is significantly underserved by the traditional banking sector. (Jose Baria)

TAL Education Group is a leading K-12 after-school tutoring company in China with 990 learning centers in 102 cities. Shares declined 24.3% during the first quarter following news of upcoming regulatory changes that investors fear will adversely impact the after-school tutoring industry in China. We continue to hold our shares while awaiting official announcements that will allow us to assess our position. (Guy Tartakovsky)

Splunk, Inc. is a data analytics company selling software solutions that help enterprises run their IT organizations, including security, internet-of-things, application and business analytics, and infrastructure. Splunk enables customers to collect, index, store, and analyze data, generating insights through a flexible and efficient platform architecture. A meaningful deceleration in contract activity during Splunk's third quarter pressured the share price, which declined 20.3%. Despite improvements in business trends during the fourth quarter, Splunk's on-premises business remains under pressure as organizations are migrating to the cloud at an accelerated pace. Although we expect continued volatility due to an uncertain spending environment, we believe Splunk's new cloud offering should drive growth in annualized recurring revenues. We also think that Splunk is a unique and scarce asset that will likely become an attractive target for a lager software company should they continue to mis-execute on their own. (Ishay Levin)

Afya Limited is the leading medical education group in Brazil, with over 20 undergraduate and graduate programs. Afya offers medical undergraduate courses as well residency preparatory and specialization programs. Afya's stock declined 26.5% in the first quarter due to continued concerns regarding the impact of the pandemic on its business along with macro factors that have driven FX volatility and renewed COVID surges in Brazil. We remain confident in Afya's opportunity to benefit from the limited supply, and rapidly growing demand dynamics supporting a long runway for growth as Brazil remains understaffed with doctors. (Guy Tartakovsky)

Portfolio Structure

The portfolio is constructed on a bottom-up basis with the quality of ideas and conviction level having the most significant roles in determining the size of each individual investment. Sector and country weights are an outcome of the stock selection process and are not meant to indicate a positive or a negative "view." The top 10 positions represented 35.5% of the Fund, and the top 20 represented 58.4%. Our investments in the IT, Consumer Discretionary, Health Care, and Communication Services sectors, as classified by GICS, represented 91.6% of the Fund's net assets. Our investments in companies domiciled outside the U.S. represented 42.2% of net assets and our investments in emerging markets totaled 25.9%.

Table IV.
Top 10 holdings as of March 31, 2021

	Quarter End Market Cap (billions)	Quarter End Investment Value (millions)	Percent of Net Assets
Alphabet Inc.	$1,392.6	$147.0	5.7%
Amazon.com, Inc.	1,558.1	118.9	4.6
Alibaba Group Holding Limited	614.7	118.5	4.6
Facebook, Inc.	838.7	103.0	4.0
Acceleron Pharma Inc.	8.2	79.4	3.1
Fiverr International Ltd.	7.8	71.0	2.8
GDS Holdings Limited	15.2	70.1	2.7
EPAM Systems, Inc.	22.3	70.0	2.7
RingCentral, Inc.	27.0	69.5	2.7
Wix.com Ltd.	15.8	67.8	2.6

Exposure By Country

Table V.
Percentage of securities by country as of March 31, 2021

	Percent of Net Assets
United States	56.6%
China	13.7
Israel	6.1
Netherlands	4.7
Brazil	3.8
Argentina	3.3
Canada	3.1
India	2.6
United Kingdom	2.4
Korea	1.3
Poland	0.5
Mexico	0.4
Indonesia	0.3

Recent Activity

During the first quarter, we initiated 11 new investments and added to 20 existing holdings as we continued to put the Fund's inflows to work. We now hold seven private investments that represent 3.2% of the Fund's net assets, cumulatively: Farmers Business Network, Zymergen, Rivian Automotive, Resident Home, and our three newly added investments: SpaceX, GM Cruise, and Think & Learn. SpaceX is the leading designer and manufacturer of rockets, satellites, and spacecraft, disrupting the space launch market with its reusable launch systems. Cruise is a leader in autonomous mobility solutions, with the company currently in development of purpose-built software and hardware that will enable a transition to clean (electric), autonomous, shared mobility, and Think & Learn is the leading Edtech platform in India with 75 million users and over 90% market share in the K-12 segment. We also exited three investments briefly described below.

Table VI.
Top net purchases for the quarter ended March 31, 2021

	Quarter End Market Cap (billions)	Amount Purchased (millions)
Alphabet Inc.	$1,392.6	$35.8
BridgeBio Pharma, Inc.	9.2	33.3
Think & Learn Private Limited	–	29.8
Coupang, LLC	84.6	22.9
Facebook, Inc.	838.7	13.9

Our largest add in the first quarter was **Alphabet Inc.**, the parent company of Google. Alphabet reported once again strong financial results with $57 billion of fourth quarter revenues, accelerating to over 23% year-over-year growth and with 28% operating margins, driven by a rapid recovery in advertising spending from the troughs of the pandemic. Moreover, Google Cloud ("Cloud") is now a $15 billion run-rate business while growing over 40% and with a backlog that nearly tripled year-over-year. We believe that Cloud has become (and especially since Thomas Kurian took the lead of that business in 2019) a fiercer competitor in the public cloud market, as the company increased its investment in go-to-market direct and in partnerships, while refocusing the product vertically (making it more attractive to large enterprise customers). Alphabet has also recently made strategic changes to its commerce offering, opening the platform to third parties like Shopify and enabling merchants to list products for free, which we believe increases the likelihood for success in this business. Lastly, Alphabet recently decided to start breaking out profitability by segment, which could, in our view, reduce the relative discount investors apply to Alphabet's various earlier stage businesses, such as Cloud. (Ashim Mehra)

We also added **BridgeBio Pharma, Inc.**, a biotechnology company developing a portfolio of breakthrough medicines for genetic diseases and cancers with genetic drivers. BridgeBio operates with a decentralized corporate structure in which each program is housed in its own subsidiary. We believe that this structure better aligns the experts (who are economically incentivized at the program level) with the success of their programs, enhancing operational decisions and making the development process more efficient. In addition, by focusing on drugs that target well-characterized genetic diseases at their source, the company increases its probability of success compared with other therapeutic categories. As evidence of the platform's ability to deliver, there are four late-stage trials and a small initial commercial opportunity expected to launch in 2021, just six years after the company's founding. We expect the number of key value-creating pipeline candidates to keep increasing every year. (Josh Riegelhaupt)

During the first quarter, we also participated in the Series F funding round of **Think & Learn Private Limited**, which is the parent entity of "BYJU's–the Learning App", India's largest education technology company with over 90% market share. Think & Learn is led by Byju Raveendran (founder) and his entrepreneurial team. In addition to organic growth in its user base, BYJU's has made a string of strategic acquisitions to give it an omnichannel presence across the entire product cycle (toddlers + K-12 + post K-12 + coding/programming). In our view, India's Edtech sector is still in its infancy and is expected to scale significantly over the next several years driven by a growing focus on education, rising disposable incomes to support premium services, and higher smartphone/4G penetration that is accelerating online education and expanding the total addressable market beyond Tier 1 and 2 cities. (Anuj Aggarwal)

We initiated a position in **Coupang, LLC**, a leading South Korean e-commerce platform. Founded in 2010, Coupang provides customers with a differentiated online shopping experience with its wide product selection and unrivaled convenience thanks to its early investments in an end-to-end logistics system that covers over 70% of Korea's population. As a result of its advanced logistics infrastructure, 99% of orders are delivered within one day rather than the industry norm of two to three days, driving customer satisfaction, which translates to higher customer retention rates and lifetime value. We believe Coupang has the potential to become the market share leader in the U.S. $500 billion Korean retail market. It has multiple drivers for growth, including expanding its offerings into additional categories, expanding its ecosystem via a third-party marketplace, while continuing to invest in infrastructure density to further capture inefficiencies, enhancing the customer experience. (Shu Bai)

We also participated in the IPO of **InPost SA**, a Poland-based but increasingly pan-European operator of logistics networks including technology-enabled automated parcel lockers. InPost operates the largest automated parcel locker network in Poland with approximately 98% market share, increasingly the preferred method among Poles to receive and return goods purchased online. The company's dense, technology-enabled logistics network enables delivery times and e-commerce frequency levels generally not seen in any other emerging market (other than China). In our view, InPost's density (of lockers, couriers, and pick-up points) and merchant-neutral network creates unit economics that new entrants are unlikely to replicate. The company is also expanding to new markets, with a nascent position in the U.K. and via a recently announced acquisition of Mondial Relay, a logistics network in France, from which we believe InPost will extract synergies by overlaying its technology and onboarding pan-European customers from its Polish and U.K. businesses. We believe continued fast growth in Poland as well as international expansion will drive 30%-plus annual revenue growth over the next five years. (Eric Guzman)

Lastly, we took advantage of our inflows to add to **Facebook, Inc.** and 19 other existing positions, that are high conviction investments and also present a margin of safety at their current prices.

Table VII.
Top net sales for the quarter ended March 31, 2021

	Quarter End Market Cap or Market Cap When Sold (billions)	Amount Sold (millions)
Slack Technologies Inc.	$23.6	$25.7
DoorDash Inc.	42.0	9.2
AbCellera Biologics Inc.	6.7	2.3
PTC Therapeutics	3.3	1.5

We exited our position in **Slack Technologies Inc.**, whose acquisition by Salesforce was announced in late 2020. We also sold our stub positions in **DoorDash Inc.**, one of the leading food delivery platforms, and **AbCellera Biologics Inc.**, a single-cell discovery platform for therapeutic development. Both were IPOs in which we attempted to invest but were unable to purchase meaningful positions before their stock prices ran away from us. We slightly reduced our investment in **PTC Therapeutics**, which is a broad-based drug development company with RNA splicing capabilities, as we reallocated capital to higher conviction ideas.

Outlook

To the uninitiated, the markets' continued march higher may appear to be "more of the same." However, the recent changes in market leadership have been clearly unfavorable to the kinds of businesses that we tend to favor. We are not all that concerned with a much talked about rotation from growth to value or with the even more talked about "reopening" trade, though both present obvious headwinds. The more important development, in our view, is the steady rise in interest rates. The yield on the 10-year U.S. Treasury bond moved from around 0.7% six months ago to 1.7% by the end of March. Why is this important? Well, besides offering a bit of an alternative to savers, for the first time in a long time, higher interest rates make fast growing companies more expensive since their future earnings must be discounted back at higher rates. Having said that, we think some perspective here is in order. Jerome Powell, the chairman of the Federal Reserve, said in his most recent comments that the Fed intends to keep short-term interest rates low until *at least* 2023. And as the saying goes: "do not fight the Fed," especially when the Federal government is helping with the fiscal stimulus.

In any case, we think rotations, pull backs, and corrections are generally necessary and healthy, and they often create attractive opportunities for long-term investors like ourselves. We continue to focus on the quality of our decisions, and on taking what we believe are high percentage shots. Our goal continues to be to generate 300bps to 400bps of alpha per year, over our benchmarks and peers, net of all fees and expenses, over a three- to five-year cycle, while minimizing risk, which we define as probability of permanent loss of capital. Though we have exceeded our goals in the past, there is no assurance that we can meet or exceed them in the future.

Every day we live and invest in an uncertain world. Well-known conditions and widely anticipated events, such as Federal Reserve rate changes (up and down), ongoing trade disputes, government shutdowns, and the unpredictable behavior of important politicians the world over, are shrugged off by the financial markets one day and seem to drive them up or down the next. We often find it difficult to know why the market participants do what they do over the short term. The constant challenges we face are real and serious, with clearly uncertain outcomes. History would suggest that most will prove passing or manageable. The business of capital allocation (or investing) is the business of taking risk, managing the uncertainty, and taking advantage of the long-term opportunities that those risks and uncertainties create. We are confident that our process is the right one, and we believe that it will enable us to make good investment decisions over time.

We are optimistic about the long-term prospects of the companies in which we are invested and continue to search for new ideas and investment opportunities while remaining patient and investing only when we believe the target companies are trading significantly below their intrinsic values.

Sincerely,

Alex Umansky
Portfolio Manager
April 20, 2021

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 its distributor, Baron Capital, Inc., by calling 1-800-99BARON or visiting www.BaronFunds.com. Please read them carefully before investing.

Risks: Growth 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 medium-sized companies may be thinly traded and more difficult to sell. 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 managers 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 Global Advantage Fund by anyone in any jurisdiction where it would be unlawful under the laws of that jurisdiction to make such offer or solicitation.

Alpha measures the difference between a fund's actual returns and its expected performance, given its level of risk as measured by beta. **Beta** measures a fund's sensitivity to market movements. The beta of the market is 1.00 by definition. BAMCO, Inc. is an investment adviser registered with the U.S. Securities and Exchange Commission (SEC). Baron Capital, Inc. is a limited purpose broker-dealer registered with the SEC and member of the Financial Industry Regulatory Authority, Inc. (FINRA).

Dear Baron Discovery Fund Shareholder:

Performance

We are pleased to report that in the first quarter Baron Discovery Fund (the "Fund") was up 7.47% (Institutional Shares) which was 2.59% better than the Russell 2000 Growth Index (the "Benchmark"). Market conditions have echoed the environment we saw in the second half of 2020, which has been generally conducive to the performance of small-cap stocks. Our review of dozens of year-end earnings reports makes it clear that the fundamentals of our portfolio companies continue to improve as the economy recovers from the pandemic.


RANDY GWIRTZMAN AND LAIRD BIEGER

PORTFOLIO MANAGERS

Retail Shares: BDFFX
Institutional Shares: BDFIX
R6 Shares: BDFUX

Table I.
Performance†
Annualized for periods ended March 31, 2021

	Baron Discovery Fund Retail Shares[1,2]	Baron Discovery Fund Institutional Shares[1,2]	Russell 2000 Growth Index[1]	S&P 500 Index[1]
Three Months[3]	7.40%	7.47%	4.88%	6.17%
One Year	122.40%	123.05%	90.20%	56.35%
Three Years	31.82%	32.16%	17.16%	16.78%
Five Years	31.18%	31.52%	18.61%	16.29%
Since Inception (September 30, 2013) (Annualized)	21.08%	21.38%	13.12%	14.42%
Since Inception (September 30, 2013) (Cumulative)[3]	319.84%	327.76%	152.06%	174.60%

While stock prices do reflect expectations of an improved economic backdrop, we continue to believe investors are underestimating the magnitude of the potential strength in the economic recovery and thus, in the earnings power of many of our businesses. For example, in many of our Consumer Discretionary businesses, Wall Street consensus expectations are that earnings for 2022 will have recovered to 2019 levels. We believe that these estimates significantly underestimate both the pent-up demand for leisure activities and the excess savings that Americans have built up over the last 12 months. As a result, our earnings forecasts for the back half of 2021 and 2022 are much more bullish than consensus and we do not think these higher earnings estimates are reflected in the stock prices of many of our holdings. We present **Tripadvisor, Inc.** (with a more detailed exposition below) as a prime example. In our view, the latent demand for leisure travel is as great as it has been since the end of World War II. As a result, we expect leisure travel to have an outsized recovery starting in the back half of 2021. If our thesis is correct, this favorable macro backdrop will propel Tripadvisor's earnings well ahead of expectations, which means that the stock, even with its recent outperformance, still has significant upside from here.

Other areas of the economy should snap back as well including the medical device industry. Earlier in the pandemic, hospitals basically eliminated all elective procedures (some of which are elective only in the sense that they are not immediately life threatening but need to be addressed in the near term). This was done to create hospital capacity to deal with sick COVID patients and to protect health care workers from unnecessary viral exposure. In addition, non-hospital surgical center procedures suffered as patients and

Performance listed in the above table is net of annual operating expenses. Annual expense ratio for the Retail Shares and Institutional Shares as of September 30, 2020 was 1.35% and 1.08%, 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 Adviser reimburses certain Baron Fund expenses pursuant to a contract expiring on August 29, 2031, 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 www.BaronFunds.com or call 1-800-99BARON.

† The Fund's 1Q 2021, 3-, and 5-year historical performance was impacted by gains from IPOs and/or secondary offerings. There is no guarantee that these results can be repeated or that the Fund's level of participation in IPOs and secondary offerings will be the same.

1 The **Russell 2000® Growth Index** measures the performance of small-sized U.S. companies that are classified as growth and the **S&P 500 Index** of 500 widely held large cap U.S. companies. The indexes and the Fund are with dividends, which positively impact the performance results. Russell Investment Group is the source and owner of the trademarks, service marks and copyrights related to the Russell Indexes. Russell is a trademark of Russell Investment Group. The indexes are unmanaged. The index performance is not Fund performance; one cannot invest directly into 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 Not annualized.

surgeons feared infection. More recently, our portfolio companies have seen an uptick in the number of elective procedures being performed. This has been muted somewhat due to the resurgence of COVID cases in early 2021. However, given massive progress in vaccinations we expect procedure volumes to return to near normal levels by the second half of 2021. We believe as this improvement in fundamentals becomes more obvious to the market, those companies' stocks will reflect this improved reality.

Overall, we are excited about 2021 given these tailwinds and we believe that the Fund is well-positioned to capitalize on the resurgence of our fantastically innovative U.S. economy.

Table II.
Top contributors to performance for the quarter ended March 31, 2021

	Percent Impact
Tripadvisor, Inc.	0.89%
Ichor Holdings, Ltd.	0.77
Montrose Environmental Group, Inc.	0.72
Viant Technology Inc.	0.61
Pacific Biosciences of California, Inc.	0.57

Tripadvisor, Inc. is an online travel site used to browse customer reviews and plan trips. Sentiment toward the company increased following a well-received launch of its travel-focused subscription offering. In our view, Tripadvisor is a unique asset with significant barriers to entry and is well-positioned to benefit from consumer demand as pandemic-related travel restrictions ease. We have more on why we like Tripadvisor in the "Recent Activity" section of our letter.

Ichor Holdings, Ltd. supplies critical gas and chemical delivery subsystems to semiconductor equipment manufacturers. Ichor's subsystems are incorporated into etch, deposition, and lithography tools that accomplish key steps in the semiconductor manufacturing process. Shares of Ichor were up during the first quarter as the semiconductor upcycle continued and Ichor gained market share through strong execution. Not too long ago, the overall level of spending on semiconductor capital equipment ("SCE") was expected to be around $40 billion to $50 billon at the peak of the cycle. Now, due to many factors including increased chip density in many products, electric vehicle requirements, and semiconductor nationalism (where countries view strategic production within their borders as critical), some are expecting an SCE cycle peak at over $100 billion. It is likely that the growth in SCE spending will be more sustainable than in the past. We believe Ichor's leading market position, long-term customer relationships, and strong management set it up to not only ride this huge secular trend, but also to outgrow the market for years to come.

Montrose Environmental Group, Inc. is a leading environmental services company with operations across North America, Australia, and Europe. The stock outperformed during the quarter as investors became increasingly aware of Montrose's growth opportunities. The company provides solutions that offer customers a full suite of environmental services, including permitting, testing, and remediation, that are centered around air, soil, and water. Montrose's capabilities are increasingly aligned with political and regulatory priorities, which provides support for the company's expected strong growth. Montrose is growing revenues organically in the mid- to high single-digit range and, combined with acquisitions, it expects to grow revenues over 20% per year for years into the future. The environmental services industry is highly fragmented, and Montrose had only $328 million in 2020 revenues, a small fraction of the $1.25 trillion global market. We continue to think that Montrose has a long runway of growth as it becomes a national scale provider in the industry.

Viant Technology Inc. is a leading demand-side digital advertising platform enabling agencies to efficiently purchase advertising across online video channels. Shares increased sharply after its February IPO. The company also benefited from robust growth in the Connected TV business, which is capitalizing on a shift in advertising dollars from linear TV (old-school broadcast advertising) to user-generated content. We have more on why we like Viant in the "Recent Activity" section of our letter.

Pacific Biosciences of California, Inc. offers a differentiated long-read DNA sequencing platform for genetic analysis. As had happened in the fourth quarter, shares performed exceedingly well for the period held in the first quarter of 2021, up over 29%. Given that revenues were in line with fourth quarter consensus, we believe the stock appreciation was driven by Softbank's $900 million investment in the company. While we are exceedingly excited about the prospects of the company's game-changing technology, we are at the same time hard pressed to find scenarios in which the current market valuation makes sense even on a long-term basis. Therefore, we sold the remainder of our investment in the quarter. That said, we continue to follow the company closely and would look to reinvest in the company if the valuation became more reasonable.

Table III.
Top detractors from performance for the quarter ended March 31, 2021

	Percent Impact
Acutus Medical, Inc.	–0.55%
Everbridge, Inc.	–0.38
Kinsale Capital Group, Inc.	–0.34
Silk Road Medical, Inc.	–0.32
Ping Identity Corporation	–0.30

Acutus Medical, Inc. offers a 3D imaging platform that maps the internal electrical pulses of the heart. Acutus' proprietary non-contact technology can create these maps far faster than any of its competitors, enabling more accurate catheter-based ablation to treat arrhythmia. Shares pulled back in the quarter after Acutus missed consensus growth expectations. The company is in the very early stages of commercialization and the launch is progressing slower than analysts' forecasts. Nevertheless, we believe the company has a differentiated mapping solution that has significant potential to disrupt the ablation market over the long term. We are maintaining our investment and expect significant and accelerating growth over the next few years.

Everbridge, Inc. provides a cloud-based software solution to companies for critical event management ("CEM") as well as general population alerts for public authorities. Shares declined during the first quarter as part of the broader market rotation from high-valuation software stocks coupled with continued pandemic-related pressure on Everbridge's organic growth rates. We retain conviction given the company's significant lead over its competition and the early stage of CEM adoption, with just 2% of Everbridge's 5,000-plus population alert customers having adopted CEM thus far.

Kinsale Capital Group, Inc. detracted from performance despite reporting continued strong earnings growth. Earnings were strong and premium growth of 34% was ahead of expectations, but it decelerated from the prior quarter against a tougher comparison. The stock meaningfully increased last year, which may have led to some profit taking this quarter. We continue to own Kinsale because we believe the company has a long runway for growth in an attractive segment of the insurance market.

Silk Road Medical, Inc. designs and manufactures medical devices used to clear plaque from the carotid arteries of patients at high risk of stroke. The device is minimally invasive, and we believe that over 80% of the current procedure market, which is about $1 billion ($650 million in currently approved applications), could shift to Silk Road's device over the next few years. Shares were down in the first quarter as it posted fourth quarter results and 2021 revenue guidance that were below consensus expectations. This disappointed some investors who had bid up the shares prior to earnings in anticipation of a COVID recovery bump in 2021. We still believe that procedure volume will normalize in 2021 as COVID subsides, and that Silk Road will benefit immensely. We think that management is rightly being conservative given the limited reopening data it had at the time of the earnings call. However, we are also extremely excited that in the fourth quarter the company filed a PMA application for FDA approval of a standard risk indication for its device, which would access the remaining $350 million of its core $1 billion market. It is also a big positive that 1,800 total surgeons had been trained by year end 2020, with 350 trained in 2020 alone, and Silk Road now has accounts in over 800 hospitals. We still believe that the company should be able to grow revenues from $75 million in 2020 to hundreds of millions over the next five years as it converts this standard surgical market to the minimally invasive Silk Road device.

Ping Identity Corporation offers Identity and Access Management ("IAM") solutions enabling secure network and software access to employees, partners, and customers. Shares fell after the company outlined a more complex pandemic-driven spending environment in which enterprise projects were awarded in smaller pieces and deployments were extended over longer periods of time. This enabled clients to conserve valuable working capital, but obviously negatively impacted Ping's revenue growth rate. The good news is that these smaller projects ultimately will become fully implemented IAM solutions, which will drive accelerating growth as the pandemic recovery takes hold. We also expect Ping to further hone its sales process to drive increased numbers of customers. Our research continues to show that Ping's enterprise solutions are among the best available and that its current trading multiple makes it one of the best "growth at a reasonable price" software names around.

Portfolio Structure

Table IV.
Top 10 holdings as of March 31, 2021

	Year Acquired	Quarter End Investment Value (millions)	Percent of Net Assets
Tripadvisor, Inc.	2021	$44.4	2.7%
Mercury Systems, Inc.	2015	44.0	2.7
TPI Composites, Inc.	2016	39.6	2.4
Endava plc	2018	38.1	2.3
Inogen, Inc.	2019	37.2	2.3
Advanced Energy Industries, Inc.	2019	34.9	2.1
CareDx, Inc.	2018	34.0	2.1
Floor & Decor Holdings, Inc.	2019	33.4	2.0
Kinsale Capital Group, Inc.	2016	33.0	2.0
SiteOne Landscape Supply, Inc.	2016	31.8	1.9

Our top 10 holdings represented 22.5% of the portfolio, which is slightly below typical levels, though over the longer term, we would still expect our top 10 holdings to approximate one quarter of the portfolio.

Recent Activity

Table V.
Top net purchases for the quarter ended March 31, 2021

	Year Acquired	Quarter End Market Cap (billions)	Amount Purchased (millions)
Tripadvisor, Inc.	2021	$7.3	$28.7
Vesper Healthcare Acquisition Corp.	2021	0.6	21.8
Mercury Systems, Inc.	2015	4.0	21.0
Viant Technology Inc.	2021	3.1	19.0
SailPoint Technologies Holdings, Inc.	2020	4.7	17.6

Our top purchase this quarter was **Tripadvisor, Inc.**, an online travel research company. In our view, Tripadvisor has built a strong following with over 460 million unique monthly visitors to its travel site and is well positioned to benefit as COVID-related travel restrictions ease. We became interested in the company as we saw management undertaking numerous positive changes that we believe are underappreciated by the broader market. First, the company is testing its newly announced Tripadvisor Plus subscription, which provides significant value to consumers by offering discounts and perks on Tripadvisor hotel bookings for only $99 per year. We have seen other companies, such as Amazon.com and DoorDash, have success with similar subscription products and we are bullish on subscription businesses generally as they drive high-quality recurring revenue and strong customer loyalty. From a financial perspective, what gets us excited about the Tripadvisor Plus program is that if it can convert a little over 2% of its 460 million monthly unique users into Tripadvisor Plus, the company can add approximately $1 billion in high-margin recurring subscription revenue. Ultimately, we think it will be able to achieve 5% to 10% penetration, or more, if the company can secure a Tripadvisor Plus credit card partnership. We are further encouraged by the addition of two new executives, Lindsay Nelson as Chief Experience and Brand Officer in charge of consumer-facing products, and Kanika Soni as Chief Commercial Officer leading B2B operations. Lastly, Tripadvisor implemented $250 million of fixed and discretionary cost reductions during the pandemic (most of which are permanent) that we believe can drive a faster-than-expected recovery to pre-pandemic profit levels when business recovers. Taken together, we believe these factors will drive an increase in the company's profitability and valuation multiple.

During the quarter, we purchased shares of **Vesper Healthcare Acquisition Corp.**, a special purpose acquisition corporation led by Brent Saunders, the former CEO of Allergan. We purchased shares of Vesper after it announced a deal to acquire HydraFacial. HydraFacial is an innovative skin care and beauty health company providing consumers the benefits of a professional medical treatment with the experience of a consumer brand. The company's patented three-step facials are well suited to benefit from consumers increasingly willing to spend on high-end beauty health both in the U.S. and internationally. HydraFacial's core business model is to sell both the facial delivery system and the associated consumables to estheticians in the medical channel as well as to spas and beauty retailers around the world. HydraFacial provides these estheticians a strong value proposition with a high return on initial investment and the ability to drive incremental traffic that ultimately improves revenue from other spa/practice offerings and treatments. Aside from strong industry tailwinds, we were attracted to HydraFacial's asset light, recurring revenue business model. HydraFacial's base of 15,000 (and growing) delivery systems generate steady recurring revenues as each facial treatment utilizes high-margin consumables as part of the process. We believe that HydraFacial's revenues can increase four-fold between 2020 and 2025 as the company more than doubles its base of delivery systems both domestically and internationally while better monetizing each system with new serums and different product and category extensions.

Shares of **Mercury Systems, Inc.**, a leading Tier 2 defense electronics integration company, were down along with the broader defense industry due to concerns that defense spending will be a lower priority under the new administration. Given initial indications, we believe the defense budget will be flat to slightly up and that Mercury will thrive in the current environment. The company is involved in all key priorities of the current U.S. defense strategy (and what we believe its future strategy will be). This includes electronic warfare, radar systems, missile defense, and aircraft carrier defense. Given what we viewed as compelling valuations on the shares in the near, medium and long term, we added to our position on weakness in the quarter.

This quarter we became investors in **Viant Technology Inc.**, an advertising software company that enables marketers and ad agencies globally to plan, buy, and measure ad campaigns in a highly automated fashion. Founded in 1999, Viant is still led by brothers and founders Tim and Chris Vanderhook. The company enables marketers to tap into data from over 70 partners in order to conduct high-return ad campaigns without dependence on the "cookie" (cookies are text files with small pieces of data, like a username and password, that are used to identify your computer as you use a computer network). The reason cookie-less technology is becoming increasingly important within digital advertising is that Apple and Google have announced they have (or soon will) disable tracking of third-party cookies in their respective web browsers. Last year, Viant represented less than 0.1% market share in the $205 billion U.S. advertising market. We believe Viant's patented tracking technology should enable it to meaningfully take market share from competitors while benefiting from double-digit growth in programmatic advertising generally. As a result, revenue is expected to grow 20% or more for the next several years, which we think will result in steady stock appreciation from current levels.

SailPoint Technologies Holdings, Inc. is a cybersecurity vendor in the identity governance space. It is a complementary technology to Ping (which grants access to networks and systems based on identity), but it differs in that SailPoint helps companies govern the constantly changing privileges of employee access to the appropriate applications and systems in its networks. Privilege and governance management (SailPoint) is effectively the "back end" to the "front end" (Ping) of access management. As employees' positions change, so do their access requirements and SailPoint helps automate this process as well as providing full provisioning and audit tracking that ties to the appropriate regulatory and compliance mandates of the customer. The company's products have become increasingly top of mind over the past year as industry cybersecurity leader FireEye and infrastructure tools vendor SolarWinds were both hacked in a state sponsored attack. This has driven increased demand for SailPoint's solutions. SailPoint is currently transitioning from an on premise (one-time perpetual license payment plus some recurring maintenance payments) to a recurring subscription revenue model. This has resulted in slower top-line growth as overall contract revenues move from upfront payments to smaller annualized payments. However, when the transition is complete, we expect to see accelerating top-line growth that is nearly 100% recurring. This will garner a much higher market multiple. We have seen this movie before, most recently in our successful Varonis investment, and we expect strong annualized contract value growth as subscriptions increase over the next two to three years.

Table VI.
Top net sales for the quarter ended March 31, 2021

	Year Acquired	Market Cap When Acquired (billions)	Quarter End Market Cap or Market Cap When Sold (billions)	Amount Sold (millions)
Pacific Biosciences of California, Inc.	2020	$1.0	$5.7	$32.7
Ollie's Bargain Outlet Holdings, Inc.	2019	3.5	5.7	13.2
Purple Innovation, Inc.	2020	1.0	2.1	10.5
The Cheesecake Factory, Inc.	2020	1.1	2.7	9.9
Qualys, Inc.	2013	0.7	4.1	9.7

We reduced our positions in **Ollie's Bargain Outlet Holdings, Inc.** and **The Cheesecake Factory, Inc.** as they had reached our longer-term price targets.

We reduced our position in **Purple Innovation, Inc.** as consumer demand softened and the company issued financial guidance that was lower than our expectations. We still believe in the longer-term opportunity for the company but want to see how the company's marketing strategy resonates with consumers.

We reduced our investment in **Qualys, Inc.** during the quarter. The company has been a long-time holding and winner for the Fund. Qualys provides sophisticated cybersecurity software that scans endpoints, such as computers, printers, and servers, to check for configuration and other vulnerabilities and to ensure that companies are keeping up with policy compliance requirements. While we have always been a huge fan of the company's high-margin recurring revenue business model, we are growing increasingly concerned that new products needed for growth are not gaining sufficient traction. Moreover, we were very saddened to hear that due to illness, CEO Phillipe Courteau has left the company. We wish him a speedy recovery and continue to hold a smaller investment in Qualys as we await a reacceleration in growth.

Outlook

We are pleased with our start to the year and are even more excited to see how the fundamentals of our companies improve in a post-pandemic environment. We continue to have terrific idea flow, and despite the recent appreciation in the market, we continue to find fast growing and innovative companies at valuations that we believe are sufficient to meet our investment return goals.

Thank you for your support!

Randy Gwirtzman & Laird Bieger
Portfolio Managers
April 20, 2021

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 its distributor, Baron Capital, Inc., by calling 1-800-99BARON or visiting www.BaronFunds.com. Please read them carefully before investing.

Risks: The Adviser believes that there is more potential for capital appreciation in smaller companies, but there also may be more risk. Specific risks associated with investing in smaller companies include that the securities may be thinly traded and they may be more difficult to sell during market downturns. 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 managers' 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.

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Dear Baron Durable Advantage Fund Shareholder:

Performance

After two years of strong absolute and relative returns, Baron Durable Advantage Fund (the "Fund") gained 3.0% (Institutional Shares) during the first quarter, which trailed the 6.2% gain for the S&P 500 Index (the "Index"), the Fund's benchmark.

Table I.
Performance
Annualized for periods ended March 31, 2021

	Baron Durable Advantage Fund Retail Shares[1,2]	Baron Durable Advantage Fund Institutional Shares[1,2]	S&P 500 Index[1]
Three Months[3]	2.89%	3.00%	6.17%
One Year	47.16%	47.45%	56.35%
Three Years	16.69%	16.98%	16.78%
Since Inception (December 29, 2017)	15.77%	16.04%	15.12%

ALEX UMANSKY
PORTFOLIO MANAGER

Retail Shares: BDAFX
Institutional Shares: BDAIX
R6 Shares: BDAUX

The first quarter was characterized by a pronounced rotation from growth into value and a corresponding "trade" away from the beneficiaries of work-from-home ("WFH") into the beneficiaries of the economy reopening. Though we do not consider the Fund particularly "growthy" nor did we hunt or invest specifically into WFH stocks, the resulting environment was clearly unfavorable to the kinds of stocks that we tend to favor. From that perspective, we are not too unhappy with the results.

From a performance attribution standpoint, most of the shortfall was due to stock selection with our holdings in Financials, Real Estate, Information Technology ("IT"), and Industrials not keeping up with the Index's returns in those sectors. In terms of sector allocation, our lack of exposure to some of the best performing sectors also hurt our results: Energy–the sector was up 30.9% and we had no exposure, Industrials–the sector was up 11.4% and we were 3.8% underweight. At the same time, our 5.7% overweight to the 2nd worst performing sector, IT, did not help either.

At the company-specific level, it was an uneventful quarter. Winners outnumbered losers 3 to 2, and while none of our decliners were down more than 7.2%, we did not have enough meaningful winners to keep up with the Index. **Alphabet**, our largest investment, gained 17.5% during the quarter, but is also a sizable weight in the Index, and **Texas Instruments**, up 15.5%, and **CME Group,** up 11.1% were our only other double-digit gainers. All in all, that resulted in a 3.0% gain for the Fund.

More broadly, we think our recent struggles in keeping up with the market's relentless march higher can be attributed to two factors:

- During the latter half of 2020, the market was led higher by rapidly growing, digital enablers, which tend to be businesses in the earlier stages of their growth life cycles, and hence not a good fit for this strategy (think of Tesla, Zoom Video, and Twilio). In this Fund, we focus on companies with durable competitive moats in the later stages of their growth life cycles.

- During the last few quarters, there has been a perceptible change in market leadership with value indexes of all market capitalizations outperforming their growth counterparts. At the same time, as vaccinations have started to take hold the "reopening trade" has picked up steam. Index returns have been driven by energy, banks, airlines, cruise lines and hotel businesses–areas that we typically do not invest in, since we do not believe those types of businesses have durable competitive moats that will guard against disruption, which is a

Performance listed in the table above is net of annual operating expenses. Annual expense ratio for the Retail and Institutional Shares as of September 30, 2020 was 2.80% and 2.40%, respectively, but the net annual expense ratio was 0.95% and 0.70% (net of the Adviser's fee waivers), 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 Adviser reimburses certain Baron Fund expenses pursuant to a contract expiring on August 29, 2031, 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 www.BaronFunds.com or call 1-800-99BARON.

1 The **S&P 500 Index** measures the performance of 500 widely held large cap U.S. companies. The index and the Fund include reinvestment of dividends, net of withholding taxes, which positively impact the performance results.. The index is unmanaged. Index performance is not Fund performance; one cannot invest directly into 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 Not annualized.

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necessary component in enabling intrinsic values to compound while earning high rates of return on invested capital over extended periods of time.

We believe it would be beneficial for shareholders to know that we are not looking to outperform every quarter or every year. In fact, we are not "looking to outperform" at all. Instead, we focus on executing our investment process. We know that it works, and if we execute it well, it will enable us to make good investment decisions over longer periods of time. If we focus on taking only good "shots" and avoid taking bad ones, the winning (or outperforming) will take care of itself. The main goal of this strategy is to compound investment returns with a maniacal focus on minimizing (or avoiding if at all possible) permanent loss of capital, which means we are intentionally taking lower risk "shots." We believe that investing in market leaders with sustainable competitive advantages at attractive prices, that present a margin of safety relative to our estimate of their intrinsic values, will enable us to outperform the Index over time, while taking on less risk. We are okay with not keeping up during periods of time when the market goes straight up, or when the Index is led by companies which do not fit our strategy. We expect to do better than the Index over full-market cycles, although of course there can be no assurance that we will achieve our goals.

Table II.
Top contributors to performance for the quarter ended March 31, 2021

	Quarter End Market Cap (billions)	Percent Impact
Alphabet Inc.	$1,392.6	1.28%
Facebook, Inc.	838.7	0.54
Microsoft Corporation	1,778.2	0.49
S&P Global Inc.	85.0	0.25
Texas Instruments Incorporated	174.4	0.24

Alphabet Inc. is the parent company of Google, the world's largest search engine and online advertising company. Shares rose 17.5% in the quarter on strong fourth quarter results that saw continued recovery in ad spending and accelerating cloud revenue growth, which was up 47% year-over-year with a backlog that nearly tripled. We remain excited about Alphabet's merits as it continues to benefit from growth in mobile and online video advertising, which accrues to its core assets of search, YouTube, and the Google ad network. Alphabet's investments in AI, autonomous driving (Waymo), and life sciences (Verily, Calico) add additional layers of optionality to the story. (Ashim Mehra)

Facebook, Inc. is the world's largest social network with 2.6 billion daily active users across Facebook, Instagram, Messenger, and WhatsApp. Shares of Facebook were up 7.6% during the first quarter on robust fourth quarter results driven by strong ad pricing growth and tailwinds to newer shopping and payments products from rapidly increasing e-commerce penetration. In our view, Facebook continues to utilize its leadership in mobile to provide global advertisers targeted marketing capabilities at scale, with substantial monetization opportunities across its various assets including WhatsApp, video tools including Watch and IG TV, and community-based marketplace, shopping, jobs, and dating features. (Ashim Mehra)

Microsoft Corporation is a software mega cap that has successfully pivoted from the client server and PC era to today's world of digital transformation and cloud. Microsoft is a cloud leader through its Azure, Office 365, Dynamics 365, and Teams offerings, among others. Shares were up 6.0% during the quarter as Microsoft reported an acceleration in its business with revenues growing 15% year-over-year and commercial cloud revenues growing 32%, driven by a robust demand for digital transformation. We also believe that Microsoft's competitive advantages are strong and durable as it benefits from the long reach of its sales channel, its broad product set, differentiated hybrid cloud offering, and its large installed base of enterprise customers. (Guy Tartakovsky)

S&P Global Inc. provides credit ratings, indices, data, and analytics to the financial and commodities markets. Shares outperformed and were up 7.6% during the quarter, after the company reported strong financial results and 2021 guidance that exceeded expectations with revenues up 8% in the fourth quarter, driven by strong performance in the ratings business. Bond issuance is expected to moderate after two years of exceptional growth, but management still expects revenue to grow mid-single digits in 2021. Also, shareholders overwhelmingly voted to approve the merger with IHS Markit. We continue to own the stock due to S&P Global's long runway for growth as it benefits from the secular trends of increasing bond issuance, growth in passive investing, and demand for data and analytics, while enjoying meaningful and durable competitive advantages that, in our view, are only strengthening following the merger with IHS Markit. (Josh Saltman)

Semiconductor bellwether **Texas Instruments Incorporated** ("TI") is a leader in analog and embedded processing, selling to over 100,000 customers across industrial, automotive, personal electronics, communications, and enterprise end-markets. Shares appreciated 15.5% during the first quarter as part of the broader upcycle in the semiconductor industry driven by demand bounce back and supply constraints and thanks to TI management's long-term ownership mindset, which drove them to not cut on production during the depths of the cycle, even though peers had, enabling TI to outperform during the recovery. We believe TI will continue to outperform over the long term as it is focused on the best end-markets (industrial and auto), markets that are characterized by longevity of design wins and diversity of demand, and as it is led by a management team of skilled and experienced operators who are also excellent capital allocators. (Guy Tartakovsky)

Table III.
Top detractors from performance for the quarter ended March 31, 2021

	Quarter End Market Cap (billions)	Percent Impact
Adobe Inc.	$227.9	–0.30%
MSCI, Inc.	34.7	–0.21
Charter Communications, Inc.	134.7	–0.15
Visa, Inc.	467.8	–0.12
Fair Isaac Corporation	14.2	–0.12

Adobe Inc. is a leading software company that offers creative and document cloud solutions for the digital media market and marketing, advertising, and analytics cloud solutions for the digital experience market. Despite reporting great financial results, with revenue acceleration and record margins, while also raising its outlook for the rest of the year, shares corrected 5.2% during the quarter (after being up over 50% in 2020) due to a broader market rotation into "reopening" stocks. We continue to hold shares since we believe Adobe's robust growth profile is sustainable as it is driven by some of the strongest technological shifts of our time (which have only accelerated due to COVID-19), including digitization, increasing demand for personalized customer experiences, and the widespread adoption of video. (Guy Tartakovsky)

Shares of **MSCI, Inc.**, a leading provider of investment decision support tools, detracted from performance after declining 6.1% during the quarter. The stock pulled back as part of the broader market rotation that saw steady compounders (especially ones with solid 2020 performance, and MSCI was up 49% in 2020) temporarily fall out of favor. There was no materially negative company-specific news with MSCI reporting solid fourth quarter earnings with revenues up 9% and adjusted EBITDA up 16% year-over-year. We retain long-term conviction in MSCI as the company owns strong, "all-weather" franchises and remains well-positioned to benefit from a number of prominent tailwinds in the investment industry such as the continuing development of emerging markets, passive investing, and the adoption of ESG. (Adam Lieb)

Charter Communications, Inc., the second largest cable operator in the U.S., detracted in the quarter after its share price declined 6.7%. Charter reported slightly slower user growth in the fourth quarter than the Street expected, as outsized pandemic-related increases in prior quarters pulled forward some growth that would otherwise have come later in the year. We remain investors, as we believe Charter has several years of user growth ahead of it, followed by substantial pricing power across the majority of its network where its broadband business has no effective competition. (Eric Guzman)

Visa, Inc. is a leading global payment network. Earnings have been impacted by the sharp drop in high-margin cross-border travel, but the company reported solid quarterly financial results that exceeded expectations with improving volume trends. However, shares underperformed later in the quarter (closing the quarter down 3.9%) after the Department of Justice opened an investigation into Visa's U.S. debit routing practices. We don't expect this investigation will have a material financial impact. Despite the near-term headwinds from the impact of COVID-19, we believe that Visa is a great business, operating in a duopoly with Mastercard, with significant long-term opportunity to grow its intrinsic value as cash transactions that still represent the majority of global transaction volume, move to card/digital. (Josh Saltman)

Shares of **Fair Isaac Corporation** ("FICO"), a data and analytics company focused on predicting consumer behavior, detracted from performance after declining 5.2% during the quarter. The company reported solid first fiscal quarter of 2021 earnings with 5% revenue growth and 36% operating margins, although there was some accounting noise around the transition of its software business to term licenses, which are recorded on a ratable basis (and thus present a headwind to revenues in the near term). The stock was also impacted by the rise in interest rates (potentially reducing mortgage volumes) and rumors around a government-run credit bureau. We retain conviction and believe that FICO will be a steady earnings compounder, as it continues optimizing pricing in its scores segment, and as it transitions its software business to the cloud. These dynamics should drive solid returns for the stock over a multi-year period, in our view. (Adam Lieb)

Portfolio Structure

The Fund's portfolio is constructed on a bottom-up basis with the quality of ideas and conviction level (rather than benchmark weights) determining the size of each individual investment. Sector weights tend to be an outcome of the portfolio construction process and are not meant to indicate a positive or a negative "view."

As of March 31, 2021, our top 10 positions represented 51.1% of the Fund, the top 20 were 79.0%, and we exited the quarter with 34 investments. IT and Financials, our biggest sectors, represented 53.7% of the Fund. Communication Services, Health Care, Consumer Staples, Industrials, and Real Estate represented another 44.9% of the Fund. Cash and our Ecolab Inc. investment, which is classified under Materials, were the remaining 1.4%.

Table IV.
Top 10 holdings as of March 31, 2021

	Quarter End Market Cap (billions)	Quarter End Investment Value (thousands)	Percent of Net Assets
Alphabet Inc.	$1,392.6	$1,834.9	8.6%
Microsoft Corporation	1,778.2	1,784.8	8.4
Facebook, Inc.	838.7	1,447.9	6.8
Visa, Inc.	467.8	939.0	4.4
Mastercard Incorporated	353.7	893.0	4.2
Adobe Inc.	227.9	879.4	4.1
Moody's Corporation	55.9	847.8	4.0
Danaher Corporation	160.5	790.3	3.7
Thermo Fisher Scientific Inc.	179.7	757.6	3.6
S&P Global Inc.	85.0	697.6	3.3

Recent Activity

During the first quarter, we initiated a new position in **Arch Capital Group**, a leading specialty insurance and reinsurance company with a great track record of underwriting discipline and capital stewardship. We also took advantage of flows into the Fund and added to 17 existing holdings. We also sold our position in **AstraZeneca** and trimmed our **Charter Communications** holding and reallocated to higher conviction investments.

Table V.
Top net purchases for the quarter ended March 31, 2021

	Quarter End Market Cap (billions)	Amount Purchased (thousands)
Facebook, Inc.	$ 838.7	$568.8
Visa, Inc.	467.8	538.1
Alphabet Inc.	1,392.6	495.1
CME Group, Inc.	73.3	445.7
Microsoft Corporation	1,778.2	422.2

During the first quarter, we initiated a position in **Arch Capital Group Ltd.** Arch is an insurance and reinsurance company with a full range of property and casualty ("P&C") lines, focused on specialty insurance (such as Directors & Officers insurance), which require significant underwriting expertise. Approximately 40% of written premiums are from the insurance segment, one-third are from the reinsurance segment and the rest from mortgage insurance, although the mix varies depending on prevailing conditions in each market. Arch is known for its underwriting expertise and discipline as well as its long-term ownership mindset. They are focused on underwriting profitability rather than premium growth or market share, which is unique in the industry. Hence, during soft markets, when insurance rates are low, management has demonstrated a willingness to return capital to shareholders in order to maintain an above-average ROE, while during hard markets (such as the one we're currently in), Arch has been expending aggressively (while its peers are cutting down, as underwriting losses they didn't expect, start to rise), enabling them to increase market share. Remarkably, the company has never posted an annual underwriting loss (including 2008/9 and 2020). With ROEs expected to range between 10%

and 15% across all three lines of business going forward, and the discipline management has exhibited over the years, we believe that Arch should compound its book value per share at similar rates, driving solid long-term stock price appreciation.

Additionally, we put our inflows to work and added to 17 existing holdings that are high conviction investments trading below our estimate of their intrinsic values. This enabled us to further concentrate the portfolio in the highest conviction ideas, such that the weight of our top 10 positions increased from 47.6% at the end of 2020 to 51.1% at the end of the first quarter, with our top 20 holdings rising from 77.8% of the Fund to 79.0%. Our biggest addition in the quarter was **Facebook, Inc.**, the world's largest social network with 2.6 billion daily active users (across its family of products including Facebook, Instagram, WhatsApp, and Messenger). Facebook continues to benefit from its leading position in providing global advertisers targeted marketing capabilities at scale. This core business should help Facebook sustain solid growth rates at high incremental margins (since the cost of an additional ad is close to zero for Facebook). Additionally, we believe Facebook has substantial future monetization optionality across its various assets including: Instagram, WhatsApp, video tools such as Watch and IG TV, as well as its growing e-commerce solution suite.

Table VI.
Top net sales for the quarter ended March 31, 2021

	Quarter End Market Cap or Market Cap When Sold (billions)	Amount Sold (thousands)
AstraZeneca PLC	$131.4	$598.7
Charter Communications, Inc.	134.7	40.7

We exited our position in **AstraZeneca PLC**, a multi-national pharmaceutical company focused on development and commercialization of drugs in the oncology, respiratory, cardiometabolic and inflammation areas. Despite AstraZeneca's solid growth profile, it has suffered what we perceive to be irreparable reputational damage from its COVID-19 vaccine efforts that will likely take years to repair. Moreover, we were unsure about the recent transformational $39 billion acquisition of Alexion, which was done despite AstraZeneca's organic growth runway and have therefore decided to move on. We also slightly trimmed our **Charter Communications, Inc.** position and reallocated to higher conviction ideas.

Outlook

To the uninitiated, the markets' continued march higher may appear to be "more of the same." However, the recent changes in market leadership have been unfavorable to the kinds of businesses that we tend to prefer. We are not that concerned with the much talked about "reopening" trade, though it presents obvious headwinds. The more important development, in our view, is the steady rise in interest rates. The yield on the 10-year U.S. Treasury bond moved from around 0.7% six months ago to 1.7% by the end of March. Why is this important? Well, besides offering a bit of an alternative to savers for the first time in a long time, higher interest rates make fast growing companies more expensive since their future earnings must be discounted back at higher rates. While this dynamic is a headwind to all equities, our companies tend to be later in their growth lifecycles and so would be less impacted (since a higher percentage of their free cash flow is generated sooner than for faster growing businesses). Having said that, we think some perspective here is in order. Jerome Powell, the Chairman of the Federal Reserve, in his most recent comments said that the Fed intends to keep short-term interest rates low until *at least* 2023. And as the saying goes, "do not fight the Fed," especially when the Federal government is helping with the fiscal stimulus. This should help support equities.

In any case, we think rotations, pull backs, and corrections are generally necessary and healthy, and they often create attractive opportunities for long-term investors like ourselves. We continue to focus on the quality of our decisions, and on taking what we believe are high percentage shots. Our goal continues to be, to generate 100bps to 200bps of alpha per year, over the Index and peers, net of all fees and expenses, over a three-to-five-year cycle, while minimizing risk, which we define as the probability of a permanent loss of capital. Of course, there can be no assurance that we will achieve our goals.

Every day we live and invest in an uncertain world. Well-known conditions and widely anticipated events, such as Federal Reserve rate changes, ongoing trade disputes, government shutdowns, and the unpredictable behavior of important politicians the world over, are shrugged off by the financial markets one day and seem to drive them up or down the next. We often find it difficult to know why the market participants do what they do over the short term. The constant challenges we face are real and serious, with clearly uncertain outcomes. History would suggest that most will prove passing or manageable. The business of capital allocation (or investing) is the business of taking risk, managing the uncertainty, and taking advantage of the long-term opportunities that those risks and uncertainties create. We are confident that our process is the right one, and we believe that it will enable us to make good investment decisions over time.

Our goal is to invest in large-cap companies with, in our view, strong and durable competitive advantages, proven track records of successful capital allocation, high returns on invested capital, and high free cash flow generation, a significant portion of which is regularly returned back to shareholders in the form of dividends or share repurchases. It is our belief that investing in great businesses at attractive valuations will enable us to earn excess risk-adjusted returns for our shareholders over the long term. We are optimistic about the prospects of the companies in which we are invested and continue to search for new ideas and investment opportunities.

Sincerely,

Alex Umansky
Portfolio Manager
April 20, 2021

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 its distributor, Baron Capital, Inc., by calling 1-800-99BARON or visiting www.BaronFunds.com. Please read them carefully before investing.

Risks: The Fund invests primarily in large cap equity securities which are subject to price fluctuations in the stock market. 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 managers 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 Fifth Avenue Growth Fund by anyone in any jurisdiction where it would be unlawful under the laws of that jurisdiction to make such offer or solicitation.

Alpha measures the difference between a fund's actual returns and its expected performance, given its level of risk as measured by beta. **Beta** measures a fund's sensitivity to market movements. The beta of the market is 1.00 by definition.

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

Baron Real Estate Income Fund

Dear Baron Real Estate Income Fund Shareholder:

We are pleased to report that the Baron Real Estate Income Fund (the "Fund") generated strong performance for the most recent quarter ended March 31, 2021.

During this period, the Fund gained 7.58% (Institutional Shares), modestly underperforming the MSCI US REIT Index (the "REIT Index"), which appreciated 8.50%.

Baron Real Estate Income Fund Cumulative Return Since Inception
(December 29, 2017 through March 31, 2021)

- **Baron Real Estate Income Fund: 59.85%**
- MSCI US REIT Index: 15.98%

The Fund's average annual return (net of fees) since inception is 15.53% vs. 4.67% for the REIT Index.

We are also pleased to report that as of March 31, 2021, the Fund received a **5-star Overall Morningstar Rating**.

The Fund achieved the following rankings within the Morningstar Real Estate Category:

- **3-year performance**: Ranked in the top 2% of all real estate funds for its 3-year performance
- **1-year performance**: Ranked in the top 8% of all real estate funds for its 1-year performance

JEFFREY KOLITCH

PORTFOLIO MANAGER

Retail Shares: BRIFX
Institutional Shares: BRIIX
R6 Shares: BRIUX

We will address the following topics in this letter:

- A chronicle of our active management of the Fund
- Investing prospects for the Baron Real Estate Income Fund and REITs (*preview:* we remain bullish)
- Our investment themes and portfolio composition
- The performance of the Fund in a rising interest rate environment (*preview*: strong historical performance)
- Our concluding thoughts and observations

As of 3/31/2021, the Morningstar Ratings™ were based on 225 share classes for the 3-year and Overall periods. The Baron Real Estate Fund received 5 Stars for both periods. The Morningstar Ratings are for the Institutional Share Class only; other classes may have different performance characteristics.

As of 3/31/2021, the Morningstar Real Estate Category consisted of 248 and 225 share classes for the 1 and 3-year periods. Morningstar ranked Baron Real Estate Income Fund in the 8th and 2nd percentiles for the 1 and 3-year periods, respectively.

Morningstar calculates the Morningstar Real Estate 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.

The **Morningstar Rating™** for funds, or "star rating", is calculated for managed products (including mutual funds, variable annuity and variable life subaccounts, exchange-traded funds, closed-end funds, and separate accounts) with at least a three-year history. Exchange-traded funds and open-ended mutual funds are considered a single population for comparative purposes. It is calculated based on a Morningstar Risk-Adjusted Return measure that accounts for variation in a managed product's monthly excess performance, placing more emphasis on downward variations and rewarding consistent performance. The Morningstar Rating does not include any adjustment for sales loads. The top 10% of products in each product category receive 5 stars, the next 22.5% receive 4 stars, the next 35% receive 3 stars, the next 22.5% receive 2 stars, and the bottom 10% receive 1 star. The Overall Morningstar Rating for a managed product is derived from a weighted average of the performance figures associated with its three-, five-, and 10-year (if applicable) Morningstar Rating metrics. The weights are: 100% three-year rating for 36-59 months of total returns, 60% five-year rating/40% three-year rating for 60-119 months of total returns, and 50% 10-year rating/30% five-year rating/20% three-year rating for 120 or more months of total returns. While the 10-year overall star rating formula seems to give the most weight to the 10- year period, the most recent three-year period actually has the greatest impact because it is included in all three rating periods.

BARON FUNDS 1987

Table I.
Performance
For periods ended March 31, 2021

	Baron Real Estate Income Fund Retail Shares[1,2]	Baron Real Estate Income Fund Institutional Shares[1,2]	MSCI US REIT Index[1]
Three Months[3]	7.48%	7.58%	8.50%
One Year	55.88%	56.17%	36.13%
Three Years	19.17%	19.36%	8.18%
Since Inception (December 29, 2017)	15.32%	15.53%	4.67%
Since Inception (December 29, 2017) (Cumulative)	58.92%	59.85%	15.98%

A CHRONICLE OF OUR ACTIVE MANAGEMENT OF THE FUND

2020 was a particularly active year for our management of the Fund due to the acceleration and emergence of headwinds and tailwinds in certain segments of real estate, the unprecedented economic and social lockdown, and the resulting stock market volatility.

Our decision to implement a more active and aggressive portfolio management playbook than our more typical Baron lower turnover approach produced strong performance results in an extremely challenging and unpredictable year for numerous categories of real estate.

In 2020, the Fund's 22.30% gain, measured favorably against the 8.70% decline of the REIT Index.

In the last few months of 2020 and the first few months of 2021, **we have maintained our elevated active approach of managing the Fund in preparation for this year and the years ahead**.

Though the Fund's long-term investment philosophy remains the prioritization of best-in-class REITs and a much smaller weighting to non-REIT real estate-related growth companies, in recent months we implemented a barbell approach to the Fund's portfolio construction that includes a more balanced mix between best-in-class REITs and non-REIT real estate-related growth and value companies.

We believe our current barbell approach is prudent because COVID-19 led to a wide disparity in share price performance and valuation for several REIT and non-REIT real estate companies.

We have maintained the Fund's investments in competitively advantaged best-in-class REITs and non-REIT real estate companies with long runways for growth. Examples include:

- **Prologis, Inc., American Tower Corp., Equinix, Inc., Invitation Homes, Inc., Alexandria Real Estate Equities, Inc., Equity Lifestyle Properties, Inc., and Rexford Industrial Realty, Inc.**

We have also acquired shares in several REITs and non-REITs that are attractively valued and are "on sale." Examples include:

- **Douglas Emmett, Inc., Simon Property Group, Inc., Vornado Realty Trust, American Assets Trust, Inc., Equity Residential, and Kennedy-Wilson Holdings, Inc.**

In our 2020 fourth quarter letter, we stated that we believed the valuation gap between the 2020 real estate "laggards" and "winners" would narrow if economic activity improved in 2021. This process has begun. In the first quarter, the share prices of many of the 2020 laggards increased sharply (see "Table II") and the share prices of several 2020 winners declined (see "Table III").

Table II.
Examples of 2020 laggards as of March 31, 2021

	2020 Return	YTD 2021 Return
Vornado Realty Trust	–40.47%	23.18%
Simon Property Group, Inc.	–38.95	33.41
American Assets Trust, Inc.	–34.96	13.23
Douglas Emmett, Inc.	–30.88	8.54
Park Hotels & Resorts Inc.	–30.06	25.83
Pebblebrook Hotel Trust	–29.67	29.25
Equity Residential	–23.53	21.84
Host Hotels & Resorts, Inc.	–19.75	15.17
Welltower Inc.	–17.49	11.84
Kennedy-Wilson Holdings, Inc.	–14.99	14.18

Performance listed in the above table is net of annual operating expenses. Annual expense ratio for the Retail Shares and Institutional Shares as of December 31, 2020 was 4.40% and 3.45%, respectively, but the net annual expense ratio was 1.05% and 0.80% (net of the Adviser's fee waivers), 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 Adviser reimburses certain Baron Fund expenses pursuant to a contract expiring on August 29, 2031, 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 www.BaronFunds.com or call 1-800-99BARON.

1 The **MSCI US REIT Index** is a free float-adjusted market capitalization index that measures the performance of all equity REITs in the US equity market, except for specialty equity REITs that do not generate a majority of their revenue and income from real estate rental and leasing operations. MSCI is the source and owner of the trademarks, service marks and copyrights related to the MSCI Indexes. MSCI is a trademark of Russell Investment Group. The index and the Fund include reinvestment of interest, capital gains and dividends, which positively impact the performance results. The index is unmanaged. The index performance is not Fund performance; one cannot invest directly into 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 Not annualized.

Table III.
Examples of 2020 winners as of March 31, 2021

	2020 Return	YTD 2021 Return	Percent Change from YTD 2021 High Price
GDS Holdings Limited	81.54%	–13.40%	–29.92%
Brookfield Renewable Partners L.P.	80.80	–0.31	–13.42
Equinix, Inc.	24.23	–4.43	–11.58
SBA Communications Corp.	17.82	–1.39	–1.78
CoreSite Realty Corporation	16.39	–3.34	–13.72
Alexandria Real Estate Equities, Inc.	13.25	–7.21	–7.81

We also said that if the extreme valuation gap between the 2020 real estate winners and laggards narrows over the course of 2021, we would likely reorient the Fund's holdings, once again, toward best-in-class REIT and non-REIT real estate growth companies. Following the sharp divergence in year-to-date performance between real estate value and real estate growth stocks, the risk-reward prospects have started to become more favorable for growth REITs and non-REIT real estate companies.

We continue to believe, however, that maintaining a mix of value and growth real estate stocks is prudent. We expect several real estate growth stocks may begin to perform better in the months ahead given the recent correction in share prices and our expectation for the continuation of strong business results. We also maintain our positive view on real estate value stocks for the following reasons:

- Several 2020 real estate laggards remain attractively valued and "on sale."
- The business results of many of the 2020 real estate laggards–such as office, mall, hotel, and commercial real estate services companies–should improve disproportionately as economic activity rebounds.
- Attractively valued and economically sensitive companies may continue to perform well if interest rates continue to rise.

Unlike passive real estate strategies that replicate a real estate index by owning the entire universe of public real estate companies regardless of the return prospects for individual companies, ***we will continue to actively manage our real estate fund by prioritizing companies with attractive return prospects while de-emphasizing companies with unappealing return prospects***.

Our actively managed approach to investing in real estate has yielded strong long-term results. Since the launch of the Fund more than three years ago on December 29, 2017, the Fund has increased 59.85% cumulatively (net of fees) which compares favorably to the performance of the largest real estate passive strategy, the Vanguard Real Estate ETF ("VNQ"), which increased 25.59%.

Our team remains driven to continue to produce strong long-term results for our shareholders. We will stay vigilant, adaptive, and active regarding the management of the Fund.

INVESTING PROSPECTS FOR THE BARON REAL ESTATE INCOME FUND AND REITS

We continue to believe now is an attractive time to invest in many REITs and the Fund.

1. **We see an unusual tactical buying opportunity.**

   In 2020, the REIT Index significantly underperformed the broader market by a wide margin–27.10%. It declined 8.70% while the S&P 500 Index gained 18.40%.

   REITs have now underperformed the S&P 500 Index for six consecutive years!

   We continue to believe there is a tactical opportunity to acquire shares in several quality REITs. The share prices of these companies have, in our opinion, overshot to the downside and continue to offer compelling value.

   We expect the dislocation in the share prices of several REITs will continue to reverse in 2021 as COVID-19 vaccinations are widely administered and economic activity resumes.

2. **Many REITs are cheap.**

   We believe many REITs are cheap versus stocks, bonds, and private real estate alternatives.

   REITs relative to other equity alternatives

   In 2020, the S&P 500 Index ended the year up 18%, the NASDAQ Composite Index up 45%, and global equities (as defined by the MSCI ACWI Index) ended the year up 16%.

   Much of real estate, however, lagged. Several apartment, hotel, office, mall, shopping center, and other REITs declined 20% to 40% this past year in large part due to the pandemic-induced economic downturn.

   In our opinion, the businesses of many of these companies are cyclically depressed, not secularly challenged, and will recover when economic conditions improve.

   Further, the valuation disparity between several real estate securities and other non-real estate stocks remains, in our opinion, extreme. The REIT Index, for example, is priced at a discounted valuation multiple relative to the S&P 500 Index for the first time since 2009!

   As such, ***we believe the return potential of several segments of real estate is attractive relative to many equity alternatives.***

   Real estate relative to bonds

   We continue to believe segments of commercial real estate will remain an attractive surrogate for traditional fixed income investments given strong demand for income-producing assets and historically low global fixed income rates.

   Real estate has historically been priced to deliver unlevered returns that: (i) exceed the yields on BAA-rated corporate bonds by about 200 basis points; and (ii) approximate the yields on high-yield bonds. According to data provided by *Greenstreet*, real estate is currently priced at a 280-basis point yield premium to BAA corporate bonds versus a 35-year average of 198 basis points. Further, real estate is priced at a 210-basis point premium to high-yield bonds versus a 35-year average of no premium.

   And, so, ***REITs, in our opinion, are attractively valued versus bonds.***

   Public real estate relative to real estate in the private market

   We believe there is a compelling arbitrage opportunity in the public real estate market relative to the private market.

   With last year's sharp correction in several real estate stocks, the valuations of recent private market real estate transactions indicate that it remains notably cheaper to buy certain segments of real estate in the public market than in the private market.

3. **We believe the multi-year business prospects for several REIT categories are promising.**

   Several REIT segments are experiencing tailwinds that are resulting in an acceleration in business fundamentals–industrial warehouse REITs, data center and wireless tower REITs, manufactured housing, single-family home rentals, cold storage companies, and life sciences real estate REITs.

   The growth in online sales as businesses and consumers relentlessly seek faster delivery bodes well for industrial warehouse REITs.

   The rapid transition to home-based consumer and commercial activity (online shopping, video streaming, working from home with computer screen meetings and conferencing) should benefit data center and wireless tower REITS due to the need to store a greater library of data to conduct and support these virtual online meetings and the need for a greater number of antennae rental space on towers.

   Strong demand for affordable housing should benefit manufactured housing REITs. A desire by households to rent homes in suburbs rather than rent apartments in cities or purchase homes should benefit single-family rental REITs. The acceleration in "e-grocery" penetration should benefit cold storage warehouse REITs, and an increase in funding for health care drug development bodes well for life sciences real estate REITs.

4. **The real estate cycle has reset.**

   Most real estate cycles tend to last five to seven years, then correct for one to two years, and then a new cycle begins.

   Key factors that often serve as tailwinds at the onset of a real estate cycle and then reverse course and become headwinds during the later stages of a real estate cycle include: interest rates, mortgage rates, central bank policy, inflation, economic growth, residential and commercial construction activity, corporate balance sheet liquidity and debt levels, and the credit markets.

   Following the sharp decline in global economic activity in 2020, ***we believe the U.S. real estate cycle has reset and is in the early stages of what we anticipate will be a multi-year recovery***.

   In our opinion, several ingredients are in place that will serve as tailwinds and contribute to an improvement in business performance for a large segment of both commercial and residential real estate in the next few years. A sampling of the ingredients includes:

   - Historically low interest rates

     The 10-Year U.S. Treasury yield currently stands at 1.74% versus its 50-year average of 6.17%!

   - Record low mortgage rates

     The 30-year U.S. fixed mortgage rate of 3.17% compares favorably to its long-term average rate of 7.88%!

   - Accommodative central bank policy

     The Federal Reserve continues to signal that it intends to keep interest rates near zero through 2023.

   - Subdued consumer price inflation

     Inflation remains relatively benign and may remain subdued due to technological advances.

   - An improving economic growth outlook

     Following a sharp economic correction early in 2020, recent economic and corporate results confirm that the global economy is rebounding. We believe a new economic expansion has begun and most economic cycles last five to seven years.

   - Modest levels of commercial construction activity

     COVID-19 and the slowdown in economic growth contributed to a moderation in commercial construction activity in 2020. Modest commercial inventory levels should serve to buttress rents and real estate values.

   - Healthy corporate balance sheets

     Corporate balance sheets are generally in solid shape with ample cash, appropriate debt levels, and staggered debt maturities.

   - The share prices and valuations of several REITs and other real estate-related companies remain depressed

     Valuations are reasonable especially relative to interest rates and many other investment alternatives.

5. **Strong investor appetite for yield**

   As interest rates and bond yields remain at low levels, we believe the search for income-producing securities will stoke strong investment interest in dividend-focused securities like REITs and yield-oriented funds like REIT funds.

   The 3.4% dividend yield of the REIT Index far exceeds the 1.74% yield of the U.S. 10-year Treasury, the 1.5% yield of the S&P 500 Index, and numerous other income alternatives.

   Also, we expect REIT dividends to grow and be reinstated if cash flows improve in 2021.

6. **Diversification benefits**

   According to FactSet, over the last 20 years (through 12/31/2020), REITs have provided diversification benefits due to their low correlation relative to stocks (0.66 versus S&P 500 Index) and bonds (0.21 versus Bloomberg Barclays U.S. Aggregate Index).

7. **Significant private equity capital targeted for real estate provides a valuation floor**

   We think real estate merger and acquisition activity may rebound in 2021.

   It is estimated that approximately $344 billion of capital has now been raised by private equity sources to invest in real estate, which equates to approximately $1.1 trillion of total real estate purchasing capacity, assuming typical 70% financing.

8. **Partial inflation hedge**

   Well-located real estate in supply-constrained geographies is often able to provide investors with a partial hedge against inflation and a good protection of value (i.e., an ability to raise rents to offset higher operating costs). The price of a property can be measured in relation to the replacement value (current cost of land, materials, and labor that would be required to build a replacement). Since replacement costs tend to rise with inflation, real estate is often viewed as an effective hedge against inflation.

9. **Additional favorable REIT considerations**

- *Improving and contracted cash flows*

  We anticipate that the following should lead to improving cash flow growth in 2021:

  - a recovery in operating fundamentals;
  - the refinancing of debt at lower interest rates; and
  - acquisitions and development

  Further, most REITs provide strong earnings visibility due to the documented nature of cash flows that are under contract or lease.

- *High-quality real estate portfolios*

  Over the last decade, REITs have generally acquired higher-quality real estate assets while culling out lower-quality assets.

- *Stronger balance sheets versus a decade ago*

  Most REITs maintain suitable levels of debt, have high levels of liquidity, and minimal debt maturities in the next few years.

- *Historically low financing costs*

  Interest rates are likely to remain at historically low levels, which is unequivocally bullish for real estate. Low borrowing costs may lead to advantageous refinancing and investment opportunities.

- *New construction activity remains at reasonable levels*

  New construction activity has moderated due to increased construction and labor costs. This serves to buttress real estate values.

OUR 2021 INVESTMENT THEMES AND PORTFOLIO COMPOSITION

We continue to prioritize three investment themes for 2021.

1. COVID-19 recovery beneficiaries
2. REITs that specialize in providing technology facilities and services
3. Niche REITs

1. **COVID-19 recovery beneficiaries**

This investment theme encompasses what we call the "epicenter" REITs and non-REIT real estate companies of the 2020 pandemic.

Last year, certain REITs and other real estate-related businesses that rely on the assembly of people were severely impacted by COVID-19 as they were forced to shut down all or a large part of operations almost without exception. The share prices of many of these companies declined last year and remain well below peak prices.

Examples of COVID-19 recovery beneficiaries include the following real estate categories:

- Hotel REITs
- Office REITs
- Apartment REITs
- Gaming REITs
- Mall REITs
- Shopping Center REITs
- Health Care REITs
- Other REITs
- Casinos & gaming operators
- Real estate operating companies

Most of the real estate businesses that we are prioritizing are cyclically depressed, but not secularly challenged. Consequently, we expect the cash flows of many of these real estate businesses to rebound significantly as people become inoculated with COVID-19 vaccines and normalized economic activity resumes.

Despite a recent rebound in the share prices of many of the "COVID-19 recovery beneficiaries," we believe several companies remain discounted to their two- to three-year prospective values. Examples include:

Hotel REITs: **Host Hotels & Resorts, Inc.**

Office REITs: **Douglas Emmett, Inc.**, **Vornado Realty Trust**, **Boston Properties, Inc.**, and **American Assets Trust, Inc.**

Apartment REITs: **Equity Residential**

Gaming REITs: **MGM Growth Properties LLC** and **Gaming and Leisure Properties, Inc.**

Mall REITs: **Simon Property Group, Inc.**

Health Care REITs: **Welltower Inc.**

Other REITs: **STORE Capital Corporation**

Casinos & gaming operators: **Las Vegas Sands Corporation**, **Red Rock Resorts, Inc.**, **Wynn Resorts Ltd.**, and **Penn National Gaming, Inc.**

Real estate operating companies: **Kennedy-Wilson Holdings, Inc.** and **Brookfield Infrastructure Partners L.P.**

On March 31, 2021, COVID-19 recovery beneficiary companies represented 46.2% of the Fund's net assets.

Table IV.
COVID-19 recovery beneficiaries as of March 31, 2021

	Percent of Net Assets
Casinos & Gaming Operators	12.7%
Office REITs	7.2
Real Estate Operating Companies	6.2
Hotel REITs	5.0
Hotel & Timeshare Operators	4.9
Mall REITs	2.9
Apartment REITs	2.2
Health Care REITs	1.8
Other REITs	3.3
Total	46.2%

2. **REITs that specialize in providing technology facilities and services**

Several technology-related REITs performed well in 2020. We noted in our 2020 fourth quarter letter that valuations were generally less compelling than one year ago and the performance of the stocks may underperform in the near term relative to laggard REIT categories that should benefit if economic growth accelerates in 2021. This has occurred in the first quarter of 2021. We also cited that we remain bullish on the long-term prospects for several real estate technology companies.

The impact of technology on real estate is undeniable. The growth in cloud computing, the internet, mobile data and cellphones, and wireless infrastructure are powerful secular drivers that should continue unabated for years and are impacting real estate, along with many other industries. At Baron, we refer to these types of enduring developments as "megatrends."

If anything, the pandemic has accelerated these secular trends as more people conduct business, leisure, residential, and commercial activities online.

Real estate-related companies that embrace and adopt the latest technological advances and innovations remain an important focus for us. Key beneficiaries of the technology revolution include data center REITs, wireless tower REITs, and industrial REITs, among others.

Data Center REITs:

Our data center REITs (**Equinix, Inc.** and **CoreSite Realty Corporation**) are benefiting from the meteoric growth in the outsourcing of information technology, increased cloud computing adoption, and the growth in U.S. mobile data and internet traffic.

The rapid transition to a world of "computer screen meetings and conferencing" should also benefit data centers due to the need to store a greater library of data to conduct and support these virtual online meetings.

Wireless Tower REITs:

Our tower REITs (**American Tower Corp.**, **SBA Communications Corp.**, and **Crown Castle International Corp.**) are, in our view, positioned to grow for several years as the demand for data intensive devices accelerates, and new wireless technologies continue to emerge and improve.

New technological innovations and greater data demand require a greater number of antennae rental space that will continue to benefit tower companies. Like data centers, we expect wireless towers to continue to benefit from increased home-based consumer and commercial activity (online shopping, video streaming, and working from home).

Industrial REITs:

We expect business conditions for the Fund's industrial REIT holdings (**Prologis, Inc.**, **Rexford Industrial Realty, Inc.**, **Terreno Realty Corporation**, and **Duke Realty Corporation**) to remain strong for several years.

Each of these companies is expected to continue to benefit from robust warehouse demand and increased rents. This is due, in part, to broader e-commerce needs resulting from the accelerated growth of online sales as businesses and consumers relentlessly seek faster delivery.

On March 31, 2021, REITs and non-REIT technology-related real estate companies that we expect to directly benefit from long-term technology growth currently represent approximately 24.4% of the Fund's net assets.

Table V.
Technology-related real estate companies as of March 31, 2021

	Percent of Net Assets
Industrial REITs	9.3%
Wireless Tower REITs	7.1
Data Center REITs	5.2
Non-REIT Technology-Related Real Estate Companies	2.8
Total	24.4%

3. Niche REITs

The Fund continues to see opportunities in some unconventional or niche REITs that we believe have the potential to grow faster than a number of traditional or mainstream REITs such as malls, shopping centers, offices, apartments, and self-storage REITs.

We believe some niche REITs may benefit from their outsized exposure to secular demand trends and/or reduced exposure to cyclical weaknesses such as elevated construction activity and excess supply witnessed in some traditional REITs.

Niche REITs that we favor include:

Manufactured Housing REITs:

We expect our two premier manufactured housing companies in this niche REIT category, **Equity Lifestyle Properties, Inc.** and **Sun Communities, Inc.**, to continue to benefit from favorable demand/supply dynamics.

These companies are the prime beneficiaries of strong demand from budget-conscious home buyers such as retirees and millennials. Demand for these homes is outstripping supply, in part due to high barriers of entry, such as local governmental approvals and certain other factors. Both companies have superior prospects for long-term cash flow growth, plus lower capital expenditure needs than most other REIT categories.

In the aftermath of the economic impact from the Coronavirus, we expect demand for both affordable housing and recreational vehicles to accelerate.

Life Sciences REITs:

Alexandria Real Estate Equities, Inc. is the leading owner, operator, and developer of collaborative life sciences office real estate campuses. We anticipate that additional life sciences office space may be required as more funding is directed towards drug development and as pharmaceutical and biotechnology companies increase their budgets for research and development.

Cold Storage REITs:

Americold Realty Trust is a leading owner, operator, and developer of temperature-controlled warehouses with the largest portfolio of temperature-controlled warehouses globally. We believe the company is well-positioned to deliver superior growth versus most REITs because of its ability to improve occupancy and rents in its current portfolio, exploit and develop its own real estate pipeline, and to acquire additional temperature-controlled warehouses.

Americold is also poised to benefit from an acceleration in e-grocery penetration as grocery stores recognize the increased need for additional automated cold storage facilities to streamline inventory replenishment, largely resulting from the rapid increase in consumer food delivery.

Single-Family Rental REITs:

We are bullish on the prospects for our investment in the single-family rental REIT category (**Invitation Homes, Inc.** and **American Homes 4 Rent**) because we believe the demand outlook for single-family home rentals should continue to outstrip supply, thereby creating a favorable backdrop for strong rent and cash flow growth.

We expect this niche REIT category to continue to benefit from constrained home ownership affordability, high student debt burdens, the preference for flexibility with renting, and the possibility that, in the aftermath of the Coronavirus, more people may opt for single-family rentals rather than multi-family dwellings.

Triple Net REITs:

Our gaming REITs (**MGM Growth Properties LLC** and **Gaming and Leisure Properties, Inc.**) own quality casino and gaming real estate properties. Both have attractive and well-covered dividends, accretive acquisition growth opportunities, and are, in our opinion, compelling investments.

On March 31, 2021, niche REITs represented approximately 22.7% of the Fund's net assets.

Table VI.
Niche REITs as of March 31, 2021

	Percent of Net Assets
Manufactured Housing REITs	5.6%
Single-Family Rental REITs	5.4
Triple Net REITs	4.9
Life Sciences REITs	2.6
Cold Storage REITs	1.5
Other REITs	2.7
Total	22.7%

Baron Real Estate Income Fund currently has investments in several REIT categories and non-REIT real estate companies. Our percentage allocations to these categories vary, and they are based on our research and assessment of opportunities in each category (see Table VII below).

Table VII.
Fund investments in REIT categories as of March 31, 2021

	Percent of Net Assets
Non-REIT Real Estate Companies	26.6%
Industrial REITs	9.3
Other REITs	8.5
Office REITs	7.2
Wireless Tower REITs	7.1
Triple Net REITs	6.5
Manufactured Housing REITs	5.6
Single-Family Rental REITs	5.4
Data Center REITs	5.2
Hotel REITs	5.0
Mall REITs	2.9
Multi-Family REITs	2.2
Unclassified	2.1
Health Care REITs	1.8
Self-Storage REITs	1.3
Cash and Cash Equivalents	3.3
Total	100.0%

THE PERFORMANCE OF THE FUND IN A RISING INTEREST RATE ENVIRONMENT

We are mindful that interest rates are currently a top-of-mind topic.

Since bottoming at a historic low of only 0.50% on March 9, 2020, the U.S. 10-year Treasury yield has responded to the double-barrel of extremely accommodative fiscal and monetary policy, a steady improvement in economic growth, and a rise in inflation by increasing to 1.74% on March 31, 2021.

While falling interest rates tend to lower the return on assets investors demand and contribute to the rise in REIT and non-REIT real estate prices (i.e., REIT capitalization rates compress), an increase in interest rates has the potential to be a source of vulnerability for the prices of certain REITs and non-REIT real estate stocks (i.e., REIT capitalization rates increase).

Further, the relative appeal of REIT dividends may diminish in a rising interest rate environment.

Our additional observations regarding interest rates are as follows:

1. **No one has a crystal ball**

   Although we are always mindful of the macroeconomic environment, we do not base our investment decisions on macro forecasts.

   Macro forecasts such as for the direction of interest rates, inflation, the U.S. dollar, and economic growth tend to be hit or miss.

   The events of 2020 are a case in point. We are confident that the onset of a global pandemic, a recession, the collapse in interest rates, and the largest ever decline in the S&P 500 Index in a 4 ½ week period (the S&P 500 Index fell 34% from February 19, 2020 to March 23, 2020) were not on the radar of the 2020 macro forecasters.

   We have cited on several occasions that we agree with Howard Marks, Co-Chairman of Oaktree Capital Management, who believes that successful macro forecasters are "few and far between." In the past, he has noted that:

   - No one knows with clarity the events that are going to transpire.
   - No one knows what the market's reaction to those events will be.

2. **Strong performance track record in declining and rising interest rate environments**

   Since inception on December 29, 2017, the Fund has generated strong performance in declining and rising interest rate environments.

   Declining interest rate environments

   The 10-year U.S. Treasury yield has decreased from 2.41% to 1.74% since the launch of the Fund more than three years ago through March 31, 2021. During this declining interest rate environment, the Fund has increased 59.85% (net of fees), outperforming the REIT Index, which was up 15.98%, by a wide margin.

   In early 2020, when the 10-year U.S. Treasury yield fell sharply from 1.92% to a low of 0.50% on March 9, 2020, the Fund declined 9.16% (net of fees), yet outperformed the REIT Index which declined by 11.56%.

   Rising interest rate environments

   Since bottoming at 0.50% on March 9, 2020, the 10-year Treasury yield has increased 124 basis points to 1.74% as of March 31, 2021. During this period of rising interest rates, the Baron Real Estate Income Fund increased 44.85% on a cumulative basis, which compares favorably to the 12.00% gain of the REIT Index.

3. The playbook for a rising interest rate environment

- The Fund may utilize its "playbook" for an environment of accelerated economic and business growth and rising interest rates. Our Baron playbook entails five strategies. They include:
- Carefully reviewing and updating our allocations to REITs and other dividend-yielding securities. Higher yields can limit the attractiveness of dividend stocks such as REITs (although that is not always the case).
- Focusing on short lease duration REITs and non-REIT real estate companies such as hotels that can re-price more often, grow faster, and better offset increases in interest rates.
- Emphasizing real estate-related companies and sectors that will most likely benefit from an improvement in the economy.
- Owning REITs and non-REIT real estate companies with compelling growth prospects, including organic growth (cyclical and/or secular) and external growth (development projects and acquisition prospects).
- Investing in companies with strong balance sheets that are less sensitive to interest rate increases.

Our playbook for a rising interest rate environment may require modifications because every market environment is distinct. For example, the share prices of many REITs declined sharply in 2020 despite the drop in interest rates. And, as interest rates have increased in the first few months of 2021, the share prices of many REITs have rebounded sharply.

OUR CONCLUDING THOUGHTS AND OBSERVATIONS

In 2018, Morgan Stanley published a report titled *"The End of Easy."* In that report, the authors noted that the stock market performance in the prior nine years had exceeded the performance of the economy due to multiple positive tailwinds that included low inflation, historically low interest rates, and positive U.S. policy catalysts (e.g., tax reform).

Looking forward, however, the authors predicted that ***"the end of easy"*** stock market performance may be approaching, as the positive effects of moderate growth, low inflation, low interest rates, and an accommodative Fed (the goldilocks environment) start to moderate. The essence of the report was that when this occurs, the economy may outperform the stock market.

Fast forward to 2020 and 2021. Last year, the share price performance of several companies exceeded the performance of the economy. And now, in 2021, perhaps the "end of easy" has arrived once again. Recent reports regarding job growth, consumer confidence, and consumer spending have all been quite strong. Economic growth is accelerating. Interest rates and inflation have been increasing in response to strong economic data. In the first quarter, stock market volatility and the wide divergence in company share price performance portends that it will be trickier to navigate the investing landscape in the months ahead.

We continue to be of the view, however, that no one has a crystal ball regarding how macroeconomic changes, political events, and central bank actions may unfold, and what the market's reaction will be to those events.

Our antenna will remain up. We will continue to monitor those factors that influence real estate most directly such as construction activity, demand prospects, lending practices, interest rates and credit spreads, bank liquidity, and valuations. We also weigh macro dynamics that could impact certain segments of real estate such as economic growth, inflation, interest rates, oil prices, and the strength of the U.S. dollar.

We continue to believe there are valid reasons for optimism:

- Widespread inoculation of COVID-19 vaccines is leading to an easing of mobility restrictions, an improvement in employment and economic growth.
- Corporate earnings have begun to bounce back, fueled by the release of consumer pent-up demand, improving profitability margins, and an increase in corporate investment activity such as mergers & acquisitions and share buybacks.
- The double barrel of exceptionally favorable monetary and fiscal support is aiding the economic recovery.
- Many companies and consumers have maintained record cash levels due to the uncertain outlook in 2020. Corporations and consumers have begun to spend more cash as economic and employment prospects improve. Various companies are increasing capital expenditures, pursuing mergers and acquisitions, repaying debt, and returning capital to shareholders in the form of dividends and share buybacks.
- The U.S. banking system has improved dramatically and is maintaining strong capital ratios. Substantial private capital is in pursuit of real estate and remains supported by widely available debt capital at low interest rates.

Although there are clear differences in the prospects for various residential and commercial real estate companies, **we continue to believe investment prospects for much of public real estate remain attractive:**

- The performance of several real estate companies lagged in 2020 largely due to the Coronavirus headwind that led to a sharp slowdown in business activity for hotels, urban apartment and office landlords, malls and shopping centers, casinos, and other real estate categories. Last year's real estate headwinds have begun to recede, and we expect this trend to continue in the months ahead.
- Several real estate companies remain "on sale" and are attractively valued relative to equity, fixed income, and private real estate alternatives.
- The real estate cycle has reset, and we believe the multi-year outlook is attractive fueled by improving prospects for demand, subdued construction inventory levels, strong and liquid balance sheets, and still historically low interest rates.
- Much of real estate was in the crosshairs of the pandemic in 2020 given the inability to of people to assemble. Looking forward, we expect real estate to be one of the key beneficiaries of an economic reopening.

We remain optimistic about the prospects for Baron Real Estate Income Fund.

- We continue to believe the Fund is comprised of quality companies.

  We have carefully and meticulously assembled a portfolio of REITs and non-REIT real estate companies that we believe should provide strong risk-adjusted returns.

  The businesses that we continue to own are well managed, have market-leading positions, possess quality balance sheets, own well-located real estate, and grow cash flow at faster rates than most of their peers.

  The businesses that we tend to emphasize also have unique competitive advantages, deliver compelling acquisition and development returns, and operate relatively capital efficient business models.

- We believe the Fund is structured to capitalize on compelling investment themes.

- Valuations for several REITs and non-REIT real estate segments remain compelling.

  The valuations for a portion of the Fund's real estate companies remain "on sale" at highly appealing prices.

- Classic REIT attributes such as yield will remain in demand.

  We expect investors to continue to search for yield in a low interest rate environment, and this should aid REITs, other dividend-yielding real estate companies, and real estate companies broadly.

Table VIII.
Top 10 holdings as of March 31, 2021

	Quarter End Market Cap (billions)	Quarter End Investment Value (millions)	Percent of Net Assets
Prologis, Inc.	$ 78.4	$2.1	4.7%
Las Vegas Sands Corporation	46.4	2.1	4.7
Red Rock Resorts, Inc.	3.8	1.7	3.7
Equinix, Inc.	60.7	1.7	3.7
Brookfield Infrastructure Partners L.P.	22.2	1.7	3.7
American Tower Corp.	106.2	1.6	3.6
Invitation Homes, Inc.	18.1	1.4	3.0
Simon Property Group, Inc.	37.3	1.3	2.9
Douglas Emmett, Inc.	5.5	1.3	2.9
Pebblebrook Hotel Trust	3.2	1.3	2.9

I sincerely thank you, our loyal shareholders, and express my utmost gratitude for your past and continuing support.

Of course, I proudly continue as a major shareholder of the Baron Real Estate Income Fund, alongside you.

Sincerely,

Jeffrey Kolitch

Jeffrey Kolitch
Portfolio Manager
April 20, 2021

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 its distributor, Baron Capital, Inc., by calling 1-800-99BARON or visiting www.BaronFunds.com. Please read them carefully before investing.

Risks: In addition to general market conditions, the value of the Fund will be affected by the strength of the real estate markets. Factors that could affect the value of the Fund's holdings include the following: overbuilding and increased competition; increases in property taxes and operating expenses; declines in the value of real estate; lack of availability of equity and debt financing to refinance maturing debt; vacancies due to economic conditions and tenant bankruptcies; losses due to costs resulting from environmental contamination and its related cleanup; changes in interest rates; changes in zoning laws, casualty or condemnation losses; variations in rental income; changes in neighborhood values; and functional obsolescence and appeal of properties to tenants. The Fund may not achieve its objectives. Portfolio holdings are subject to change. Current and future portfolio holdings are subject to risk.

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 managers 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.

The portfolio manager defines "**Best-in-class**" 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.

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

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

Dear Baron WealthBuilder Fund Shareholder:

Performance

Baron WealthBuilder Fund (the "Fund") rose in the first quarter of 2021 but trailed its benchmarks. The Morningstar Allocation 85%+ Equity Category Average (the "Peer Group") also performed better than the Fund over this period. The Fund increased 1.27% (Institutional Shares) in the quarter while the S&P 500 Index (the "Index") rose 6.17%. The MSCI ACWI Index and the Peer Group rose 4.57% and 6.30%, respectively.

Table I.
Performance
Annualized for periods ended March 31, 2021

	Baron Wealth Builder Fund Retail Shares[1,2]	Baron Wealth Builder Fund Institutional Shares[1,2]	Baron Wealth Builder Fund TA Shares[1,2]	S&P 500 Index[1]	MSCI ACWI Index[1]
Three Months[3]	1.18%	1.27%	1.22%	6.17%	4.57%
One Year	101.61%	102.31%	102.01%	56.35%	54.60%
Three Years	26.89%	27.20%	27.18%	16.78%	12.07%
Since Inception (December 29, 2017)	25.50%	25.78%	25.76%	15.12%	10.76%

The Fund's trailing 12-month absolute and relative performance was quite strong. This period follows the panic-induced selling at the start of the COVID-19 pandemic. Over the last 12 months, the Fund advanced 102.31%. This result compares very favorably to its benchmarks and Peer Group. The Index and MSCI ACWI Index gained 56.35% and 54.60%, respectively. The Peer Group rose 57.99% over this period.

MICHAEL BARON CO-PORTFOLIO MANAGER | RONALD BARON CEO AND PORTFOLIO MANAGER | Retail Shares: BWBFX Institutional Shares: BWBIX TA Shares: BWBTX

But it is not only during the prior year that the Fund had strong performance. Since its inception, Baron WealthBuilder Fund has an annualized return of 25.78%. The Fund ranks as the #1 fund in its Peer Group since its inception.

As of 3/31/2021, the Morningstar Allocation—85%+ Equity Category consisted of 160, 151, and 151 share classes for the 1-year, 3-year, and since inception (12/29/2017) periods. Morningstar ranked Baron WealthBuilder Fund in the 1st, 1st, and 1st percentiles, respectively. On an absolute basis, Morningstar ranked Baron WealthBuilder Fund Institutional Share Class as the 1st, 1st, and 1st best performing share class in its category for the 1-year, 3-year, and since inception (12/29/2017) periods, respectively. As of 3/31/2020, the annualized returns of the Morningstar Allocation—85%+ Equity Category Average were 57.99%, 11.77%, and 9.91% for the 1-year, 3-year, and since inception (12/29/2017) periods, respectively.

Morningstar calculates the Morningstar Allocation—85%+ Equity 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 account for management, administrative, and 12b-1 fees and other costs automatically deducted from fund assets.

Performance listed in the above table is net of annual operating expenses. Annual expense ratio for the Retail Shares, Institutional Shares, and TA Shares as of December 31, 2020 was 1.47%, 1.22%, and 1.22%, respectively, but the net annual expense ratio was 1.36%, 1.11%, and 1.11% (includes acquired fund fees of 1.06%, net of the Adviser's fee waivers), 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. BAMCO, Inc. ('BAMCO" or the "Adviser") has agreed that, pursuant to a contract expiring on August 29, 2031, unless renewed for another 11-year term, it will reimburse certain expenses of the Fund, limiting net annual operating expenses (portfolio transaction costs, interest, dividend, acquired fund fees and expenses and extraordinary expenses are not subject to the operating expense limitation) to 0.30% of average daily nest assets of Retail Shares, 0.05% of average daily net assets of Institutional Shares and 0.05% of average daily net assets of TA Shares, 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 www.BaronFunds.com or call 1-800-99BARON.

1 The **S&P 500 Index** measures the performance of 500 widely held large cap U.S. companies. The **MSCI ACWI Index** is an unmanaged, free float-adjusted market capitalization weighted index reflected in US dollars that measures the equity market performance of large- and mid-cap securities across developed and emerging markets. MSCI is the source and owner of the trademarks, service marks and copyrights related to the MSCI Indexes. MSCI is a trademark of Russell Investment Group. The indexes and the Fund include reinvestment of dividends, net of withholding taxes, which positively impact the performance results. The indexes are unmanaged. The index performance is not Fund performance; one cannot invest directly into 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 Not annualized.

BARON FUNDS 1987

Baron WealthBuilder Fund

We launched Baron WealthBuilder Fund because we believed allocating among various Baron Funds would provide the benefits of diversification without sacrificing returns. We created a single fund with underlying investments of varying market caps, geographies, sectors, and growth rates. Each underlying portfolio implements the consistent Baron Capital investment process and philosophy. And after more than three years, the approach has been successful.

We remain optimistic that the end of the COVID-19 pandemic is within sight. Vaccines are now in the process of being administered. The rollout has accelerated much faster than many had originally feared. Many jurisdictions are currently easing economic restrictions. Governments have continued to provide financial assistance to needy constituents. We believe this combination of effective vaccine distribution and financial assistance should continue until this pandemic has ended.

However, the waning pandemic has created a volatile period in the financial markets. Investors were quick to assess data on the vaccine rollout and attempt to infer when economic activity would return to “normal.” In January and February, it appeared that vaccine administration would be slow. Stocks of companies that had done well during the pandemic continued to appreciate. The Fund was up 4.06% in the first two months of the year. However, data in March led investors to believe more citizens would soon be vaccinated. A rotation in the market towards cyclical COVID-impacted businesses, which are underrepresented in the Fund, resulted in the Fund falling 2.68% in March.

As we have stated numerous times, we do not try to predict these events nor make inferences from limited data sets. Managers of the underlying funds did not alter their portfolios meaningfully to populate them with “work-from-home” businesses at the start of the pandemic, and they have not modified the portfolios significantly in favor of “reopening” companies today. In many of the underlying funds, the main contributors to performance have been companies that had long been held in the portfolios prior to the COVID-19 outbreak. We do not believe this pandemic will fundamentally alter the long-term outcome of many industries, but rather has accelerated their transformations. The underlying funds own businesses that are driving this change.

Baron WealthBuilder Fund is a highly diversified portfolio of equity investments in growth businesses. In our analysis, we try to explain how companies of different sizes, sectors, geographies, and growth rates performed in the current environment as well as their prospects.

Our real estate, small-cap, and more stable growth portfolios had some of the strongest performance in the quarter. They include Baron Real Estate, Discovery, and Durable Advantage Funds. These portfolios contain companies that had been most impacted by the stagnant global economy. We suspect they should rebound quickly and drastically as commerce resumes. These portfolios own companies like **Penn National Gaming, Inc.**, **Tripadvisor, Inc.**, and **Marriott Vacations Worldwide Corp.** These businesses came to a near standstill at the pandemic’s peak as travel was restricted. However, there is significant pent-up demand for both leisure and business travel. For example, occupancy at Marriott Vacations has steadily improved, and bookings now exceed 2019 levels. Occupancies are expected to reach over 90% by the second half of 2021, after bottoming in the mid-single-digits last spring. These strong occupancy rates bode well for future timeshare sales, as they have historically proven to be a quality source of new customers.

Small-cap companies were also more impacted from the pandemic than their larger counterparts. The pandemic’s nearing conclusion should enable smaller companies to compete in their respective industries more readily. Fundamentals of these companies continue to improve. We believe there is pent-up demand for their products and delayed trial for newer services as legacy products had been prioritized the prior year. For instance, hospitals had significantly scaled back elective procedures during the COVID pandemic. These delayed procedures are now being performed utilizing new products from smaller companies. We expect these companies to drive performance as the economy reopens.

Our diversified market-cap oriented portfolios including Baron Growth, Asset, and Fifth Avenue Growth Funds, trailed their respective benchmarks in the current period. These funds are dominated by quality growth companies that were able to meet their business objectives despite the global economic shut down. Investors have recently favored businesses that were rebounding from their lows. Some of the best performing sub-industries for the Index in the quarter were integrated oil & gas (+32.9%), airlines (+30.4%), diversified banks (+23.5%), and construction machinery & heavy trucks (+20.6%). These areas are significantly underrepresented in these funds. Businesses in these sub-industries are dependent on macro factors and have minimally distinct competitive advantages. Baron WealthBuilder’s underlying funds favored sub-industries that have both high growth potential and significant distinction between competitors. However, these areas were detractors for the Fund this quarter as investors’ sentiment rotated. These segments include application software (-11.7%), research & consulting services (-11.0%), biotechnology (-6.3%), and financial exchanges & data (-5.3%). We remain confident in the fundamentals and prospects of the companies in these industries, which include **FactSet Research Systems, Inc.**, **Guidewire Software, Inc.**, and **CoStar Group, Inc.** For example, Guidewire, a property and casualty insurance software vendor, detracted from overall performance. The company is transitioning its software from an on-premise solution to a cloud-based offering. We believe this change will improve financial metrics and triple its addressable market. It should become a critical vendor to the industry. However, these investments presented short-term expense headwinds. In the current market environment, investors favored more stable current earnings streams. But we are convinced that Guidewire’s $30 billion addressable market and 40% margin potential offer significant upside for the stock.

High-growth portfolios like Baron Partners, Opportunity, Emerging Markets, and Global Advantage Funds were also negatively impacted by the shift in investor sentiment favoring a cyclical recovery. Despite companies in these funds executing on their business plans and exhibiting strong results, companies like **MercadoLibre, Inc.**, **GDS Holdings Limited**, and **RingCentral, Inc.** all detracted from overall performance. However, we believe that the changes in consumer behavior are unlikely to revert to legacy models. These businesses are well situated to dominate their respective categories and have largely spent the pandemic enhancing their competitive positioning. RingCentral is one example. A dispersed workforce has made corporations understand that global cloud communications and collaboration solutions are essential. RingCentral is the cloud-based communication systems leader, with 3 million users and capabilities in over 40 countries. But yet, it only services a small portion of the 400 million users of on-premise systems. We expect this to change. Over the past 18 months, it has signed distribution agreements with legacy providers. We believe a high portion of these users will seamlessly migrate to the RingCentral offering without the need to invest in new hardware. Its expansive geographic reach will be vital for many clients' global footprints and ambitions. The highly scalable service should also enable RingCentral to lower prices while growing margins.

The sudden market rotation in March undoubtedly caused Baron WealthBuilder Fund to trail its benchmark in the quarter. But the Fund's diversification among various types of growth portfolios enabled it to appreciate slightly during this volatile period. We believe it is unlikely a fund populated with a single type of business would have been able to successfully weather this shift in investor sentiment. Not only are we satisfied with the Fund's performance during this finite period (and especially pleased with its performance over the prior year and since its inception), but we are also optimistic about the prospects for the Fund's holdings over the coming years. The pandemic accelerated change throughout many industries. We believe many of the companies held in the underlying funds will lead this change and capitalize on the altered business landscape.

Table II.
Baron Funds Performance
As of March 31, 2021

Institutional Share Class Data

% of Net Assets of Fund			First Quarter of 2021*	Annualized 12/29/17 to 3/31/21	Primary Benchmark	First Quarter of 2021*	Annualized 12/29/17 to 3/31/21
30.1%		**Small Cap**					
	4.3%	Baron Discovery Fund	7.47%	**28.85%**	Russell 2000 Growth Index	4.88%	**16.56%**
	13.1%	Baron Growth Fund	0.94%	**20.57%**			
	12.7%	Baron Small Cap Fund	2.67%	**20.01%**			
4.0%		**Small/Mid Cap**					
	4.0%	Baron Focused Growth Fund	0.11%	**40.57%**	Russell 2500 Growth Index	2.49%	**19.15%**
13.9%		**Mid Cap**					
	13.9%	Baron Asset Fund	(1.03)%	**20.29%**	Russell Midcap Growth Index	(0.57)%	**18.57%**
7.7%		**Large Cap**					
	6.2%	Baron Fifth Avenue Growth Fund	(1.57)%	**24.16%**	Russell 1000 Growth Index	0.94%	**21.40%**
	1.5%	Baron Durable Advantage Fund	3.00%	**14.86%†**	S&P 500 Index	6.17%	**14.77%†**
22.1%		**All Cap**					
	6.2%	Baron Opportunity Fund	0.88%	**38.90%**	Russell 3000 Growth Index	1.19%	**21.05%**
	15.9%	Baron Partners Fund	(0.38)%	**47.62%**	Russell Midcap Growth Index	(0.57)%	**18.57%**
12.8%		**International**					
	3.9%	Baron Emerging Markets Fund	(0.16)%	**7.11%**	MSCI EM Index	2.29%	**6.42%**
	6.4%	Baron Global Advantage Fund	(1.84)%	**30.46%†**	MSCI ACWI Index	4.57%	**9.86%†**
	2.5%	Baron International Growth Fund	2.34%	**11.54%**	MSCI ACWI ex USA Index	3.49%	**5.61%**
9.4%		**Specialty**					
	4.9%	Baron Real Estate Fund	11.08%	**19.92%**	MSCI USA IMI Extended Real Estate Index	12.20%	**9.90%**
	2.5%	Baron Health Care Fund	0.58%	**26.83%†**	Russell 3000 Health Care Index	2.14%	**13.99%†**
	2.0%	Baron FinTech Fund	(1.29)%	**39.90%†**	S&P 500 Index	6.17%	**32.56%†**

* Not annualized.
† Performance is calculated from the time the Fund was added to Baron WealthBuilder Fund: Baron Durable Advantage Fund – 3/13/2018; Baron Global Advantage Fund – 1/9/2018; Baron Health Care Fund – 10/18/2018; and Baron FinTech Fund – 2/27/2020. An investor cannot invest directly in an index.
The indexes are unmanaged. The index performance is not Fund performance; one cannot invest directly into an index.

Fund of Funds Structure and Investment Strategy

Table III.
Performance Based Characteristics since inception (12/29/2017) as of March 31, 2021

	Baron Wealth Builder Fund	S&P 500 Index	Morningstar Allocation 85%+ Equity Category
Alpha (%) – Annualized	7.13	0.00	–4.06
Beta	1.20	1.00	0.96
Sharpe Ratio	1.03	0.75	0.47
Standard Deviation (%) – Annualized	23.56	18.19	17.90
Upside Capture (%)	124.13	100.00	85.13
Downside Capture (%)	93.92	100.00	99.22

Source: FactSet SPAR. Except for Standard Deviation and Sharpe Ratio, the performance based characteristics above were calculated relative to the S&P 500 Index.

Combining our top performing portfolios into one fund has not only produced category leading returns, but it also has generated since inception performance characteristics that we believe are stellar. Compared to the Index, the Fund's alpha is 7.13%, yet its beta is only 1.20. Its Sharpe ratio, a measure of return per level of risk, is 1.03 compared to the Index's 0.75. And we believe its upside capture of 124.13% is even more impressive when viewed alongside its downside capture of only 93.92%.

Baron WealthBuilder Fund closely mimics the way we would incrementally invest across our various funds and strategies. The Fund allows investors to diversify across several Baron Funds' products, gain exposure to various market caps, sectors, and geographies in a single structure, and benefit from our rebalancing of the allocations in a tax efficient manner. The portfolio managers of each underlying fund abide by the same core investment process and philosophy, focused on proprietary research to discover competitively advantaged businesses with immense opportunities led by smart and honorable executives. Baron Funds has had broad historical success. Our investment approach and process have yielded outstanding results since the Firm's founding in 1982. As of 3/31/2021, 16 of 17 Baron Funds, representing 98.3% of Baron Funds' assets under management ("AUM"), have outperformed their respective passive benchmarks since their inceptions. In addition, 14 of those funds, representing 98.2% of Baron Funds' AUM, rank in the top 22% of their respective Morningstar categories; and 11 funds, representing 71.8% of AUM, rank in the top 8%.

This strong relative performance has continued. Since their inclusion in Baron WealthBuilder Fund, all underlying funds have exceeded their respective benchmarks. We have always strived to provide top performance in various asset categories. Baron WealthBuilder Fund allows individuals to gain access to a variety of these strategies in a single fund. We are pleased with the composition and results.

The makeup of the underlying investments looks very different than the Fund's key indexes. Therefore, the Fund has a high active share when measured against its benchmarks. We feel the diversity in regions and sectors should dampen risk while still providing strong absolute returns. While holding nearly the same number of securities as its primary benchmark (485 in the underlying funds vs. 502 in the Index), the similarities end there. The holdings in the underlying funds have a lower dividend yield on average (0.3% vs. 1.5% for the Index), with companies electing to reinvest earnings back in their businesses for growth. And the approach is working; the projected earnings per share growth rate over the next three to five years is 24.5% for the Funds' holdings vs. 14.5% for the Index (or 69.0% higher growth). We think that many of our investments can exceed those projections. These businesses have grown over twice as fast as the Index over the preceding year (the Funds' one-year historical earnings per share growth rate was 6.1% vs. the Index's 2.8%). Yet these companies are only 27.4% more expensive than the Index's holdings (the Funds' trailing price-to-earnings ratio on average was 35.8 times vs. 28.1 times for the Index). We feel that this valuation metric is misleading for the Funds' holdings, as many have depressed margins as they sacrifice current profitability for more sustainable and higher long-term growth rates. We believe higher growth for a modest premium in price should reward long-term investors.

The portfolio is also distinct in its sector weightings. The Index has a higher share of Consumer Staples, Energy, Materials, and Utilities businesses than our Fund. These sectors typically consist of defensive companies that have been traditionally important but have limited unique characteristics, future growth prospects, and are heavily reliant on unpredictable commodity prices. Combined, those sectors represented 14.3% of the Index, yet they accounted for only 2.0% of the Fund. Instead, the Fund favors Consumer Discretionary, Health Care, Industrials, Real Estate, and application software within Information Technology ("IT") where companies' competitive advantages are more apparent and growth projections more robust. Those areas account for 62.6% of the Fund, yet only 39.3% of the Index.

Finally, the Fund has exposure to non-U.S. companies unlike the Index, whose constituents are solely in domestic businesses. We believe geographic diversity provides benefits, such as lower volatility over time. The Fund is also differentiated from the global coverage of the MSCI ACWI Index. North America was 60.3% of the MSCI ACWI Index compared to 84.1% for the Fund. The greater international exposure for the MSCI ACWI Index is heavily skewed towards slow growth developed markets, whereas the Fund seeks faster growth in emerging economies. Of the Fund's non-North American investments, 59.7% were in Asia/Pacific ex-Japan, Africa/ Mideast, and Latin America. These regions represented 39.9% of the MSCI ACWI Index's non-North American investments. However, the MSCI ACWI Index had 60.1% of its non-North American investments in slower growth European and Japanese companies while these regions only represented 40.3% of the Fund's.

Table IV.
Sector exposures as of March 31, 2021

	Percent of Net Assets	S&P 500 Index	MSCI ACWI Index
Consumer Discretionary	23.4%	12.4%	12.8%
Information Technology	22.1	26.6	21.3
Health Care	16.0	13.0	11.4
Industrials	11.4	8.9	10.0
Financials	10.2	11.3	14.3
Communication Services	8.4	10.9	9.4
Real Estate	4.5	2.5	2.6
Materials	1.1	2.7	5.0
Consumer Staples	0.7	6.1	7.0
Unclassified	0.6	–	–
Energy	0.2	2.8	3.4
Utilities	–	2.7	2.9

Table V.
Country exposures as of March 31, 2021

	Percent of Net Assets	S&P 500 Index	MSCI ACWI Index
United States	83.1%	100.0%	57.7%
China	3.8	–	5.0
United Kingdom	2.0	–	3.8
Netherlands	1.6	–	1.1
Israel	1.4	–	0.2
India	1.2	–	1.3
Canada	1.0	–	2.8
Brazil	0.7	–	0.6
Argentina	0.5	–	0.1
Ireland	0.4	–	0.2
Other	2.9	–	27.3

Table VI.
Fund of fund holdings as of March 31, 2021

	Percent of Net Assets
Baron Partners Fund	15.9%
Baron Asset Fund	13.9
Baron Growth Fund	13.1
Baron Small Cap Fund	12.7
Baron Global Advantage Fund	6.4
Baron Fifth Avenue Growth Fund	6.2
Baron Opportunity Fund	6.2
Baron Real Estate Fund	4.9
Baron Discovery Fund	4.3
Baron Focused Growth Fund	4.0
Baron Emerging Markets Fund	3.9
Baron Health Care Fund	2.5
Baron International Growth Fund	2.5
Baron FinTech Fund	2.0
Baron Durable Advantage Fund	1.5

Thank you for joining us as fellow shareholders in Baron WealthBuilder Fund. We continue to work hard to justify your confidence and trust in our stewardship of your hard-earned savings. We will also remain dedicated to providing you with the information we would like to have if our roles were reversed. We hope this letter enables you to make an informed decision about whether this Fund remains an appropriate investment.

Respectfully,

Ronald Baron
CEO and Portfolio Manager
April 20, 2021

Michael Baron
CO-Portfolio Manager
April 20, 2021

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 its distributor, Baron Capital, Inc., by calling 1-800-99BARON or visiting www.BaronFunds.com. Please read them carefully before investing.

Risks: The Fund is a non-diversified fund because it invests, at any given time, in the securities of a select number of Baron mutual funds (the "Underlying Funds"), representing specific investment strategies. The Fund can invest in funds holding U.S. and international stocks; small-cap, small to mid-cap, large-cap, all-cap stocks; and specialty stocks. Each of the Underlying Funds has its own investment risks, and those risks can affect the value of the Fund's investments and therefore the value of the Fund's shares. To the extent that the Fund invests more of its assets in one Underlying Fund than in another, it will have greater exposure to the risks of that Underlying Fund. For further information regarding the investment risks of the Underlying Funds, please refer to the Underlying Funds' prospectus.

Active Share: a term used to describe the share of a portfolio's holdings that differ from that portfolio's benchmark index. It is calculated by comparing the weight of each holding in the Fund to that holding's weight in the benchmark. Positions with either a positive or negative weighting versus the benchmark have Active Share. An Active Share of 100% implies zero overlap with the benchmark. Active Share was introduced in 2006 in a study by Yale academics, M. Cremers and A. Petajisto, as a measure of active portfolio management. **Alpha** measures the difference between a fund's actual returns and its expected performance, given its level of risk as measured by beta. **Beta** measures a fund's sensitivity to market movements. The beta of the market is 1.00 by definition. **EPS Growth Rate** (3-5-year forecast) indicates the long-term forecasted EPS growth of the companies in the portfolio, calculated using the weighted average of the available 3-to-5 year forecasted growth rates for each of the stocks in the portfolio provided by FactSet Estimates. The EPS Growth rate does not forecast the Fund's performance. **Price/Earnings Ratio** (trailing 12-months): is a valuation ratio of a company's current share price compared to its actual earnings per share over the last twelve months. If a company's actual EPS is negative, it is excluded from the portfolio level calculation. **Sharpe**

Ratio is a risk-adjusted performance statistic that measures reward per unit of risk. The higher the Sharpe ratio, the better a fund's risk adjusted performance. **Upside Capture** explains how well a fund performs in time periods where the benchmark's returns are greater than zero. **Downside Capture** measures how well a fund performs in time periods where the benchmark's returns are less than zero. **Standard Deviation** (Std. Dev) measures the degree to which a fund's performance has varied from its average performance over a particular time period. The greater the standard deviation, the greater a fund's volatility (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 managers 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 WealthBuilder Fund by anyone in any jurisdiction where it would be unlawful under the laws of that jurisdiction to make such offer or solicitation.

Ranking information provided is calculated for the Retail Share Class and is as of 3/31/2021. The number of share classes in each category may vary depending on the date that Baron downloaded information from Morningstar Direct. **Morningstar calculates its 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 account for management, administrative, and 12b-1 fees and other costs automatically deducted from fund assets.** The **Morningstar Mid-Cap Growth Category** consisted of 595, 500, and 379 share classes for the 1-, 5-, and 10-year periods. Morningstar ranked *Baron Asset Fund* in the 89th, 33rd, 27th and 22nd percentiles for the 1-, 5-, 10-year, and since inception periods, respectively. The Fund launched 6/12/1987, and the category consisted of 20 share classes. Morningstar ranked *Baron Growth Fund* in the 57th, 35th, 40th, and 8th percentiles for the 1-, 5-, 10-year, and since inception periods, respectively. The Fund launched 12/31/1994, and the category consisted of 54 share classes. Morningstar ranked *Baron Partners Fund* in the 1st, 1st, 1st, and 1st percentiles for the 1-, 5-, 10-year, and since conversion periods, respectively. The Fund converted into a mutual Fund 4/30/2003, and the category consisted of 221 share classes. Morningstar ranked *Baron Focused Growth Fund* in the 4th, 3rd, 4th, and 5th percentiles for the 1-, 5-, 10-year, and since conversion periods, respectively. The Fund converted into a mutual Fund 6/30/2008, and the category consisted of 318 share classes. The **Morningstar Small Growth Category** consisted of 619, 503, and 379 share classes for the 1-, 5-, and 10-year time periods. Morningstar ranked *Baron Small Cap Fund* in the 57th, 42nd, 52nd, and 16th percentiles for the 1-, 5-, 10-year, and since inception periods, respectively. The Fund launched 9/30/1997, and the category consisted of 92 share classes. Morningstar ranked *Baron Discovery Fund* in the 9th, 5th, and 4th percentiles for the 1-, 5-year, and since inception periods, respectively. The Fund launched 9/30/2013, and the category consisted of 438 share classes. The **Morningstar Real Estate Category** consisted of 248, 201, and 145 share classes for the 1-, 5-, and 10-year time periods. Morningstar ranked *Baron Real Estate Fund* in the 3rd, 1st, 1st, and 1st percentiles for the 1-, 5-, 10-year, and since inception periods, respectively. The Fund launched 12/31/2009, and the category consisted of 130 share classes. Morningstar ranked *Baron Real Estate Income Fund* in the 9th and 3rd percentiles for the 1-year and since inception periods, respectively. The Fund launched 12/29/2017, and the category consisted of 224 share classes. The **Morningstar Large Growth Category** consisted of 1,282, 1,065, 788, and 283 share classes for the 1-, 5-, 10-year, and since inception (2/29/2000) periods. Morningstar ranked *Baron Opportunity Fund* in the 3rd, 2nd, 7th, and 3rd percentiles, respectively. The **Morningstar Foreign Large Growth Category** consisted of 447, 313, 226, and 201 share classes for the 1-, 5-, 10-year, and since inception (12/31/2008) periods. Morningstar ranked *Baron International Growth Fund* in the 11th, 15th, 22nd, and 12th percentiles, respectively. The **Morningstar Diversified Emerging Markets Category** consisted of 800, 596, 292, and 283 share classes for the 1-, 5-year, 10-year and since inception (12/31/2010) periods. Morningstar ranked *Baron Emerging Markets Fund* in the 19th, 35th, 3rd, and 5th percentiles, respectively. The **Morningstar World Large Stock Category** consisted of 866, 645, and 442 share classes for the 1-, 5-year, and since inception (4/30/2012) periods. Morningstar ranked *Baron Global Advantage Fund* in the 6th, 1st, and 1st percentiles, respectively. The **Morningstar Health Category** consisted of 158 and 139 share classes for the 1-year and since inception (4/30/2018) periods. Morningstar ranked *Baron Health Care Fund* in the 21st and 5th percentiles, respectively.

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

Baron Funds (Institutional Shares) and Benchmark Performance 3/31/2021

Fund	Primary Benchmark	Annualized Return Since Fund Inception	Annualized Benchmark Return Since Fund Inception	Inception Date	Average Annualized Returns				Annual Expense Ratio	Net Assets
					1-Year	3-Year	5-Year	10-Year		
SMALL CAP										
Baron Growth Fund	Russell 2000 Growth Index	14.06%	9.15%	12/31/1994	72.85%	21.47%	19.91%	14.13%	1.04%[3]	$8.64 billion
Baron Small Cap Fund	Russell 2000 Growth Index	11.48%	7.57%	9/30/1997	88.40%	20.71%	21.19%	13.68%	1.05%[3]	$5.12 billion
Baron Discovery Fund†	Russell 2000 Growth Index	21.38%	13.12%	9/30/2013	123.05%	32.16%	31.52%	N/A	1.08%[3]	$1.64 billion
SMALL/MID CAP										
Baron Focused Growth Fund[1]	Russell 2500 Growth Index	14.52%	9.43%	5/31/1996	167.83%	44.10%	31.27%	18.02%	1.07%[4]	$671.00 million
MID CAP										
Baron Asset Fund	Russell Midcap Growth Index	12.34%	10.93%[2]	6/12/1987	58.28%	20.31%	20.05%	14.74%	1.05%[3]	$5.75 billion
LARGE CAP										
Baron Fifth Avenue Growth Fund	Russell 1000 Growth Index	11.59%	11.87%	4/30/2004	63.99%	23.44%	24.09%	17.52%	0.78%/0.75%[3][6]	$735.03 million
Baron Durable Advantage Fund	S&P 500 Index	16.04%	15.12%	12/29/2017	47.45%	16.98%	N/A	N/A	2.40%/0.70%[3][7]	$21.26 million
ALL CAP										
Baron Partners Fund[1]	Russell Midcap Growth Index	16.36%	10.73%	1/31/1992	213.03%	50.75%	38.03%	23.14%	1.30%[4][5]	$6.71 billion
Baron Opportunity Fund†	Russell 3000 Growth Index	10.64%	6.55%	2/29/2000	104.55%	38.62%	33.50%	18.37%	1.08%[3]	$1.55 billion
INTERNATIONAL										
Baron Emerging Markets Fund	MSCI EM Index	6.93%	3.77%	12/31/2010	72.06%	7.42%	12.65%	7.25%	1.09%[4]	$7.85 billion
Baron Global Advantage Fund†	MSCI ACWI Index	20.19%	10.55%	4/30/2012	90.71%	32.19%	30.97%	N/A	0.92%/0.90%[4][8]	$2.57 billion
Baron International Growth Fund	MSCI ACWI ex USA Index	12.65%	8.21%	12/31/2008	70.57%	11.81%	15.05%	9.04%	1.01%/0.95%[4][9]	$626.22 million
SECTOR										
Baron Real Estate Fund	MSCI USA IMI Extended Real Estate Index	17.39%	12.63%	12/31/2009	99.99%	24.02%	19.54%	15.94%	1.08%[4]	$1.46 billion
Baron Real Estate Income Fund	MSCI US REIT Index	15.53%	4.67%	12/29/2017	56.17%	19.36%	N/A	N/A	3.45%/0.80%[4][10]	$45.23 million
Baron Health Care Fund	Russell 3000 Health Care Index	25.06%	16.49%	4/30/2018	63.93%	N/A	N/A	N/A	1.45%/0.85%[4][11]	$127.24 million
Baron FinTech Fund	S&P 500 Index	34.84%	20.09%	12/31/2019	66.06%	N/A	N/A	N/A	2.43%/0.95%[12]	$44.12 million
EQUITY ALLOCATION										
Baron WealthBuilder Fund	S&P 500 Index	25.78%	15.12%	12/29/2017	102.31%	27.20%	N/A	N/A	1.22%/1.11%[4][13]	$345.60 million

(1) Reflects the actual fees and expenses that were charged when the Funds were partnerships. The predecessor partnerships charged a 20% performance fee (Baron Partners Fund) or a 15% performance fee (Baron Focused Growth Fund) after reaching a certain performance benchmark. If the annual returns for the Funds did not reflect the performance fee for the years the predecessor partnerships charged a performance fee, returns would be higher. The Funds' shareholders are not charged a performance fee.
(2) For the period June 30, 1987 to March 31, 2021.
(3) As of 9/30/2020.
(4) As of 12/31/2020.
(5) Comprised of operating expenses of 1.05% and interest expenses of 0.25%.
(6) Annual expense ratio was 0.78%, but the net annual expense ratio was 0.75% (net of Adviser's fee waivers).
(7) Annual expense ratio was 2.40%, but the net annual expense ratio was 0.70% (net of Adviser's fee waivers).
(8) Annual expense ratio was 0.92%, but the net annual expense ratio was 0.90% (net of Adviser's fee waivers).
(9) Annual expense ratio was 1.01%, but the net annual expense ratio was 0.95% (net of Adviser's fee waivers).
(10) Annual expense ratio was 3.45%, but the net annual expense ratio was 0.80% (net of Adviser's fee waivers).
(11) Annual expense ratio was 1.45%, but the net annual expense ratio was 0.85% (net of Adviser's fee waivers).
(12) Annual expense ratio was 2.43%, but the net annual expense ratio was 0.95% (net of Adviser's fee waivers).
(13) Annual expense ratio was 1.22%, but the net annual expense ratio was 1.11% (includes acquired fund fees and expenses of 1.06%, net of the Adviser's fee waivers).
† The Fund's historical performance was impacted by gains from IPOs and/or secondary offerings. There is no guarantee that these results can be repeated or that the Fund's level of participation in IPOs and secondary offerings will be the same in the future.

Baron Health Care Fund

Dear Baron Health Care Fund Shareholder:

Performance

In the quarter ended March 31, 2021, Baron Health Care Fund (the "Fund") advanced 0.58% (Institutional Shares), compared with the 2.14% gain for the Russell 3000 Health Care Index (the "Benchmark") and the 6.17% gain for the S&P 500 Index. For the one-year period ended March 31, 2021, the Fund increased 63.93% compared with the 39.92% increase for the Benchmark and the 56.35% gain for the S&P 500 Index. Since inception (April 30, 2018), the Fund increased 25.06% on an annualized basis compared with the 16.49% gain for the Benchmark and the 17.14% gain for the S&P 500 Index.

Table I.
Performance
For periods ended March 31, 2021

	Baron Health Care Fund Retail Shares[1,2]	Baron Health Care Fund Institutional Shares[1,2]	Russell 3000 Health Care Index[1]	S&P 500 Index[1]
Three Months[3]	0.53%	0.58%	2.14%	6.17%
One Year	63.57%	63.93%	39.92%	56.35%
Since Inception (April 30, 2018)	24.74%	25.06%	16.49%	17.14%

NEAL KAUFMAN

PORTFOLIO MANAGER

Retail Shares: BHCFX
Institutional Shares: BHCHX
R6 Shares: BHCUX

In the quarter ended March 31, 2021, the Fund trailed the Russell 3000 Health Care Index by 156 basis points due to a combination of relative sub-industry weights and cash exposure in an up market. The Fund was also hurt by its bias towards small- and mid-cap stocks, which sold off in the latter half of the quarter as investors rotated into large caps during a period of heightened volatility.

Life sciences tools & services and health care equipment investments contributed the most to relative results. Favorable stock selection in life sciences tools & services was driven by long-read DNA sequencing systems provider **Pacific Biosciences of California, Inc.** and high-quality purified proteins and reagent solutions developer **Bio-Techne Corporation**. Pacific Biosciences was the largest contributor for a second consecutive quarter due to increasing excitement about the potential for its long-read DNA sequencing platform to gain traction in new markets. Bio-Techne was another top contributor after the company's organic growth accelerated to 19% in its most recently reported quarter, driven by widespread strength across the business. Recent additions **Olink Holding AB** and **MaxCyte, Inc.** also performed well within this sub-industry. Strength in health care equipment came from **CryoPort, Inc.**, a premier provider of cold chain logistics solutions, and **Inari Medical, Inc.**, a medical device company that offers clot removal devices for pulmonary embolism and deep vein thrombosis. CryoPort's stock price rose after the company closed on a public offering to bolster its balance sheet, and Inari's shares performed well as the company continued to see strong traction with its products despite the ongoing pandemic. Performance in this sub-industry was also enhanced by **ShockWave Medical, Inc.**, which is changing the landscape of how calcified cardiovascular disease is treated with its intravascular lithotripsy technology. In February, the company announced FDA approval of its product for use in coronary artery disease, which we believe can be a significant growth driver as the product launches in the U.S.

Apart from cash, investments in biotechnology and managed health care and lower exposure to strong performing health care services and health care facilities stocks detracted the most from relative results. Weakness in biotechnology was broad based, led by sharp declines from **Beam Therapeutics Inc.**, **Denali Therapeutics Inc.**, and **Arrowhead**

Performance listed in the above table is net of annual operating expenses. Annual expense ratio for the Retail Shares and Institutional Shares as of December 31, 2020 was 1.73% and 1.45%, respectively, but the net annual expense ratio was 1.10% and 0.85% (net of the Adviser's fee waivers), 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 Adviser reimburses certain Baron Fund expenses pursuant to a contract expiring on August 29, 2031, 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 www.BaronFunds.com or call 1-800-99BARON.

1 The **Russell 3000® Health Care Index** is an unmanaged index representative of companies involved in medical services or health care in the Russell 3000 Index, which is comprised of the 3,000 largest U.S. companies as determined by total market capitalization. The **S&P 500 Index** measures the performance of 500 widely held large cap U.S. companies. Russell Investment Group is the source and owner of the trademarks, service marks and copyrights related to the Russell Indexes. Russell is a trademark of Russell Investment Group. The indexes and the Fund include reinvestment of dividends, net of withholding taxes, which positively impact the performance results. The indexes are unmanaged. Index performance is not Fund performance; one cannot invest directly into 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 redemptions of Fund shares.

3 Not annualized.

BARON FUNDS 1987

Pharmaceuticals, Inc. The abrupt rise in interest rates in the latter half of the quarter sparked a sell-off in these and other biotechnology stocks. Within managed health care, lower exposure to this better performing sub-industry and underperformance of for-profit health insurance company **Humana Inc.** hurt relative results. Humana's shares underperformed due to concerns about limited earnings visibility relative to peers because of several short-term dynamics in Humana's Medicare Advantage business. The poorly timed purchase of health savings accounts provider **HealthEquity, Inc.** also weighed on performance in the sub-industry.

Our strategy is to identify competitively advantaged growth companies that we can own for years. Similar to other Baron Funds, we remain focused on finding businesses that we believe have open-ended secular growth opportunities, durable competitive advantages, and strong management teams. We conduct independent research and take a long-term perspective. We are particularly focused on businesses that solve problems in health care, whether by reducing costs, enhancing efficiency, or improving patient outcomes.

We continue to think the Health Care sector will offer attractive investment opportunities over the next decade and beyond. Health Care is one of the largest and most complex sectors in the U.S. economy, accounting for approximately 18% of GDP and encompassing a diverse array of sub-industries. Health Care is also a dynamic sector undergoing changes driven by legislation, regulation, and advances in science and technology. We think navigating these changes requires investment experience and sector expertise, which makes the Health Care sector particularly well suited for active management.

Table II.
Top contributors to performance for the quarter ended March 31, 2021

	Percent Impact
Pacific Biosciences of California, Inc.	0.79%
Bio-Techne Corporation	0.42
UnitedHealth Group Incorporated	0.41
CryoPort, Inc.	0.40
Olink Holding AB	0.37

Pacific Biosciences of California, Inc. provides long-read DNA sequencing systems to scientists conducting genetic analysis. Shares performed well for the quarter. We believe there is increasing excitement about the potential for its platform to move beyond research into clinical applications. The recently appointed CEO was previously Chief Commercial Officer at Illumina, and we think he is well qualified to commercially execute on Pacific Biosciences' differentiated long-read platform.

Bio-Techne Corporation is a leading developer and manufacturer of high-quality purified proteins and protein analysis and other life sciences tools, which it sells to biomedical researchers and clinical research laboratories. The stock did well in the quarter after the company reported an acceleration in organic growth in the December quarter, driven by strength across the business including a small contribution from COVID-19- related products. We continue to believe Bio-Techne has a solid long-term outlook with multiple growth drivers.

Shares of **UnitedHealth Group Incorporated** reacted positively to more favorable 2021 guidance than previewed at the company's December 2020 investor day. Medical costs returned to a seasonal baseline, inclusive of COVID-19-related impacts. We consider UnitedHealth a core holding and a way to play positive demographic, population health, and value-based reimbursement trends. Despite its size, we think the company can grow earnings at a mid-teens rate over the long-term.

CryoPort, Inc. provides cryogenic shipping solutions, or transport at extremely low temperatures below 150 degrees Celsius, to preserve high value biological samples like cell and gene therapies. Shares performed well for the quarter after the company closed a public offering to bolster its balance sheet. We see significant upside just from the current pipeline of trials already being supported, with a continued inflection in growth as more products flow through this pipeline into commercial shipments.

Olink Holding AB offers a protein detection platform that can be read out on genomics instruments. Shares have performed well since the company's IPO in March. There is significant interest in the proteomics space, and we believe Olink is well positioned as it ramps distributed kits. Beyond research, we see the company as a good pick-and-shovel play as it supplies high-value proteomic information to next-generation diagnostics firms.

Table III.
Top detractors from performance for the quarter ended March 31, 2021

	Percent Impact
Beam Therapeutics Inc.	–0.55%
Denali Therapeutics Inc.	–0.46
Biohaven Pharmaceutical Holding Company Ltd.	–0.39
Arrowhead Pharmaceuticals, Inc.	–0.38
BridgeBio Pharma, Inc.	–0.36

Beam Therapeutics Inc. is a biotechnology company pioneering a novel technology called base editing, which allows for individual base pairs (the letters of DNA) to be modified. Shares fell along with other biotechnology stocks driven by a sudden rise in treasury yields. Early stage biotechnology stocks are particularly sensitive to interest rates because their cash flows are further in the future. We believe we are entering into a phase of significant advancement for the gene editing field that will eventually lead to curative therapies, and we think Beam has a unique platform technology.

Denali Therapeutics Inc. is a biotechnology company developing therapies for neurodegeneration, including both targeted drugs and delivery systems for crossing the blood/brain barrier. Shares fell in concert with the broader market rotation from growth to value that resulted in significant weakness in biotechnology stocks. From a fundamentals perspective, Denali reported incrementally positive updates from its Hunter Syndrome program in the quarter, although this development was more impactful in the prior quarter when initial data was released.

Biohaven Pharmaceutical Holding Company Ltd. is a biotechnology company dedicated to neurologic drug discovery. It launched its lead asset, migraine medication Nurtec, last year, and the company is transitioning towards profitability. Shares declined when Biohaven issued a secondary offering in March that took investors by surprise and seemed early in relation to an expected second indication for Nurtec in the prophylactic prevention of migraine, which expands its market. We exited our position.

Arrowhead Pharmaceuticals, Inc. is a developer of RNAi-based therapeutics for a host of genetic disorders primarily focused on the liver with eventual planned expansion into treatments for the lung, muscle, and tumors. The stock declined in conjunction with the general market rotation from growth into value and the unwind in biotechnology stocks. There were no real fundamental events for Arrowhead in the quarter, and we retain conviction as we expect more significant activity later in the year.

BridgeBio Pharma, Inc. is a biotechnology company focused on developing drugs with an underlying genetic mechanism of action in a decentralized business model. Shares of BridgeBio declined during a risk off quarter for biotechnology stocks. We retain conviction. Many positive developments occurred in the quarter, including a successful financing; positive data from its first program in ADH1 disease, a rare genetic disease with a range of debilitating symptoms; and the company's first FDA approval (for Nulibry, which treats a rare inborn error of metabolism).

Portfolio Structure

We build the portfolio from the bottom up, one stock at a time, using the Baron investment approach. We do not try to mimic an index, and we expect the Fund to look very different from its Benchmark. We loosely group the portfolio into three categories of stocks: earnings compounders, high-growth companies, and biotechnology companies. We define earnings compounders as companies that we believe can compound earnings at double-digit rates over the long term. We define high-growth stocks as companies we expect to generate mid-teens or better revenue growth and which may not be profitable today but which we believe can be highly profitable in the future. We expect the portfolio to have a mix of earnings compounders, high-growth, and biotechnology companies. Our allocations among these three categories can change depending upon our view of the opportunity set and the market environment.

As of March 31, 2021, the Fund's active share was 71.1%. The Fund may invest in stocks of any market capitalization and may hold both domestic and international stocks. As of March 31, 2021, the Fund held 55 positions. This compares with 637 positions in the Benchmark. International stocks represented 14.9% of the Fund's net assets. The Fund's 10 largest holdings represented 38.2% of net assets. Compared with the Benchmark, the Fund was overweight life sciences tools & services, biotechnology, and health care technology, and it was underweight pharmaceuticals, health care equipment, and health care services. The market cap range of the investments in the Fund was $148 million to $352 billion with a weighted average market cap of $63.2 billion. This compared with the Benchmark's weighted average market cap of $136.5 billion.

We discuss below some examples of investment themes in which we are investing. We do not intend this list to be exhaustive. We own stocks in the portfolio that do not fit neatly into the themes below. We evaluate each stock on its own merits.

- **Genomics and Proteomics:** We have an investment in **Illumina, Inc.**, the market leader in DNA sequencing technology. With Illumina sequencers, scientists can sequence a human genome for roughly $600 in less than one day. As a result, the applications for DNA sequencing are rapidly expanding. DNA sequencing is being used in cancer diagnosis and treatment, diagnosis of rare genetic diseases, non-invasive pre-natal testing, population genomics, and COVID-19 surveillance. We also have investments in genomics applications companies, including: **Guardant Health, Inc.**, which offers blood tests for cancer therapy selection and cancer recurrence monitoring and is developing a blood test for early detection of colon cancer; **Adaptive Biotechnologies Corporation**, which offers ClonoSeq for detection and monitoring of minimal residual disease in blood cancers and is developing early disease detection tests and other products based on its immune system sequencing platform; and **10X Genomics, Inc.**, whose technology enables life sciences researchers to conduct high throughput single-cell and spatial genomic analysis using Illumina sequencers. We also own **Pacific Biosciences of California, Inc.**, which offers a differentiated long-read sequencing platform for genetic analysis. Recently, we added two stocks in the emerging proteomics space: **Seer, Inc.** and **Olink Holding AB**. Genomics involves the reading of DNA, which is a *static* indicator of health status, while proteomics involves the analysis of proteins, which is a *dynamic* indicator of end function. Proteomics is an emerging space with many early-stage companies, and we expect to increase our investments in the area as we identify companies that meet our criteria.
- **Innovative New Drugs:** We have investments in companies developing innovative new drugs. **argenx SE** is using its unique antibody engineering platform based on the Llama immune system to develop drugs for severe autoimmune diseases and cancer. **Acceleron Pharma Inc.** is developing a novel new drug for pulmonary arterial hypertension that showed promising results in a Phase 2 clinical trial. **Arrowhead Pharmaceuticals, Inc.** is developing drugs that silence disease-causing genes and has a rich pipeline of drug targets for rare diseases, cardiometabolic disease, cancer, and hepatitis B. **BridgeBio Pharma, Inc.** is developing a portfolio of breakthrough medicines for genetic diseases and cancers with genetic drivers.
- **Technology-Enabled Drug Development:** We have investments in companies that use technology to help speed drug development and make it more efficient. **Schrodinger, Inc.** offers a physics-based computational platform for drug discovery, enabling scientists to discover high-quality, novel molecules more rapidly, at lower cost, and with a higher likelihood of success compared to traditional drug discovery methods. **Veeva Systems Inc.** provides cloud-based software for the life sciences industry that helps clients bring drugs to market faster and more efficiently. **Certara, Inc.** offers biosimulation software that biopharmaceutical companies use to predict how medicines behave in the human body.
- **Minimally Invasive Surgery:** Less invasive surgery is less traumatic for the patient, enabling a faster recovery and in many cases resulting in cost savings to the system. We have investments in **Intuitive Surgical, Inc.**, the pioneer in robotic surgery; **Edwards Lifesciences Corp.**, a leader in transcatheter heart valve replacement; **Abbott Laboratories**, a leader in transcatheter mitral valve repair; **Teleflex Incorporated**, which offers a new minimally invasive treatment for enlarged prostates; and **Silk Road Medical**, **Inc.**, which offers a new minimally invasive approach for the treatment of carotid artery disease.

- **Diabetes Management:** Approximately 34 million Americans have diabetes and another 88 million have prediabetes. Diabetes was the seventh leading cause of death in the U.S. in 2017, and according to the American Diabetes Association, the direct medical costs and indirect expenditures attributable to diabetes in the U.S. were an estimated $327 billion in 2017. Worldwide, the prevalence of diabetes is staggering, with over 400 million people globally have diabetes. The International Diabetes Federation estimates that by 2045 this number could reach 629 million people. We have investments in innovative medical technology companies that help patients better manage their diabetes. **DexCom, Inc.** offers a continuous glucose monitoring system, which eliminates the need for fingersticks. **Insulet Corp.** offers a unique tubeless, disposable insulin pump, and **Abbott Laboratories** sells the FreeStyle Libre flash glucose monitoring system.

- **Tools Providers to Life Sciences Companies:** We believe several companies that provide products and services to life sciences companies are attractive because they can benefit from the growth in life sciences without the risk inherent in drug development. Our investments in the life sciences tools providers include **Thermo Fisher Scientific Inc.**, **Bio-Techne Corporation**, **West Pharmaceutical Services, Inc.**, and **Mettler-Toledo International, Inc.**, among others.

- **Medicare Advantage:** Every day, approximately 10,000 people in this country turn 65 and become eligible for Medicare. Individuals have a choice between enrolling in traditional fee-for-service Medicare ("Original Medicare") or a Medicare Advantage plan managed by a private sector health insurer. Medicare Advantage is growing rapidly because of its more attractive value proposition to Medicare beneficiaries. Medicare Advantage plans cover all the services that Original Medicare cover plus additional benefits such as vision, hearing, dental, and wellness (gym memberships). Some Medicare Advantage plans also cover transportation to doctor visits, over-the-counter drugs, adult-day care services, and assistance for daily living. Medicare Advantage plans also have annual out-of-pocket spending limits, which provide financial protection against the cost of catastrophic illness or accident. The Center for Medicare and Medicaid Services estimates that Medicare Advantage penetration will rise from 36% of all Medicare beneficiaries in 2020 to 50% in 2025. There is bipartisan political support for Medicare Advantage. We have investments in **UnitedHealth Group Incorporated** and **Humana Inc.**, two leading managed care organizations that we believe are well-positioned to benefit from enrollment growth in Medicare Advantage.

- **Animal Health:** We believe the animal health industry is attractive based on the trends toward greater pet ownership, increased spending on pets, increased consumption of animal protein, and increased focus on food safety. Further, compared with drug development for humans, the animal health industry is characterized by lower regulatory barriers, shorter and less costly R&D, less generic competition, and lower third-party reimbursement risks. We have investments in **Dechra Pharmaceuticals PLC** and **Zoetis Inc.**, both of which develop and sell medicines for pets and food producing animals; and **IDEXX Laboratories, Inc.**, the leading provider of diagnostic instruments and assays used for pet care in veterinarian offices.

Table IV.
Top 10 holdings as of March 31, 2021

	Year Acquired	Market Cap When Acquired (billions)	Quarter End Market Cap (billions)	Quarter End Investment Value (millions)	Percent of Net Assets
UnitedHealth Group Incorporated	2018	$227.4	$351.7	$8.2	6.5%
ICON Plc	2018	8.0	10.4	5.4	4.2
Thermo Fisher Scientific Inc.	2019	117.6	179.7	5.0	4.0
Abbott Laboratories	2018	124.6	212.3	5.0	3.9
Bio-Techne Corporation	2018	5.7	14.8	4.8	3.8
Humana Inc.	2019	35.0	54.1	4.4	3.5
BridgeBio Pharma, Inc.	2020	4.8	9.2	4.1	3.2
Acceleron Pharma Inc.	2018	1.6	8.2	4.1	3.2
argenx SE	2018	2.8	14.1	3.8	3.0
Teleflex Incorporated	2018	12.2	19.4	3.7	2.9

Table V.
Fund investments in GICS sub-industries as of March 31, 2021

	Percent of Net Assets
Health Care Equipment	21.4%
Life Sciences Tools & Services	21.4
Biotechnology	21.0
Managed Health Care	10.9
Pharmaceuticals	4.4
Health Care Technology	3.4
Health Care Services	2.2
Health Care Supplies	2.0
Specialized REITs	1.8
Health Care Facilities	1.3
Cash and Cash Equivalents	10.2
	100.0%

Recent Activity

During the March 2021 quarter, we established eight new positions and exited seven positions. Below we discuss some of our top net purchases and sales.

Table VI.
Top net purchases for the quarter ended March 31, 2021

	Quarter End Market Cap (billions)	Amount Purchased (millions)
ICON Plc	$ 10.4	$4.8
Bio-Techne Corporation	14.8	3.3
Thermo Fisher Scientific Inc.	179.7	2.8
BridgeBio Pharma, Inc.	9.2	2.6
UnitedHealth Group Incorporated	351.7	2.3

We added to our position in **ICON Plc**, the sixth largest global contract research organization ("CRO") in terms of revenue. ICON provides outsourced drug and device development and commercialization services to pharmaceutical, biotechnology, medical device, and government and public health organizations. During the quarter, ICON announced an agreement to acquire PRA Health Sciences, Inc., the fifth largest CRO, in a cash and stock deal valued at $12 billion. ICON's stock price declined after the transaction was announced because investors were concerned about integration risks and potential for customer losses. Some ICON investors also didn't like that the company's balance sheet would go from a net cash position to 4.5 times pro forma net leverage. We saw the decline in the stock price as an opportunity to buy a very good business with an excellent management team at an attractive valuation. After the deal closes, ICON will be the second largest global CRO in an industry where scale really matters. We view the combination as a merger of two well-run clinical CROs that are both enjoying robust growth and solid bookings, with similar cultures and management structures, complementary strengths and limited client overlap. The CRO sector is experiencing healthy growth driven by record levels of biotechnology funding, solid biopharmaceutical R&D spending and continued outsourcing of clinical development. We think the merger will be highly accretive, mid-teens in the first year and 20% thereafter. We think synergy goals are relatively modest, and most are on the cost side. There are also revenue synergies to be realized, including cross-selling ICON's central lab and patient recruitment network and PRA's data services and mobile capabilities as well as having a broader, more competitive geographic footprint especially in Asia. CROs are cash generative businesses, and leverage is expected to come down rapidly over the next couple of years. Long term, management targets high single-digit revenue growth and mid-teens earnings growth. We see significant upside in the stock price over a multi-year period.

We added to **Bio-Techne Corporation**, a life sciences tools company. Bio-Techne has a stable and growing base business which consists of selling high-quality, high-margin, consumable proteins and antibodies to academic and biopharmaceutical scientists for research purposes. On top of that, Bio-Techne has multiple growth drivers, including an automated protein analysis business; an exosome-based liquid biopsy diagnostics platform; and a portfolio of products used in the production of cell and gene therapies. The company's organic revenue growth has accelerated to the double digits, operating margins are in the mid-to-high 30% range with the potential to exceed 40% over time, and the business generates strong free cash flow which can be used for bolt-on acquisitions or share repurchases. We think Bio-Techne is just scratching the surface of its opportunity and we see a long runway for profitable growth.

We added to our positions in **Thermo Fisher Scientific Inc.**, **BridgeBio Pharma, Inc.**, and **UnitedHealth Group Incorporated**. We wrote about these companies in our December quarterly letter.

Table VII.
Top net sales for the quarter ended March 31, 2021

	Amount Sold (millions)
Pacific Biosciences of California, Inc.	$2.0
Sanofi	1.8
AstraZeneca PLC	1.2
Vertex Pharmaceuticals Incorporated	0.8
Iqvia Holdings Inc.	0.6

We reduced our position in **Pacific Biosciences of California, Inc.** due to valuation. We sold **Sanofi** because of concerns about the company's vaccine business given the emergence and success of mRNA vaccine platforms. We sold **AstraZeneca PLC** because of concerns about increased competition. We reduced **Vertex Pharmaceuticals Incorporated** because of concerns that the company's long-term growth may be more dependent upon acquisitions than originally thought. We sold **Iqvia Holdings Inc**. to manage overall exposure to CROs.

Outlook

Despite ongoing uncertainties about the COVID-19 pandemic and potential changes in health care policy, the trends in the sector continue to be positive. Biotechnology funding and new drug approvals are both on a record pace so far this year. The Biden Administration proposed a significant increase to the budget for the National Institutes of Health, which would be positive for life sciences research if enacted. We think medical device companies and health care services companies are starting to see a return to more normalized procedure volumes. Longer term, we continue to believe health care is in a transformational period marked by rapid innovation and advances in science.

As we approach the three-year anniversary of the Fund's launch, we remain optimistic about the long-term growth prospects for the Health Care sector broadly and for our holdings more specifically. We believe the companies in which the Fund invests are unique, competitively advantaged, well-managed growth companies. We continue to work hard to identify new ideas that meet our investment criteria.

I would like to thank my colleague Josh Riegelhaupt, Assistant Portfolio Manager of Baron Health Care Fund, for his invaluable contributions to the Fund.

Thank you for investing in Baron Health Care Fund. I remain an investor in the Fund, alongside you.

Sincerely,

Neal Kaufman
Portfolio Manager
April 20, 2021

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

Risks: In addition to general market conditions, the value of the Fund will be affected by investments in health care companies which are subject to a number of risks, including the adverse impact of legislative actions and government regulations. The Fund is non-diversified, which means it may have a greater percentage of its assets in a single issuer than a diversified fund. The Fund invests in small and medium sized companies whose securities may be thinly traded and more difficult to sell during market downturns. 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 Health Care Fund by anyone in any jurisdiction where it would be unlawful under the laws of that jurisdiction to make such offer or solicitation.

Active Share a term used to describe the share of a portfolio's holdings that differ from that portfolio's benchmark index. It is calculated by comparing the weight of each holding in the Fund to that holding's weight in the benchmark. Positions with either a positive or negative weighting versus the benchmark have Active Share. An Active Share of 100% implies zero overlap with the benchmark. Active Share was introduced in 2006 in a study by Yale academics, M. Cremers and A. Petajisto, as a measure of active portfolio management.

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

Baron FinTech Fund

Dear Baron FinTech Fund Shareholder:

Performance

In the quarter ended March 31, 2021, Baron FinTech Fund (the "Fund") fell 1.29% (Institutional Shares) compared with a 6.17% gain for the S&P 500 Index (the "Benchmark") and a 2.77% gain for the FactSet Global FinTech Index. Since inception, the Fund has risen 34.84% (Institutional Shares) compared with an 20.09% gain for the Benchmark and a 29.78% gain for the FactSet Global FinTech Index.

Table I.
Performance
For period ended March 31, 2021

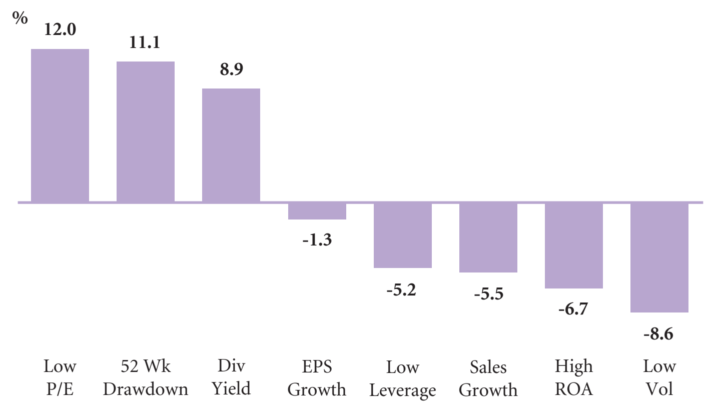
	Baron FinTech Fund Retail Shares[1,2]	Baron FinTech Fund Institutional Shares[1,2]	S&P 500 Index[1]	FactSet Global FinTech Index[1]
Three Months[3]	(1.36)%	(1.29)%	6.17%	2.77%
One Year	65.60%	66.06%	56.35%	90.74%
Since Inception (December 31, 2019)	34.54%	34.84%	20.09%	29.78%

During the quarter, the Fund underperformed the Benchmark by 7.46%. This level of underperformance is disappointing but not surprising given the significant market rotation that took place. Value stocks substantially outpaced Growth stocks (11.9% vs. 1.2%), Cyclicals beat Non-Cyclicals (11.3% vs. 3.2%), and Financials outperformed Information Technology ("IT") (16.4% vs. 1.4%). According to Credit Suisse, the best-performing stocks in the S&P 500 Index were those with low valuation multiples, significant share price declines last year, and high-dividend yields. Meanwhile the worst-performing stocks were those with high-revenue growth, low leverage, high returns on assets, and low volatility. The Fund heavily skews toward high-quality growth companies, so returns fell short in a period when low-quality cyclical stocks were favored. Occasional underperformance is the unfortunate but inevitable cost of our focused strategy of investing in FinTech companies with long runways for growth and sustainable competitive advantages. We retain conviction in our strategy and expect better future performance.

JOSH SALTMAN
PORTFOLIO MANAGER

Retail Shares: BFINX
Institutional Shares: BFIIX
R6 Shares: BFIUX

1Q21 Factor Returns–S&P 500



Source: Credit Suisse

Performance listed in the above table is net of annual operating expenses. Annual expense ratio for the Retail Shares and Institutional Shares as of December 31, 2020 was 3.09% and 2.43%, respectively, but the net annual expense ratio was 1.20% and 0.95% (net of the Adviser's fee waivers), 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 Adviser reimburses certain Baron Fund expenses pursuant to a contract expiring on August 29, 2031, 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 www.BaronFunds.com or call 1-800-99BARON.

1 The **S&P 500 Index** measures the performance of 500 widely held large cap U.S. companies. The **FactSet Global FinTech Index**™ is an unmanaged and equal-weighted index that measures the equity market performance of companies engaged in Financial Technologies, primarily in the areas of software and consulting, data, and analytics, digital payment processing, money transfer, and payment transactional-related hardware across 30 developed and emerging markets. The indexes and the Fund include reinvestment of dividends, net of withholding taxes, which positively impact the performance results. The indexes are unmanaged. Index performance is not Fund performance; one cannot invest directly into 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 redemptions of Fund shares.

3 Not annualized.

At a sector level, our investments in Financials and IT weighed the most on relative results. Among the Fund's seven investment themes, Digital IT Services was the sole outperformer, while the others lagged. Bank stocks appreciated significantly as the 10-Year Treasury yield almost doubled since the start of the year. The Fund's low exposure to these stocks hampered performance. It might seem surprising that FinTech stocks would underperform when financial stocks outperform, but we believe that FinTech is viewed as an adjacent category and was used as a source of funds to buy banks that benefit more from higher rates.

Table II.

Top contributors to performance for the quarter ended March 31, 2021

	Percent Impact
Endava plc	0.44%
EPAM Systems, Inc.	0.41
S&P Global Inc.	0.26
Grid Dynamics Holdings, Inc.	0.24
Network International Holdings Ltd.	0.23

Endava plc provides outsourced software development to business customers. Share price appreciation was driven by continued revenue and earnings growth. Following a brief slowdown during the early months of the pandemic, business has returned to normal as clients recognize the need for greater investment in digital transformation. Management expects organic revenue growth will return to the 20%-plus range with additional growth from accretive acquisitions. We believe Endava will continue gaining share in a large global market for IT services.

EPAM Systems, Inc. provides outsourced software development to business customers. Shares gained after the company reported quarterly financial results that exceeded Street expectations. Demand is rebounding after last year's slowdown as the pandemic has highlighted the need for greater investment in digital transformation. 2021 guidance calls for revenue growth to exceed 20% albeit with some temporary margin pressure from investments and catch-up spending. We continue to own the stock due to EPAM's long runway for growth and strong execution.

S&P Global Inc. provides credit ratings, indexes, data, and analytics to the financial and commodities markets. Shares increased on strong fourth quarter results and 2021 guidance that exceeded Street expectations. Although bond issuance is expected to moderate after two years of exceptional growth, management still expects revenue to grow mid-single-digits this year. Also, shareholders overwhelmingly voted to approve the merger with IHS Markit. We continue to own the stock as we see a long runway for growth and significant competitive advantages for the company.

Grid Dynamics Holdings, Inc. provides outsourced software development to business customers. Shares increased after the company reported improving financial results and 2021 guidance that exceeded analyst expectations. Following a major pullback in spending last year by large customers in the retail sector, management has successfully pivoted the company toward non-retail customers with better growth prospects, which now represent a significant majority of revenue. We continue to own the stock because we believe the company has unique capabilities and a long runway for growth.

Network International Holdings Ltd. is a leading payment processor serving banks and merchants in the Middle East and Africa. Shares increased on better-than-expected earnings results. In addition, allegations made by short sellers have not been proven true, which we think helped boost market sentiment. Network International is a beneficiary of the cash to digital payments trend in its markets as banks look to issue cards and merchants look to accept non-cash payments. We think the company will continue executing on its large opportunity under the leadership of a new CEO who was formerly with Mastercard.

Table III.

Top detractors from performance for the quarter ended March 31, 2021

	Percent Impact
Guidewire Software, Inc.	–0.61%
MercadoLibre, Inc.	–0.36
Verisk Analytics, Inc.	–0.27
TransUnion	–0.24
London Stock Exchange Group PLC	–0.23

Shares of property and casualty ("P&C") insurance software vendor **Guidewire Software, Inc.** detracted from performance as shares of high-multiple growth stocks lagged. The company is near the midpoint of its cloud transition, which should correspond with improving financial results. Despite short-term headwinds, we believe Guidewire has tripled its addressable market through new products and cloud delivery and will become the critical software vendor for the global P&C insurance industry, capturing 30% to 50% of its $15 billion to $30 billion total addressable market and generating margins above 40%.

MercadoLibre, Inc., a Latin American e-commerce and FinTech platform, declined in the quarter despite reporting very strong fourth quarter results. MercadoLibre falls into a category of businesses that were net beneficiaries of last year's lockdowns and reduced consumer gatherings that fell out of favor this quarter as investors looked toward economic reopening and normalization. We are confident in MercadoLibre's ability to create substantial long-term value as it grows into a regional powerhouse across e-commerce and financial services.

Shares of **Verisk Analytics, Inc.**, a leading data and analytics vendor, detracted from performance after the company reported fourth quarter earnings that came in slightly below Street expectations. The core Insurance segment remained strong, but pandemic-related weakness impacted the Energy and Financial Services segments. We remain positive about the competitive positioning, long-term growth, margin expansion, and capital deployment prospects for the business.

TransUnion is a consumer credit bureau that helps businesses make credit and marketing decisions. Earnings have been impacted by a slowdown in economic growth and financial marketing activity due to the pandemic. Shares declined after the company provided underwhelming 2021 guidance that suggests a more gradual recovery than investors were expecting. We believe this guidance is conservative and continue to own the stock because we expect TransUnion to continue gaining share while diversifying into attractive information services verticals.

Shares of U.K.-based **London Stock Exchange Group PLC** fell sharply after the company reported that expenses associated with integrating data provider Refinitiv will be higher than analyst forecasts. While margins will be negatively impacted, management expects these investments will drive faster revenue growth over time. We continue to own the stock because we expect the acquisition of Refinitiv will transform LSE into a global market infrastructure provider and further diversify the revenue mix away from volatile transaction fees to more recurring data-subscription fees.

Portfolio Structure

The Fund seeks to invest in competitively advantaged, growing FinTech companies that we can own for years. We conduct independent, fundamental research and take a long-term perspective. The Fund invests in companies across all market capitalizations and geographies. The quality of the ideas and level of conviction determine the position size of each investment. We do not try to mimic an index, and we expect the Fund will look very different from the Benchmark.

As of March 31, 2021, the Fund held 48 positions. Non-U.S. stocks represented 20.8% of the Fund's net assets. The Fund's 10 largest holdings represented 40.9% of net assets, and the 20 largest holdings represented 67.1% of net assets. The market capitalization range of the investments in the Fund was $857 million to $615 billion with a weighted average of $103 billion.

We segment the Fund's holdings into seven investment themes. Some companies have characteristics that span more than one theme, but we classify each company by a single theme that we believe is most representative.

1. Payments: The world is increasingly going cashless, but $18 trillion of consumer payments each year are still made with cash or check. **Visa, Inc.** and **Mastercard Incorporated** operate the leading global networks that facilitate electronic payments for consumers, merchants, and banks. We own several companies that enable merchants to accept electronic payments, including **Square, Inc.**, **Nuvei Technologies Corp.**, **Global Payments Inc.**, **Shift4 Payments, Inc.**, and **Bill.com Holdings, Inc.**

2. E-commerce: We have several investments that benefit from the secular growth of e-commerce. Online sales are growing much faster than in-store sales, but e-commerce penetration is still low at only around 15% of total U.S. retail sales. As payment processors for mostly online merchants, **PayPal Holdings, Inc.** and **Adyen N.V.** benefit from the rapid growth of e-commerce around the world. **Alibaba Group Holding Limited** and **MercadoLibre, Inc.** operate leading online marketplaces and payment platforms. **Shopify Inc.** provides software and services that make it easier for merchants to sell online.

3. Enterprise Software: We have several investments in software companies that help businesses manage their financial processes and operations. **Fidelity National Information Services, Inc.**, **Jack Henry & Associates, Inc.**, and **nCino Inc.** provide software that enables banks to manage account and transaction data. **Intuit Inc.** provides accounting and payroll solutions for small businesses as well as tax software for consumers and tax professionals. **Guidewire Software, Inc.** and **Duck Creek Technologies, Inc.** are leading providers of core systems software for the global P&C insurance industry.

4. Information Services: Financial institutions increasingly rely on information and insights to improve loan pricing, insurance underwriting, marketing efficiency, and investment returns. We have several investments in companies that provide critical data to help financial institutions optimize performance and fulfill regulatory requirements. Rating agencies **S&P Global Inc.** and **Moody's Corporation** provide credit ratings that are deeply embedded into the financial ecosystem. **TransUnion** provides the data and **Fair Isaac Corporation** provides the rating methodology used by lenders for consumer credit decisions. The insurance industry relies on **Verisk Analytics, Inc.** for underwriting data, and the commercial real estate industry relies on **CoStar Group, Inc.** for property data.

5. Digital IT Services: Many banks, insurers, and other businesses have decades-old technology that is difficult to maintain and improve. Disruption from new tech-enabled entrants is forcing incumbents to either upgrade their legacy systems or risk losing customers. **EPAM Systems, Inc.**, **Endava plc**, **Accenture plc**, and **Grid Dynamics Holdings, Inc.** provide consulting and outsourced software development for business customers to help them modernize their systems and navigate complex digital transformations.

6. Capital Markets: Investing decisions and trade execution increasingly rely on digital solutions to improve efficiency and reduce costs. **MarketAxess Holdings Inc.** and **Tradeweb Markets Inc.** operate the leading electronic trading platforms for fixed income markets and benefit from the secular shift from voice-based trading to electronic trading. **CME Group, Inc.** is the world's largest and most diversified derivatives marketplace whose electronic exchanges are used by traders around the world to manage risk.

7. Tech-Enabled Financials: Certain financial institutions are using technology in particularly innovative ways to better serve their customers and operate more efficiently. **Kinsale Capital Group, Inc.** is an insurance company that uses proprietary technology to enable faster underwriting and create meaningful cost advantages over the competition. **BlackRock Inc.** uses technology to evaluate risk for institutional investors and manage trillions of dollars' worth of ETF assets at very low cost.

As of March 31, 2021, Information Services represented 24.9% of net assets, Payments represented 21.8%, E-commerce represented 15.4%, Digital IT Services represented 11.9%, Enterprise Software represented 11.8%, Capital Markets represented 5.8%, and Tech-Enabled Financials represented 4.7% with the remainder in cash.

Table IV.
Top 10 holdings as of March 31, 2021

	Year Acquired	Market Cap When Acquired (billions)	Quarter End Market Cap (billions)	Quarter End Investment Value (thousands)	Percent of Net Assets
PayPal Holdings, Inc.	2020	$130.0	$284.4	$1,991.3	4.5%
Visa, Inc.	2020	411.0	467.8	1,990.3	4.5
Intuit Inc.	2020	69.3	104.9	1,953.6	4.4
Endava plc	2020	2.6	4.7	1,863.2	4.2
Mastercard Incorporated	2020	306.1	353.7	1,851.5	4.2
S&P Global Inc.	2020	67.9	85.0	1,764.4	4.0
EPAM Systems, Inc.	2020	11.9	22.3	1,745.4	4.0
Fair Isaac Corporation	2020	11.1	14.2	1,676.9	3.8
Adyen N.V.	2020	24.9	67.9	1,651.2	3.7
Square, Inc.	2020	73.9	103.2	1,589.4	3.6

Table V.
Fund investments in GICS sub-industries as of March 31, 2021

	Percent of Net Assets
Data Processing & Outsourced Services	32.5%
Financial Exchanges & Data	13.8
Application Software	13.2
IT Consulting & Other Services	11.9
Research & Consulting Services	8.6
Internet & Direct Marketing Retail	4.6
Interactive Media & Services	3.0
Internet Services & Infrastructure	2.5
Asset Management & Custody Banks	1.7
Investment Banking & Brokerage	1.5
Insurance Brokers	1.1
Diversified Banks	1.1
Property & Casualty Insurance	0.8
Cash and Cash Equivalents	3.7
	100.0%

Recent Activity

Table VI.
Top net purchases for the quarter ended March 31, 2021

	Quarter End Market Cap (billions)	Amount Purchased (thousands)
BlackRock Inc.	$115.8	$757.6
Visa, Inc.	467.8	566.7
TCS Group Holding PLC	11.6	471.2
Mastercard Incorporated	353.7	452.7
Fair Isaac Corporation	14.2	445.6

During the quarter, we initiated a position in **BlackRock Inc.**, the world's largest investment manager with $9 trillion in assets under management. BlackRock offers an array of products across equities, fixed income, alternatives, and cash management to institutional and retail investors worldwide. About one-quarter of BlackRock's assets under management is actively managed, and the rest is in passive index funds and iShares-branded ETFs. The company offers technology services including the investment and risk management platform, Aladdin, as well as other advisory services and solutions. Over the five years ending December 31, 2020, assets under management and earnings per share grew at compound annual growth rates of 13% and 12%, respectively.

We believe BlackRock is well positioned for continued growth given its diverse product offering, global distribution, brand recognition, and capable management team. With most of its assets in index funds and ETFs, BlackRock is a prime beneficiary of the ongoing shift to passive investing. The company also benefits from increasing demand for sustainable investment strategies and "barbell" strategies that use a combination of low-cost index funds, active and illiquid alternatives products. BlackRock fits squarely within our Tech-Enabled Financials theme given its longstanding commitment to innovation and proprietary technology platform, Aladdin, which serves as the investment and risk management system for both BlackRock and a growing number of institutional investors around the world. We expect BlackRock's earnings per share will continue to grow at a double-digit annual rate over a market cycle through a combination of mid-single-digit growth in assets under management from net inflows, market appreciation, low to mid-teens revenue growth in technology services, modest margin expansion, and share repurchases.

We also invested in **TCS Group Holding PLC**, a digital-only bank based in Russia operating under the brand name Tinkoff. Founded in 2006, Tinkoff has evolved from a monoline credit card issuer to a financial services and lifestyle ecosystem with over 13 million active customers. It is a global pioneer in digital banking and one of the most profitable banks in the world with a return on equity exceeding 40%. Through its super App and web interface, Tinkoff offers traditional retail banking products such as loans, deposits, and insurance as well as ancillary lifestyle services including travel, shopping, and entertainment. The company's business profile is evolving favorably with a higher proportion of secured loans in the portfolio and more fee-based income coming from payment processing and retail brokerage. We believe Tinkoff can enjoy a sustained period of high growth given the low penetration of retail credit in Russia, cross-selling opportunities, and exposure to attractive verticals. We see significant growth potential in online merchant acquiring and retail brokerage where the company holds leading positions when measured by processed volumes and active clients. Over the next two years, management expects to reach 16.5 million active users and deliver 20% annualized earnings growth, which we believe are conservative targets.

Table VII.
Top net sales for the quarter ended March 31, 2021

	Amount Sold (thousands)
Rocket Companies, Inc.	$187.7

We sold **Rocket Companies, Inc.** when commentary on social media contributed to a share price spike. We had concerns about growth as interest rates rise and mortgage refinancing volumes fall, so we took advantage of the elevated share price to exit the position.

Outlook

The prospects for economic growth are far more positive today than they were a year ago. Reopening economies, increasing vaccination rates, fiscal stimulus, and pent-up demand support the IMF's real GDP growth projections of 6.4% in the U.S. and 6.0% globally this year. We expect accelerating revenue growth for our more economically sensitive stocks in payments and credit data and moderating growth for our COVID-beneficiary stocks in e-commerce. How much these near-term growth expectations are already reflected in share prices is an open question, but we are looking well beyond the next few quarters to evaluate the long-term growth prospects of all our holdings. We believe we are in the very early innings of the growth of FinTech that will persist regardless of prevailing interest rates and market cycles.

Jamie Dimon, the highly respected Chairman and CEO of JPMorgan Chase, was asked on a recent earnings call about the threat from FinTech companies. He noted that banks are "facing a whole generation of newer, tougher, faster competitors" from the likes of PayPal, Square, Stripe, and Ant Financial as well as big technology players like Facebook, Alphabet, Apple, and Amazon. He then bluntly added, "Absolutely, we should be scared s***less about that." When asked how JPMorgan can protect its turf, Dimon replied, "I'm not going to tell you. But we have plenty of resources and a lot of very smart people. We've just got to get quicker, better, faster." Banks have significant strengths from scale and entrenched customer relationships but are hobbled by inflexible legacy systems that will need to be moved to the cloud to remain competitive. Many banking products, such as payments, are moving out of the banking system. Neobanks and non-banks are gaining share in consumer accounts by addressing customer pain points and making digital platforms easy to use.

FinTech companies can both support and compete with banks like JPMorgan. Banks will continue to spend billions of dollars a year on technology and data from FinTech allies while facing growing competition from FinTech rivals. While bank stocks were strong performers this past quarter, we believe they face structural challenges from new entrants that are faster, nimbler, and more customer centric. We believe the Fund's holdings are well positioned to benefit from this competitive tension in the years ahead.

Thank you for your investment and continued support. We are working hard to identify good investment ideas that we expect will generate attractive returns over the long term.

Sincerely,

Joshua Saltman

Josh Saltman
Portfolio Manager
April 20, 2021

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

Risks: In addition to general market conditions, the value of the Fund will be affected by investments in fin tech companies which are subject to a number of risks, including the adverse impact of legislative actions and government regulations. The Fund is non-diversified, which means it may have a greater percentage of its assets in a single issuer than a diversified fund. The Fund invests in small and medium sized companies whose securities may be thinly traded and more difficult to sell during market downturns. 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.

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Portfolio Market Capitalization (Unaudited)

Baron Asset Fund

Baron Asset Fund invests in mid-sized growth companies with market capitalizations above $2.5 billion or the smallest market cap stock in the Russell Midcap Growth Index at reconstitution, whichever is larger, and below the largest market cap stock in the Russell Midcap Growth Index at reconstitution.

Company	Equity Market Cap (in millions)	% of Net Assets
The Charles Schwab Corp.	$122,691	2.1%
Fidelity National Information Services, Inc.	87,337	1.6
Equinix, Inc.	60,679	1.1
Illumina, Inc.	56,034	1.8
Pinterest, Inc.	46,529	0.7
Roper Technologies Inc.	42,326	1.8
IDEXX Laboratories, Inc.	41,800	6.4
Veeva Systems Inc.	39,767	2.1
Amphenol Corporation	39,526	1.0
T. Rowe Price Group, Inc.	39,031	0.8
DexCom, Inc.	34,755	1.1
MSCI, Inc.	34,696	0.2
CoStar Group, Inc.	32,391	3.1
Zillow Group, Inc.	31,311	2.9
The Trade Desk	30,875	0.9
SBA Communications Corp.	30,343	1.8
ANSYS, Inc.	29,587	3.5
Willis Towers Watson Public Limited Company	29,519	0.9
First Republic Bank	29,390	0.9
Liberty Broadband Corporation	29,194	1.1
Verisk Analytics, Inc.	28,764	3.0
RingCentral, Inc.	26,956	1.4
Mettler-Toledo International, Inc.	26,952	3.9
CBRE Group, Inc.	26,549	0.8
CDW Corporation	23,387	1.2
Verisign, Inc.	22,479	2.1
Alexandria Real Estate Equities, Inc.	22,459	0.6
EPAM Systems, Inc.	22,286	0.9
HubSpot, Inc.	21,046	0.3
West Pharmaceutical Services, Inc.	20,810	2.2
10X Genomics, Inc.	19,684	0.3
Teleflex Incorporated	19,422	1.4
ZoomInfo Technologies Inc.	19,130	1.5
MarketAxess Holdings Inc.	18,919	2.2
The Cooper Companies, Inc.	$18,878	1.4%
Farfetch Limited	18,810	0.9
SS&C Technologies Holdings, Inc.	18,005	0.9
TransUnion	17,215	2.3
Tradeweb Markets Inc.	17,139	0.4
Rollins, Inc.	16,939	1.0
Gartner, Inc.	16,196	5.0
Clarivate Plc	16,047	1.0
IDEX Corporation	15,892	1.2
Wix.com Ltd.	15,750	2.4
Arch Capital Group Ltd.	15,474	1.5
Guardant Health, Inc.	15,330	0.9
GDS Holdings Limited	15,156	1.0
Bio-Techne Corporation	14,818	2.7
Fair Isaac Corporation	14,210	1.1
argenx SE	14,129	0.2
Ceridian HCM Holding Inc.	12,541	2.4
Vail Resorts, Inc.	11,741	3.1
FactSet Research Systems, Inc.	11,720	2.0
Bumble Inc.	11,516	0.3
Avalara, Inc.	11,399	0.4
The Toro Company	11,100	0.4
Bright Horizons Family Solutions, Inc.	10,421	0.6
Aspen Technology, Inc.	9,791	1.0
Guidewire Software, Inc.	8,510	2.5
Hyatt Hotels Corp.	8,378	0.8
Acceleron Pharma Inc.	8,211	0.3
Tripadvisor, Inc.	7,253	1.5
Choice Hotels International, Inc.	5,958	1.0
Schrodinger, Inc.	5,341	0.2
Stitch Fix, Inc.	5,268	0.7
Diversey Holdings, Ltd.	4,472	0.5
		99.2%

Baron Growth Fund

Baron Growth Fund invests in small-sized growth companies with market capitalizations up to the largest market cap stock in the Russell 2000 Growth Index at reconstitution, or companies with market capitalizations up to $2.5 billion, whichever is larger.

Company	Equity Market Cap (in millions)	% of Total Investments
IDEXX Laboratories, Inc.	$41,800	4.6%
MSCI, Inc.	34,696	8.4
CoStar Group, Inc.	32,391	5.7
ANSYS, Inc.	29,587	5.0
Mettler-Toledo International, Inc.	26,952	1.2
Alexandria Real Estate Equities, Inc.	22,459	1.4
West Pharmaceutical Services, Inc.	20,810	1.7
SS&C Technologies Holdings, Inc.	18,005	2.1
Penn National Gaming, Inc.	16,406	7.6
Gartner, Inc.	16,196	3.4
Wix.com Ltd.	15,750	0.6
Arch Capital Group Ltd.	15,474	4.1
Bio-Techne Corporation	14,818	3.8
The Carlyle Group Inc.	13,020	0.8
Vail Resorts, Inc.	11,741	6.7
FactSet Research Systems, Inc.	11,720	4.3
Trex Company, Inc.	10,606	2.4
Bright Horizons Family Solutions, Inc.	10,421	2.7
Gaming and Leisure Properties, Inc.	9,877	2.7
Morningstar, Inc.	9,655	2.8
Pegasystems, Inc.	9,250	1.3
Guidewire Software, Inc.	8,510	1.2
Marriott Vacations Worldwide Corp.	7,183	2.5
Denali Therapeutics Inc.	6,908	0.5
Boyd Gaming Corporation	6,608	0.3
Littelfuse, Inc.	6,492	0.3
Choice Hotels International, Inc.	$5,958	3.7%
Primerica, Inc.	5,826	2.8
Adaptive Biotechnologies Corporation	5,605	0.2
Iridium Communications Inc.	5,532	4.1
Douglas Emmett, Inc.	5,510	1.4
Essent Group Ltd.	5,359	0.3
Schrodinger, Inc.	5,341	0.8
ACV Auctions Inc.	5,335	0.2
Marel hf.	5,280	0.3
Dechra Pharmaceuticals PLC	5,115	0.3
Neogen Corp.	4,757	0.6
Altair Engineering Inc.	4,668	0.5
Houlihan Lokey, Inc.	4,586	0.4
American Well Corporation	4,136	0.1
Moelis & Company	3,896	0.5
Red Rock Resorts, Inc.	3,823	0.6
Kinsale Capital Group, Inc.	3,753	1.9
Desktop Metal, Inc.	3,642	0.2
Cohen & Steers, Inc.	3,151	1.4
Manchester United plc	2,565	0.8
American Assets Trust, Inc.	1,962	0.1
BrightView Holdings, Inc.	1,774	0.2
OneSpa World Holdings Limited	921	0.0
Yucaipa Acquisition Corporation	425	0.1
		99.6%

Baron Small Cap Fund

Baron Small Cap Fund invests 80% of its net assets in small-sized growth companies with market capitalizations up to the largest market cap stock in the Russell 2000 Growth Index at reconstitution, or companies with market capitalizations up to $2.5 billion, whichever is larger.

Company	Equity Market Cap (in millions)	% of Net Assets
IDEXX Laboratories, Inc.	$41,800	1.7%
DexCom, Inc.	34,755	1.5
TransDigm Group, Inc.	32,153	1.4
The Trade Desk	30,875	1.6
SBA Communications Corp.	30,343	2.1
Liberty Broadband Corporation	29,194	1.0
Waste Connections, Inc.	28,316	1.6
Mettler-Toledo International, Inc.	26,952	1.1
DraftKings, Inc.	24,391	1.1
Penn National Gaming, Inc.	16,406	2.5
Gartner, Inc.	16,196	3.6
Clarivate Plc	16,047	2.1
Wix.com Ltd.	15,750	1.9
Guardant Health, Inc.	15,330	0.7
Liberty SiriusXM Group	14,919	0.6
Cognex Corporation	14,657	1.9
Ceridian HCM Holding Inc.	12,541	1.4
Trex Company, Inc.	10,606	1.4
Bright Horizons Family Solutions, Inc.	10,421	2.2
ICON Plc	10,366	2.3
Floor & Decor Holdings, Inc.	9,988	2.6
Liberty Media Corporation – Liberty Formula One	9,904	1.1
PRA Health Sciences, Inc.	9,897	1.5
Aspen Technology, Inc.	9,791	2.3
Americold Realty Trust	9,709	2.1
WEX Inc.	9,246	1.5
Guidewire Software, Inc.	8,510	2.4
Nuvei Technologies Corp	8,323	0.9
Berry Global Group, Inc.	8,221	1.0
SiteOne Landscape Supply, Inc.	7,580	2.8
Vertiv Holdings, LLC	7,029	2.7
Planet Fitness, Inc.	6,692	1.2
Shift4 Payments, Inc.	6,606	0.6
The AZEK Company Inc.	6,507	0.9
Shoals Technologies Group, Inc.	5,795	0.8
Ollie's Bargain Outlet Holdings, Inc.	5,698	1.0
HealthEquity, Inc.	5,645	1.2
Inspire Medical Systems, Inc.	5,624	1.3
Fox Factory Holding Corp	$5,317	0.2%
Dechra Pharmaceuticals PLC	5,115	0.9
ASGN Incorporated	5,058	3.0
RBC Bearings Incorporated	4,947	0.5
Altair Engineering Inc.	4,668	1.0
Endava plc	4,654	1.3
Houlihan Lokey, Inc.	4,586	0.8
Madison Square Garden Sports Corp.	4,328	0.8
Avient Corporation	4,319	1.7
Olink Holding AB	4,284	0.2
Driven Brands Holdings Inc.	4,256	0.8
John Bean Technologies Corporation	4,231	1.3
Certara, Inc.	4,176	0.4
Jamf Holding Corp.	4,149	0.5
Mercury Systems, Inc.	3,966	1.7
Red Rock Resorts, Inc.	3,823	1.1
Array Technologies, Inc.	3,787	1.3
Kinsale Capital Group, Inc.	3,753	1.3
Innovage Holding Corp.	3,495	0.3
UTZ Brands, Inc.	3,392	1.9
Kratos Defense & Security Solutions, Inc.	3,368	1.2
Installed Building Products, Inc.	3,285	3.6
The Cheesecake Factory, Inc.	2,715	1.1
BRP Group, Inc.	2,607	1.6
Axonics Modulation Technologies, Inc.	2,487	1.2
CryoPort, Inc.	2,372	0.3
Repay Holdings Corporation	2,078	1.6
Hydrofarm Holdings Group, Inc.	2,042	0.2
E2open Inc.	2,016	1.1
Madison Square Garden Entertainment Corp.	1,975	0.4
Silk Road Medical, Inc.	1,741	1.1
Paya Holdings Inc.	1,389	0.7
MaxCyte, Inc.	1,008	0.4
OneSpa World Holdings Limited	921	0.0
Grid Dynamics Holdings, Inc.	857	0.8
SOC Telemed, Inc.	571	0.4
Whole Earth Brands, Inc.	501	0.1
TS Innovation Acquisitions Corp.	407	0.4
		98.8%

Baron Opportunity Fund

Baron Opportunity Fund invests in high growth businesses of any market capitalization selected for their capital appreciation potential.

Company	Equity Market Cap (in millions)	% of Net Assets
Microsoft Corporation	$1,778,228	8.8%
Amazon.com, Inc.	1,558,070	4.8
Alphabet Inc.	1,392,562	5.2
Facebook, Inc.	838,724	2.3
Tesla, Inc.	641,115	2.9
Alibaba Group Holding Limited	614,692	1.8
Visa, Inc.	467,813	2.0
Mastercard Incorporated	353,687	1.7
NVIDIA Corporation	331,037	1.7
PayPal Holdings, Inc.	284,408	1.9
Netflix, Inc.	231,041	0.8
Adobe Inc.	227,857	1.1
Square, Inc.	103,220	0.4
ServiceNow, Inc.	98,072	0.9
Zoom Video Communications, Inc.	94,367	0.5
Intuitive Surgical, Inc.	87,474	1.0
Snap Inc.	78,869	1.5
MercadoLibre, Inc.	73,415	0.8
Adyen N.V.	67,874	0.4
Snowflake Inc.	64,909	0.9
Equinix, Inc.	60,679	0.6
Workday, Inc.	60,369	1.2
Twilio Inc.	58,092	0.5
Illumina, Inc.	56,034	0.6
Edwards Lifesciences Corp.	52,027	0.7
Pinterest, Inc.	46,529	2.2
CrowdStrike, Inc.	40,860	0.7
Veeva Systems Inc.	39,767	0.3
Electronic Arts Inc.	38,936	1.0
CoStar Group, Inc.	32,391	1.7
Zillow Group, Inc.	31,311	1.7
The Trade Desk	30,875	0.6
RingCentral, Inc.	26,956	1.8
Splunk, Inc.	21,910	0.4
HubSpot, Inc.	21,046	0.6
Take-Two Interactive Software, Inc.	20,352	0.7
10X Genomics, Inc.	$19,684	0.6%
ZoomInfo Technologies Inc.	19,130	2.3
MarketAxess Holdings Inc.	18,919	0.4
Farfetch Limited	18,810	1.0
Gartner, Inc.	16,196	1.8
Wix.com Ltd.	15,750	1.2
Guardant Health, Inc.	15,330	1.0
GDS Holdings Limited	15,156	1.4
argenx SE	14,129	1.6
Ceridian HCM Holding Inc.	12,541	1.7
Opendoor Technologies Inc.	12,232	1.5
BridgeBio Pharma, Inc.	9,176	1.0
Guidewire Software, Inc.	8,510	1.5
Acceleron Pharma Inc.	8,211	1.6
Tripadvisor, Inc.	7,253	3.4
Arrowhead Pharmaceuticals, Inc.	6,883	1.8
Rexford Industrial Realty, Inc.	6,624	0.7
Pacific Biosciences of California, Inc.	6,432	0.8
Schrodinger, Inc.	5,341	0.6
ACV Auctions Inc.	5,335	0.6
Vroom, Inc.	5,287	0.6
Stitch Fix, Inc.	5,268	1.2
Beam Therapeutics Inc.	4,996	0.5
Endava plc	4,654	1.1
ShockWave Medical, Inc.	4,539	1.2
Olink Holding AB	4,284	0.1
Desktop Metal, Inc.	3,642	0.5
CareDx, Inc.	3,529	1.0
Kratos Defense & Security Solutions, Inc.	3,368	1.1
Installed Building Products, Inc.	3,285	0.9
Butterfly Network, Inc.	2,775	0.6
Purple Innovation, Inc.	2,112	1.1
PAR Technology Corporation	1,437	1.0
Altimeter Growth Corp.	728	0.3
ION Acquisition Corp 1 Ltd.	598	0.4
ION Acquisition Corp 2 Ltd.	321	0.2
		95.0%

Baron Partners Fund

Baron Partners Fund is a non-diversified fund that invests primarily in U.S. companies of any size with significant growth potential.

Company	Equity Market Cap (in millions)	% of Total Investments
Tesla, Inc.	$641,115	40.2%
Shopify Inc.	136,541	1.1
The Charles Schwab Corp.	122,691	3.7
Airbnb, Inc.	114,349	0.0
Activision Blizzard, Inc.	72,052	1.1
Adyen N.V.	67,874	1.9
Brookfield Asset Management, Inc.	67,228	0.6
Moderna, Inc.	52,449	0.1
Spotify Technology S.A.	51,123	0.8
IDEXX Laboratories, Inc.	41,800	5.6
MSCI, Inc.	34,696	0.9
CoStar Group, Inc.	32,391	8.7
Zillow Group, Inc.	31,311	5.2
Gartner, Inc.	16,196	1.8
HEICO Corporation	16,027	0.4
Arch Capital Group Ltd.	$15,474	3.6%
GDS Holdings Limited	15,156	1.1
Vail Resorts, Inc.	11,741	4.2
FactSet Research Systems, Inc.	11,720	3.1
Gaming and Leisure Properties, Inc.	9,877	1.1
Guidewire Software, Inc.	8,510	1.3
Hyatt Hotels Corp.	8,378	3.5
Virgin Galactic Holdings, Inc.	7,258	0.1
Marriott Vacations Worldwide Corp.	7,183	1.8
Iridium Communications Inc.	5,532	0.9
Douglas Emmett, Inc.	5,510	0.5
American Well Corporation	4,136	0.1
Red Rock Resorts, Inc.	3,823	0.3
Manchester United plc	2,565	1.3
Atlas Crest Investment Corp.	752	0.1
		95.1%

Baron Fifth Avenue Growth Fund

Baron Fifth Avenue Growth Fund invests in large-sized growth companies with market capitalizations no smaller than the top 85th percentile by total market capitalization of the Russell 1000 Growth Index at June 30, or companies with market capitalizations above $10 billion, whichever is smaller.

Company	Equity Market Cap (in millions)	% of Net Assets
Amazon.com, Inc.	$1,558,070	8.1%
Alphabet Inc.	1,392,562	6.1
Facebook, Inc.	838,724	4.5
Alibaba Group Holding Limited	614,692	3.2
Visa, Inc.	467,813	2.9
Mastercard Incorporated	353,687	3.8
NVIDIA Corporation	331,037	1.1
PayPal Holdings, Inc.	284,408	2.5
ASML Holding N.V.	258,981	3.3
Adobe Inc.	227,857	3.4
Shopify Inc.	136,541	1.5
Airbnb, Inc.	114,349	0.0
Square, Inc.	103,220	1.1
ServiceNow, Inc.	98,072	3.6
Intuitive Surgical, Inc.	87,474	2.9
S&P Global Inc.	85,002	2.2
MercadoLibre, Inc.	73,415	2.4
Adyen N.V.	67,874	1.9
Snowflake Inc.	64,909	1.5
Equinix, Inc.	60,679	2.0
Twilio Inc.	$58,092	3.8%
Illumina, Inc.	56,034	2.8
Vertex Pharmaceuticals Incorporated	55,863	1.5
CrowdStrike, Inc.	40,860	2.2
Veeva Systems Inc.	39,767	3.6
RingCentral, Inc.	26,956	3.0
Datadog, Inc.	25,543	1.0
Slack Technologies Inc.	23,632	0.7
EPAM Systems, Inc.	22,286	3.4
Splunk, Inc.	21,910	1.9
10X Genomics, Inc.	19,684	2.2
ZoomInfo Technologies Inc.	19,130	2.0
Wix.com Ltd.	15,750	2.7
GDS Holdings Limited	15,156	1.8
argenx SE	14,129	1.5
Dynatrace Holdings LLC	13,632	1.7
BridgeBio Pharma, Inc.	9,176	1.1
Acceleron Pharma Inc.	8,211	2.1
		97.0%

Baron Focused Growth Fund

Baron Focused Growth Fund is a non-diversified fund that invests in small and mid-sized growth companies with market capitalizations up to the largest market cap stock in the Russell Midcap Growth Index at reconstitution.

Company	Equity Market Cap (in millions)	% of Net Assets
Tesla, Inc.	$641,115	32.0%
Adyen N.V.	67,874	1.9
Spotify Technology S.A.	51,123	2.0
CoStar Group, Inc.	32,391	7.6
BioNTech SE	26,372	1.6
Penn National Gaming, Inc.	16,406	9.4
Arch Capital Group Ltd.	15,474	3.4
GDS Holdings Limited	15,156	1.9
Vail Resorts, Inc.	11,741	5.8
FactSet Research Systems, Inc.	11,720	3.4
American Homes 4 Rent	10,564	1.1
Americold Realty Trust	$9,709	0.7%
Guidewire Software, Inc.	8,510	1.5
Hyatt Hotels Corp.	8,378	4.2
Tripadvisor, Inc.	7,253	2.2
Denali Therapeutics Inc.	6,908	0.8
Choice Hotels International, Inc.	5,958	2.5
Iridium Communications Inc.	5,532	2.5
Schrodinger, Inc.	5,341	1.0
Stitch Fix, Inc.	5,268	1.7
Red Rock Resorts, Inc.	3,823	1.0
Manchester United plc	2,565	2.4
		90.6%

Baron International Growth Fund

Baron International Growth Fund is a diversified fund that invests in non-U.S companies with significant growth potential. Investments may be made across all market capitalizations. The Fund invests principally in companies of developed countries and may invest up to 35% in companies of developing countries.

Company	Equity Market Cap (in millions)	% of Net Assets
Tencent Holdings Limited	$765,643	1.6%
Alibaba Group Holding Limited	614,692	1.3
LVMH Moet Hennessy Louis Vuitton SE	336,275	1.6
Nestle S.A.	321,097	0.7
Reliance Industries Limited	179,983	1.1
Linde plc	146,266	1.7
Sony Corporation	133,685	1.1
AstraZeneca PLC	130,537	1.2
Keyence Corporation	113,471	1.3
HDFC Bank Limited	112,621	0.6
Industria de Diseno Textil, S.A.	102,703	1.0
China Tourism Group Duty Free Corporation Limited	91,169	0.5
Midea Group Co., Ltd.	88,332	0.5
Sberbank of Russia PJSC	83,137	0.8
Recruit Holdings Co., Ltd.	83,063	1.4
BNP Paribas S.A.	76,037	3.1
Hong Kong Exchanges and Clearing Limited	74,595	0.4
Shenzhen Mindray Bio-Medical Electronics Co., Ltd.	74,019	0.6
Tokyo Electron Limited	68,649	1.3
Housing Development Finance Corporation Limited	61,636	0.7
Novatek PJSC	59,760	1.0
Takeda Pharmaceutical Company Limited	57,970	1.6
Glencore PLC	52,214	0.8
Spotify Technology S.A.	51,123	0.8
FANUC Corp.	49,721	1.3
Pernod Ricard SA	49,152	1.1
Kotak Mahindra Bank Ltd.	47,512	0.4
Itau Unibanco Banco Holding SA	46,138	0.5
Telefonaktiebolaget LM Ericsson	44,075	1.2
Bajaj Finance Limited	42,444	1.6
Lloyds Banking Group plc	41,602	1.8
Grupo Mexico, S.A.B. de C.V.	40,929	1.3
Galaxy Entertainment Group Limited	39,170	0.9
Vivendi SA	38,950	1.1
Agilent Technologies, Inc.	38,739	1.1
Will Semiconductor Co., Ltd.	33,979	0.7
Experian plc	31,578	0.8
Techtronic Industries Co. Ltd.	31,356	0.9
Koninklijke DSM N.V.	30,701	0.8
Constellation Software, Inc.	29,595	1.3
NEXON Co., Ltd.	29,564	0.8
Epiroc AB	26,782	1.2
Cellnex Telecom, S.A.	25,958	0.7
Credit Suisse Group AG	25,644	1.6
Genmab A/S	21,532	0.9
XP Inc.	21,074	0.5
Eurofins Scientific SE	18,261	1.4
Advantest Corporation	17,970	1.2
Suzano S.A.	16,579	0.9
Symrise AG	$16,453	1.2%
Wix.com Ltd.	15,750	1.3
Arch Capital Group Ltd.	15,474	1.3
PagSeguro Digital Ltd.	15,184	0.4
GDS Holdings Limited	15,156	0.8
argenx SE	14,129	1.9
MonotaRO Co., Ltd.	13,604	0.8
Glodon Company Limited	12,022	0.4
Zai Lab Limited	11,821	1.6
TCS Group Holding PLC	11,560	1.6
Kingdee International Software Group Co. Ltd.	10,753	0.8
Kingsoft Corporation Ltd.	9,111	0.8
Notre Dame Intermedica Participacoes S.A.	8,970	0.6
TeamViewer AG	8,694	1.2
China Conch Venture Holdings Ltd.	8,485	0.7
CAE Inc.	8,357	0.8
Korea Shipbuilding & Offshore Engineering Co., Ltd.	8,223	1.4
B&M European Value Retail S.A.	7,282	1.2
Hua Hong Semiconductor Limited	7,082	0.5
Square Enix Holdings Co., Ltd.	6,939	0.6
Han's Laser Technology Industry Group Co., Ltd	6,896	0.6
Clariant AG	6,694	1.2
Godrej Properties Limited	5,348	0.8
Winning Health Technology Group Co., Ltd.	5,342	0.5
Dechra Pharmaceuticals PLC	5,115	0.7
Endava plc	4,654	1.3
Max Financial Services Limited	4,057	1.0
S4 Capital plc	3,789	1.9
NEXTDC Limited	3,701	0.9
Future plc	3,183	1.9
Network International Holdings Ltd.	3,136	0.3
Tower Semiconductor Ltd.	3,026	0.7
Nippon Life India Asset Management Limited	2,847	0.5
SMS Co., Ltd.	2,777	0.9
J D Wetherspoon plc	2,410	1.1
Befesa S.A.	2,281	1.5
Watches of Switzerland Group Limited	2,182	1.0
Afya Limited	1,733	0.6
Arco Platform Limited	1,459	0.5
Detsky Mir PJSC	1,394	0.8
AMG Advanced Metallurgical Group N.V.	1,260	1.4
Golar LNG Ltd.	1,124	0.7
JM Financial Limited	1,102	0.4
Edelweiss Financial Services Limited	810	0.3
Okamoto Industries, Inc.	749	0.6
ION Acquisition Corp 1 Ltd.	598	0.5
WANdisco plc	365	0.4
ION Acquisition Corp 2 Ltd.	321	0.2
		95.8%

Baron Real Estate Fund

Baron Real Estate Fund is a diversified fund that invests 80% of its net assets in equity securities of U.S. and non-U.S. real estate and real estate-related companies of any size. The Fund's investment in non-U.S. companies will not exceed 25%.

Company	Equity Market Cap (in millions)	% of Net Assets
Home Depot, Inc.	$328,775	1.2%
Lowe's Companies, Inc.	136,408	2.7
American Tower Corp.	106,235	2.9
Prologis, Inc.	78,413	1.9
Brookfield Asset Management, Inc.	67,228	2.6
The Sherwin-Williams Company	65,837	0.6
Equinix, Inc.	60,679	2.7
Las Vegas Sands Corporation	46,412	4.8
Simon Property Group, Inc.	37,338	1.7
Hilton Worldwide Holdings, Inc.	33,568	0.8
D.R. Horton, Inc.	32,413	1.1
CoStar Group, Inc.	32,391	2.5
Zillow Group, Inc.	31,311	3.2
Lennar Corporation	30,885	1.5
SBA Communications Corp.	30,343	0.7
Equity Residential	26,694	1.0
CBRE Group, Inc.	26,549	1.6
Cellnex Telecom, S.A.	25,958	0.6
Alexandria Real Estate Equities, Inc.	22,459	1.3
Vulcan Materials Company	22,387	1.3
Invitation Homes, Inc.	18,145	1.3
Penn National Gaming, Inc.	16,406	3.4
GDS Holdings Limited	15,156	4.2
Wynn Resorts Ltd.	14,498	3.9
Pool Corporation	13,864	0.5
Fortune Brands Home & Security, Inc.	13,264	1.5
Opendoor Technologies Inc.	12,232	2.3
Equity Lifestyle Properties, Inc.	11,602	1.3
MGM Growth Properties LLC	11,366	1.2
Trex Company, Inc.	$10,606	0.3%
Gaming and Leisure Properties, Inc.	9,877	0.9
Americold Realty Trust	9,709	1.3
Jones Lang LaSalle Incorporated	9,151	2.2
Vornado Realty Trust	8,686	1.2
SiteOne Landscape Supply, Inc.	7,580	0.5
Tripadvisor, Inc.	7,253	2.7
Marriott Vacations Worldwide Corp.	7,183	1.6
Toll Brothers, Inc.	6,985	1.0
Rexford Industrial Realty, Inc.	6,624	1.2
Boyd Gaming Corporation	6,608	2.8
The AZEK Company Inc.	6,507	0.3
Douglas Emmett, Inc.	5,510	2.3
Travel + Leisure Co.	5,256	1.9
The Howard Hughes Corporation	5,243	1.6
Six Flags Entertainment Corporation	3,966	2.1
Seaworld Entertainment Inc.	3,900	0.5
Red Rock Resorts, Inc.	3,823	3.1
NEXTDC Limited	3,701	0.9
Installed Building Products, Inc.	3,285	1.2
Hilton Grand Vacations Inc.	3,207	2.0
Colony Capital, Inc.	3,149	0.7
American Assets Trust, Inc.	1,962	1.1
Go Acquisition Corp.	708	0.9
Fifth Wall Acquisition Corp. I	442	1.6
RXR Acquisition Corp.	425	1.3
Tishman Speyer Innovation Corp. II	375	0.9
		94.4%

Baron Emerging Markets Fund

Baron Emerging Markets Fund is a diversified fund that invests 80% of its net assets in non-U.S. companies of all sizes domiciled, headquartered or whose primary business activities or principal trading markets are in developing countries. The Fund may invest up to 20% in companies in developed market countries and in Frontier Countries.

Company	Equity Market Cap (in millions)	% of Net Assets
Tencent Holdings Limited	$765,643	4.6%
Alibaba Group Holding Limited	614,692	3.6
Taiwan Semiconductor Manufacturing Company Ltd.	613,409	3.8
Samsung Electronics Co., Ltd.	436,228	4.1
Meituan Inc.	225,873	1.0
Ping An Insurance (Group) Company of China, Ltd.	218,756	1.3
Reliance Industries Limited	179,983	2.2
Kuaishou Technology Co., Ltd.	144,443	0.0
Keyence Corporation	113,471	0.7
HDFC Bank Limited	112,621	1.1
China Tourism Group Duty Free Corporation Limited	91,169	1.1
Midea Group Co., Ltd.	88,332	1.2
Sberbank of Russia PJSC	83,137	1.7
Hindustan Unilever Limited	78,138	0.7
Hong Kong Exchanges and Clearing Limited	74,595	0.4
Shenzhen Mindray Bio-Medical Electronics Co., Ltd.	74,019	1.0
Housing Development Finance Corporation Limited	61,636	1.3
Novatek PJSC	59,760	1.6
S. F. Holding Co., Ltd.	56,318	0.7
Wal-Mart de Mexico, S.A.B. de C.V.	55,077	1.1
Glencore PLC	52,214	1.6
Kotak Mahindra Bank Ltd.	47,512	0.9
Itau Unibanco Banco Holding SA	46,138	0.7
Bajaj Finance Limited	42,444	2.2
Grupo Mexico, S.A.B. de C.V.	40,929	1.3
Budweiser Brewing Company APAC Limited	39,522	0.8
Galaxy Entertainment Group Limited	39,170	1.2
Bharti Airtel Limited	38,858	0.6
Lufax Holding Ltd.	35,753	0.8
Will Semiconductor Co., Ltd.	33,979	1.0
Asian Paints Limited	33,289	0.8
Techtronic Industries Co. Ltd.	31,356	1.4
Shenzhou International Group Holdings Ltd.	31,151	1.1
Delta Electronics, Inc.	26,219	1.5
PJSC Polyus	25,050	0.5
ZTO Express (Cayman) Inc.	24,932	0.6
Yum China Holdings Inc.	24,551	1.0
New Oriental Education & Technology Group Inc.	23,999	0.4
Yunnan Baiyao Group Co., Ltd.	23,484	0.8
Yandex N.V.	22,691	0.6
China Mengniu Dairy Co. Ltd.	22,600	1.2
XP Inc.	21,074	0.9
Hangzhou Tigermed Consulting Co., Ltd.	19,594	0.9
Titan Company Limited	18,919	0.7
StoneCo Ltd.	18,900	0.8
Sino Biopharmaceutical Ltd.	18,876	0.7
Beijing Oriental Yuhong Waterproof Technology Co., Ltd.	$18,324	1.2%
China Molybdenum Co., Ltd.	16,612	0.6
Suzano S.A.	16,579	1.3
PagSeguro Digital Ltd.	15,184	0.6
GDS Holdings Limited	15,156	1.5
Divi's Laboratories Ltd.	13,154	1.1
SBI Life Insurance Company Limited	12,049	0.8
Glodon Company Limited	12,022	0.7
OTP Bank Plc.	11,968	0.8
Zai Lab Limited	11,821	2.0
TCS Group Holding PLC	11,560	0.5
Ozon Holdings PLC	11,423	0.5
Kingdee International Software Group Co. Ltd.	10,753	1.0
Ayala Land, Inc.	10,425	0.6
Dr. Reddy's Laboratories Ltd.	10,271	1.0
BDO Unibank, Inc.	9,214	0.5
Kingsoft Corporation Ltd.	9,111	1.3
Notre Dame Intermedica Participacoes S.A.	8,970	1.1
ICICI Lombard General Insurance Company Limited	8,911	0.6
China Conch Venture Holdings Ltd.	8,485	1.4
Fix Price Group Ltd.	8,296	0.7
Korea Shipbuilding & Offshore Engineering Co., Ltd.	8,223	2.0
InPost SA	8,189	0.8
Tata Consumer Products Limited	8,053	0.8
Localiza Rent a Car S.A.	8,049	1.0
Lojas Americanas S.A.	7,307	1.0
Hua Hong Semiconductor Limited	7,082	0.8
Han's Laser Technology Industry Group Co., Ltd	6,896	0.9
Muthoot Finance Ltd.	6,617	0.7
Godrej Properties Limited	5,348	0.3
Winning Health Technology Group Co., Ltd.	5,342	0.5
Jubilant FoodWorks Limited	5,254	0.6
Venustech Group Inc.	4,753	0.7
Tata Communications Limited	4,143	1.0
Max Financial Services Limited	4,057	1.4
Network International Holdings Ltd.	3,136	0.3
Nippon Life India Asset Management Limited	2,847	0.7
Shanghai Henlius Biotech, Inc.	2,821	0.3
Afya Limited	1,733	0.4
ACM Research, Inc.	1,514	0.2
New Frontier Health Corporation	1,484	0.3
Aeris Industria Comercio Equipamentos Geracao Energia SA	1,203	0.4
Golar LNG Ltd.	1,124	0.5
JM Financial Limited	1,102	0.6
Edelweiss Financial Services Limited	810	0.3
Hemisphere Properties India Limited	536	0.1
DD3 Acquisition Corp. II	133	0.0
		94.6%

Baron Global Advantage Fund

Baron Global Advantage Fund is a diversified fund that invests primarily in established and emerging markets companies located throughout the world with capitalization within the range of companies included in the MSCI ACWI Index Net.

Company	Equity Market Cap (in millions)	% of Net Assets
Amazon.com, Inc.	$1,558,070	4.6%
Alphabet Inc.	1,392,562	5.7
Facebook, Inc.	838,724	4.0
Alibaba Group Holding Limited	614,692	4.6
ASML Holding N.V.	258,981	0.9
Meituan Inc.	225,873	2.1
Pinduoduo Inc.	164,757	1.0
Kuaishou Technology Co., Ltd.	144,443	0.0
Shopify Inc.	136,541	1.8
Airbnb, Inc.	114,349	0.0
Sea Limited	114,109	0.3
Coupang, LLC	84,642	1.3
MercadoLibre, Inc.	73,415	2.6
Adyen N.V.	67,874	1.4
Snowflake Inc.	64,909	1.4
Twilio Inc.	58,092	2.5
Illumina, Inc.	56,034	2.2
Bajaj Finance Limited	42,444	1.5
CrowdStrike, Inc.	40,860	1.7
Veeva Systems Inc.	39,767	1.9
TAL Education Group	32,328	1.4
Okta, Inc.	28,923	0.5
RingCentral, Inc.	26,956	2.7
Datadog, Inc.	25,543	0.6
Zscaler, Inc.	23,337	0.8
EPAM Systems, Inc.	22,286	2.7
Splunk, Inc.	21,910	1.8
Cloudflare, Inc.	21,698	1.0
10X Genomics, Inc.	19,684	2.2
ZoomInfo Technologies Inc.	19,130	1.9
StoneCo Ltd.	18,900	1.3
Wix.com Ltd.	$15,750	2.6%
Guardant Health, Inc.	15,330	2.1
PagSeguro Digital Ltd.	15,184	0.9
GDS Holdings Limited	15,156	2.7
Allegro.eu	14,389	0.0
argenx SE	14,129	2.4
Dynatrace Holdings LLC	13,632	1.8
Opendoor Technologies Inc.	12,232	2.5
Bill.com Holdings, Inc.	11,972	0.8
Zai Lab Limited	11,821	1.9
BridgeBio Pharma, Inc.	9,176	1.3
Nuvei Technologies Corp.	8,323	1.4
Globant, S.A.	8,311	0.6
Acceleron Pharma Inc.	8,211	3.1
InPost SA	8,189	0.4
Fiverr International Ltd.	7,784	2.8
Arrowhead Pharmaceuticals, Inc.	6,883	1.0
nCino Inc.	6,296	0.0
Schrodinger, Inc.	5,341	1.3
Endava plc	4,654	2.4
BigCommerce Holdings, Inc.	4,284	0.3
PTC Therapeutics	3,330	1.1
Afya Limited	1,733	1.0
Arco Platform Limited	1,459	0.7
MaxCyte, Inc.	1,008	0.4
ION Acquisition Corp 1 Ltd.	598	0.5
ION Acquisition Corp 2 Ltd.	321	0.2
Sarissa Capital Acquisition Corp.	253	0.6
DD3 Acquisition Corp. II	133	0.4
		95.6%

Baron Discovery Fund

Baron Discovery Fund invests in small-sized growth companies with market capitalizations up to the largest market cap stock in the Russell 2000 Growth Index at reconstitution, or companies with market capitalizations up to $2.5 billion, whichever is larger.

Company	Equity Market Cap (in millions)	% of Net Assets
Penn National Gaming, Inc.	$16,406	1.3%
Dynatrace Holdings LLC	13,632	1.0
Bill.com Holdings, Inc.	11,972	0.2
Trex Company, Inc.	10,606	1.2
Floor & Decor Holdings, Inc.	9,988	2.0
Liberty Media Corporation – Liberty Formula One	9,904	0.4
Americold Realty Trust	9,709	1.0
SiteOne Landscape Supply, Inc.	7,580	1.9
Tripadvisor, Inc.	7,253	2.7
Rexford Industrial Realty, Inc.	6,624	1.1
Shift4 Payments, Inc.	6,606	1.0
Petco Health and Wellness Company, Inc.	5,855	0.5
Shoals Technologies Group, Inc.	5,795	0.5
Ollie’s Bargain Outlet Holdings, Inc.	5,698	0.5
Inspire Medical Systems, Inc.	5,624	0.6
ACV Auctions Inc.	5,335	1.2
Varonis Systems, Inc.	5,310	1.1
Inari Medical, Inc.	5,297	0.6
Emergent BioSolutions Inc.	4,952	1.3
Allegro MicroSystems, Inc.	4,802	1.4
Novanta Inc.	4,667	0.1
SailPoint Technologies Holdings, Inc.	4,657	1.3
Endava plc	4,654	2.3
Kornit Digital Ltd.	4,568	1.1
Everbridge, Inc.	4,557	1.3
Biohaven Pharmaceutical Holding Company Ltd.	4,342	0.6
Medallia Inc.	4,336	1.0
Advanced Energy Industries, Inc.	4,190	2.1
Qualys, Inc.	4,108	0.4
Mercury Systems, Inc.	3,966	2.7
Progyny, Inc.	3,882	1.9
Red Rock Resorts, Inc.	3,823	1.6
S4 Capital plc	3,789	1.6
Array Technologies, Inc.	3,787	1.2
Wingstop Inc.	3,775	0.1
Kinsale Capital Group, Inc.	3,753	2.0
Veracyte, Inc.	3,601	1.7
CareDx, Inc.	3,529	2.1
Fevertree Drinks plc	3,438	1.4
UTZ Brands, Inc.	3,392	1.5
Kratos Defense & Security Solutions, Inc.	3,368	1.6
Berkeley Lights, Inc.	$3,260	0.2%
Future plc	3,183	1.5
Viant Technology Inc.	3,117	1.9
Melco International Development Limited	3,089	1.0
Seer, Inc.	3,047	0.2
ESCO Technologies, Inc.	2,835	0.6
Butterfly Network, Inc.	2,775	0.5
Accolade, Inc.	2,746	0.9
The Cheesecake Factory, Inc.	2,715	0.7
BRP Group, Inc.	2,607	1.2
Nova Measuring Instruments Ltd.	2,564	1.4
Axonics Modulation Technologies, Inc.	2,487	1.8
MYT Netherlands Parent B.V.	2,441	0.8
CryoPort, Inc.	2,372	0.6
Helios Technologies, Inc.	2,346	1.3
Purple Innovation, Inc.	2,112	0.6
Repay Holdings Corporation	2,078	0.7
TPI Composites, Inc.	2,063	2.4
Hydrofarm Holdings Group, Inc.	2,042	0.1
The RealReal, Inc.	2,033	0.7
Revance Therapeutics, Inc.	1,995	1.9
American Assets Trust, Inc.	1,962	0.7
Eargo, Inc.	1,913	0.9
Ping Identity Corporation	1,786	1.2
Silk Road Medical, Inc.	1,741	1.7
Ichor Holdings, Ltd.	1,510	1.8
PAR Technology Corporation	1,437	1.4
Raven Industries Inc.	1,375	1.3
Montrose Environmental Group, Inc.	1,265	1.8
Inogen, Inc.	1,173	2.3
Cerus Corporation	1,011	0.7
AxoGen, Inc.	826	0.7
Esperion Therapeutics, Inc.	784	0.6
ViewRay Incorporated	700	0.8
Vesper Healthcare Acquisition Corp.	621	1.3
TherapeuticsMD, Inc.	520	0.3
Applied Therapeutics, Inc.	488	0.3
Jaws Spitfire Acquisition Corporation	442	0.3
Sientra, Inc.	418	1.0
Acutus Medical, Inc.	376	0.5
Laird Superfood, Inc.	333	0.2
Barfresh Food Group, Inc.	72	0.0
		91.9%

Baron Durable Advantage Fund

Baron Durable Advantage Fund invests primarily in large-sized companies with market capitalizations no smaller than the top 90th percentile by market capitalization of the S&P 500 Index at June 30, or companies with market capitalizations above $10 billion, whichever is smaller.

Company	Equity Market Cap (in millions)	% of Net Assets
Microsoft Corporation	$1,778,228	8.4%
Alphabet Inc.	1,392,562	8.6
Facebook, Inc.	838,724	6.8
Visa, Inc.	467,813	4.4
Mastercard Incorporated	353,687	4.2
UnitedHealth Group Incorporated	351,725	3.0
Adobe Inc.	227,857	4.1
Thermo Fisher Scientific Inc.	179,719	3.6
Accenture plc	175,863	3.1
Texas Instruments Incorporated	174,439	2.0
Danaher Corporation	160,497	3.7
Costco Wholesale Corporation	155,984	2.2
Charter Communications, Inc.	134,725	1.5
BlackRock Inc.	115,809	2.5
The Estee Lauder Companies Inc.	105,509	1.1
Intuit Inc.	104,897	1.8
Fidelity National Information Services, Inc.	87,337	2.5
S&P Global Inc.	85,002	3.3
CME Group, Inc.	$73,330	3.1%
Ecolab Inc.	61,241	1.2
Equinix, Inc.	60,679	1.1
Moody's Corporation	55,885	4.0
Constellation Brands, Inc.	44,248	3.1
TE Connectivity Ltd.	42,719	1.2
IHS Markit Ltd.	41,010	2.8
Agilent Technologies, Inc.	38,739	1.1
Iqvia Holdings Inc.	37,034	2.7
MSCI, Inc.	34,696	2.9
Mettler-Toledo International, Inc.	26,952	1.0
Alexandria Real Estate Equities, Inc.	22,459	1.2
SS&C Technologies Holdings, Inc.	18,005	2.1
HEICO Corporation	16,027	1.5
Arch Capital Group Ltd.	15,474	2.0
Fair Isaac Corporation	14,210	2.0
		99.8%

Baron Real Estate Income Fund

Baron Real Estate Income Fund is a non-diversified fund that under normal circumstances, invests at least 80% of its net assets in real estate income-producing securities and other real estate securities of any market capitalization, including common stocks and equity securities, debt and preferred securities, non-U.S. real estate income-producing securities, and any other real estate-related yield securities.

Company	Equity Market Cap (in millions)	% of Net Assets
American Tower Corp.	$106,235	3.6%
Prologis, Inc.	78,413	4.7
Crown Castle International Corp.	74,392	2.4
Equinix, Inc.	60,679	3.7
Las Vegas Sands Corporation	46,412	4.7
Public Storage Incorporated	43,131	1.3
Simon Property Group, Inc.	37,338	2.9
SBA Communications Corp.	30,343	1.0
Welltower Inc.	29,897	1.8
Equity Residential	26,694	2.2
Alexandria Real Estate Equities, Inc.	22,459	2.6
Brookfield Infrastructure Partners L.P.	22,226	3.7
Invitation Homes, Inc.	18,145	3.0
Sun Communities, Inc.	16,904	2.7
Penn National Gaming, Inc.	16,406	2.0
Boston Properties, Inc.	15,777	0.5
Duke Realty Corporation	15,672	1.3
GDS Holdings Limited	15,156	2.8
Wynn Resorts Ltd.	14,498	2.3
Host Hotels & Resorts, Inc.	11,885	1.6
Brookfield Renewable Partners L.P.	17,279	0.3
Equity Lifestyle Properties, Inc.	11,602	2.9
MGM Growth Properties LLC	$11,366	2.6%
American Homes 4 Rent	10,564	2.4
Gaming and Leisure Properties, Inc.	9,877	2.3
Americold Realty Trust	9,709	1.5
STORE Capital Corporation	8,929	1.6
Vornado Realty Trust	8,686	2.2
Rexford Industrial Realty, Inc.	6,624	2.5
CoreSite Realty Corporation	5,889	1.5
Douglas Emmett, Inc.	5,510	2.9
Travel + Leisure Co.	5,256	2.7
Park Hotels & Resorts Inc.	5,101	0.5
Terreno Realty Corporation	3,979	0.9
Red Rock Resorts, Inc.	3,823	3.7
Extended Stay America, Inc.	3,507	2.2
Pebblebrook Hotel Trust	3,190	2.9
Colony Capital, Inc.	3,149	2.7
Kennedy-Wilson Holdings, Inc.	2,851	2.3
Paramount Group, Inc.	2,218	1.6
American Assets Trust, Inc.	1,962	1.6
Fifth Wall Acquisition Corp. I	442	2.1
		96.7%

Baron Health Care Fund

Baron Health Care Fund is a non-diversified fund that under normal circumstances, invests at least 80% of its net assets in equity securities in the form of common stock of companies engaged in the research, development, production, sale, delivery or distribution of products and services related to the health care industry.

Company	Equity Market Cap (in millions)	% of Net Assets
UnitedHealth Group Incorporated	$351,725	6.5%
Abbott Laboratories	212,300	3.9
Thermo Fisher Scientific Inc.	179,719	4.0
Intuitive Surgical, Inc.	87,474	2.0
Cigna Corporation	83,976	2.2
Zoetis Inc.	74,829	2.4
HCA Healthcare, Inc.	63,459	1.3
Illumina, Inc.	56,034	0.9
Vertex Pharmaceuticals Incorporated	55,863	0.9
Humana Inc.	54,088	3.5
Moderna, Inc.	52,449	0.9
Edwards Lifesciences Corp.	52,027	2.4
IDEXX Laboratories, Inc.	41,800	1.5
Veeva Systems Inc.	39,767	1.1
DexCom, Inc.	34,755	0.9
Mettler-Toledo International, Inc.	26,952	2.5
BioNTech SE	26,372	0.8
Alexandria Real Estate Equities, Inc.	22,459	1.8
Genmab A/S	21,532	1.7
West Pharmaceutical Services, Inc.	20,810	2.0
10X Genomics, Inc.	19,684	0.8
Teleflex Incorporated	19,422	2.9
Insulet Corp.	17,242	1.0
Guardant Health, Inc.	15,330	1.7
GoodRx Holdings, Inc.	15,301	0.8
Bio-Techne Corporation	14,818	3.8
argenx SE	14,129	3.0
Zai Lab Limited	11,821	1.3

Company	Equity Market Cap (in millions)	% of Net Assets
ICON Plc	$10,366	4.2%
BridgeBio Pharma, Inc.	9,176	3.2
Acceleron Pharma Inc.	8,211	3.2
Denali Therapeutics Inc.	6,908	1.3
Arrowhead Pharmaceuticals, Inc.	6,883	2.1
Pacific Biosciences of California, Inc.	6,432	0.6
HealthEquity, Inc.	5,645	0.9
Inspire Medical Systems, Inc.	5,624	0.6
Adaptive Biotechnologies Corporation	5,605	0.6
Schrodinger, Inc.	5,341	1.3
Inari Medical, Inc.	5,297	1.7
Dechra Pharmaceuticals PLC	5,115	2.1
Beam Therapeutics Inc.	4,996	0.4
ShockWave Medical, Inc.	4,539	1.3
Olink Holding AB	4,284	0.9
Certara, Inc.	4,176	0.1
American Well Corporation	4,136	0.1
PTC Therapeutics	3,330	1.0
Seer, Inc.	3,047	0.2
Butterfly Network, Inc.	2,775	0.3
CryoPort, Inc.	2,372	0.9
Dicerna Pharmaceuticals, Inc.	1,952	0.7
Eargo, Inc.	1,913	0.1
Silk Road Medical, Inc.	1,741	0.9
MaxCyte, Inc.	1,008	1.2
Molecular Templates, Inc.	707	0.5
Opsens Inc.	148	0.9
		89.8%

Baron FinTech Fund

Baron FinTech Fund is a non-diversified fund that, under normal circumstances, invests at least 80% of its net assets in securities of companies that develop, use, or rely on innovative technologies or services, in a significant way, for banking, lending, capital markets, financial data analytics, insurance, payments, asset management, or wealth management. The Fund may purchase securities of companies of any market capitalization and may invest in foreign stocks, including emerging market securities.

Company	Equity Market Cap (in millions)	% of Net Assets
Alibaba Group Holding Limited	$614,692	1.7%
Visa, Inc.	467,813	4.5
Mastercard Incorporated	353,687	4.2
PayPal Holdings, Inc.	284,408	4.5
Accenture plc	175,863	2.6
Shopify Inc.	136,541	2.5
BlackRock Inc.	115,809	1.7
Intuit Inc.	104,897	4.4
Square, Inc.	103,220	3.6
Fidelity National Information Services, Inc.	87,337	2.7
S&P Global Inc.	85,002	4.0
MercadoLibre, Inc.	73,415	3.0
CME Group, Inc.	73,330	0.9
Adyen N.V.	67,874	3.7
Global Payments Inc.	59,484	1.2
Moody's Corporation	55,885	2.6
London Stock Exchange Group PLC	46,733	0.7
IHS Markit Ltd.	41,010	2.5
MSCI, Inc.	34,696	2.9
CoStar Group, Inc.	32,391	2.1
Zillow Group, Inc.	31,311	2.1
Verisk Analytics, Inc.	28,764	1.4
FleetCor Technologies, Inc.	22,408	0.1
EPAM Systems, Inc.	22,286	4.0
ZoomInfo Technologies Inc.	19,130	0.9
MarketAxess Holdings Inc.	$18,919	1.7%
Affirm Holdings Inc.	18,204	0.1
TransUnion	17,215	2.6
Tradeweb Markets Inc.	17,139	1.0
Fair Isaac Corporation	14,210	3.8
Ceridian HCM Holding Inc.	12,541	0.7
Bill.com Holdings, Inc.	11,972	1.4
TCS Group Holding PLC	11,560	1.1
Jack Henry & Associates, Inc.	11,542	1.1
Guidewire Software, Inc.	8,510	2.0
Nuvei Technologies Corp.	8,323	2.7
Shift4 Payments, Inc.	6,606	1.3
nCino Inc.	6,296	0.0
Duck Creek Technologies, Inc.	5,915	0.6
Endava plc	4,654	4.2
Houlihan Lokey, Inc.	4,586	1.5
Olo Inc.	3,819	0.3
Kinsale Capital Group, Inc.	3,753	0.8
Network International Holdings Ltd.	3,136	1.2
BRP Group, Inc.	2,607	1.1
Repay Holdings Corporation	2,078	0.9
Paya Holdings Inc.	1,389	0.6
Grid Dynamics Holdings, Inc.	857	1.1
		96.3%

Baron Asset Fund — PORTFOLIO HOLDINGS

March 31, 2021 (Unaudited)

Shares		Cost	Value
Common Stocks (99.19%)			
Communication Services (7.93%)			
	Cable & Satellite (1.06%)		
405,000	Liberty Broadband Corporation, Cl C[1]	$ 30,120,676	$ 60,810,750
	Interactive Media & Services (6.87%)		
266,462	Bumble, Inc., Cl A[1]	11,457,866	16,621,899
542,000	Pinterest, Inc., Cl A[1]	21,216,031	40,124,260
1,600,000	TripAdvisor, Inc.[1]	57,312,817	86,064,000
1,287,965	Zillow Group, Inc., Cl C[1]	44,039,787	166,971,783
1,755,709	ZoomInfo Technologies Inc., Cl A[1]	44,675,583	85,854,170
		178,702,084	395,636,112
Total Communication Services		208,822,760	456,446,862
Consumer Discretionary (7.17%)			
	Education Services (0.60%)		
200,000	Bright Horizons Family Solutions, Inc.[1]	22,917,264	34,290,000
	Hotels, Resorts & Cruise Lines (1.82%)		
556,442	Choice Hotels International, Inc.	5,979,508	59,700,662
543,233	Hyatt Hotels Corp., Cl A[1]	16,817,762	44,925,369
		22,797,270	104,626,031
	Internet & Direct Marketing Retail (1.64%)		
1,025,000	Farfetch Limited, Cl A[1,2]	29,811,176	54,345,500
810,000	Stitch Fix, Inc., Cl A[1]	50,321,083	40,127,400
		80,132,259	94,472,900
	Leisure Facilities (3.11%)		
613,538	Vail Resorts, Inc.[1]	11,879,547	178,944,493
Total Consumer Discretionary		137,726,340	412,333,424
Financials (11.00%)			
	Asset Management & Custody Banks (0.75%)		
252,514	T. Rowe Price Group, Inc.	6,225,359	43,331,402
	Financial Exchanges & Data (4.85%)		
370,725	FactSet Research Systems, Inc.	19,898,420	114,402,028
257,267	MarketAxess Holdings, Inc.	31,487,484	128,098,384
30,000	MSCI, Inc.	7,783,774	12,578,400
326,189	Tradeweb Markets, Inc., Cl A	11,978,713	24,137,986
		71,148,391	279,216,798
	Insurance Brokers (0.93%)		
233,421	Willis Towers Watson plc[2]	28,696,680	53,425,399
	Investment Banking & Brokerage (2.07%)		
1,825,936	The Charles Schwab Corp.	1,609,715	119,014,509
	Property & Casualty Insurance (1.47%)		
2,203,444	Arch Capital Group Ltd.[1,2]	7,933,936	84,546,146
	Regional Banks (0.93%)		
320,421	First Republic Bank	8,284,701	53,430,202
Total Financials		123,898,782	632,964,456

Shares		Cost	Value
Common Stocks (continued)			
Health Care (24.98%)			
	Biotechnology (0.55%)		
136,925	Acceleron Pharma, Inc.[1]	$ 13,026,017	$ 18,568,399
48,366	argenx SE, ADR[1,2]	15,852,353	13,319,513
		28,878,370	31,887,912
	Health Care Equipment (8.87%)		
178,000	DexCom, Inc.[1]	57,208,055	63,971,420
751,630	IDEXX Laboratories, Inc.[1]	13,728,516	367,780,075
189,644	Teleflex, Inc.	37,305,542	78,789,496
		108,242,113	510,540,991
	Health Care Supplies (3.64%)		
215,418	The Cooper Companies, Inc.	36,713,299	82,739,900
449,404	West Pharmaceutical Services, Inc.	19,479,340	126,633,059
		56,192,639	209,372,959
	Health Care Technology (2.33%)		
180,000	Schrödinger, Inc.[1]	13,739,925	13,732,200
459,386	Veeva Systems, Inc., Cl A[1]	27,115,596	120,009,999
		40,855,521	133,742,199
	Life Sciences Tools & Services (9.59%)		
100,682	10X Genomics, Inc., Cl A[1]	3,926,598	18,223,442
399,986	Bio-Techne Corporation	39,595,545	152,766,653
351,000	Guardant Health, Inc.[1,4]	32,239,895	53,580,150
267,552	Illumina, Inc.[1]	11,466,235	102,756,021
194,117	Mettler-Toledo International, Inc.[1]	11,674,111	224,339,076
		98,902,384	551,665,342
Total Health Care		333,071,027	1,437,209,403
Industrials (13.90%)			
	Agricultural & Farm Machinery (0.41%)		
230,045	The Toro Co.	13,985,758	23,726,841
	Environmental & Facilities Services (0.98%)		
1,643,418	Rollins, Inc.	24,597,482	56,566,448
	Industrial Conglomerates (1.84%)		
262,192	Roper Technologies, Inc.	27,877,853	105,752,521
	Industrial Machinery (1.24%)		
340,760	IDEX Corporation	24,525,881	71,327,883
	Research & Consulting Services (9.43%)		
2,230,474	Clarivate Analytics Plc[1,2]	35,903,681	58,862,209
215,493	CoStar Group, Inc.[1]	42,162,593	177,111,542
1,468,500	TransUnion	79,691,638	132,165,000
986,206	Verisk Analytics, Inc.	24,566,136	174,252,738
		182,324,048	542,391,489
Total Industrials		273,311,022	799,765,182
Information Technology (29.47%)			
	Application Software (14.29%)		
586,856	ANSYS, Inc.[1]	23,572,715	199,272,823
395,300	Aspen Technology, Inc.[1]	40,628,908	57,053,649
155,000	Avalara, Inc.[1]	22,352,507	20,681,650
1,636,093	Ceridian HCM Holding, Inc.[1]	64,026,866	137,873,557
125,000	Fair Isaac Corp.[1]	51,657,237	60,756,250
1,421,809	Guidewire Software, Inc.[1]	77,473,157	144,498,449
35,000	HubSpot, Inc.[1]	18,056,213	15,897,350
273,000	RingCentral, Inc., Cl A[1]	64,550,462	81,321,240
771,076	SS&C Technologies Holdings, Inc.	20,933,204	53,875,080
78,000	The Trade Desk, Inc., Cl A[1]	15,425,650	50,829,480
		398,676,919	822,059,528

Baron Asset Fund — PORTFOLIO HOLDINGS (Continued)

March 31, 2021 (Unaudited)

Shares		Cost	Value
Common Stocks (continued)			
Information Technology (continued)			
	Data Processing & Outsourced Services (1.64%)		
669,217	Fidelity National Information Services, Inc.	$ 39,015,641	$ 94,098,603
	Electronic Components (1.03%)		
900,000	Amphenol Corp., Cl A	42,881,684	59,373,000
	Internet Services & Infrastructure (5.43%)		
680,000	GDS Holdings Limited, ADR[1,2]	40,586,224	55,141,200
592,103	Verisign, Inc.[1]	27,318,889	117,686,392
500,000	Wix.com Ltd.[1,2]	46,031,911	139,610,000
		113,937,024	312,437,592
	IT Consulting & Other Services (5.94%)		
132,000	EPAM Systems, Inc.[1]	47,054,412	52,363,080
1,584,323	Gartner, Inc.[1]	39,586,888	289,218,164
		86,641,300	341,581,244
	Technology Distributors (1.14%)		
397,363	CDW Corp.	26,228,965	65,862,917
Total Information Technology		707,381,533	1,695,412,884
Materials (0.48%)			
	Specialty Chemicals (0.48%)		
1,853,529	Diversey Holdings Ltd.[1,2]	27,802,935	27,265,411
Real Estate (4.26%)			
	Real Estate Services (0.75%)		
542,323	CBRE Group, Inc., Cl A[1]	6,067,334	42,903,173
	Specialized REITs (3.51%)		
205,000	Alexandria Real Estate Equities, Inc.[4]	31,042,395	33,681,500
92,416	Equinix, Inc.	6,129,564	62,804,989
380,856	SBA Communications Corp.	9,895,680	105,706,583
		47,067,639	202,193,072
Total Real Estate		53,134,973	245,096,245
TOTAL COMMON STOCKS		**1,865,149,372**	**5,706,493,867**

Shares		Cost	Value
Private Preferred Stocks (0.70%)			
Industrials (0.70%)			
	Aerospace & Defense (0.70%)		
96,298	Space Exploration Technologies Corp., Cl N[1,3,4]	**$ 26,000,460**	**$ 40,444,197**

Principal Amount		Cost	Value
Short Term Investments (0.08%)			
$4,820,270	Repurchase Agreement with Fixed Income Clearing Corp., dated 3/31/2021, 0.00% due 4/1/2021; Proceeds at maturity - $4,820,270; (Fully collateralized by $4,796,400 U.S. Treasury Note, 1.75% due 6/15/2022; Market value - $4,916,771)	**4,820,270**	**4,820,270**
TOTAL INVESTMENTS (99.97%)		**$1,895,970,102**	**5,751,758,334**
CASH AND OTHER ASSETS LESS LIABILITIES (0.03%)			**1,548,419**
NET ASSETS			**$5,753,306,753**
RETAIL SHARES (Equivalent to $109.90 per share based on 24,631,638 shares outstanding)			**$2,706,941,432**
INSTITUTIONAL SHARES (Equivalent to $115.10 per share based on 24,981,756 shares outstanding)			**$2,875,474,064**
R6 SHARES (Equivalent to $115.08 per share based on 1,484,946 shares outstanding)			**$ 170,891,257**

% Represents percentage of net assets.
[1] Non-income producing securities.
[2] Foreign corporation.
[3] At March 31, 2021, the market value of restricted and fair valued securities amounted to $40,444,197 or 0.70% of net assets. This security is not deemed liquid.
[4] The Adviser has reclassified/classified certain securities in or out of this sub-industry. Such reclassifications/classifications are not supported by S&P or MSCI (unaudited).
[ADR] American Depositary Receipt.

Baron Growth Fund — PORTFOLIO HOLDINGS

March 31, 2021 (Unaudited)

Shares		Cost	Value
Common Stocks (99.66%)			
Communication Services (4.88%)			
	Alternative Carriers (4.12%)		
8,625,000	Iridium Communications, Inc.[1,4]	$ 54,029,121	$ 355,781,250
	Movies & Entertainment (0.76%)		
4,200,000	Manchester United plc, Cl A[2]	58,275,333	66,108,000
Total Communication Services		112,304,454	421,889,250
Consumer Discretionary (24.24%)			
	Casinos & Gaming (8.51%)		
440,000	Boyd Gaming Corporation[1]	11,056,072	25,942,400
6,240,000	Penn National Gaming, Inc.[1]	87,389,957	654,201,600
1,695,000	Red Rock Resorts, Inc., Cl A[1]	31,634,189	55,240,050
		130,080,218	735,384,050
	Education Services (2.72%)		
1,370,000	Bright Horizons Family Solutions, Inc.[1]	43,400,248	234,886,500
	Hotels, Resorts & Cruise Lines (6.26%)		
3,000,000	Choice Hotels International, Inc.[4]	72,782,127	321,870,000
1,260,000	Marriott Vacations Worldwide Corp.[1]	67,382,524	219,466,800
		140,164,651	541,336,800
	Leisure Facilities (6.75%)		
2,000,000	Vail Resorts, Inc.[1]	56,102,209	583,320,000
Total Consumer Discretionary		369,747,326	2,094,927,350
Financials (27.61%)			
	Asset Management & Custody Banks (2.26%)		
1,950,000	The Carlyle Group, Inc.	40,679,867	71,682,000
1,900,000	Cohen & Steers, Inc.	43,941,528	124,127,000
		84,621,395	195,809,000
	Financial Exchanges & Data (15.42%)		
1,200,000	FactSet Research Systems, Inc.	59,954,575	370,308,000
1,065,000	Morningstar, Inc.	22,214,165	239,667,600
1,725,000	MSCI, Inc.	32,559,612	723,258,000
		114,728,352	1,333,233,600
	Investment Banking & Brokerage (0.83%)		
450,000	Houlihan Lokey, Inc.	19,625,874	29,929,500
760,000	Moelis & Co., Cl A	16,518,301	41,708,800
		36,144,175	71,638,300
	Life & Health Insurance (2.82%)		
1,650,000	Primerica, Inc.	34,713,772	243,903,000
	Property & Casualty Insurance (5.99%)		
9,200,000	Arch Capital Group Ltd.[1,2]	28,745,252	353,004,000
1,000,000	Kinsale Capital Group, Inc.	35,007,763	164,800,000
		63,753,015	517,804,000
	Thrifts & Mortgage Finance (0.29%)		
520,000	Essent Group Ltd.[2]	14,300,210	24,694,800
Total Financials		348,260,919	2,387,082,700

Shares		Cost	Value
Common Stocks (continued)			
Health Care (13.71%)			
	Biotechnology (0.45%)		
678,051	Denali Therapeutics, Inc.[1]	$ 12,825,338	$ 38,716,712
	Health Care Equipment (4.58%)		
809,000	IDEXX Laboratories, Inc.[1]	11,649,561	395,851,790
	Health Care Supplies (2.30%)		
573,717	Neogen Corp.[1]	13,141,411	50,997,704
525,000	West Pharmaceutical Services, Inc.	17,892,374	147,934,500
		31,033,785	198,932,204
	Health Care Technology (0.90%)		
300,000	American Well Corp., Cl A[1]	5,400,000	5,211,000
950,000	Schrödinger, Inc.[1]	15,170,276	72,475,500
		20,570,276	77,686,500
	Life Sciences Tools & Services (5.15%)		
420,000	Adaptive Biotechnologies Corporation[1]	13,696,839	16,909,200
850,000	Bio-Techne Corporation	44,923,357	324,640,500
90,000	Mettler-Toledo International, Inc.[1]	4,118,850	104,012,100
		62,739,046	445,561,800
	Pharmaceuticals (0.33%)		
598,076	Dechra Pharmaceuticals PLC (United Kingdom)[2]	18,422,044	28,280,593
Total Health Care		157,240,050	1,185,029,599
Industrials (9.05%)			
	Building Products (2.40%)		
2,270,000	Trex Company, Inc.[1]	20,550,794	207,795,800
	Diversified Support Services (0.19%)		
485,453	ACV Auctions, Inc., Cl A[1,5]	12,136,325	16,801,528
	Environmental & Facilities Services (0.24%)		
1,220,102	BrightView Holdings, Inc.[1]	15,117,285	20,583,121
	Industrial Machinery (0.51%)		
1,000,000	Desktop Metal, Inc.[1]	10,000,000	14,900,000
4,275,000	Marel hf (Netherlands)[2]	18,281,670	29,277,629
		28,281,670	44,177,629
	Research & Consulting Services (5.71%)		
600,000	CoStar Group, Inc.[1]	25,180,531	493,134,000
Total Industrials		101,266,605	782,492,078
Information Technology (14.53%)			
	Application Software (10.20%)		
725,000	Altair Engineering, Inc., Cl A[1]	11,330,019	45,363,250
1,275,000	ANSYS, Inc.[1]	29,682,364	432,939,000
1,025,000	Guidewire Software, Inc.[1]	31,789,104	104,170,750
1,000,000	Pegasystems, Inc.	13,997,009	114,340,000
2,650,000	SS&C Technologies Holdings, Inc.	20,478,685	185,155,500
		107,277,181	881,968,500
	Electronic Components (0.34%)		
110,000	Littelfuse, Inc.	11,860,663	29,088,400
	Internet Services & Infrastructure (0.61%)		
190,000	Wix.com Ltd.[1,2]	10,009,756	53,051,800

Baron Growth Fund — PORTFOLIO HOLDINGS (Continued)

March 31, 2021 (Unaudited)

Shares		Cost	Value
Common Stocks (continued)			
Information Technology (continued)			
	IT Consulting & Other Services (3.38%)		
1,600,000	Gartner, Inc.[1]	$ 22,491,963	$ 292,080,000
Total Information Technology		151,639,563	1,256,188,700
Real Estate (5.58%)			
	Diversified REITs (0.13%)		
350,000	American Assets Trust, Inc.	6,361,578	11,354,000
	Office REITs (1.35%)		
3,700,000	Douglas Emmett, Inc.	40,811,196	116,180,000
	Specialized REITs (4.10%)		
750,000	Alexandria Real Estate Equities, Inc.[5]	26,366,340	123,225,000
5,450,000	Gaming and Leisure Properties, Inc.	117,004,489	231,243,500
		143,370,829	354,468,500
Total Real Estate		190,543,603	482,002,500
Special Purpose Acquisition Company (0.06%)			
500,000	Yucaipa Acquisition Corp.[1,2]	5,000,000	5,125,000
TOTAL COMMON STOCKS		**1,436,002,520**	**8,614,737,177**
Private Convertible Preferred Stocks (0.43%)			
Industrials (0.13%)			
	Electrical Components & Equipment (0.13%)		
59,407,006	Northvolt AB Series E (Sweden)[2,3,5]	9,374,989	11,729,854
Materials (0.30%)			
	Fertilizers & Agricultural Chemicals (0.16%)		
341,838	Farmers Business Network, Inc., Series F[1,3,5]	11,300,002	13,464,999
	Specialty Chemicals (0.14%)		
1,256,332	Zymergen, Inc., Series D[1,3,5]	9,350,000	12,123,604
Total Materials		20,650,002	25,588,603
TOTAL PRIVATE CONVERTIBLE PREFERRED STOCKS		**30,024,991**	**37,318,457**

Shares		Cost	Value
Warrants (0.01%)			
Consumer Discretionary (0.01%)			
	Hotels, Resorts & Cruise Lines (0.01%)		
96,515	OneSpaWorld Holdings Ltd. Warrants, Exp 3/19/2024[1,2,5]	**$ 0**	**$ 528,902**
TOTAL INVESTMENTS (100.10%)		**$1,466,027,511**	**8,652,584,536**
LIABILITIES LESS CASH AND OTHER ASSETS (-0.10%)			**(8,472,509)**
NET ASSETS			**$8,644,112,027**
RETAIL SHARES (Equivalent to $105.45 per share based on 26,884,500 shares outstanding)			**$2,834,998,056**
INSTITUTIONAL SHARES (Equivalent to $109.87 per share based on 51,014,120 shares outstanding)			**$5,605,037,758**
R6 SHARES (Equivalent to $109.89 per share based on 1,857,165 shares outstanding)			**$ 204,076,213**

% Represents percentage of net assets.
1 Non-income producing securities.
2 Foreign corporation.
3 At March 31, 2021, the market value of restricted and fair valued securities amounted to $37,318,457 or 0.43% of net assets. These securities are not deemed liquid.
4 An "Affiliated" investment may include any company in which the Fund owns 5% or more of its outstanding shares.
5 The Adviser has reclassified/classified certain securities in or out of this sub-industry. Such reclassifications/classifications are not supported by S&P or MSCI (unaudited).

Baron Small Cap Fund — PORTFOLIO HOLDINGS

March 31, 2021 (Unaudited)

Shares		Cost	Value
Common Stocks (98.75%)			
Communication Services (3.89%)			
	Cable & Satellite (1.69%)		
100,000	Liberty Broadband Corporation, Cl A[1]	$ 404,823	$ 14,515,000
260,000	Liberty Broadband Corporation, Cl C[1]	1,017,091	39,039,000
750,000	Liberty Media Corp. – Liberty SiriusXM, Cl C[1]	1,602,980	33,082,500
		3,024,894	86,636,500
	Movies & Entertainment (2.20%)		
1,250,000	Liberty Media Corporation – Liberty Formula One, Cl C[1]	22,521,105	54,112,500
225,000	Madison Square Garden Entertainment Corp.[1]	3,552,159	18,405,000
225,000	Madison Square Garden Sports Corp.	8,416,556	40,378,500
		34,489,820	112,896,000
Total Communication Services		37,514,714	199,532,500
Consumer Discretionary (16.70%)			
	Auto Parts & Equipment (0.25%)		
100,000	Fox Factory Holding Corp.[1]	8,360,558	12,706,000
	Casinos & Gaming (4.68%)		
925,000	DraftKings, Inc., Cl A[1]	11,844,047	56,730,250
1,200,000	Penn National Gaming, Inc.[1]	21,405,753	125,808,000
1,750,000	Red Rock Resorts, Inc., Cl A[1]	33,900,258	57,032,500
		67,150,058	239,570,750
	Education Services (2.17%)		
650,000	Bright Horizons Family Solutions, Inc.[1]	20,000,397	111,442,500
	General Merchandise Stores (1.02%)		
600,000	Ollie's Bargain Outlet Holdings, Inc.[1]	36,339,481	52,200,000
	Home Improvement Retail (2.61%)		
1,400,000	Floor & Decor Holdings, Inc., Cl A[1]	50,447,340	133,672,000
	Homebuilding (3.62%)		
1,675,000	Installed Building Products, Inc.[3]	96,796,123	185,724,000
	Leisure Facilities (1.21%)		
800,000	Planet Fitness, Inc., Cl A[1]	28,416,505	61,840,000
	Restaurants (1.14%)		
1,000,000	The Cheesecake Factory, Inc.[1]	22,120,507	58,510,000
Total Consumer Discretionary		329,630,969	855,665,250
Consumer Staples (1.89%)			
	Packaged Foods & Meats (1.89%)		
3,899,907	UTZ Brands, Inc.	63,724,480	96,678,695

Shares		Cost	Value
Common Stocks (continued)			
Financials (3.69%)			
	Insurance Brokers (1.59%)		
3,000,000	BRP Group, Inc., Cl A[1]	$ 48,364,955	$ 81,750,000
	Investment Banking & Brokerage (0.81%)		
625,000	Houlihan Lokey, Inc.	28,909,333	41,568,750
	Property & Casualty Insurance (1.29%)		
400,000	Kinsale Capital Group, Inc.	55,469,399	65,920,000
Total Financials		132,743,687	189,238,750
Health Care (16.52%)			
	Health Care Equipment (7.03%)		
1,000,000	Axonics Modulation Technologies, Inc.[1]	35,459,918	59,890,000
300,000	CryoPort, Inc.[1]	13,683,573	15,603,000
215,000	DexCom, Inc.[1]	2,852,007	77,268,850
175,000	IDEXX Laboratories, Inc.[1]	2,494,085	85,629,250
320,000	Inspire Medical Systems, Inc.[1,4]	16,558,159	66,236,800
1,100,000	Silk Road Medical, Inc.[1,4]	45,930,627	55,715,000
		116,978,369	360,342,900
	Health Care Services (0.65%)		
500,000	Innovage Holding Corp.[1]	11,059,903	12,895,000
3,250,000	SOC Telemed, Inc.[1,4]	32,300,144	20,442,500
		43,360,047	33,337,500
	Health Care Technology (0.40%)		
741,845	Certara, Inc.[1]	17,505,744	20,252,368
	Life Sciences Tools & Services (6.29%)		
250,000	Guardant Health, Inc.[1,4]	4,953,266	38,162,500
600,000	ICON plc[1,2]	16,994,341	117,822,000
1,782,487	MaxCyte, Inc. (United Kingdom)[1,4]	20,681,179	21,624,549
50,000	Mettler-Toledo International, Inc.[1]	2,432,541	57,784,500
282,073	Olink Holding AB, ADR[1,2,4]	6,388,626	10,154,628
500,000	PRA Health Sciences, Inc.[1]	9,000,000	76,665,000
		60,449,953	322,213,177
	Managed Health Care (1.23%)		
925,000	HealthEquity, Inc.[1]	18,699,522	62,900,000
	Pharmaceuticals (0.92%)		
1,000,000	Dechra Pharmaceuticals PLC (United Kingdom)[2]	28,027,985	47,285,952
Total Health Care		285,021,620	846,331,897
Industrials (23.74%)			
	Aerospace & Defense (4.34%)		
2,350,000	Kratos Defense & Security Solutions, Inc.[1]	35,335,984	64,108,000
1,200,000	Mercury Systems, Inc.[1]	39,451,949	84,780,000
125,000	TransDigm Group, Inc.[1]	0	73,490,000
		74,787,933	222,378,000
	Building Products (2.33%)		
1,090,609	AZEK Co., Inc.[1]	25,084,007	45,860,109
800,000	Trex Company, Inc.[1]	30,505,504	73,232,000
		55,589,511	119,092,109

Baron Small Cap Fund — PORTFOLIO HOLDINGS (Continued)

March 31, 2021 (Unaudited)

Shares		Cost	Value
Common Stocks (continued)			
Industrials (continued)			
	Diversified Support Services (0.84%)		
1,700,000	Driven Brands Holdings, Inc.[1]	$ 41,994,770	$ 43,214,000
	Electrical Components & Equipment (4.79%)		
2,200,000	Array Technologies, Inc.[1]	52,200,695	65,604,000
1,150,000	Shoals Technologies Group, Inc., Cl A[1]	31,290,457	39,997,000
3,000,000	Vertiv Holdings Co.	29,871,612	60,000,000
4,000,000	Vertiv Holdings Co.	40,000,000	80,000,000
		153,362,764	245,601,000
	Environmental & Facilities Services (1.58%)		
750,000	Waste Connections, Inc.[2]	32,750,000	80,985,000
	Human Resource & Employment Services (2.98%)		
1,600,000	ASGN, Inc.[1]	36,344,971	152,704,000
	Industrial Machinery (1.84%)		
500,000	John Bean Technologies Corp.	42,775,112	66,670,000
140,000	RBC Bearings, Incorporated[1]	8,868,639	27,547,800
		51,643,751	94,217,800
	Research & Consulting Services (2.06%)		
4,000,000	Clarivate Analytics Plc[1,2]	44,078,833	105,560,000
	Trading Companies & Distributors (2.98%)		
150,000	Hydrofarm Holdings Group, Inc.[1,4]	3,000,000	9,048,000
840,241	SiteOne Landscape Supply, Inc.[1]	20,640,461	143,462,748
		23,640,461	152,510,748
Total Industrials		514,192,994	1,216,262,657
Information Technology (25.12%)			
	Application Software (9.72%)		
800,000	Altair Engineering, Inc., Cl A[1]	12,789,534	50,056,000
800,000	Aspen Technology, Inc.[1]	29,983,938	115,464,000
850,000	Ceridian HCM Holding, Inc.[1]	23,711,721	71,629,500
5,500,000	E2open Parent Holdings, Inc.[1]	56,380,601	54,780,000
1,225,000	Guidewire Software, Inc.[1]	31,269,358	124,496,750
125,000	The Trade Desk, Inc., Cl A[1]	4,437,500	81,457,500
		158,572,652	497,883,750
	Data Processing & Outsourced Services (5.42%)		
750,000	Nuvei Corp., 144A (Canada)[1,2]	20,780,312	45,375,000
3,500,000	Paya Holdings, Inc., Cl A[1]	36,561,336	38,360,000
3,500,000	Repay Holdings Corporation[1]	33,000,000	82,180,000
405,170	Shift4 Payments, Inc., Cl A[1]	9,677,975	33,227,992
375,000	WEX, Inc.[1]	15,715,807	78,457,500
		115,735,430	277,600,492

Shares		Cost	Value
Common Stocks (continued)			
Information Technology (continued)			
	Electronic Equipment & Instruments (1.94%)		
1,200,000	Cognex Corp.	$ 9,420,069	$ 99,588,000
	Internet Services & Infrastructure (1.91%)		
350,000	Wix.com Ltd.[1,2]	18,259,509	97,727,000
	IT Consulting & Other Services (5.66%)		
800,000	Endava plc, ADR[1,2]	25,722,265	67,752,000
1,000,000	Gartner, Inc.[1]	14,988,362	182,550,000
2,500,000	Grid Dynamics Holdings, Inc.[1]	24,881,764	39,825,000
		65,592,391	290,127,000
	Systems Software (0.47%)		
682,429	Jamf Holding Corp.[1,4]	19,287,457	24,103,392
Total Information Technology		386,867,508	1,287,029,634
Materials (2.63%)			
	Metal & Glass Containers (0.96%)		
800,000	Berry Global Group, Inc.[1]	12,652,147	49,120,000
	Specialty Chemicals (1.67%)		
1,809,631	Avient Corp.	57,788,524	85,541,257
Total Materials		70,440,671	134,661,257
Real Estate (4.21%)			
	Specialized REITs (4.21%)		
2,800,000	Americold Realty Trust[4]	63,378,545	107,716,000
390,000	SBA Communications Corp.	1,571,136	108,244,500
Total Real Estate		64,949,681	215,960,500
Special Purpose Acquisition Company (0.36%)			
1,700,000	TS Innovation Acquisitions Corp., Cl A[1]	20,483,708	18,462,000
TOTAL COMMON STOCKS		**1,905,570,032**	**5,059,823,140**
Warrants (0.09%)			
Consumer Discretionary (0.03%)			
	Hotels, Resorts & Cruise Lines (0.03%)		
260,850	OneSpaWorld Holdings Ltd. Warrants, Exp 3/19/2024[1,2,4]	0	1,429,458
Consumer Staples (0.06%)			
	Packaged Foods & Meats (0.06%)		
1,403,600	Whole Earth Brands, Inc., Exp 6/25/2025[1,5]	0	2,989,668
TOTAL WARRANTS		**0**	**4,419,126**

Baron Small Cap Fund — PORTFOLIO HOLDINGS (Continued)

March 31, 2021 (Unaudited)

Principal Amount		Cost	Value
Short Term Investments (1.16%)			
$59,652,174	Repurchase Agreement with Fixed Income Clearing Corp., dated 3/31/2021, 0.00% due 4/1/2021; Proceeds at maturity - $59,652,174; (Fully collateralized by $59,355,700 U.S. Treasury Note, 1.750% due 6/15/2022; Market value - $60,845,300)	$ 59,652,174	$ 59,652,174
TOTAL INVESTMENTS (100.00%)		$1,965,222,206	5,123,894,440
CASH AND OTHER ASSETS LESS LIABILITIES (0.00%)			209,682
NET ASSETS			$5,124,104,122
RETAIL SHARES (Equivalent to $37.79 per share based on 44,692,546 shares outstanding)			$1,689,014,466
INSTITUTIONAL SHARES (Equivalent to $40.01 per share based on 79,391,887 shares outstanding)			$3,176,755,703
R6 SHARES (Equivalent to $40.00 per share based on 6,458,323 shares outstanding)			$ 258,333,953

% Represents percentage of net assets.
[1] Non-income producing securities.
[2] Foreign corporation.
[3] An “Affiliated” investment may include any company in which the Fund owns 5% or more of its outstanding shares.
[4] The Adviser has reclassified/classified certain securities in or out of this sub-industry. Such reclassifications/classifications are not supported by S&P or MSCI (unaudited).
[5] At March 31, 2021, the market value of restricted and fair valued securities amounted to $2,989,668 or 0.06% of net assets. This security is not deemed liquid.
[144A] Security is exempt from registration pursuant to Rule 144A under the Securities Act of 1933. This security may be resold in transactions that are exempt from registration, normally to qualified institutional buyers. At March 31, 2021, the market value of Rule 144A securities amounted to $45,375,000 or 0.89% of net assets.
[ADR] American Depositary Receipt.

Baron Opportunity Fund — PORTFOLIO HOLDINGS

March 31, 2021 (Unaudited)

Shares		Cost	Value
Common Stocks (95.01%)			
Communication Services (21.11%)			
	Interactive Home Entertainment (1.70%)		
114,000	Electronic Arts, Inc.	$ 13,119,491	$ 15,432,180
62,500	Take-Two Interactive Software, Inc.[1]	7,289,993	11,043,750
		20,409,484	26,475,930
	Interactive Media & Services (18.59%)		
38,750	Alphabet, Inc., Cl C[1]	51,382,869	80,159,413
123,200	Facebook, Inc., Cl A[1]	27,428,488	36,286,096
453,000	Pinterest, Inc., Cl A[1]	14,206,060	33,535,590
444,000	Snap, Inc., Cl A[1]	6,700,597	23,216,760
995,000	TripAdvisor, Inc.[1]	34,557,597	53,521,050
200,803	Zillow Group, Inc., Cl C[1]	12,806,582	26,032,101
738,369	ZoomInfo Technologies Inc., Cl A[1]	23,975,490	36,106,244
		171,057,683	288,857,254
	Movies & Entertainment (0.82%)		
24,425	Netflix, Inc.[1]	3,966,732	12,741,545
Total Communication Services		195,433,899	328,074,729
Consumer Discretionary (15.02%)			
	Automobile Manufacturers (2.92%)		
67,900	Tesla, Inc.[1]	2,677,715	45,352,447
	Automotive Retail (0.55%)		
218,416	Vroom, Inc.[1]	4,805,152	8,516,040
	Home Furnishings (1.07%)		
525,000	Purple Innovation, Inc.[1]	11,061,987	16,616,250
	Homebuilding (0.86%)		
121,000	Installed Building Products, Inc.	8,683,151	13,416,480
	Internet & Direct Marketing Retail (9.62%)		
121,500	Alibaba Group Holding Limited, ADR[1,2]	21,563,071	27,547,695
24,275	Amazon.com, Inc.[1]	29,742,116	75,108,792
293,900	Farfetch Limited, Cl A[1,2]	13,864,220	15,582,578
8,529	MercadoLibre, Inc.[1]	4,838,488	12,555,882
378,000	Stitch Fix, Inc., Cl A[1]	21,904,510	18,726,120
		91,912,405	149,521,067
Total Consumer Discretionary		119,140,410	233,422,284
Financials (0.44%)			
	Financial Exchanges & Data (0.44%)		
13,600	MarketAxess Holdings, Inc.	2,665,441	6,771,712
Health Care (14.98%)			
	Biotechnology (6.47%)		
186,779	Acceleron Pharma, Inc.[1]	12,561,437	25,329,100
92,639	argenx SE, ADR[1,2]	7,632,090	25,511,854
416,600	Arrowhead Pharmaceuticals, Inc.[1]	17,476,688	27,624,746
91,200	Beam Therapeutics, Inc.[1]	8,114,787	7,299,648
239,400	BridgeBio Pharma, Inc.[1]	16,214,026	14,747,040
		61,999,028	100,512,388
	Health Care Equipment (3.52%)		
600,000	Butterfly Network, Inc.[1,3]	6,000,000	9,978,000
131,100	Edwards Lifesciences Corp.[1]	7,561,453	10,965,204
20,435	Intuitive Surgical, Inc.[1]	9,530,452	15,100,239
143,000	Shockwave Medical, Inc.[1]	7,156,673	18,627,180
		30,248,578	54,670,623

Shares		Cost	Value
Common Stocks (continued)			
Health Care (continued)			
	Health Care Technology (0.87%)		
116,374	Schrödinger, Inc.[1]	$ 2,485,556	$ 8,878,173
17,800	Veeva Systems, Inc., Cl A[1]	2,595,015	4,650,072
		5,080,571	13,528,245
	Life Sciences Tools & Services (4.12%)		
50,419	10X Genomics, Inc., Cl A[1]	3,006,785	9,125,839
237,500	CareDx, Inc.[1,4]	7,559,618	16,171,375
98,637	Guardant Health, Inc.[1,4]	10,366,504	15,056,938
24,215	Illumina, Inc.[1]	3,798,485	9,300,013
63,300	Olink Holding AB, ADR[1,2,4]	1,266,000	2,278,800
364,685	Pacific Biosciences of California, Inc.[1]	1,630,142	12,147,657
		27,627,534	64,080,622
Total Health Care		124,955,711	232,791,878
Industrials (3.83%)			
	Aerospace & Defense (1.13%)		
642,969	Kratos Defense & Security Solutions, Inc.[1]	10,282,149	17,540,194
	Diversified Support Services (0.55%)		
248,451	ACV Auctions, Inc., Cl A[1,4]	7,147,142	8,598,889
	Industrial Machinery (0.48%)		
500,000	Desktop Metal, Inc.[1]	5,000,000	7,450,000
	Research & Consulting Services (1.67%)		
31,533	CoStar Group, Inc.[1]	12,772,623	25,916,658
Total Industrials		35,201,914	59,505,741
Information Technology (35.88%)			
	Application Software (10.24%)		
34,900	Adobe, Inc.[1]	8,174,023	16,590,413
304,070	Ceridian HCM Holding, Inc.[1]	20,975,499	25,623,979
224,100	Guidewire Software, Inc.[1]	10,970,562	22,775,283
21,000	HubSpot, Inc.[1]	10,883,861	9,538,410
96,200	RingCentral, Inc., Cl A[1]	17,885,529	28,656,056
28,700	ServiceNow, Inc.[1,4]	4,422,004	14,353,157
51,300	Splunk, Inc.[1]	4,330,299	6,950,124
13,141	The Trade Desk, Inc., Cl A[1]	532,056	8,563,464
72,700	Workday, Inc., Cl A[1]	17,226,487	18,060,861
24,907	Zoom Video Communications, Inc., Cl A[1]	4,377,909	8,002,370
		99,778,229	159,114,117
	Data Processing & Outsourced Services (6.48%)		
3,000	Adyen N.V., 144A (Netherlands)[1,2]	2,422,754	6,694,212
76,300	MasterCard Incorporated, Cl A	17,942,018	27,166,615
119,700	PayPal Holdings, Inc.[1]	17,717,325	29,067,948
26,000	Square, Inc., Cl A[1]	3,741,168	5,903,300
150,300	Visa, Inc., Cl A	25,332,806	31,823,019
		67,156,071	100,655,094
	Electronic Equipment & Instruments (1.04%)		
248,000	PAR Technology Corp.[1]	9,295,681	16,221,680
	Internet Services & Infrastructure (2.61%)		
220,677	GDS Holdings Limited, ADR[1,2]	11,246,222	17,894,698
383,270	GDS Holdings Limited, Cl A (Hong Kong)[1,2]	4,040,136	3,900,001
67,043	Wix.com Ltd.[1,2]	3,803,923	18,719,746
		19,090,281	40,514,445

Baron Opportunity Fund — PORTFOLIO HOLDINGS (Continued)

March 31, 2021 (Unaudited)

Shares		Cost	Value
Common Stocks (continued)			
Information Technology (continued)			
	IT Consulting & Other Services (2.88%)		
207,368	Endava plc, ADR[1,2]	$ 7,055,069	$ 17,561,996
149,187	Gartner, Inc.[1]	9,851,807	27,234,087
		16,906,876	44,796,083
	Semiconductors (1.69%)		
49,100	NVIDIA Corp.	16,600,179	26,215,963
	Systems Software (10.94%)		
61,723	Crowdstrike Holdings, Inc., Cl A[1]	3,067,061	11,265,065
578,600	Microsoft Corp.	98,732,857	136,416,522
61,708	Snowflake, Inc., Cl A[1,4]	7,404,960	14,148,410
24,000	Twilio, Inc., Cl A[1,4]	10,333,391	8,178,240
		119,538,269	170,008,237
Total Information Technology		348,365,586	557,525,619
Real Estate (2.87%)			
	Industrial REITs (0.73%)		
225,985	Rexford Industrial Realty, Inc.	9,155,929	11,389,644
	Real Estate Services (1.52%)		
1,112,230	Opendoor Technologies, Inc.[1]	11,122,300	23,568,153
	Specialized REITs (0.62%)		
14,225	Equinix, Inc.	2,122,124	9,667,168
Total Real Estate		22,400,353	44,624,965
Special Purpose Acquisition Company (0.88%)			
397,909	Altimeter Growth Corp.[1,2]	3,979,090	4,862,448
533,410	ION Acquisition Corp. 1 Limited[1,2]	5,394,125	5,547,464
317,572	ION Acquisition Corp. 2 Limited[1,2]	3,175,720	3,226,532
Total Special Purpose Acquisition Company		12,548,935	13,636,444
TOTAL COMMON STOCKS		**860,712,249**	**1,476,353,372**
Private Common Stocks (0.19%)			
	Aerospace & Defense (0.19%)		
4,113	Space Exploration Technologies Corp., Cl A[1,3,4]	1,727,419	1,727,419
2,806	Space Exploration Technologies Corp., Cl C[1,3,4]	1,178,492	1,178,492
TOTAL PRIVATE COMMON STOCKS		**2,905,911**	**2,905,911**
Private Convertible Preferred Stocks (1.83%)			
Consumer Discretionary (1.27%)			
	Automobile Manufacturers (1.27%)		
484,183	Rivian Automotive, Inc., Series E[1,3,4]	7,499,995	15,760,157
122,117	Rivian Automotive, Inc., Series F[1,3,4]	4,500,011	4,053,063
Total Consumer Discretionary		12,000,006	19,813,220
Materials (0.56%)			
	Fertilizers & Agricultural Chemicals (0.56%)		
219,321	Farmers Business Network, Inc., Series F[1,3,4]	7,250,007	8,639,054
TOTAL PRIVATE CONVERTIBLE PREFERRED STOCKS		**19,250,013**	**28,452,274**

Shares		Cost	Value
Private Preferred Stocks (0.92%)			
Industrials (0.92%)			
	Aerospace & Defense (0.50%)		
18,519	Space Exploration Technologies Corp., Cl N[1,3,4]	$ 5,000,130	$ 7,777,794
	Trucking (0.42%)		
266,956	GM Cruise Holdings, Cl G[1,3,4]	7,034,290	6,529,744
TOTAL PRIVATE PREFERRED STOCKS		**12,034,420**	**14,307,538**

Principal Amount		Cost	Value
Short Term Investments (2.51%)			
$39,043,528	Repurchase Agreement with Fixed Income Clearing Corp., dated 3/31/2021, 0.00% due 4/1/2021; Proceeds at maturity - $39,043,528; (Fully collateralized by $38,849,500 U.S. Treasury Note, 1.75% due 6/15/2022; Market value - $39,824,473)	**39,043,528**	**39,043,528**
TOTAL INVESTMENTS (100.46%)		**$933,946,121**	**1,561,062,623**
LIABILITIES LESS CASH AND OTHER ASSETS (-0.46%)			**(7,165,547)**
NET ASSETS			**$1,553,897,076**
RETAIL SHARES (Equivalent to $40.36 per share based on 21,148,874 shares outstanding)			**$ 853,553,289**
INSTITUTIONAL SHARES (Equivalent to $42.49 per share based on 15,715,176 shares outstanding)			**$ 667,758,289**
R6 SHARES (Equivalent to $42.54 per share based on 765,994 shares outstanding)			**$ 32,585,498**

% Represents percentage of net assets.

1 Non-income producing securities.

2 Foreign corporation.

3 At March 31, 2021, the market value of restricted and fair valued securities amounted to $55,643,723 or 3.58% of net assets. These securities are not deemed liquid.

4 The Adviser has reclassified/classified certain securities in or out of this sub-industry. Such reclassifications/classifications are not supported by S&P or MSCI (unaudited).

ADR American Depositary Receipt.

144A Security is exempt from registration pursuant to Rule 144A under the Securities Act of 1933. This security may be resold in transactions that are exempt from registration, normally to qualified institutional buyers. At March 31, 2021, the market value of Rule 144A securities amounted to $6,694,212 or 0.43% of net assets.

Baron Partners Fund — PORTFOLIO HOLDINGS

March 31, 2021 (Unaudited)

Shares		Cost	Value
Common Stocks (98.28%)			
Communication Services (9.59%)			
	Alternative Carriers (0.96%)		
1,560,000	Iridium Communications, Inc.[1]	$ 36,290,321	$ 64,350,000
	Interactive Home Entertainment (1.10%)		
790,000	Activision Blizzard, Inc.	46,068,301	73,470,000
	Interactive Media & Services (5.38%)		
2,750,000	Zillow Group, Inc., Cl A[1]	107,616,334	361,295,000
	Movies & Entertainment (2.15%)		
5,778,371	Manchester United plc, Cl A[2]	99,618,188	90,951,560
200,000	Spotify Technology SA[1,2]	45,236,406	53,590,000
		144,854,594	144,541,560
Total Communication Services		334,829,550	643,656,560
Consumer Discretionary (51.59%)			
	Automobile Manufacturers (41.54%)		
4,175,000	Tesla, Inc.[1,5]	188,464,376	2,788,607,750
	Casinos & Gaming (0.29%)		
600,000	Red Rock Resorts, Inc., Cl A[1]	14,182,756	19,554,000
	Hotels, Resorts & Cruise Lines (5.39%)		
2,900,000	Hyatt Hotels Corp., Cl A[1]	84,480,627	239,830,000
700,000	Marriott Vacations Worldwide Corp.[1]	81,762,309	121,926,000
		166,242,936	361,756,000
	Internet & Direct Marketing Retail (0.03%)		
10,553	Airbnb, Inc., Cl A[1,4]	717,604	1,983,331
	Leisure Facilities (4.34%)		
1,000,000	Vail Resorts, Inc.[1]	48,702,009	291,660,000
Total Consumer Discretionary		418,309,681	3,463,561,081
Financials (12.34%)			
	Asset Management & Custody Banks (0.66%)		
1,000,000	Brookfield Asset Management, Inc., Cl A[2]	35,923,845	44,500,000
	Financial Exchanges & Data (4.15%)		
700,000	FactSet Research Systems, Inc.	46,576,636	216,013,000
150,000	MSCI, Inc.	37,181,742	62,892,000
		83,758,378	278,905,000
	Investment Banking & Brokerage (3.79%)		
3,900,000	The Charles Schwab Corp.	86,233,677	254,202,000
	Property & Casualty Insurance (3.74%)		
6,550,000	Arch Capital Group Ltd.[1,2]	30,153,582	251,323,500
Total Financials		236,069,482	828,930,500
Health Care (6.00%)			
	Biotechnology (0.07%)		
35,000	Moderna, Inc.[1]	5,377,383	4,583,250
	Health Care Equipment (5.83%)		
800,000	IDEXX Laboratories, Inc.[1]	35,048,046	391,448,000

Shares		Cost	Value
Common Stocks (continued)			
Health Care (continued)			
	Health Care Technology (0.10%)		
388,138	American Well Corp., Cl A[1]	$ 11,817,037	$ 6,741,957
Total Health Care		52,242,466	402,773,207
Industrials (9.50%)			
	Aerospace & Defense (0.50%)		
125,625	HEICO Corp.	9,632,520	15,803,625
116,875	HEICO Corp., Cl A	7,586,429	13,277,000
150,000	Virgin Galactic Holdings, Inc.[1]	1,560,000	4,594,500
		18,778,949	33,675,125
	Research & Consulting Services (9.00%)		
735,000	CoStar Group, Inc.[1]	98,974,400	604,089,150
Total Industrials		117,753,349	637,764,275
Information Technology (7.52%)			
	Application Software (1.40%)		
925,000	Guidewire Software, Inc.[1]	74,997,711	94,007,750
	Data Processing & Outsourced Services (1.97%)		
59,246	Adyen N.V. , 144A (Netherlands)[1,2]	53,544,382	132,201,766
	Internet Services & Infrastructure (2.25%)		
700,000	GDS Holdings Limited, ADR[1,2]	37,434,005	56,763,000
1,916,348	GDS Holdings Limited, Cl A (Hong Kong)[1,2]	20,200,657	19,499,984
67,500	Shopify, Inc., Cl A[1,2]	48,766,450	74,688,750
		106,401,112	150,951,734
	IT Consulting & Other Services (1.90%)		
700,000	Gartner, Inc.[1]	83,980,674	127,785,000
Total Information Technology		318,923,879	504,946,250
Real Estate (1.66%)			
	Office REITs (0.51%)		
1,085,000	Douglas Emmett, Inc.	29,974,652	34,069,000
	Specialized REITs (1.15%)		
1,819,296	Gaming and Leisure Properties, Inc.	57,585,382	77,192,729
Total Real Estate		87,560,034	111,261,729
Special Purpose Acquisition Company (0.08%)			
500,000	Atlas Crest Investment Corp.[1]	5,000,000	5,360,000
TOTAL COMMON STOCKS		**1,570,688,441**	**6,598,253,602**
Private Common Stocks (1.58%)			
Industrials (1.58%)			
	Aerospace & Defense (1.58%)		
221,631	Space Exploration Technologies Corp., Cl A[1,3,4]	29,920,185	93,082,804
30,221	Space Exploration Technologies Corp., Cl C[1,3,4]	4,079,835	12,692,518
TOTAL PRIVATE COMMON STOCKS		**34,000,020**	**105,775,322**

Baron Partners Fund — PORTFOLIO HOLDINGS (Continued)

March 31, 2021 (Unaudited)

Shares		Cost	Value
Private Preferred Stocks (3.46%)			
Industrials (3.46%)			
	Aerospace & Defense (3.46%)		
311,111	Space Exploration Technologies Corp., Cl H[1,3,4]	$ 41,999,985	$ 130,663,509
131,657	Space Exploration Technologies Corp., Cl I[1,3,4]	22,250,032	55,294,623
111,111	Space Exploration Technologies Corp., Cl N[1,3,4]	29,999,970	46,665,509
TOTAL PRIVATE PREFERRED STOCKS		**94,249,987**	**232,623,641**

Principal Amount		Cost	Value
Short Term Investments (0.01%)			
$946,054	Repurchase Agreement with Fixed Income Clearing Corp., dated 3/31/2021, 0.00% due 4/1/2021; Proceeds at maturity - $946,054; (Fully collateralized by $888,900 U.S. Treasury Note, 2.75% due 2/28/2025; Market value - $964,988)	**946,054**	**946,054**
TOTAL INVESTMENTS (103.33%)		**$1,699,884,502**	**6,937,598,619**
LIABILITIES LESS CASH AND OTHER ASSETS (-3.33%)			**(223,637,993)**
NET ASSETS			**$6,713,960,626**
RETAIL SHARES (Equivalent to $163.45 per share based on 19,256,378 shares outstanding)			**$3,147,517,021**
INSTITUTIONAL SHARES (Equivalent to $168.40 per share based on 18,413,216 shares outstanding)			**$3,100,843,555**
R6 SHARES (Equivalent to $168.39 per share based on 2,764,949 shares outstanding)			**$ 465,600,050**

% Represents percentage of net assets.
[1] Non-income producing securities.
[2] Foreign corporation.
[3] At March 31, 2021, the market value of restricted and fair valued securities amounted to $338,398,963 or 5.04% of net assets. These securities are not deemed liquid.
[4] The Adviser has reclassified/classified certain securities in or out of this sub-industry. Such reclassifications/classifications are not supported by S&P or MSCI (unaudited).
[5] Investors in the Fund may view Tesla, Inc.'s financial statements on the EDGAR website of the U.S. Securities and Exchange Commission by going to https://www.sec.gov/cgi-bin/browse-edgar?CIK=1318605&owner=exclude. Please note that the Fund is not responsible for Tesla's financial statements and can provide no assurances as to their accuracy or completeness.
[ADR] American Depositary Receipt.
[144A] Security is exempt from registration pursuant to Rule 144A under the Securities Act of 1933. This security may be resold in transactions that are exempt from registration, normally to qualified institutional buyers. At March 31, 2021, the market value of Rule 144A securities amounted to $132,201,766 or 1.97% of net assets.

Baron Fifth Avenue Growth Fund — PORTFOLIO HOLDINGS

March 31, 2021 (Unaudited)

Shares		Cost	Value
Common Stocks (96.99%)			
Communication Services (12.63%)			
	Interactive Media & Services (12.63%)		
11,490	Alphabet, Inc., Cl A[1]	$ 17,696,237	$ 23,698,355
10,283	Alphabet, Inc., Cl C[1]	4,420,382	21,271,722
112,504	Facebook, Inc., Cl A[1]	14,997,256	33,135,803
301,416	ZoomInfo Technologies Inc., Cl A[1]	9,285,584	14,739,243
Total Communication Services		46,399,459	92,845,123
Consumer Discretionary (13.71%)			
	Internet & Direct Marketing Retail (13.71%)		
1,107	Airbnb, Inc., Cl A[1,3]	75,276	208,050
104,576	Alibaba Group Holding Limited, ADR[1,2]	10,970,281	23,710,517
19,267	Amazon.com, Inc.[1]	8,804,069	59,613,639
11,730	MercadoLibre, Inc.[1]	7,042,091	17,268,202
Total Consumer Discretionary		26,891,717	100,800,408
Financials (2.17%)			
	Financial Exchanges & Data (2.17%)		
45,219	S&P Global, Inc.	10,911,824	15,956,428
Health Care (17.71%)			
	Biotechnology (6.17%)		
112,455	Acceleron Pharma, Inc.[1]	11,815,692	15,250,022
39,796	argenx SE, ADR[1,2]	12,075,922	10,959,420
130,561	BridgeBio Pharma, Inc.[1]	8,189,064	8,042,558
51,693	Vertex Pharmaceuticals Incorporated[1]	8,879,475	11,108,309
		40,960,153	45,360,309
	Health Care Equipment (2.95%)		
29,324	Intuitive Surgical, Inc.[1]	11,905,212	21,668,676
	Health Care Technology (3.57%)		
100,453	Veeva Systems, Inc., Cl A[1]	7,493,347	26,242,342
	Life Sciences Tools & Services (5.02%)		
90,959	10X Genomics, Inc., Cl A[1]	9,317,473	16,463,579
53,181	Illumina, Inc.[1]	8,362,363	20,424,695
		17,679,836	36,888,274
Total Health Care		78,038,548	130,159,601
Information Technology (48.78%)			
	Application Software (12.65%)		
52,852	Adobe, Inc.[1]	26,370,292	25,124,255
75,234	RingCentral, Inc., Cl A[1]	16,066,957	22,410,704
52,465	ServiceNow, Inc.[1,3]	20,133,101	26,238,271
132,140	Slack Technologies, Inc., Cl A[1]	2,873,189	5,368,848
101,984	Splunk, Inc.[1]	14,186,444	13,816,793
		79,629,983	92,958,871
	Data Processing & Outsourced Services (12.15%)		
6,218	Adyen N.V., 144A (Netherlands)[1,2,5]	4,711,862	13,874,871
77,774	MasterCard Incorporated, Cl A	7,508,689	27,691,433
75,361	PayPal Holdings, Inc.[1]	15,850,110	18,300,665
35,405	Square, Inc., Cl A[1]	8,199,645	8,038,705
100,918	Visa, Inc., Cl A	6,191,852	21,367,368
		42,462,158	89,273,042
Common Stocks (continued)			
Information Technology (continued)			
	Internet Services & Infrastructure (5.98%)		
21,207	GDS Holdings Limited, ADR[1,2]	$ 1,880,717	$ 1,719,676
1,149,809	GDS Holdings Limited, Cl A (Hong Kong)[1,2]	12,120,397	11,699,992
9,944	Shopify, Inc., Cl A[1,2]	11,799,650	11,003,036
70,014	Wix.com Ltd.[1,2]	9,796,907	19,549,309
		35,597,671	43,972,013
	IT Consulting & Other Services (3.43%)		
63,602	EPAM Systems, Inc.[1]	9,148,341	25,230,277
	Semiconductor Equipment (3.29%)		
39,157	ASML Holding N.V.[2]	4,042,938	24,173,966
	Semiconductors (1.14%)		
15,726	NVIDIA Corp.	8,309,989	8,396,583
	Systems Software (10.14%)		
89,272	Crowdstrike Holdings, Inc., Cl A[1]	5,082,128	16,293,033
83,835	Datadog, Inc., Cl A[1,3]	2,263,545	6,986,809
256,769	Dynatrace, Inc.[1,3]	11,122,881	12,386,536
47,896	Snowflake, Inc., Cl A[1,3]	5,747,520	10,981,595
81,789	Twilio, Inc., Cl A[1,3]	11,034,337	27,870,420
		35,250,411	74,518,393
Total Information Technology		214,441,491	358,523,145
Real Estate (1.99%)			
	Specialized REITs (1.99%)		
21,508	Equinix, Inc.	4,587,575	14,616,622
TOTAL COMMON STOCKS		**381,270,614**	**712,901,327**
Private Common Stocks (0.12%)			
Industrials (0.12%)			
1,234	Space Exploration Technologies Corp., Cl A[1,3,4]	518,268	518,268
841	Space Exploration Technologies Corp., Cl C[1,3,4]	353,211	353,211
TOTAL PRIVATE COMMON STOCKS		**871,479**	**871,479**
Private Convertible Preferred Stocks (0.37%)			
Consumer Discretionary (0.37%)			
	Automobile Manufacturers (0.37%)		
81,411	Rivian Automotive, Inc., Series F[1,3,4]	**2,999,995**	**2,702,031**
Private Preferred Stocks (0.44%)			
Industrials (0.44%)			
	Trucking (0.44%)		
133,288	GM Cruise Holdings, Cl G[1,3,4]	**3,512,139**	**3,260,225**

Baron Fifth Avenue Growth Fund — PORTFOLIO HOLDINGS (Continued)

March 31, 2021 (Unaudited)

Principal Amount		Cost	Value
Short Term Investments (1.45%)			
$10,669,952	Repurchase Agreement with Fixed Income Clearing Corp., dated 3/31/2021, 0.00% due 4/1/2021; Proceeds at maturity - $10,669,952; (Fully collateralized by $10,661,300 U.S. Treasury Note, 1.125% due 2/28/2025; Market value - $10,883,382)	$ 10,669,952	$ 10,669,952
TOTAL INVESTMENTS (99.37%)		$399,324,179	730,405,014
CASH AND OTHER ASSETS LESS LIABILITIES (0.63%)			4,623,663
NET ASSETS			$735,028,677
RETAIL SHARES (Equivalent to $49.37 per share based on 3,453,259 shares outstanding)			$170,498,044
INSTITUTIONAL SHARES (Equivalent to $50.64 per share based on 10,456,474 shares outstanding)			$529,480,804
R6 SHARES (Equivalent to $50.65 per share based on 691,954 shares outstanding)			$ 35,049,829

% Represents percentage of net assets.
[1] Non-income producing securities.
[2] Foreign corporation.
[3] The Adviser has reclassified/classified certain securities in or out of this sub-industry. Such reclassifications/classifications are not supported by S&P or MSCI (unaudited).
[4] At March 31, 2021, the market value of restricted and fair valued securities amounted to $6,833,735 or 0.93% of net assets. These securities are not deemed liquid.
[ADR] American Depositary Receipt.
[144A] Security is exempt from registration pursuant to Rule 144A under the Securities Act of 1933. This security may be resold in transactions that are exempt from registration, normally to qualified institutional buyers. At March 31, 2021, the market value of Rule 144A securities amounted to $13,874,871 or 1.89% of net assets.

Baron Focused Growth Fund — PORTFOLIO HOLDINGS

March 31, 2021 (Unaudited)

Shares		Cost	Value
Common Stocks (90.60%)			
Communication Services (9.05%)			
	Alternative Carriers (2.47%)		
401,472	Iridium Communications, Inc.[1]	$ 2,949,375	$ 16,560,720
	Interactive Media & Services (2.17%)		
270,700	TripAdvisor, Inc.[1]	12,447,938	14,560,953
	Movies & Entertainment (4.41%)		
1,027,365	Manchester United plc, Cl A[2]	17,423,112	16,170,725
50,000	Spotify Technology SA[1,2]	12,051,776	13,397,500
		29,474,888	29,568,225
Total Communication Services		44,872,201	60,689,898
Consumer Discretionary (56.46%)			
	Automobile Manufacturers (31.95%)		
321,000	Tesla, Inc.[1,5]	13,812,210	214,405,530
	Casinos & Gaming (10.35%)		
600,000	Penn National Gaming, Inc.[1]	11,565,191	62,904,000
201,100	Red Rock Resorts, Inc., Cl A[1]	1,154,579	6,553,849
		12,719,770	69,457,849
	Hotels, Resorts & Cruise Lines (6.67%)		
155,000	Choice Hotels International, Inc.	5,375,923	16,629,950
340,000	Hyatt Hotels Corp., Cl A[1]	12,201,302	28,118,000
		17,577,225	44,747,950
	Internet & Direct Marketing Retail (1.66%)		
225,000	Stitch Fix, Inc., Cl A[1]	15,090,350	11,146,500
	Leisure Facilities (5.83%)		
134,000	Vail Resorts, Inc.[1]	8,130,896	39,082,440
Total Consumer Discretionary		67,330,451	378,840,269
Financials (6.88%)			
	Financial Exchanges & Data (3.45%)		
75,000	FactSet Research Systems, Inc.	5,828,282	23,144,250
	Property & Casualty Insurance (3.43%)		
600,000	Arch Capital Group Ltd.[1,2]	12,581,802	23,022,000
Total Financials		18,410,084	46,166,250
Health Care (3.50%)			
	Biotechnology (2.48%)		
100,000	BioNTech SE, ADR[1,2]	9,950,300	10,919,000
100,000	Denali Therapeutics, Inc.[1]	6,944,880	5,710,000
		16,895,180	16,629,000
	Health Care Technology (1.02%)		
90,000	Schrödinger, Inc.[1]	7,906,728	6,866,100
Total Health Care		24,801,908	23,495,100

Shares		Cost	Value
Common Stocks (continued)			
Industrials (7.59%)			
	Research & Consulting Services (7.59%)		
62,000	CoStar Group, Inc.[1]	$ 11,035,717	$ 50,957,180
Information Technology (5.34%)			
	Application Software (1.54%)		
101,870	Guidewire Software, Inc.[1]	4,816,691	10,353,048
	Data Processing & Outsourced Services (1.95%)		
5,854	Adyen N.V. (Netherlands), 144A[1,2]	5,352,874	13,062,640
	Internet Services & Infrastructure (1.85%)		
153,500	GDS Holdings Limited, ADR[1,2]	10,686,246	12,447,315
Total Information Technology		20,855,811	35,863,003
Real Estate (1.78%)			
	Residential REITs (1.12%)		
225,000	American Homes 4 Rent, Cl A	4,700,804	7,501,500
	Specialized REITs (0.66%)		
115,000	Americold Realty Trust[4]	3,907,873	4,424,050
Total Real Estate		8,608,677	11,925,550
TOTAL COMMON STOCKS		**195,914,849**	**607,937,250**
Private Common Stocks (1.48%)			
Industrials (1.48%)			
	Aerospace & Defense (1.48%)		
20,859	Space Exploration Technologies Corp., Cl A[1,3,4]	2,815,965	8,760,571
2,844	Space Exploration Technologies Corp., Cl C[1,3,4]	383,940	1,194,452
TOTAL PRIVATE COMMON STOCKS		**3,199,905**	**9,955,023**
Private Preferred Stocks (2.53%)			
Industrials (2.53%)			
	Aerospace & Defense (2.53%)		
29,630	Space Exploration Technologies Corp., Cl H[1,3,4]	4,000,050	12,444,304
1,479	Space Exploration Technologies Corp., Cl I[1,3,4]	249,951	621,165
9,259	Space Exploration Technologies Corp., Cl N[1,3,4]	2,499,930	3,888,687
TOTAL PRIVATE PREFERRED STOCKS		**6,749,931**	**16,954,156**

Baron Focused Growth Fund — PORTFOLIO HOLDINGS (Continued)

March 31, 2021 (Unaudited)

Principal Amount		Cost	Value
Short Term Investments (5.37%)			
$36,017,113	Repurchase Agreement with Fixed Income Clearing Corp., dated 3/31/2021, 0.00% due 4/1/2021; Proceeds at maturity - $36,017,113; (Fully collateralized by $35,987,900 U.S. Treasury Note, 1.125% due 2/28/2025; Market value - $36,737,553)	**$ 36,017,113**	**$ 36,017,113**
TOTAL INVESTMENTS (99.98%)		**$241,881,798**	**670,863,542**
CASH AND OTHER ASSETS LESS LIABILITIES (0.02%)			**145,928**
NET ASSETS			**$671,009,470**
RETAIL SHARES (Equivalent to $43.37 per share based on 3,998,610 shares outstanding)			**$173,420,288**
INSTITUTIONAL SHARES (Equivalent to $44.61 per share based on 5,066,730 shares outstanding)			**$226,007,074**
R6 SHARES (Equivalent to $44.63 per share based on 6,084,865 shares outstanding)			**$271,582,108**

% Represents percentage of net assets.
[1] Non-income producing securities.
[2] Foreign corporation.
[3] At March 31, 2021, the market value of restricted and fair valued securities amounted to $26,909,179 or 4.01% of net assets. These securities are not deemed liquid.
[4] The Adviser has reclassified/classified certain securities in or out of this sub-industry. Such reclassifications/classifications are not supported by S&P or MSCI (unaudited).
[5] Investors in the Fund may view Tesla, Inc.'s financial statements on the EDGAR website of the U.S. Securities and Exchange Commission by going to https://www.sec.gov/cgi-bin/browse-edgar?CIK=1318605&owner=exclude. Please note that the Fund is not responsible for Tesla's financial statements and can provide no assurances as to their accuracy or completeness
[ADR] American Depositary Receipt.
[144A] Security is exempt from registration pursuant to Rule 144A under the Securities Act of 1933. This security may be resold in transactions that are exempt from registration, normally to qualified institutional buyers. At March 31, 2021, the market value of Rule 144A securities amounted to $13,062,640 or 1.95% of net assets.

Baron International Growth Fund — PORTFOLIO HOLDINGS

March 31, 2021 (Unaudited)

Shares		Cost	Value
Common Stocks (95.81%)			
Australia (0.95%)			
744,822	NEXTDC Limited[1]	$ 3,762,116	$ 5,932,240
Brazil (4.04%)			
193,670	Afya Ltd., Cl A[1]	3,801,065	3,600,325
120,934	Arco Platform Limited, Cl A[1]	3,928,368	3,064,468
595,286	Itaú Unibanco Holding SA, ADR	2,753,861	2,952,619
271,714	Notre Dame Intermedica Participacoes S.A.	3,091,592	3,997,036
54,020	PagSeguro Digital Ltd., Cl A[1]	1,158,945	2,501,126
480,764	Suzano SA[1]	4,362,323	5,855,111
88,271	XP, Inc., Cl A[1]	3,005,746	3,325,169
Total Brazil		22,101,900	25,295,854
Canada (2.05%)			
168,186	CAE, Inc.[1]	2,082,977	4,792,505
5,753	Constellation Software, Inc.	1,761,296	8,034,332
Total Canada		3,844,273	12,826,837
China (12.74%)			
36,118	Alibaba Group Holding Limited, ADR[1]	6,452,603	8,189,034
930,902	China Conch Venture Holdings Ltd.	4,083,359	4,385,883
68,159	China Tourism Group Duty Free Corporation Limited, Cl A	775,658	3,197,879
613,485	Galaxy Entertainment Group Ltd.[1]	4,639,708	5,546,106
43,843	GDS Holdings Limited, ADR[1]	2,396,001	3,555,229
153,308	GDS Holdings Limited, Cl A (Hong Kong)[1]	1,616,054	1,560,000
253,207	Glodon Co. Ltd., Cl A	1,460,228	2,581,013
585,931	Han's Laser Technology Industry Group Co., Ltd., Cl A	3,140,221	3,802,918
597,906	Hua Hong Semiconductor Limited, 144A[1]	1,399,011	3,288,752
1,543,374	Kingdee International Software Group Co. Ltd.	1,375,808	4,840,003
719,180	Kingsoft Corp. Ltd.	2,965,613	4,809,567
248,925	Midea Group Co., Ltd., Cl A	1,766,612	3,136,519
57,639	Shenzhen Mindray Bio-Medical Electronics Co. Ltd., Cl A	1,625,815	3,529,769
107,137	Tencent Holdings Limited	5,054,573	8,550,338
17,588	Tencent Holdings Limited, ADR	832,623	1,403,522
103,143	Will Semiconductor Co. Ltd. Shanghai, Cl A	3,692,074	4,069,994
1,298,975	Winning Health Technology Group Co. Ltd., Cl A	3,641,404	3,272,982
75,284	Zai Lab Limited, ADR[1]	1,909,192	10,045,144
Total China		48,826,557	79,764,652
Denmark (0.91%)			
173,153	Genmab A/S, ADR[1]	7,056,439	5,684,613
France (8.30%)			
319,942	BNP Paribas S.A.[1]	14,662,428	19,493,840
91,320	Eurofins Scientific SE[1]	2,327,909	8,728,391
14,509	LVMH Moët Hennessy Louis Vuitton SE	4,811,986	9,691,301
36,710	Pernod Ricard SA	6,987,353	6,871,348
218,710	Vivendi SA	5,883,632	7,178,860
Total France		34,673,308	51,963,740

Shares		Cost	Value
Common Stocks (continued)			
Germany (3.77%)			
135,990	Befesa SA, 144A	$ 6,324,802	$ 9,112,196
60,194	Symrise AG	5,218,375	7,303,429
168,057	TeamViewer AG, 144A[1]	6,563,059	7,187,172
Total Germany		18,106,236	23,602,797
Hong Kong (1.24%)			
40,827	Hong Kong Exchanges & Clearing Ltd.	1,707,794	2,422,096
311,500	Techtronic Industries Co. Ltd.	2,131,519	5,340,292
Total Hong Kong		3,839,313	7,762,388
India (7.44%)			
140,002	Bajaj Finance Limited[1]	7,057,302	9,911,630
2,458,770	Edelweiss Financial Services Ltd.[1]	2,033,042	2,136,237
261,563	Godrej Properties Ltd.[1]	3,435,859	5,047,814
179,037	HDFC Bank Ltd.[1]	2,695,614	3,664,841
125,802	Housing Development Finance Corp., Ltd.	3,530,942	4,322,472
2,171,478	JM Financial Limited	2,615,303	2,523,851
114,097	Kotak Mahindra Bank Ltd.[1]	1,993,518	2,748,023
548,081	Max Financial Services Limited[1]	3,895,199	6,453,848
681,376	Nippon Life India Asset Management Ltd., 144A	2,395,677	3,162,434
233,839	Reliance Industries Limited	5,093,394	6,429,687
12,984	Reliance Industries Limited PP	59,095	194,635
Total India		34,804,945	46,595,472
Israel (2.61%)			
283,728	ION Acquisition Corp. 1 Limited[1]	2,866,655	2,950,771
128,423	ION Acquisition Corp. 2 Limited[1]	1,284,230	1,304,778
152,785	Tower Semiconductor Ltd.[1]	3,043,112	4,284,091
28,060	Wix.com Ltd.[1]	3,231,212	7,834,913
Total Israel		10,425,209	16,374,553
Japan (12.93%)			
83,689	Advantest Corporation	4,483,840	7,350,585
33,700	FANUC Corp.	5,742,781	8,101,717
17,843	Keyence Corporation	5,478,737	8,132,055
192,600	MonotaRO Co, Ltd.	1,326,991	5,224,917
163,160	Nexon Co, Ltd.	2,504,072	5,294,220
104,365	Okamoto Industries, Inc.	4,791,854	3,968,623
177,000	Recruit Holdings Co, Ltd.	4,885,462	8,691,797
188,200	SMS Co. Ltd.	5,152,739	5,762,570
64,803	Sony Corporation, ADR	3,369,962	6,869,766
69,800	Square Enix Holdings Co, Ltd.	2,545,205	3,882,206
270,100	Takeda Pharmaceutical Company Limited	10,866,684	9,845,724
18,148	Tokyo Electron Limited	4,425,631	7,887,726
Total Japan		55,573,958	81,011,906
Korea, Republic of (1.39%)			
73,495	Korea Shipbuilding & Offshore Engineering Co. Ltd.[1]	6,469,884	8,717,410
Mexico (1.28%)			
1,525,350	Grupo Mexico S.A.B. de C.V., Series B	4,132,427	8,040,373
Netherlands (4.07%)			
212,160	AMG Advanced Metallurgical Group NV	6,021,697	8,497,047
43,181	argenx SE, ADR[1]	1,904,769	11,891,616
30,314	Koninklijke DSM NV	3,649,814	5,124,829
Total Netherlands		11,576,280	25,513,492

Baron International Growth Fund — PORTFOLIO HOLDINGS (Continued)

March 31, 2021 (Unaudited)

Shares		Cost	Value
Common Stocks (continued)			
Norway (0.71%)			
431,796	Golar LNG Ltd.[1]	$ 6,252,146	$ 4,417,273
Russia (4.20%)			
2,571,069	Detsky Mir PJSC, 144A	3,841,525	4,879,386
29,174	Novatek PJSC, GDR	4,069,304	5,761,865
1,100	Novatek PJSC, GDR (London)	153,019	217,159
333,867	Sberbank of Russia PJSC, ADR	3,957,006	5,133,361
177,534	TCS Group Holding PLC, GDR	4,902,171	10,296,972
Total Russia		16,923,025	26,288,743
Spain (1.77%)			
79,674	Cellnex Telecom S.A., 144A	4,848,906	4,593,063
197,506	Industria de Diseno Textil, S.A.	6,203,235	6,525,585
Total Spain		11,052,141	11,118,648
Sweden (3.19%)			
328,985	Epiroc AB Cl A	5,190,793	7,452,882
19,316	Spotify Technology SA[1]	2,790,396	5,175,722
558,825	Telefonaktiebolaget LM Ericsson, ADR	5,191,587	7,370,902
Total Sweden		13,172,776	19,999,506
Switzerland (3.57%)			
376,689	Clariant AG	7,747,137	7,600,447
951,966	Credit Suisse Group AG	10,237,832	10,071,188
41,830	Nestle S.A.	4,040,805	4,663,057
Total Switzerland		22,025,774	22,334,692
United Arab Emirates (0.27%)			
294,649	Network International Holdings plc, 144A[1]	1,471,622	1,677,361
United Kingdom (15.96%)			
144,508	AstraZeneca PLC, ADR	5,429,097	7,184,938
1,068,809	B&M European Value Retail S.A.	4,991,624	7,776,171
98,806	Dechra Pharmaceuticals PLC	3,329,156	4,672,136
97,910	Endava plc, ADR[1]	2,300,130	8,291,998
152,703	Experian plc	3,184,532	5,260,764
442,543	Future PLC	7,584,254	11,683,860
1,282,151	Glencore PLC[1]	5,308,135	5,034,242
379,691	J D Wetherspoon PLC[1]	4,481,096	7,106,554
38,713	Linde Public Limited Company	7,274,365	10,859,152
19,279,279	Lloyds Banking Group PLC[1]	7,651,306	11,309,693
1,705,252	S4 Capital PLC[1]	4,781,248	11,895,347
435,206	WANdisco plc[1]	3,773,599	2,761,131
674,144	Watches of Switzerland Group PLC, 144A[1]	5,999,471	6,136,216
Total United Kingdom		66,088,013	99,972,202
United States (2.42%)			
54,278	Agilent Technologies, Inc.	2,697,622	6,900,905
215,344	Arch Capital Group Ltd.[1]	4,878,484	8,262,749
Total United States		7,576,106	15,163,654
TOTAL COMMON STOCKS		**409,754,448**	**600,058,406**

Principal Amount		Cost	Value
Short Term Investments (3.94%)			
$24,669,275	Repurchase Agreement with Fixed Income Clearing Corp., dated 3/31/2021, 0.00% due 4/1/2021; Proceeds at maturity - $24,669,275; (Fully collateralized by $24,649,300 U.S. Treasury Note, 1.125% due 2/28/2025; Market value - $25,162,762)	**$ 24,669,275**	**$ 24,669,275**
TOTAL INVESTMENTS (99.75%)		**$434,423,723**	**624,727,681**
CASH AND OTHER ASSETS LESS LIABILITIES (0.25%)			**1,569,712**
NET ASSETS			**$626,297,393**
RETAIL SHARES (Equivalent to $32.70 per share based on 2,669,448 shares outstanding)			**$ 87,292,775**
INSTITUTIONAL SHARES (Equivalent to $33.27 per share based on 11,828,954 shares outstanding)			**$393,557,941**
R6 Shares (Equivalent to $33.25 per share based on 4,373,836 shares outstanding)			**$145,446,677**

% Represents percentage of net assets.
1 Non-income producing securities.
ADR American Depositary Receipt.
GDR Global Depositary Receipt.
144A Security is exempt from registration pursuant to Rule 144A under the Securities Act of 1933. This security may be resold in transactions that are exempt from registration, normally to qualified institutional buyers. At March 31, 2021, the market value of Rule 144A securities amounted to $40,036,580 or 6.39% of net assets.

Summary of Investments by Sector as of March 31, 2021	Percentage of Net Assets
Financials	17.3%
Information Technology	16.6%
Industrials	12.2%
Health Care	12.1%
Consumer Discretionary	12.1%
Materials	10.0%
Communication Services	9.5%
Energy	2.7%
Consumer Staples	1.8%
Real Estate	0.8%
Special Purpose Acquisition Company	0.7%
Cash and Cash Equivalents*	4.2%
	100.0%

* Includes short term investments.

Baron Real Estate Fund — PORTFOLIO HOLDINGS

March 31, 2021 (Unaudited)

Shares		Cost	Value
Common Stocks (89.60%)			
Communication Services (6.42%)			
	Integrated Telecommunication Services (0.58%)		
146,315	Cellnex Telecom S.A., 144A (Spain)[2]	$ 8,424,481	$ 8,434,797
	Interactive Media & Services (5.84%)		
722,154	TripAdvisor, Inc.[1]	25,083,497	38,844,664
355,760	Zillow Group, Inc., Cl C[1]	33,047,344	46,120,726
		58,130,841	84,965,390
Total Communication Services		66,555,322	93,400,187
Consumer Discretionary (36.16%)			
	Casinos & Gaming (17.95%)		
683,950	Boyd Gaming Corporation[1]	12,179,530	40,325,692
1,148,050	Las Vegas Sands Corp.[1]	65,418,457	69,755,518
472,578	Penn National Gaming, Inc.[1]	2,530,559	49,545,078
1,378,093	Red Rock Resorts, Inc., Cl A[1]	15,120,565	44,912,051
453,250	Wynn Resorts Ltd.[1]	29,631,012	56,823,952
		124,880,123	261,362,291
	Distributors (0.52%)		
21,850	Pool Corp.	4,370,642	7,543,494
	Home Improvement Retail (3.92%)		
56,350	The Home Depot, Inc.	11,197,291	17,200,838
209,700	Lowe's Companies, Inc.	28,621,340	39,880,746
		39,818,631	57,081,584
	Homebuilding (4.83%)		
173,147	D.R. Horton, Inc.	6,346,540	15,430,861
162,473	Installed Building Products, Inc.	8,676,371	18,015,006
220,850	Lennar Corp., Cl A	11,707,502	22,356,645
256,250	Toll Brothers, Inc.	8,653,637	14,537,063
		35,384,050	70,339,575
	Hotels, Resorts & Cruise Lines (6.32%)		
771,023	Hilton Grand Vacations, Inc.[1]	20,930,282	28,905,652
93,150	Hilton Worldwide Holdings, Inc.[1]	6,205,517	11,263,698
136,300	Marriott Vacations Worldwide Corp.[1]	6,940,321	23,740,734
460,200	Travel + Leisure Co.	28,993,387	28,145,832
		63,069,507	92,055,916
	Leisure Facilities (2.62%)		
145,650	SeaWorld Entertainment, Inc.[1]	2,658,980	7,234,435
664,091	Six Flags Entertainment Corp.[1]	16,614,889	30,860,309
		19,273,869	38,094,744
Total Consumer Discretionary		286,796,822	526,477,604
Financials (2.58%)			
	Asset Management & Custody Banks (2.58%)		
844,557	Brookfield Asset Management, Inc., Cl A[2]	20,686,384	37,582,786
Industrials (5.14%)			
	Building Products (2.17%)		
112,101	AZEK Co., Inc.[1]	2,578,323	4,713,847
234,400	Fortune Brands Home & Security, Inc.	17,875,961	22,460,208
48,800	Trex Co., Inc.[1]	1,446,739	4,467,152
		21,901,023	31,641,207

Shares		Cost	Value
Common Stocks (continued)			
Industrials (continued)			
	Research & Consulting Services (2.47%)		
43,700	CoStar Group, Inc.[1]	$ 26,544,288	$ 35,916,593
	Trading Companies & Distributors (0.50%)		
42,251	SiteOne Landscape Supply, Inc.[1]	2,254,635	7,213,936
Total Industrials		50,699,946	74,771,736
Information Technology (5.06%)			
	Internet Services & Infrastructure (5.06%)		
744,900	GDS Holdings Limited, ADR[1,2]	32,537,591	60,403,941
1,660,900	NEXTDC Limited (Australia)[1,2]	8,234,614	13,228,473
Total Information Technology		40,772,205	73,632,414
Materials (1.84%)			
	Construction Materials (1.27%)		
110,150	Vulcan Materials Co.	13,256,040	18,587,813
	Specialty Chemicals (0.57%)		
11,200	The Sherwin-Williams Co.	3,612,908	8,265,712
Total Materials		16,868,948	26,853,525
Real Estate (32.40%)			
	Diversified REITs (1.78)		
485,100	American Assets Trust, Inc.	14,037,259	15,736,644
1,585,000	Colony Capital, Inc.[1]	7,747,196	10,270,800
		21,784,455	26,007,444
	Hotel & Resort REITs (1.20%)		
534,100	MGM Growth Properties LLC, Cl A	12,722,225	17,422,342
	Industrial REITs (3.10%)		
264,000	Prologis, Inc.	18,478,930	27,984,000
340,759	Rexford Industrial Realty, Inc.	14,254,411	17,174,254
		32,733,341	45,158,254
	Office REITs (3.51%)		
1,054,700	Douglas Emmett, Inc.	29,039,736	33,117,580
396,500	Vornado Realty Trust	15,122,851	17,997,135
		44,162,587	51,114,715
	Real Estate Development (1.62%)		
248,150	The Howard Hughes Corp.[1]	18,586,276	23,606,510
	Real Estate Services (6.14%)		
301,350	CBRE Group, Inc., Cl A[1]	7,581,286	23,839,798
182,500	Jones Lang LaSalle, Inc.[1]	21,815,190	32,674,800
1,551,072	Opendoor Technologies, Inc.[1]	19,363,750	32,867,216
		48,760,226	89,381,814
	Residential REITs (3.60%)		
295,750	Equity LifeStyle Properties, Inc.	16,444,755	18,821,530
206,500	Equity Residential	12,509,074	14,791,595
586,400	Invitation Homes, Inc.	14,552,297	18,758,936
		43,506,126	52,372,061
	Retail REITs (1.72%)		
219,950	Simon Property Group, Inc.	18,752,642	25,023,711

Baron Real Estate Fund — PORTFOLIO HOLDINGS (Continued)

March 31, 2021 (Unaudited)

Shares		Cost	Value
Common Stocks (continued)			
Real Estate (continued)			
	Specialized REITs (9.73%)		
111,100	Alexandria Real Estate Equities, Inc.[3]	$ 9,139,177	$ 18,253,730
176,450	American Tower Corp.	29,180,814	42,182,137
474,790	Americold Realty Trust[3]	12,932,109	18,265,171
58,640	Equinix, Inc.	19,257,556	39,851,158
321,148	Gaming and Leisure Properties, Inc.	8,593,064	13,626,310
34,050	SBA Communications Corp.	7,570,230	9,450,577
		86,672,950	141,629,083
Total Real Estate		327,680,828	471,715,934
TOTAL COMMON STOCKS		**810,060,455**	**1,304,434,186**
Special Purpose Acquisition Company (4.78%)			
2,376,727	Fifth Wall Acquisition Corp. I, Cl A[1,4]	23,767,270	23,767,270
1,315,000	GO Acquisition Corp., Cl A[1]	13,259,136	12,952,750
1,965,554	RXR Acquisition Corp.[1,4]	19,655,540	19,360,707
1,350,000	Tishman Speyer Innovation Corp. II[1]	14,039,678	13,527,000
TOTAL SPECIAL PURPOSE ACQUISITION COMPANY		**70,721,624**	**69,607,727**
Principal Amount			
Short Term Investments (5.29%)			
$77,061,281	Repurchase Agreement with Fixed Income Clearing Corp., dated 3/31/2021, 0.00% due 4/1/2021; Proceeds at maturity - $77,061,281; (Fully collateralized by $76,998,600 U.S. Treasury Note, 1.125% due 2/28/2025; Market value - $78,602,534)	**77,061,281**	**77,061,281**
TOTAL INVESTMENTS (99.67%)		**$957,843,360**	**1,451,103,194**
CASH AND OTHER ASSETS LESS LIABILITIES (0.33%)			**4,795,477**
NET ASSETS			**$1,455,898,671**
RETAIL SHARES (Equivalent to $39.09 per share based on 10,687,702 shares outstanding)			**$ 417,747,025**
INSTITUTIONAL SHARES (Equivalent to $40.01 per share based on 25,357,357 shares outstanding)			**$1,014,443,048**
R6 SHARES (Equivalent to $40.01 per share based on 592,604 shares outstanding)			**$ 23,708,598**

% Represents percentage of net assets.
1 Non-income producing securities.
2 Foreign corporation.
3 The Adviser has reclassified/classified certain securities in or out of this sub-industry. Such reclassifications/classifications are not supported by S&P or MSCI (unaudited).
4 An "Affiliated" investment may include any company in which the Fund owns 5% or more of its outstanding shares.
ADR American Depositary Receipt.
144A Security is exempt from registration pursuant to Rule 144A under the Securities Act of 1933. This security may be resold in transactions that are exempt from registration, normally to qualified institutional buyers. At March 31, 2021, the market value of Rule 144A securities amounted to $8,434,797 or 0.58% of net assets.

Baron Emerging Markets Fund — PORTFOLIO HOLDINGS

March 31, 2021 (Unaudited)

Shares		Cost	Value
Common Stocks (94.54%)			
Brazil (8.17%)			
21,358,704	Aeris Indústria E Comércio De Equipamentos Para Geracão De Energia SA[1]	$ 23,644,191	$ 33,544,623
1,616,963	Afya Ltd., Cl A[1]	42,369,182	30,059,342
11,457,146	Itaú Unibanco Holding SA, ADR	53,930,309	56,827,444
7,267,366	Localiza Rent a Car SA	53,590,010	77,119,695
19,002,328	Lojas Americanas SA	88,662,945	75,487,382
5,716,323	Notre Dame Intermedica Participacoes S.A.	66,537,100	84,089,710
1,086,496	PagSeguro Digital Ltd., Cl A[1]	23,079,070	50,304,765
991,242	StoneCo Ltd., Cl A[1]	32,138,664	60,683,835
8,260,016	Suzano SA[1]	78,047,186	100,596,786
1,933,850	XP, Inc., Cl A[1]	70,194,892	72,848,130
Total Brazil		532,193,549	641,561,712
China (37.33%)			
1,247,368	Alibaba Group Holding Limited, ADR[1]	151,354,005	282,815,747
11,658,630	Beijing Oriental Yuhong Waterproof Technology Co. Ltd., Cl A	54,805,389	91,119,747
23,393,624	China Conch Venture Holdings Ltd.	92,891,704	110,217,509
15,905,732	China Mengniu Dairy Co. Ltd.	39,122,048	91,628,985
39,027,867	China Molybdenum Co. Ltd., Cl A	29,161,810	31,695,635
27,479,871	China Molybdenum Co. Ltd., Cl H	14,427,560	16,777,426
1,848,179	China Tourism Group Duty Free Corporation Limited, Cl A	20,274,728	86,712,736
10,097,772	Galaxy Entertainment Group Ltd.[1]	78,829,260	91,287,179
1,128,455	GDS Holdings Limited, ADR[1]	52,858,571	91,506,416
2,481,259	GDS Holdings Limited, Cl A (Hong Kong)[1]	26,697,725	25,248,291
5,655,224	Glodon Co. Ltd., Cl A	25,811,198	57,645,342
11,038,108	Han's Laser Technology Industry Group Co., Ltd., Cl A	62,454,931	71,641,576
2,954,332	Hangzhou Tigermed Consulting Co. Ltd., Cl A	37,153,807	68,066,579
11,976,156	Hua Hong Semiconductor Limited, 144A[1]	29,482,527	65,874,248
23,859,166	Kingdee International Software Group Co. Ltd.	15,705,911	74,822,067
15,211,225	Kingsoft Corp. Ltd.	63,597,279	101,726,132
22,465	Kuaishou Technology, 144A[1]	349,328	780,225
4,411,501	Lufax Holding Ltd., ADR[1]	61,344,097	64,054,995
1,926,677	Meituan, Cl B, 144A[1]	24,032,112	75,187,006
7,348,201	Midea Group Co., Ltd., Cl A	49,453,961	92,589,227
2,330,550	New Frontier Health Corp.[1]	24,085,361	26,335,215
2,316,368	New Oriental Education & Technology Group, Inc., ADR[1]	16,317,104	32,429,152
8,715,528	Ping An Insurance (Group) Company of China, Ltd., Cl H	97,814,572	104,249,535
4,423,255	SF Holding Co. Ltd., Cl A	35,913,451	54,956,952
3,920,667	Shanghai Henlius Biotech, Inc., Cl H, 144A[1]	24,773,660	20,388,248
1,278,919	Shenzhen Mindray Bio-Medical Electronics Co. Ltd., Cl A	38,481,493	78,320,032
4,231,486	Shenzhou International Group Holdings Ltd.	22,504,827	88,508,034
56,881,047	Sino Biopharmaceutical Ltd.	37,266,435	57,099,825
4,369,592	Tencent Holdings Limited	169,691,177	348,726,283
188,376	Tencent Holdings Limited, ADR	10,291,137	15,032,405
10,525,111	Venustech Group, Inc., Cl A	53,903,787	53,789,460
1,906,368	Will Semiconductor Co. Ltd. Shanghai, Cl A	71,865,992	75,224,755
15,933,072	Winning Health Technology Group Co. Ltd., Cl A	45,377,806	40,145,999
802,368	Yum China Holdings, Inc.	44,188,014	47,508,209

Shares		Cost	Value
Common Stocks (continued)			
China (continued)			
503,798	Yum China Holdings, Inc. (Hong Kong)	$ 27,541,877	$ 29,602,704
3,593,422	Yunnan Baiyao Group Co. Ltd., Cl A	52,198,418	66,288,588
1,149,729	Zai Lab Limited, ADR[1]	30,656,557	153,408,340
1,582,919	ZTO Express Cayman, Inc., ADR[1]	49,801,109	46,142,089
Total China		1,782,480,728	2,929,552,893
Hong Kong (2.54%)			
21,024,893	Budweiser Brewing Co. APAC Ltd., 144A	67,832,420	62,935,225
500,813	Hong Kong Exchanges & Clearing Ltd.	21,389,522	29,711,158
6,203,950	Techtronic Industries Co. Ltd.	25,079,776	106,359,243
Total Hong Kong		114,301,718	199,005,626
Hungary (0.83%)			
1,528,263	OTP Bank Nyrt[1]	62,168,451	65,327,760
India (20.52%)			
1,884,527	Asian Paints Ltd.	47,850,501	65,568,173
2,404,239	Bajaj Finance Limited	108,221,768	170,211,336
7,178,329	Bharti Airtel Ltd.	52,480,938	50,919,443
1,664,633	Divi's Laboratories Ltd.[1]	19,871,030	82,617,159
932,898	Dr. Reddy's Laboratories Ltd.	40,023,684	57,714,001
327,566	Dr. Reddy's Laboratories Ltd., ADR	14,297,565	20,109,277
28,707,607	Edelweiss Financial Services Ltd.[1]	43,093,753	24,941,843
1,403,014	Godrej Properties Ltd.[1]	28,052,133	27,076,282
4,188,882	HDFC Bank Ltd.[1]	66,068,675	85,745,321
3,925,013	Hemisphere Properties India Limited[1]	14,835,694	7,432,838
1,629,271	Hindustan Unilever Ltd.	46,414,519	54,340,439
2,876,215	Housing Development Finance Corp., Ltd.	78,359,026	98,824,815
2,536,448	ICICI Lombard General Insurance Co. Ltd., 144A	45,856,200	49,858,071
38,260,642	JM Financial Limited	56,062,324	44,469,323
1,094,823	Jubilant FoodWorks Ltd.	45,550,465	43,731,676
3,101,180	Kotak Mahindra Bank Ltd.[1]	44,012,726	74,691,843
9,588,132	Max Financial Services Ltd.[1]	83,658,113	112,903,648
3,442,552	Muthoot Finance Ltd.[1]	52,982,480	56,818,719
11,555,405	Nippon Life India Asset Management Ltd., 144A	41,276,136	53,631,480
6,016,202	Reliance Industries Limited	122,615,749	165,422,770
378,065	Reliance Industries Limited PP	1,797,439	5,667,354
4,983,796	SBI Life Insurance Company Limited, 144A[1]	53,095,225	60,216,151
5,167,699	Tata Communications Ltd.	40,713,353	75,295,737
7,363,351	Tata Consumer Products Ltd.	28,711,053	64,510,068
2,701,908	Titan Co. Ltd.	44,161,610	57,768,669
Total India		1,220,062,159	1,610,486,436
Japan (0.72%)			
123,231	Keyence Corporation	44,823,146	56,163,275
Korea, Republic of (6.11%)			
1,313,978	Korea Shipbuilding & Offshore Engineering Co. Ltd.[1]	130,276,655	155,853,936
4,474,961	Samsung Electronics Co., Ltd.	166,017,617	323,739,367
Total Korea, Republic of		296,294,272	479,593,303

Baron Emerging Markets Fund — PORTFOLIO HOLDINGS (Continued)

March 31, 2021 (Unaudited)

Shares		Cost	Value
Common Stocks (continued)			
Mexico (2.41%)			
26,518	DD3 Acquisition Corp. II Private Units[1,2]	$ 265,180	$ 269,423
19,685,153	Grupo México S.A.B. de C.V., Series B	53,359,730	103,763,712
26,837,840	Wal-Mart de Mexico, S.A.B de C.V.	67,404,765	84,756,602
Total Mexico		121,029,675	188,789,737
Norway (0.49%)			
3,762,328	Golar LNG Ltd.[1]	39,116,123	38,488,615
Philippines (1.11%)			
63,270,165	Ayala Land, Inc.	47,770,321	44,862,101
20,063,936	BDO Unibank, Inc.	42,659,016	42,217,266
Total Philippines		90,429,337	87,079,367
Poland (0.77%)			
3,707,889	InPost SA[1]	79,344,880	60,727,540
Russia (6.13%)			
776,256	Fix Price Group Ltd., GDR[1]	7,560,892	7,576,259
4,746,202	Fix Price Group Ltd., GDR, 144A[1]	46,272,864	46,322,931
628,612	Novatek PJSC, GDR	94,742,968	124,150,870
669,906	Ozon Holdings PLC, ADR[1]	24,890,706	37,561,629
124,205	Polyus PJSC	24,757,475	22,907,840
179,766	Polyus PJSC, GDR	17,983,107	16,547,460
283,524	Sberbank of Russia PJSC, ADR	4,374,903	4,369,105
8,608,139	Sberbank of Russia PJSC, ADR (London)	94,997,857	132,354,166
681,864	TCS Group Holding PLC, GDR	40,676,929	39,548,112
776,676	Yandex N.V., Cl A[1]	14,846,340	49,753,865
Total Russia		371,104,041	481,092,237
Taiwan (5.25%)			
11,333,879	Delta Electronics, Inc.	50,589,427	115,589,693
2,502,896	Taiwan Semiconductor Manufacturing Co., Ltd., ADR	83,609,444	296,042,539
Total Taiwan		134,198,871	411,632,232
United Arab Emirates (0.33%)			
4,616,553	Network International Holdings plc, 144A[1]	28,179,786	26,280,858
United Kingdom (1.60%)			
32,030,205	Glencore PLC[1]	109,099,967	125,763,509
United States (0.23%)			
221,434	ACM Research, Inc., Cl A[1]	20,027,134	17,889,653
TOTAL COMMON STOCKS		**5,044,853,837**	**7,419,434,753**
Private Convertible Preferred Stocks (0.63%)			
India (0.63%)			
15,334	Think & Learn Private Limited, Series F[1,2]	**49,776,072**	**49,776,072**
Warrants (0.04%)			
Mexico (0.04%)			
1,791,760	DD3 Acquisition Corp. II Forward Shares[1,2]	0	143,341
358,352	DD3 Acquisition Corp. II Founders Shares[1,2]	3,116	2,576,551
TOTAL WARRANTS		**3,116**	**2,719,892**

Principal Amount		Cost	Value
Short Term Investments (5.23%)			
$410,840,524	Repurchase Agreement with Fixed Income Clearing Corp., dated 3/31/2021, 0.00% due 4/1/2021; Proceeds at maturity - $410,840,524; (Fully collateralized by $327,239,700 U.S. Treasury Note, 2.00% due 2/15/2025; Market value - $377,421,221) and $40,786,600 U.S. Treasury Note, 1.125% due 2/28/2025; Market value $41,636,213)	$ 410,840,524	$ 410,840,524
TOTAL INVESTMENTS (100.44%)		**$5,505,473,549**	**7,882,771,241**
LIABILITIES LESS CASH AND OTHER ASSETS (-0.44%)			**(34,554,326)**
NET ASSETS			**$7,848,216,915**
RETAIL SHARES (Equivalent to $18.93 per share based on 26,761,017 shares outstanding)			**$ 506,582,582**
INSTITUTIONAL SHARES (Equivalent to $19.02 per share based on 385,133,835 shares outstanding)			**$7,326,829,565**
R6 SHARES (Equivalent to $19.04 per share based on 777,765 shares outstanding)			**$ 14,804,768**

% Represents percentage of net assets.
1 Non-income producing securities.
2 At March 31, 2021, the market value of restricted and fair valued securities amounted to $52,765,387 or 0.67% of net assets. These securities are not deemed liquid.
ADR American Depositary Receipt.
GDR Global Depositary Receipt.
144A Security is exempt from registration pursuant to Rule 144A under the Securities Act of 1933. This security may be resold in transactions that are exempt from registration, normally to qualified institutional buyers. At March 31, 2021, the market value of Rule 144A securities amounted to $461,474,443 or 5.88% of net assets.

Summary of Investments by Sector as of March 31, 2021	Percentage of Net Assets
Information Technology	19.0%
Financials	18.4%
Consumer Discretionary	15.0%
Health Care	9.6%
Industrials	9.1%
Materials	7.3%
Communication Services	6.9%
Consumer Staples	4.6%
Energy	4.3%
Real Estate	1.0%
Special Purpose Acquisition Company	0.0%[(a)]
Cash and Other Assets Less Liabilities*	4.8%
	100.0%

* Includes short term investments.
(a) Represents less than 0.05% of net assets of the Fund.

Baron Global Advantage Fund — PORTFOLIO HOLDINGS

March 31, 2021 (Unaudited)

Shares		Cost	Value
Common Stocks (95.43%)			
Argentina (3.26%)			
76,873	Globant S.A.[1]	$ 5,591,434	$ 15,959,603
46,026	MercadoLibre, Inc.[1]	31,748,310	67,756,716
Total Argentina		37,339,744	83,716,319
Brazil (3.85%)			
1,350,809	Afya Ltd., Cl A[1]	30,749,276	25,111,539
671,264	Arco Platform Limited, Cl A[1]	27,148,976	17,009,830
518,345	PagSeguro Digital Ltd., Cl A[1]	17,909,866	23,999,373
535,148	StoneCo Ltd., Cl A[1]	18,692,727	32,761,761
Total Brazil		94,500,845	98,882,503
Canada (3.13%)			
587,696	Nuvei Corp., 144A[1]	21,077,497	35,555,608
40,563	Shopify, Inc., Cl A[1]	28,417,926	44,882,960
Total Canada		49,495,423	80,438,568
China (13.70%)			
522,439	Alibaba Group Holding Limited, ADR[1]	110,633,641	118,452,594
673,206	GDS Holdings Limited, ADR[1]	44,161,310	54,590,275
1,526,791	GDS Holdings Limited, Cl A (Hong Kong)[1]	16,094,249	15,536,009
7,943	Kuaishou Technology, 144A[1]	119,002	275,866
1,381,225	Meituan, Cl B, 144A[1]	26,631,859	53,901,185
189,309	Pinduoduo, Inc., ADR[1]	9,401,277	25,344,689
663,624	TAL Education Group, ADR[1]	33,010,270	35,736,152
360,337	Zai Lab Limited, ADR[1]	24,796,803	48,079,766
Total China		264,848,411	351,916,536
India (1.47%)			
534,508	Bajaj Finance Limited	33,760,009	37,841,213
Indonesia (0.27%)			
31,632	Sea Ltd., ADR[1]	7,379,405	7,061,212
Israel (6.08%)			
326,882	Fiverr International Ltd.[1]	7,503,852	70,992,233
1,143,741	ION Acquisition Corp. 1 Limited[1]	11,437,410	11,894,906
551,889	ION Acquisition Corp. 2 Limited[1]	5,518,890	5,607,192
242,889	Wix.com Ltd.[1]	43,240,533	67,819,467
Total Israel		67,700,685	156,313,798
Korea, Republic of (1.26%)			
654,000	Coupang, Inc., Cl A[1]	22,890,000	32,274,900
Mexico (0.38%)			
996,069	DD3 Acquisition Corp. II[1,3]	9,115,057	9,801,319
8,652	DD3 Acquisition Corp. II Private Units[1,2,3]	86,516	87,904
Total Mexico		9,201,573	9,889,223
Netherlands (4.66%)			
16,186	Adyen N.V., 144A[1]	16,437,273	36,117,506
218,893	argenx SE, ADR[1]	39,835,770	60,280,943
38,227	ASML Holding N.V.	8,394,703	23,454,911
Total Netherlands		64,667,746	119,853,360
Poland (0.46%)			
62,873	Allegro.eu SA, 144A[1]	805,513	885,037
668,821	InPost SA[1]	13,261,506	10,953,902
Total Poland		14,067,019	11,838,939

Shares		Cost	Value
Common Stocks (continued)			
United Kingdom (2.40%)			
726,800	Endava plc, ADR[1]	$ 31,977,783	$ 61,552,692
United States (54.51%)			
305,555	10X Genomics, Inc., Cl A[1]	28,039,425	55,305,455
585,435	Acceleron Pharma, Inc.[1]	46,760,372	79,390,840
3,651	Airbnb, Inc., Cl A[1]	248,268	686,169
71,047	Alphabet, Inc., Cl C[1]	114,982,518	146,969,956
38,418	Amazon.com, Inc.[1]	91,152,664	118,868,365
390,596	Arrowhead Pharmaceuticals, Inc.[1]	26,433,009	25,900,421
121,136	BigCommerce Holdings, Inc.[1]	2,907,264	7,001,661
137,887	Bill.Com Holdings, Inc.[1]	5,238,091	20,062,558
526,681	BridgeBio Pharma, Inc.[1]	33,324,868	32,443,550
371,841	Cloudflare, Inc., Cl A[1]	9,123,087	26,125,549
236,309	Crowdstrike Holdings, Inc., Cl A[1]	20,825,845	43,128,756
180,951	Datadog, Inc., Cl A[1]	6,822,184	15,080,456
933,945	Dynatrace, Inc.[1]	33,781,139	45,053,507
176,562	EPAM Systems, Inc.[1]	42,803,914	70,040,380
349,675	Facebook, Inc., Cl A[1]	78,862,992	102,989,778
350,583	Guardant Health, Inc.[1]	27,416,295	53,516,495
150,165	Illumina, Inc.[1]	49,300,735	57,672,370
923,813	MaxCyte, Inc.[1]	10,715,379	11,207,397
8,586	nCino, Inc.[1]	266,166	572,858
58,333	Okta, Inc.[1]	6,160,801	12,858,343
2,995,470	Opendoor Technologies, Inc.[1]	29,954,700	63,474,009
602,814	PTC Therapeutics, Inc.[1]	29,378,052	28,543,243
233,227	RingCentral, Inc., Cl A[1]	62,885,207	69,473,659
1,493,774	Sarissa Capital Acquisition Corp.[1,3]	14,937,740	16,177,572
422,406	Schrödinger, Inc.[1]	15,544,854	32,225,354
154,198	Snowflake, Inc., Cl A[1]	18,503,760	35,354,517
338,161	Splunk, Inc.[1]	55,904,468	45,814,052
190,027	Twilio, Inc., Cl A[1]	32,336,272	64,753,601
189,872	Veeva Systems, Inc., Cl A[1]	34,015,516	49,602,161
1,000,838	ZoomInfo Technologies Inc., Cl A[1]	32,829,689	48,940,978
123,983	Zscaler, Inc.[1]	8,588,946	21,284,162
Total United States		970,044,220	1,400,518,172
TOTAL COMMON STOCKS		**1,667,872,863**	**2,452,097,435**
Private Common Stocks (0.23%)			
United States (0.23%)			
8,227	Space Exploration Technologies Corp., Cl A[1,2]	3,455,258	3,455,258
5,613	Space Exploration Technologies Corp., Cl C[1,2]	2,357,404	2,357,404
TOTAL PRIVATE COMMON STOCKS		**5,812,662**	**5,812,662**
Private Convertible Preferred Stocks (2.64%)			
India (1.16%)			
9,201	Think & Learn Private Limited, Series F[1,2]	29,867,591	29,867,591
United States (1.48%)			
219,321	Farmers Business Network, Inc., Series F[1,2]	7,250,006	8,639,054
69,926	Resident Home, Inc. Series B1[1,2]	4,999,968	4,745,878
484,183	Rivian Automotive, Inc., Series E[1,2]	7,499,995	15,760,157
176,391	Rivian Automotive, Inc., Series F[1,2]	6,500,008	5,854,417
302,325	Zymergen, Inc., Series D[1,2]	2,249,993	2,917,436
Total United States		28,499,970	37,916,942
TOTAL PRIVATE CONVERTIBLE PREFERRED STOCKS		**58,367,561**	**67,784,533**

Baron Global Advantage Fund — PORTFOLIO HOLDINGS (Continued)

March 31, 2021 (Unaudited)

Shares		Cost	Value
Private Preferred Stocks (0.44%)			
United States (0.44%)			
461,004	GM Cruise Holdings, Cl G[1,2]	$ 12,147,455	$ 11,276,158
Warrants (0.05%)			
Mexico (0.05%)			
498,034	DD3 Acquisition Corp. II, Exp. 12/10/2027[1,3]	845,632	507,995
584,567	DD3 Acquisition Corp. II Forward Shares[1,2,3]	0	46,765
116,913	DD3 Acquisition Corp. II Founders Shares[1,2,3]	1,017	840,604
TOTAL WARRANTS		**846,649**	**1,395,364**

Principal Amount			
Short Term Investments (1.36%)			
$34,990,737	Repurchase Agreement with Fixed Income Clearing Corp., dated 3/31/2021, 0.00% due 4/1/2021; Proceeds at maturity - $34,990,738; (Fully collateralized by $34,962,300 U.S. Treasury Note, 1.125% due 2/28/2025; Market value - $35,690,589)	**34,990,737**	**34,990,737**
TOTAL INVESTMENTS (100.15%)		**$1,780,037,927**	**2,573,356,889**
LIABILITIES LESS CASH AND OTHER ASSETS (-0.15%)			**(3,933,456)**
NET ASSETS			**$2,569,423,433**
RETAIL SHARES (Equivalent to $50.37 per share based on 18,432,066 shares outstanding)			**$ 928,338,683**
INSTITUTIONAL SHARES (Equivalent to $51.29 per share based on 31,684,842 shares outstanding)			**$1,625,223,175**
R6 SHARES (Equivalent to $51.32 per share based on 309,057 shares outstanding)			**$ 15,861,575**

% Represents percentage of net assets.
1 Non-income producing securities.
2 At March 31, 2021, the market value of restricted and fair valued securities amounted to $85,848,626 or 3.34% of net assets. These securities are not deemed liquid.
3 An "Affiliated" investment may include any company in which the Fund owns 5% or more of its outstanding shares.
ADR American Depositary Receipt.
144A Security is exempt from registration pursuant to Rule 144A under the Securities Act of 1933. This security may be resold in transactions that are exempt from registration, normally to qualified institutional buyers. At March 31, 2021, the market value of Rule 144A securities amounted to $126,735,202 or 4.93% of net assets.

Summary of Investments by Sector as of March 31, 2021	Percentage of Net Assets
Information Technology	34.6%
Consumer Discretionary	24.3%
Health Care	20.8%
Communication Services	11.9%
Real Estate	2.5%
Special Purpose Acquisition Company	1.7%
Financials	1.5%
Industrials	1.1%
Materials	0.4%
Cash and Cash Equivalents*	1.2%
	100.0%

* Includes short term investments.

Baron Discovery Fund — PORTFOLIO HOLDINGS

March 31, 2021 (Unaudited)

Shares		Cost	Value
Common Stocks (91.91%)			
Communication Services (6.31%)			
	Advertising (1.65%)		
3,875,000	S4 Capital PLC (United Kingdom)[1,2]	$ 12,841,181	$ 27,030,883
	Interactive Media & Services (2.70%)		
825,000	TripAdvisor, Inc.[1]	28,690,867	44,376,750
	Movies & Entertainment (0.43%)		
185,000	Liberty Media Corporation-Liberty Formula One, Cl A[1]	5,634,811	7,070,700
	Publishing (1.53%)		
950,000	Future PLC (United Kingdom)[2]	18,404,637	25,081,557
Total Communication Services		65,571,496	103,559,890
Consumer Discretionary (9.72%)			
	Casinos & Gaming (3.80%)		
7,750,000	Melco International Development Ltd. (Hong Kong)[1,2]	15,367,373	15,820,123
200,371	Penn National Gaming, Inc.[1]	3,563,946	21,006,896
785,000	Red Rock Resorts, Inc., Cl A[1]	19,609,533	25,583,150
		38,540,852	62,410,169
	General Merchandise Stores (0.53%)		
100,000	Ollie's Bargain Outlet Holdings, Inc.[1]	6,206,447	8,700,000
	Home Furnishings (0.58%)		
300,000	Purple Innovation, Inc.[1]	5,545,475	9,495,000
	Home Improvement Retail (2.04%)		
350,000	Floor & Decor Holdings, Inc., Cl A[1]	11,227,099	33,418,000
	Internet & Direct Marketing Retail (1.46%)		
450,000	MYT Netherlands Parent BV, ADR[1,2,3]	11,700,000	12,717,000
500,000	The RealReal, Inc.[1]	9,914,928	11,315,000
		21,614,928	24,032,000
	Restaurants (0.79%)		
200,000	The Cheesecake Factory, Inc.[1]	4,145,091	11,702,000
10,000	Wingstop, Inc.	874,199	1,271,700
		5,019,290	12,973,700
	Specialty Stores (0.52%)		
385,000	Petco Health & Wellness Co., Inc.[1]	7,838,663	8,531,600
Total Consumer Discretionary		95,992,754	159,560,469
Consumer Staples (3.10%)			
	Packaged Foods & Meats (1.71%)		
1,050,000	Barfresh Food Group, Inc.[1]	597,200	504,000
75,000	Laird Superfood, Inc.[1]	1,650,000	2,810,250
1,000,000	UTZ Brands, Inc.	16,340,000	24,790,000
		18,587,200	28,104,250
	Soft Drinks (1.39%)		
775,000	Fevertree Drinks PLC (United Kingdom)[2]	23,289,536	22,864,067
Total Consumer Staples		41,876,736	50,968,317

Shares		Cost	Value
Common Stocks (continued)			
Financials (3.25%)			
	Insurance Brokers (1.24%)		
750,007	BRP Group, Inc., Cl A[1]	$ 15,155,098	$ 20,437,691
	Property & Casualty Insurance (2.01%)		
200,000	Kinsale Capital Group, Inc.	11,871,719	32,960,000
Total Financials		27,026,817	53,397,691
Health Care (24.73%)			
	Biotechnology (2.79%)		
237,800	Applied Therapeutics, Inc.[1]	9,274,715	4,459,939
146,000	Biohaven Pharmaceutical Holding Co. Ltd.[1,2]	6,453,537	9,979,100
225,000	Emergent BioSolutions, Inc.[1]	12,618,949	20,904,750
373,500	Esperion Therapeutics, Inc.[1]	16,262,479	10,476,675
		44,609,680	45,820,464
	Health Care Equipment (11.17%)		
615,000	Acutus Medical, Inc.[1]	14,093,315	8,222,550
580,084	AxoGen, Inc.[1]	9,919,925	11,752,502
505,982	Axonics Modulation Technologies, Inc.[1]	20,972,129	30,303,262
527,500	Butterfly Network, Inc.[1,4]	5,275,000	8,772,325
202,500	CryoPort, Inc.[1]	5,127,704	10,532,025
308,580	Eargo, Inc.[1]	9,305,920	15,413,571
89,823	Inari Medical, Inc.[1]	2,337,837	9,611,061
707,985	Inogen, Inc.[1]	32,258,659	37,183,372
50,000	Inspire Medical Systems, Inc.[1,3]	2,923,748	10,349,500
540,208	Silk Road Medical, Inc.[1,3]	21,944,575	27,361,535
3,200,463	ViewRay, Inc.[1]	15,445,290	13,922,014
		139,604,102	183,423,717
	Health Care Services (0.90%)		
323,963	Accolade, Inc.[1]	9,020,518	14,698,201
	Health Care Supplies (1.70%)		
2,029,967	Cerus Corp.[1]	10,431,841	12,200,102
2,165,363	Sientra, Inc.[1]	16,394,882	15,785,496
		26,826,723	27,985,598
	Life Sciences Tools & Services (4.13%)		
50,000	Berkeley Lights, Inc.[1]	1,100,000	2,511,500
499,729	CareDx, Inc.[1,3]	10,068,530	34,026,548
68,980	Seer, Inc.[1]	1,310,620	3,450,380
519,190	Veracyte, Inc.[1,3]	12,884,315	27,906,462
		25,363,465	67,894,890
	Managed Health Care (1.87%)		
688,279	Progyny, Inc.[1]	16,465,247	30,635,298
	Pharmaceuticals (2.17%)		
1,091,732	Revance Therapeutics, Inc.[1]	22,237,562	30,513,910
3,831,500	TherapeuticsMD, Inc.[1]	16,199,094	5,134,210
		38,436,656	35,648,120
Total Health Care		300,326,391	406,106,288
Industrials (18.94%)			
	Aerospace & Defense (4.28%)		
964,870	Kratos Defense & Security Solutions, Inc.[1]	16,120,727	26,321,654
622,680	Mercury Systems, Inc.[1]	33,723,391	43,992,342
		49,844,118	70,313,996
	Building Products (1.23%)		
220,000	Trex Company, Inc.[1]	7,416,878	20,138,800

Baron Discovery Fund — PORTFOLIO HOLDINGS (Continued)

March 31, 2021 (Unaudited)

Shares		Cost	Value
Common Stocks (continued)			
Industrials (continued)			
	Diversified Support Services (1.21%)		
575,000	ACV Auctions, Inc., Cl A[1,3]	$ 17,344,950	$ 19,900,750
	Electrical Components & Equipment (1.63%)		
638,799	Array Technologies, Inc.[1]	15,809,433	19,048,986
222,521	Shoals Technologies Group, Inc., Cl A[1]	5,563,025	7,739,281
		21,372,458	26,788,267
	Environmental & Facilities Services (1.76%)		
575,723	Montrose Environmental Group, Inc.[1]	9,375,974	28,895,537
	Heavy Electrical Equipment (2.42%)		
702,000	TPI Composites, Inc.[1]	15,929,051	39,613,860
	Industrial Conglomerates (1.34%)		
575,000	Raven Industries, Inc.[1]	15,309,417	22,039,750
	Industrial Machinery (3.04%)		
86,600	ESCO Technologies, Inc.	4,658,024	9,429,874
300,000	Helios Technologies, Inc.	12,051,607	21,861,000
187,500	Kornit Digital Ltd.[1,2]	2,923,081	18,585,000
		19,632,712	49,875,874
	Trading Companies & Distributors (2.03%)		
25,000	Hydrofarm Holdings Group, Inc.[1,3]	500,000	1,508,000
186,500	SiteOne Landscape Supply, Inc.[1]	10,148,112	31,843,010
		10,648,112	33,351,010
Total Industrials		166,873,670	310,917,844
Information Technology (21.57%)			
	Application Software (4.36%)		
25,000	Bill.Com Holdings, Inc.[1]	974,421	3,637,500
175,000	Everbridge, Inc.[1]	19,518,581	21,206,500
585,000	Medallia, Inc.[1]	17,438,560	16,315,650
575,000	Viant Technology, Inc., Cl A[1]	18,963,842	30,411,750
		56,895,404	71,571,400
	Data Processing & Outsourced Services (1.71%)		
500,000	Repay Holdings Corporation[1]	7,499,309	11,740,000
200,000	Shift4 Payments, Inc., Cl A[1]	7,218,580	16,402,000
		14,717,889	28,142,000
	Electronic Equipment & Instruments (1.48%)		
10,431	Novanta, Inc.[1,2]	272,590	1,375,745
350,000	PAR Technology Corp.[1]	6,472,283	22,893,500
		6,744,873	24,269,245

Shares		Cost	Value
Common Stocks (continued)			
Information Technology (continued)			
	IT Consulting & Other Services (2.32%)		
450,000	Endava plc, ADR[1,2]	$ 13,125,641	$ 38,110,500
	Semiconductor Equipment (5.30%)		
320,000	Advanced Energy Industries, Inc.	21,702,960	34,934,400
535,800	Ichor Holdings Ltd.[1,2]	13,502,026	28,826,040
255,000	Nova Measuring Instruments Ltd.[1,2]	8,116,968	23,207,550
		43,321,954	86,967,990
	Semiconductors (1.35%)		
875,000	Allegro MicroSystems, Inc.[1]	12,250,000	22,181,250
	Systems Software (5.05%)		
333,775	Dynatrace, Inc.[1,3]	6,243,606	16,101,306
862,131	Ping Identity Holding Corp.[1]	16,851,257	18,906,533
70,000	Qualys, Inc.[1]	1,963,529	7,334,600
430,000	Sailpoint Technologies Holdings, Inc.[1]	24,471,570	21,775,200
366,000	Varonis Systems, Inc.[1]	7,440,546	18,790,440
		56,970,508	82,908,079
Total Information Technology		204,026,269	354,150,464
Real Estate (2.74%)			
	Diversified REITs (0.69%)		
350,000	American Assets Trust, Inc.	9,270,189	11,354,000
	Industrial REITs (1.08%)		
350,000	Rexford Industrial Realty, Inc.	12,654,993	17,640,000
	Specialized REITs (0.97%)		
415,000	Americold Realty Trust[3]	8,047,275	15,965,050
Total Real Estate		29,972,457	44,959,050
Special Purpose Acquisition Company (1.55%)			
400,000	Jaws Spitfire Acquisition Corp., Cl A[1,2]	4,095,967	4,100,000
1,979,934	Vesper Healthcare Acquisition Corp., Cl A[1]	21,777,983	21,383,287
Total Special Purpose Acquisition Company		25,873,950	25,483,287
TOTAL COMMON STOCKS		**957,540,540**	**1,509,103,300**

Baron Discovery Fund — PORTFOLIO HOLDINGS (Continued)

March 31, 2021 (Unaudited)

Principal Amount		Cost	Value
Short Term Investments (7.83%)			
$128,573,373	Repurchase Agreement with Fixed Income Clearing Corp., dated 3/31/2021, 0.00% due 4/1/2021; Proceeds at maturity - $128,573,373; (Fully collateralized by $127,934,200 U.S. Treasury Note, 1.75% due 6/15/2022; Market value - $131,144,856)	$ 128,573,373	$ 128,573,373
TOTAL INVESTMENTS (99.74%)		$1,086,113,913	1,637,676,673
CASH AND OTHER ASSETS LESS LIABILITIES (0.26%)			4,287,421
NET ASSETS			$1,641,964,094
RETAIL SHARES (Equivalent to $36.70 per share based on 7,224,840 shares outstanding)			$ 265,152,962
INSTITUTIONAL SHARES (Equivalent to $37.39 per share based on 35,990,727 shares outstanding)			$1,345,750,815
R6 SHARES (Equivalent to $37.40 per share based on 830,578 shares outstanding)			$ 31,060,317

% Represents percentage of net assets.
[1] Non-income producing securities.
[2] Foreign corporation.
[3] The Adviser has reclassified/classified certain securities in or out of this sub-industry. Such reclassifications/classifications are not supported by S&P or MSCI (unaudited).
[4] At March 31, 2021, the market value of restricted and fair valued securities amounted to $8,772,325 or 0.53% of net assets. This security is not deemed liquid.
[ADR] American Depositary Receipt.

Baron Durable Advantage Fund — PORTFOLIO HOLDINGS

March 31, 2021 (Unaudited)

Shares		Cost	Value
Common Stocks (99.82%)			
Communication Services (16.91%)			
	Cable & Satellite (1.47%)		
507	Charter Communications, Inc., Cl A[1]	$ 198,095	$ 312,829
	Interactive Media & Services (15.44%)		
887	Alphabet, Inc., Cl C[1]	1,426,447	1,834,875
4,916	Facebook, Inc., Cl A[1]	1,181,137	1,447,909
		2,607,584	3,282,784
Total Communication Services		2,805,679	3,595,613
Consumer Staples (6.38%)			
	Distillers & Vintners (3.06%)		
2,855	Constellation Brands, Inc., Cl A	592,731	650,940
	Hypermarkets & Super Centers (2.20%)		
1,324	Costco Wholesale Corp.	398,786	466,683
	Personal Products (1.12%)		
821	The Estée Lauder Companies, Inc., Cl A	150,546	238,788
Total Consumer Staples		1,142,063	1,356,411
Financials (17.80%)			
	Asset Management & Custody Banks (2.54%)		
716	BlackRock, Inc.	431,463	539,835
	Financial Exchanges & Data (13.22%)		
3,194	CME Group, Inc.	596,649	652,310
2,839	Moody's Corp.	616,435	847,754
1,464	MSCI, Inc.	502,170	613,826
1,977	S&P Global, Inc.	462,402	697,624
		2,177,656	2,811,514
	Property & Casualty Insurance (2.04%)		
11,315	Arch Capital Group Ltd.[1,2]	421,351	434,157
Total Financials		3,030,470	3,785,506
Health Care (15.08%)			
	Health Care Equipment (3.71%)		
3,511	Danaher Corp.	499,101	790,256
	Life Sciences Tools & Services (8.37%)		
1,787	Agilent Technologies, Inc.	137,923	227,199
2,983	IQVIA Holdings, Inc.[1]	435,747	576,137
189	Mettler-Toledo International, Inc.[1]	121,919	218,425
1,660	Thermo Fisher Scientific, Inc.	563,979	757,591
		1,259,568	1,779,352
	Managed Health Care (3.00%)		
1,714	UnitedHealth Group, Incorporated	455,552	637,728
Total Health Care		2,214,221	3,207,336
Industrials (4.24%)			
	Aerospace & Defense (1.46%)		
2,725	HEICO Corp., Cl A	258,043	309,560
	Research & Consulting Services (2.78%)		
6,116	IHS Markit Ltd.[2]	376,063	591,907
Total Industrials		634,106	901,467
Information Technology (35.91%)			
	Application Software (10.02%)		
1,850	Adobe, Inc.[1]	625,447	879,434
891	Fair Isaac Corp.[1]	375,251	433,071
995	Intuit, Inc.	351,673	381,145
6,263	SS&C Technologies Holdings, Inc.	367,681	437,596
		1,720,052	2,131,246

Shares		Cost	Value
Common Stocks (continued)			
Information Technology (continued)			
	Data Processing & Outsourced Services (11.11%)		
3,763	Fidelity National Information Services, Inc.	$ 522,722	$ 529,115
2,508	MasterCard Incorporated, Cl A	683,226	892,973
4,435	Visa, Inc., Cl A	950,608	939,023
		2,156,556	2,361,111
	Electronic Manufacturing Services (1.19%)		
1,958	TE Connectivity Ltd.[2]	186,028	252,797
	IT Consulting & Other Services (3.15%)		
2,424	Accenture plc, Cl A[2]	450,158	669,630
	Semiconductors (2.05%)		
2,305	Texas Instruments, Inc.	317,092	435,622
	Systems Software (8.39%)		
7,570	Microsoft Corp.	1,343,194	1,784,779
Total Information Technology		6,173,080	7,635,185
Materials (1.19%)			
	Specialty Chemicals (1.19%)		
1,180	Ecolab, Inc.	241,378	252,603
Real Estate (2.31%)			
	Specialized REITs (2.31%)		
1,501	Alexandria Real Estate Equities, Inc.[3]	225,447	246,614
359	Equinix, Inc.	178,765	243,973
Total Real Estate		404,212	490,587
TOTAL COMMON STOCKS		**16,645,209**	**21,224,708**

Principal Amount		Cost	Value
Short Term Investments (5.94%)			
$1,262,412	Repurchase Agreement with Fixed Income Clearing Corp., dated 3/31/2021, 0.00% due 4/1/2021; Proceeds at maturity - $1,262,412; (Fully collateralized by $1,256,200 U.S. Treasury Note, 1.75% due 6/15/2022; Market value - $1,287,726)	**1,262,412**	**1,262,412**
TOTAL INVESTMENTS (105.76%)		**$17,907,621**	**22,487,120**
LIABILITIES LESS CASH AND OTHER ASSETS (-5.76%)			**(1,224,382)**
NET ASSETS			**$21,262,738**
RETAIL SHARES (Equivalent to $16.02 per share based on 303,054 shares outstanding)			**$ 4,855,293**
INSTITUTIONAL SHARES (Equivalent to $16.14 per share based on 811,416 shares outstanding)			**$13,095,806**
R6 SHARES (Equivalent to $16.14 per share based on 205,196 shares outstanding)			**$ 3,311,639**

% Represents percentage of net assets.
1 Non-income producing securities.
2 Foreign corporation.
3 The Adviser has reclassified/classified certain securities in or out of this sub-industry. Such reclassifications/classifications are not supported by S&P or MSCI (unaudited).

Baron Real Estate Income Fund — PORTFOLIO HOLDINGS

March 31, 2021 (Unaudited)

Shares		Cost	Value
Common Stocks (96.74%)			
Consumer Discretionary (17.58%)			
	Casinos & Gaming (12.69%)		
34,772	Las Vegas Sands Corp.[1]	$ 1,923,393	$ 2,112,747
8,901	Penn National Gaming, Inc.[1]	434,538	933,181
51,412	Red Rock Resorts, Inc., Cl A[1]	1,111,821	1,675,517
8,140	Wynn Resorts Ltd.[1]	843,709	1,020,512
		4,313,461	5,741,957
	Hotels, Resorts & Cruise Lines (4.89%)		
50,311	Extended Stay America, Inc.	685,809	993,642
19,893	Travel + Leisure Co.	1,016,262	1,216,656
		1,702,071	2,210,298
Total Consumer Discretionary		6,015,532	7,952,255
Information Technology (2.81%)			
	Internet Services & Infrastructure (2.81%)		
15,688	GDS Holdings Limited, ADR[1,2]	1,169,339	1,272,140
Real Estate (70.34%)			
	Diversified REITs (5.97%)		
22,940	American Assets Trust, Inc.	630,760	744,174
189,779	Colony Capital, Inc.[1]	806,815	1,229,768
21,725	STORE Capital Corp.	670,540	727,787
		2,108,115	2,701,729
	Health Care REITs (1.76%)		
11,146	Welltower, Inc.	771,303	798,388
	Hotel & Resort REITs (7.62%)		
44,306	Host Hotels & Resorts, Inc.[1]	683,131	746,556
35,837	MGM Growth Properties LLC, Cl A	1,126,391	1,169,003
10,706	Park Hotels & Resorts, Inc.[1]	160,083	231,036
53,505	Pebblebrook Hotel Trust	947,706	1,299,636
		2,917,311	3,446,231
	Industrial REITs (9.34%)		
14,037	Duke Realty Corp.	526,683	588,572
19,960	Prologis, Inc.	1,899,634	2,115,760
22,108	Rexford Industrial Realty, Inc.	1,036,790	1,114,243
7,043	Terreno Realty Corp.	402,209	406,874
		3,865,316	4,225,449
	Office REITs (7.17%)		
2,170	Boston Properties, Inc.	174,888	219,734
42,015	Douglas Emmett, Inc.	1,247,425	1,319,271
71,000	Paramount Group, Inc.	703,881	719,230
21,673	Vornado Realty Trust	854,213	983,738
		2,980,407	3,241,973
	Real Estate Operating Companies (2.29%)		
51,159	Kennedy-Wilson Holdings, Inc.	910,631	1,033,923
	Residential REITs (13.18%)		
32,670	American Homes 4 Rent, Cl A	960,597	1,089,218
20,360	Equity LifeStyle Properties, Inc.	1,236,485	1,295,710
13,902	Equity Residential	811,641	995,800
42,798	Invitation Homes, Inc.	1,192,609	1,369,108
8,091	Sun Communities, Inc.	1,158,315	1,213,974
		5,359,647	5,963,810
	Retail REITs (2.95%)		
11,710	Simon Property Group, Inc.	1,039,730	1,332,247

Shares		Cost	Value
Common Stocks (continued)			
Real Estate (continued)			
	Specialized REITs (20.06%)		
7,212	Alexandria Real Estate Equities, Inc.[3]	$ 1,199,685	$ 1,184,931
6,777	American Tower Corp.	1,462,844	1,620,110
17,721	Americold Realty Trust[3]	546,221	681,727
5,848	CoreSite Realty Corp.	704,805	700,883
6,440	Crown Castle International Corp.	967,864	1,108,517
2,454	Equinix, Inc.	1,606,334	1,667,714
25,028	Gaming and Leisure Properties, Inc.	1,048,653	1,061,938
2,369	Public Storage	520,015	584,574
1,662	SBA Communications Corp.	452,871	461,288
		8,509,292	9,071,682
Total Real Estate		28,461,752	31,815,432
Special Purpose Acquisition Company (2.08%)			
94,224	Fifth Wall Acquisition Corp. I, Cl A[1]	961,740	942,240
Utilities (3.93%)			
	Multi-Utilities (3.67%)		
31,192	Brookfield Infrastructure Partners L.P.[2,3]	1,530,714	1,660,974
	Renewable Electricity (0.26%)		
2,724	Brookfield Renewable Partner L.P.[2]	114,410	116,042
Total Utilities		1,645,124	1,777,016
TOTAL COMMON STOCKS		**38,253,487**	**43,759,083**

Principal Amount		Cost	Value
Short Term Investments (3.30%)			
$1,491,034	Repurchase Agreement with Fixed Income Clearing Corp., dated 3/31/2021, 0.00% due 4/1/2021; Proceeds at maturity - $1,491,034; (Fully collateralized by $1,473,500 U.S. Treasury Note, 1.375% due 1/31/2025; Market value - $1,520,950)	**1,491,034**	**1,491,034**
TOTAL INVESTMENTS (100.04%)		**$39,744,521**	**45,250,117**
LIABILITIES LESS CASH AND OTHER ASSETS (-0.04%)			**(19,843)**
NET ASSETS			**$45,230,274**
RETAIL SHARES (Equivalent to $15.09 per share based on 394,669 shares outstanding)			**$ 5,956,170**
INSTITUTIONAL SHARES (Equivalent to $15.18 per share based on 2,545,681 shares outstanding)			**$38,644,920**
R6 SHARES (Equivalent to $15.17 per share based on 41,482 shares outstanding)			**$ 629,184**

% Represents percentage of net assets.
[1] Non-income producing securities.
[2] Foreign corporation.
[3] The Adviser has reclassified/classified certain securities in or out of this sub-industry. Such reclassifications/classifications are not supported by S&P or MSCI (unaudited).
ADR American Depositary Receipt.

Baron WealthBuilder Fund — PORTFOLIO HOLDINGS

March 31, 2021 (Unaudited)

Shares		Cost	Value
Affiliated Mutual Funds (100.02%)			
Small Cap Funds (30.07%)			
394,708	Baron Discovery Fund - Institutional Shares	$ 10,136,530	$ 14,758,115
412,968	Baron Growth Fund - Institutional Shares	37,455,891	45,372,794
1,094,381	Baron Small Cap Fund - Institutional Shares	37,635,787	43,786,185
Total Small Cap Funds		85,228,208	103,917,094
Small to Mid Cap Funds (3.99%)			
309,211	Baron Focused Growth Fund - Institutional Shares	6,812,801	13,793,917
Mid Cap Funds (13.87%)			
416,556	Baron Asset Fund - Institutional Shares	39,349,019	47,945,632
Large Cap Funds (7.71%)			
322,959	Baron Durable Advantage Fund - Institutional Shares	4,280,204	5,212,560
423,596	Baron Fifth Avenue Growth Fund - Institutional Shares	16,729,904	21,450,891
Total Large Cap Funds		21,010,108	26,663,451
All Cap Funds (22.10%)			
504,688	Baron Opportunity Fund - Institutional Shares	13,865,636	21,444,212
326,224	Baron Partners Fund - Institutional Shares	21,028,483	54,936,088
Total All Cap Funds		34,894,119	76,380,300
International Funds (12.86%)			
719,221	Baron Emerging Markets Fund - Institutional Shares	11,222,852	13,686,771
432,939	Baron Global Advantage Fund - Institutional Shares	16,612,328	22,209,759
256,494	Baron International Growth Fund - Institutional Shares	6,829,354	8,533,548
Total International Funds		34,664,534	44,430,078
Sector Funds (9.42%)			
470,740	Baron FinTech Fund - Institutional Shares	6,064,455	6,839,858
453,025	Baron Health Care Fund - Institutional Shares	7,447,894	8,602,937
427,307	Baron Real Estate Fund - Institutional Shares	13,100,492	17,096,534
Total Sector Funds		26,612,841	32,539,329
TOTAL AFFILIATED INVESTMENTS (100.02%)		**$248,571,630**	**345,669,801**
LIABILITIES LESS CASH AND OTHER ASSETS (-0.02%)			**(70,234)**
NET ASSETS			**$345,599,567**
RETAIL SHARES (Equivalent to $19.80 per share based on 3,501,635 shares outstanding)			**$ 69,346,470**
TA SHARES (Equivalent to $19.94 per share based on 1,518,879 shares outstanding)			**$ 30,292,518**
INSTITUTIONAL SHARES (Equivalent to $19.95 per share based on 12,329,343 shares outstanding)			**$245,960,579**

% Represents percentage of net assets.

Baron Health Care Fund — PORTFOLIO HOLDINGS

March 31, 2021 (Unaudited)

Shares		Cost	Value
Common Stocks (89.80%)			
Health Care (87.96%)			
	Biotechnology (20.98%)		
30,051	Acceleron Pharma, Inc.[1]	$ 2,917,483	$ 4,075,216
13,618	argenx SE, ADR[1,2]	3,269,766	3,750,261
41,053	Arrowhead Pharmaceuticals, Inc.[1]	2,367,314	2,722,224
6,817	Beam Therapeutics, Inc.[1]	635,869	545,633
9,375	BioNTech SE, ADR[1,2]	889,589	1,023,656
66,600	BridgeBio Pharma, Inc.[1]	3,724,079	4,102,560
28,000	Denali Therapeutics, Inc.[1]	2,012,440	1,598,800
34,762	Dicerna Pharmaceuticals, Inc.[1]	821,180	888,864
66,314	Genmab A/S, ADR[1,2]	2,527,030	2,177,089
9,032	Moderna, Inc.[1]	1,098,169	1,182,740
45,000	Molecular Templates, Inc.[1]	628,501	567,900
25,397	PTC Therapeutics, Inc.[1]	1,394,909	1,202,548
5,445	Vertex Pharmaceuticals Incorporated[1]	1,044,061	1,170,076
12,636	Zai Lab Limited, ADR[1,2]	976,768	1,686,022
		24,307,158	26,693,589
	Health Care Equipment (21.39%)		
41,578	Abbott Laboratories	4,266,736	4,982,708
22,500	Butterfly Network, Inc.[1,3]	225,000	374,175
22,191	CryoPort, Inc.[1]	764,574	1,154,154
3,247	DexCom, Inc.[1]	904,724	1,166,939
3,416	Eargo, Inc.[1]	61,488	170,629
37,051	Edwards Lifesciences Corp.[1]	2,932,341	3,098,946
3,895	IDEXX Laboratories, Inc.[1]	1,598,485	1,905,862
20,128	Inari Medical, Inc.[1]	1,491,028	2,153,696
3,935	Inspire Medical Systems, Inc.[1,4]	218,891	814,506
4,615	Insulet Corp.[1]	917,426	1,204,146
3,411	Intuitive Surgical, Inc.[1]	2,293,360	2,520,524
865,555	Opsens, Inc. (Canada)[1,2]	1,236,713	1,198,429
12,500	Shockwave Medical, Inc.[1]	918,119	1,628,250
22,962	Silk Road Medical, Inc.[1,4]	1,019,665	1,163,025
8,849	Teleflex, Inc.	3,337,083	3,676,406
		22,185,633	27,212,395
	Health Care Facilities (1.33%)		
9,000	HCA Healthcare, Inc.	1,705,597	1,695,060
	Health Care Services (2.20%)		
11,600	Cigna Corp.	2,778,032	2,804,184
	Health Care Supplies (2.02%)		
9,134	West Pharmaceutical Services, Inc.	2,352,612	2,573,778
	Health Care Technology (3.42%)		
6,783	American Well Corp., Cl A[1]	153,710	117,821
6,738	Certara, Inc.[1]	154,974	183,947
25,519	GoodRx Holdings, Inc., Cl A[1]	996,051	995,751
21,319	Schrödinger, Inc.[1]	772,331	1,626,427
5,454	Veeva Systems, Inc., Cl A[1]	1,337,382	1,424,803
		3,414,448	4,348,749
	Life Sciences Tools & Services (21.35%)		
5,740	10X Genomics, Inc., Cl A[1]	575,863	1,038,940
17,833	Adaptive Biotechnologies Corporation[1]	900,525	717,957
12,630	Bio-Techne Corporation	4,178,114	4,823,776
14,254	Guardant Health, Inc.[1,4]	1,623,289	2,175,873
27,273	ICON plc[1,2]	5,057,131	5,355,599
2,837	Illumina, Inc.[1]	848,378	1,089,578
129,654	MaxCyte, Inc. (United Kingdom)[1,2,4]	1,287,450	1,572,920
2,800	Mettler-Toledo International, Inc.[1]	2,902,927	3,235,932
31,322	Olink Holding AB, ADR[1,2,4]	690,474	1,127,592
21,101	Pacific Biosciences of California, Inc.[1]	94,321	702,874
6,020	Seer, Inc.[1]	114,380	301,120
10,999	Thermo Fisher Scientific, Inc.	4,900,901	5,019,724
		23,173,753	27,161,885

Shares		Cost	Value
Common Stocks (continued)			
Health Care (continued)			
	Managed Health Care (10.84%)		
17,000	HealthEquity, Inc.[1]	$ 1,322,083	$ 1,156,000
10,550	Humana, Inc.	4,076,706	4,423,088
22,072	UnitedHealth Group, Incorporated	7,057,622	8,212,329
		12,456,411	13,791,417
	Pharmaceuticals (4.43%)		
55,322	Dechra Pharmaceuticals PLC (United Kingdom)[2]	2,496,070	2,615,953
19,228	Zoetis, Inc.	2,981,587	3,028,026
		5,477,657	5,643,979
Total Health Care		97,851,301	111,925,036
Real Estate (1.84%)			
	Specialized REITs (1.84%)		
14,229	Alexandria Real Estate Equities, Inc.[4]	2,299,374	2,337,825
TOTAL COMMON STOCKS		**100,150,675**	**114,262,861**

Principal Amount		Cost	Value
Short Term Investments (11.02%)			
$14,016,488	Repurchase Agreement with Fixed Income Clearing Corp., dated 3/31/2021, 0.00% due 4/1/2021; Proceeds at maturity - $14,016,488; (Fully collateralized by $13,850,800 U.S. Treasury Note, 1.375% due 1/31/2025; Market value - $14,296,824)	**14,016,488**	**14,016,488**
TOTAL INVESTMENTS (100.82%)		**$114,167,163**	**128,279,349**
LIABILITIES LESS CASH AND OTHER ASSETS (-0.82%)			**(1,040,193)**
NET ASSETS			**$127,239,156**
RETAIL SHARES (Equivalent to $18.85 per share based on 1,967,233 shares outstanding)			**$ 37,088,644**
INSTITUTIONAL SHARES (Equivalent to $18.99 per share based on 4,467,048 shares outstanding)			**$ 84,847,082**
R6 SHARES (Equivalent to $18.99 per share based on 279,311 shares outstanding)			**$ 5,303,430**

% Represents percentage of net assets.
[1] Non-income producing securities.
[2] Foreign corporation.
[3] At March 31, 2021, the market value of restricted and fair valued securities amounted to $374,175 or 0.29% of net assets. This security is not deemed liquid.
[4] The Adviser has reclassified/classified certain securities in or out of this sub-industry. Such reclassifications/classifications are not supported by S&P or MSCI (unaudited).
ADR American Depositary Receipt.

Baron FinTech Fund — PORTFOLIO HOLDINGS

March 31, 2021 (Unaudited)

Shares		Cost	Value
Common Stocks (96.29%)			
Communication Services (3.00%)			
	Interactive Media & Services (3.00%)		
7,200	Zillow Group, Inc., Cl C[1]	$ 915,619	$ 933,408
8,000	ZoomInfo Technologies Inc., Cl A[1]	279,630	391,200
Total Communication Services		1,195,249	1,324,608
Consumer Discretionary (4.65%)			
	Internet & Direct Marketing Retail (4.65%)		
3,200	Alibaba Group Holding Limited, ADR[1,2]	775,204	725,536
900	MercadoLibre, Inc.[1]	1,270,629	1,324,926
Total Consumer Discretionary		2,045,833	2,050,462
Financials (19.94%)			
	Asset Management & Custody Banks (1.71%)		
1,000	BlackRock, Inc.	757,572	753,960
	Diversified Banks (1.05%)		
4,000	TCS Group Holding PLC, GDR[2]	237,628	231,825
4,000	TCS Group Holding PLC, GDR[2]	233,575	232,000
		471,203	463,825
	Financial Exchanges & Data (13.78%)		
2,000	CME Group, Inc.	395,044	408,460
3,000	London Stock Exchange Group plc (United Kingdom)[2]	336,035	286,798
1,500	MarketAxess Holdings, Inc.	702,930	746,880
3,850	Moody's Corp.	1,059,029	1,149,649
3,050	MSCI, Inc.	1,071,030	1,278,804
5,000	S&P Global, Inc.	1,646,763	1,764,350
6,000	Tradeweb Markets, Inc., Cl A	417,784	444,000
		5,628,615	6,078,941
	Insurance Brokers (1.11%)		
18,000	BRP Group, Inc., Cl A[1]	522,547	490,500
	Investment Banking & Brokerage (1.51%)		
10,000	Houlihan Lokey, Inc.	625,596	665,100
	Property & Casualty Insurance (0.78%)		
2,100	Kinsale Capital Group, Inc.	271,854	346,080
Total Financials		8,277,387	8,798,406
Industrials (8.58%)			
	Research & Consulting Services (8.58%)		
1,120	CoStar Group, Inc.[1]	916,214	920,516
11,400	IHS Markit Ltd.[2]	953,449	1,103,292
12,700	TransUnion	1,154,170	1,143,000
3,500	Verisk Analytics, Inc.	618,393	618,415
Total Industrials		3,642,226	3,785,223

Shares		Cost	Value
Common Stocks (continued)			
Information Technology (60.12%)			
	Application Software (13.18%)		
4,200	Bill.Com Holdings, Inc.[1]	$ 454,133	$ 611,100
3,600	Ceridian HCM Holding, Inc.[1]	328,451	303,372
5,500	Duck Creek Technologies, Inc.[1]	148,500	248,270
3,450	Fair Isaac Corp.[1]	1,540,427	1,676,873
8,700	Guidewire Software, Inc.[1]	1,014,078	884,181
5,100	Intuit, Inc.	1,689,263	1,953,606
70	nCino, Inc.[1]	2,170	4,670
5,000	OLO, Inc.[1]	125,000	131,950
		5,302,022	5,814,022
	Data Processing & Outsourced Services (32.54%)		
740	Adyen N.V., 144A (Netherlands)[1,2]	1,046,000	1,651,239
401	Affirm Holdings, Inc.[1]	19,649	28,359
8,500	Fidelity National Information Services, Inc.	1,205,659	1,195,185
180	FleetCor Technologies, Inc.[1]	51,949	48,353
2,600	Global Payments, Inc.	506,009	524,108
3,300	Jack Henry & Associates, Inc.	535,657	500,676
5,200	MasterCard Incorporated, Cl A	1,719,205	1,851,460
94,000	Network International Holdings plc, 144A (United Kingdom)[1,2]	472,625	535,118
19,900	Nuvei Corp., 144A (Canada)[1,2]	825,212	1,203,950
25,000	Paya Holdings, Inc., Cl A[1]	281,291	274,000
8,200	PayPal Holdings, Inc.[1]	1,436,962	1,991,288
17,000	Repay Holdings Corporation[1]	320,579	399,160
7,000	Shift4 Payments, Inc., Cl A[1]	345,977	574,070
7,000	Square, Inc., Cl A[1]	1,251,134	1,589,350
9,400	Visa, Inc., Cl A	1,920,228	1,990,262
		11,938,136	14,356,578
	Internet Services & Infrastructure (2.51%)		
1,000	Shopify, Inc., Cl A[1,2]	1,079,413	1,106,500
	IT Consulting & Other Services (11.89%)		
4,200	Accenture plc, Cl A[2]	991,514	1,160,250
22,000	Endava plc, ADR[1,2]	1,293,905	1,863,180
4,400	EPAM Systems, Inc.[1]	1,259,649	1,745,436
30,000	Grid Dynamics Holdings, Inc.[1]	361,727	477,900
		3,906,795	5,246,766
Total Information Technology		22,226,366	26,523,866
TOTAL COMMON STOCKS		**37,387,061**	**42,482,565**

Baron FinTech Fund — PORTFOLIO HOLDINGS (Continued)

March 31, 2021 (Unaudited)

Principal Amount		Cost	Value
Short Term Investments (15.99%)			
$7,052,905	Repurchase Agreement with Fixed Income Clearing Corp., dated 3/31/2021, 0.00% due 4/1/2021; Proceeds at maturity - $7,052,905; (Fully collateralized by $6,969,600 U.S. Treasury Note, 1.375% due 1/31/2025; Market value - $7,194,035)	**$ 7,052,905**	**$ 7,052,905**
TOTAL INVESTMENTS (112.28%)		**$44,439,966**	**$49,535,470**
LIABILITIES LESS CASH AND OTHER ASSETS (-12.28%)			**(5,418,539)**
NET ASSETS			**$44,116,931**
RETAIL SHARES (Equivalent to $14.49 per share based on 469,932 shares outstanding)			**$ 6,808,910**
INSTITUTIONAL SHARES (Equivalent to $14.53 per share based on 2,259,353 shares outstanding)			**$32,823,774**
R6 SHARES (Equivalent to $14.53 per share based on 308,629 shares outstanding)			**$ 4,484,247**

% Represents percentage of net assets.
[1] Non-income producing securities.
[2] Foreign corporation.
[ADR] American Depositary Receipt.
[GDR] Global Depositary Receipt.
[144A] Security is exempt from registration pursuant to Rule 144A under the Securities Act of 1933. This security may be resold in transactions that are exempt from registration, normally to qualified institutional buyers. At March 31, 2021, the market value of Rule 144A securities amounted to $3,390,307 or 7.68% of net assets.

Notes

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