

**BARON
FUNDS®**

Baron Asset Fund
Baron Growth Fund
Baron Small Cap Fund
Baron Opportunity Fund
Baron Fifth Avenue Growth Fund

Supplement dated May 20, 2010 to Prospectus dated January 28, 2010

Effective immediately, the Prospectus of the Baron Funds® (the “Funds”) is modified as follows:

All references to “Baron iOpportunity Fund” in the Prospectus are changed to “Baron Opportunity Fund.”

On page 21 of the Prospectus, the “Average Annual Total Returns for the periods ended December 31, 2009” table and the paragraph immediately following the table are deleted in their entirety and replaced with the following table and paragraph:

Average Annual Total Returns for the periods ended December 31, 2009

	1 year	5 years	10 years	Since Inception
BARON OPPORTUNITY FUND				
Retail Shares (Inception date: 02-29-00)				
Return before taxes	61.80%	4.88%	N/A	1.49%
Return after taxes on distributions	61.80%	4.88%	N/A	1.47%
Return after taxes on distributions and sale of Fund shares	40.17%	4.20%	N/A	1.26%
Institutional Shares* (Inception date: 05-29-09)				
Return before taxes	62.08%	4.91%	N/A	1.50%
Russell MidCap Growth† (reflects no deduction for fees, expenses or taxes)	46.29%	2.40%	N/A	-2.44%
NASDAQ Composite† (reflects no deduction for fees, expenses or taxes)	43.89%	0.85%	N/A	-7.13%
S&P 500 (reflects no deduction for fees, expenses or taxes)	26.50%	0.40%	N/A	-0.27%

* Performance 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 did not reflect this fee, the returns would be higher.

† The Russell MidCap Growth is replacing the NASDAQ Composite as the primary broad-based index for Baron Opportunity Fund because the Adviser believes that the Russell MidCap Growth is more representative of the Fund’s investment strategy. The NASDAQ Composite remains in the table above for comparison purposes.

The Russell MidCap Growth is an unmanaged index of those Russell MidCap medium-sized companies that are classified as growth companies. The NASDAQ Composite is an unmanaged index that tracks the performance of market-value weighted common stocks listed on NASDAQ. The S&P 500 is an unmanaged index that measures the performance of larger-cap U.S. equities.

On page 24 of the Prospectus, the “Annual Fund Operating Expenses” table and the accompanying footnotes are deleted in their entirety and replaced with the following table and accompanying footnotes:

	Management Fee	Distribution (12b-1) Fee	Other Expenses	Total Annual Fund Operating Expenses	Expense Waivers ¹	Net Annual Fund Operating Expenses ¹
BARON FIFTH AVENUE GROWTH FUND						
Retail Shares [†]	0.90%	0.25%	0.44%	1.59%	(0.29%)	1.30%
Institutional Shares [*]	0.90%	0.00%	0.61%	1.51%	(0.46%)	1.05%

[†] Estimated based on the fiscal year ended September 30, 2009.

^{*} Estimated based on the period May 29, 2009 (Commencement of Operations) to September 30, 2009.

¹ BAMCO, Inc. (“BAMCO” or the “Adviser”) has agreed that it will reimburse certain expenses of the Fund, limiting net annual operating expenses (exclusive of portfolio transaction costs, interest and extraordinary expenses) to 1.30% of average daily net assets of Retail Shares and 1.05% of average daily net assets of Institutional Shares. The Adviser may not reduce the expense waiver before January 28, 2011 without approval of the Fund’s Board of Trustees. Certain expenses of the Fund, such as interest and dividend expenses, are not subject to the operating expense limitation.

On page 24 of the Prospectus, the table following “Example” is deleted in its entirety and replaced with the following table:

YEAR	1	3	5	10
BARON FIFTH AVENUE GROWTH FUND				
Retail Shares	\$132	\$474	\$838	\$1,865
Institutional Shares	\$107	\$432	\$780	\$1,762

On page 37 of the Prospectus, the second sentence of the fourth full paragraph is deleted in its entirety and replaced with the following sentence: "**Baron Fifth Avenue Growth Fund** pays the Adviser 0.90% per annum for average daily net assets under \$1 billion, 0.85% per annum for average daily net assets greater than \$1 billion but less than \$2 billion, and 0.80% per annum for average daily net assets over \$2 billion."

This information supplements the Prospectus dated January 28, 2010. This Supplement and the Prospectus constitute a current prospectus. To request another copy of the Prospectus, please call 1-800-992-2766 or visit our website at www.BaronFunds.com.

**BARON
FUNDS®**

Baron Asset Fund
Baron Growth Fund
Baron Small Cap Fund
Baron iOpportunity Fund
Baron Fifth Avenue Growth Fund

Supplement dated February 19, 2010 to Prospectus dated January 28, 2010

Effective immediately, the Prospectus of the Baron Funds® (the "Funds") is modified as follows:

On page 18 of the Prospectus, the sentence under the "Annual Fund Operating Expenses" table, which reads: "The Fund imposes a short-term trading fee of 1% on redemptions for shares held for less than 6 months." is deleted.

On page 22 of the Prospectus, the last sentence of the last paragraph under "Purchase and Sale of Fund Shares," which reads: "The Fund imposes a short-term trading fee of 1% on redemptions for shares held for less than 6 months." is deleted.

On page 44 of the Prospectus, the heading "Short-Term Trading Fee" and the two paragraphs beneath it are deleted.

On page 47 of the Prospectus, the second to last sentence of the third full paragraph under "Policies Regarding Frequent Purchases and Redemptions of Fund Shares," which reads: "**Baron iOpportunity Fund** imposes a 1% short-term trading fee (please see the "Short-Term Trading Fee" section on page 44 of this prospectus) to discourage frequent trading." is deleted.

On page 47 of the Prospectus, the following sentence is added as the fifth full paragraph under "Policies Regarding Frequent Purchases and Redemptions of Fund Shares:" "The Adviser, in its sole discretion, may waive its policies regarding frequent purchases and redemptions of Fund shares for purchases, redemptions and exchanges that are part of a rebalancing or asset allocation program administered by an approved financial intermediary."

This information supplements the Prospectus dated January 28, 2010. This Supplement and the Prospectus constitute a current prospectus. To request another copy of the Prospectus, please call 1-800-992-2766 or visit our website at www.BaronFunds.com.

Prospectus

January 28, 2010

Baron Asset Fund

Retail Shares : BARAX Institutional Shares : BARIX

Baron Growth Fund

Retail Shares : BGRFX Institutional Shares : BGRIX

Baron Small Cap Fund

Retail Shares : BSCFX Institutional Shares : BSFIX

Baron iOpportunity Fund

Retail Shares : BIOPX Institutional Shares : BIOIX

Baron Fifth Avenue Growth Fund

Retail Shares : BFTHX Institutional Shares : BFTIX

Baron Investment Funds Trust



BARON
FUNDS[®]

The Securities and Exchange Commission ("SEC") has not approved or disapproved these shares or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

January 28, 2010

**Baron Asset Fund
Baron Growth Fund
Baron Small Cap Fund
Baron *i*Opportunity Fund
Baron Fifth Avenue Growth Fund**

767 Fifth Avenue
New York, New York 10153
1-800-99BARON
212-583-2100

Baron Funds®	Baron Asset Fund	3
	Baron Growth Fund	8
	Baron Small Cap Fund	13
	Baron iOpportunity Fund	18
	Baron Fifth Avenue Growth Fund	24
<hr/>		
Information about the Funds	Investment Goals	29
	Additional Investment Strategies	29
	Additional Investment Risks	32
	Share Classes	35
	Management of the Funds	36
<hr/>		
Information about your Investment	How Your Shares are Priced	38
	How to Purchase Shares	39
	How to Invest with the Baron Funds®	41
	How to Redeem Shares	43
	Dividends and Distributions	45
	Policies Regarding Frequent Purchases and Redemptions of Fund Shares	46
	How to Exchange Shares	47
	How to Convert Shares	48
	Special Information about the Baron Funds®	
	Website	48
	U.S. Federal Income Taxation	49
	Distribution Arrangements	51
	Financial Highlights	53
	General Information	58
	For More Information	Back cover

Investment Goal

The investment goal of Baron Asset Fund (the "Fund") is capital appreciation through long-term investments primarily in securities of medium-sized companies with undervalued assets or favorable growth prospects.

Fees and Expenses of the Fund

The table below describes the fees and expenses that you would pay if you bought and held shares of the Fund.

Annual Fund Operating Expenses

(Expenses that you pay each year as a percentage of the value of your investment)

	Management Fee	Distribution (12b-1) Fee	Other Expenses	Total Annual Fund Operating Expenses
BARON ASSET FUND				
Retail Shares†	1.00%	0.25%	0.11%	1.36%
Institutional Shares*	1.00%	0.00%	0.16%	1.16%

† Based on fiscal year ended September 30, 2009.

* Based on the period May 29, 2009 (Commencement of Operations) to September 30, 2009.

Example

This example is intended to help you compare the cost of investing in the Fund with the cost of investing in other mutual funds. The example assumes that you invest \$10,000 in the Fund for the time periods indicated and then redeem all of your shares. The example also assumes that your investment has a 5% return each year, and that the Fund's operating expenses remain the same. Although your actual costs may be higher or lower, based on these assumptions your costs would be:

YEAR	1	3	5	10
BARON ASSET FUND				
Retail Shares	\$138	\$431	\$745	\$1,635
Institutional Shares	\$118	\$368	\$638	\$1,409

Portfolio Turnover. The Fund pays transaction costs, such as commissions, when it buys and sells securities (or "turns over" its portfolio). A higher portfolio turnover rate may indicate higher transaction costs and may result in higher taxes when Fund

shares are held in a taxable account. These costs, which are not reflected in Annual Fund Operating Expenses or in the example, affect the Fund's performance. During the most recent fiscal year ended September 30, 2009, the Fund's portfolio turnover rate was 14.67% of the average value of its portfolio.

Investments, Risks, and Performance

Principal Investment Strategies of the Fund

The Fund invests for the long term primarily in equity securities in the form of common stock of medium-sized growth companies with market capitalizations of between \$1.5 billion and \$12 billion at the time of purchase selected for their capital appreciation potential. The Fund purchases securities in businesses that BAMCO, Inc. ("BAMCO" or "the Adviser") believes could double in value in four years. The Adviser selects securities that it believes have favorable price-to-value characteristics, are well managed, have significant long term growth prospects and have significant barriers to competition. Of course, there can be no guarantee that the Adviser will be successful in achieving the Fund's investment goals. Because of its long-term approach, the Fund could have a significant percentage of its assets invested in securities that have appreciated beyond their original market cap ranges.

Principal Risks of Investing in the Fund

General Stock Market. Investing in the stock market is risky because securities fluctuate in value. These fluctuations may be due to political, economic or general market circumstances. Other factors may affect a single company or industry but not the broader market. Because the values of securities fluctuate, when you sell your investment in the Fund, you may receive less money than you originally invested. Current and future portfolio holdings in the Fund are subject to risk.

Medium-Sized Companies. The Adviser believes there is more potential for capital appreciation in medium-sized companies, but there also may be more risk. Securities of medium-sized companies may not be well known to most investors, and the securities may be less actively traded than those of large businesses. The securities of medium-sized companies may fluctuate in price more widely than the stock market generally, and they may be more difficult to sell during market downturns. Medium-sized companies rely more on the skills of management and on their continued tenure. Investing in medium-sized companies requires a long-term outlook and may require shareholders to assume more risk and to have more patience than investing in the securities of larger, more established companies.

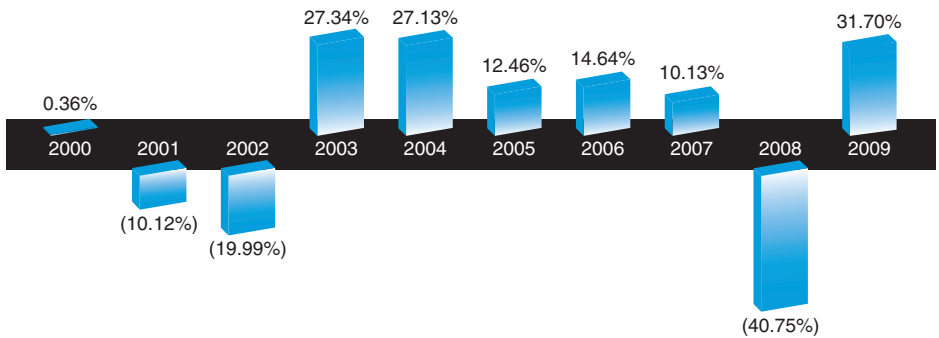
Growth Investing. Growth stocks can react differently to issuer, political, market and economic developments than the market as a whole and other types of stocks. Growth stocks tend to be more expensive relative to their earnings or assets

compared to other types of stocks. As a result, growth stocks tend to be sensitive to changes in their earnings and more volatile than other types of stocks.

Performance

The following bar chart and table provide some indication of the risks of investing in the Fund (Retail Shares) by showing changes in the Fund's performance from year to year and by showing how the Fund's average annual returns for 1, 5 and 10 years compare with those of a broad measure of market performance. The Fund's past performance (before and after taxes) is not necessarily an indication of how the Fund will perform in the future. Updated performance information is available online at www.BaronFunds.com/performance or by calling 1-800-99BARON (1-800-992-2766).

Year by Year Total Return (%) as of December 31 of Each Year (Retail Shares)



Best Quarter: 12/31/01: 21.55%

Worst Quarter: 12/31/08: (27.51%)

Average Annual Total Returns (for periods ended 12/31/09)

The table below shows the Fund's Retail Shares' annual returns and long-term performance (before and after taxes) and the change in value of broad-based market indexes over various periods ended December 31, 2009. The table also shows the average annual returns of the Fund's Institutional Shares, but it does not show after-tax returns.

After-tax returns are calculated using the highest individual federal marginal income tax rate in effect at the time of each distribution and assumed sale, but they do not include the impact of state and local taxes. In some instances, the "Return after taxes on distributions and sale of Fund shares" is greater than the "Return before taxes" because you are assumed to be able to use the capital loss on the sale of Fund shares to offset other taxable gains.

Your actual after-tax returns depend on your own tax situation and may differ from those shown. After-tax returns reflect past tax effects and are not predictive of future tax effects. After-tax returns are not relevant to investors who hold their Fund's shares in a tax-deferred account (including a 401(k) or IRA or Coverdell account), or to investors that are tax-exempt.

Average Annual Total Returns for the periods ended December 31, 2009

	1 year	5 years	10 years	Since Inception
BARON ASSET FUND				
Retail Shares (Inception date: 06-12-87)				
Return before taxes	31.70%	2.07%	2.61%	10.70%
Return after taxes on distributions	31.40%	1.38%	1.77%	9.92%
Return after taxes on distributions and sale of Fund shares	20.89%	1.77%	2.06%	9.55%
Institutional Shares* (Inception date: 05-29-09)				
Return before taxes	31.85%	2.09%	2.63%	10.70%
Russell MidCap Growth (reflects no deduction for fees, expenses or taxes)	46.29%	2.40%	-0.52%	8.67%
Russell 2500 (reflects no deduction for fees, expenses or taxes)	34.39%	1.58%	4.91%	9.41%
S&P 500 (reflects no deduction for fees, expenses or taxes)	26.50%	0.40%	-0.97%	8.45%

* Performance 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 prior to May 29, 2009 did not reflect this fee, the returns would be higher.

The Russell MidCap Growth is an unmanaged index of those Russell MidCap medium-sized companies that are classified as growth companies. The Russell 2500 is an unmanaged index of U.S. small to mid-sized companies. The S&P 500 is an unmanaged index that measures the performance of larger-cap U.S. equities.

Management

Investment Adviser. BAMCO is the investment adviser of the Fund.

Portfolio Manager. Andrew Peck has been the sole portfolio manager of the Fund since January 23, 2008. He had been a co-portfolio manager of the Fund with Ronald Baron since July 23, 2003. Mr. Peck has worked at the Adviser as an analyst since February of 1998.

Purchase and Sale of Fund Shares

Shares may be purchased only on days that the New York Stock Exchange is open for trading.

	Minimum Initial Investment	Subsequent Investments
Retail Shares	\$2,000	No Minimum
Baron Automatic Investment Plan	\$500	\$50 per month
Baron Funds® website purchases	\$2,000	\$10
Institutional Shares	\$1,000,000	No Minimum
Baron Funds® website purchases	You may not make an initial purchase through the Baron Funds® website.	Up to \$25,000

You Can Purchase or Redeem Shares By:

1. Mailing a request to Baron Funds®, P.O. Box 219946, Kansas City, MO 64121-9946 or by overnight mail to: Baron Funds®, 430 West 7th Street, Kansas City, MO 64105-1514;
2. Wire (Purchase Only);
3. Calling 1-800-442-3814;
4. Visiting the Baron Funds® website www.BaronFunds.com (Purchase Only); or
5. Through a broker, dealer or other financial intermediary that may charge you a fee.

The Fund is not for short-term traders who intend to purchase and then sell their Fund shares within a six-month period. If the Adviser reasonably believes that a person is not a long-term investor, it will attempt to prohibit that person from making additional investments in the Fund.

Tax Information

The Fund intends to pay dividends from its net investment income and to distribute any net realized capital gains once each year. Distributions of the Fund's net investment income (other than "qualified dividend income") and distributions of net short-term capital gains will be taxable to you as ordinary income. Distributions of the Fund's net capital gains designated as capital gain dividends by the Fund will be taxable to you as long-term capital gains, regardless of the length of time you have held shares of the Fund.

Financial Intermediary Compensation

If you purchase shares of the Fund through a broker, dealer or other financial intermediary (such as a bank or financial adviser), the Fund, its Distributor, its Adviser or their affiliates may pay the intermediary for the sale of Fund shares and related services. These payments may create a conflict of interest by influencing the broker, dealer or other financial intermediary, including your salesperson, to recommend the Fund over another investment. Ask your salesperson or visit your financial intermediary's website for more information.

Investment Goal

The investment goal of Baron Growth Fund (the "Fund") is capital appreciation through long-term investments primarily in securities of small-sized growth companies.

Fees and Expenses of the Fund

The table below describes the fees and expenses that you would pay if you bought and held shares of the Fund.

Annual Fund Operating Expenses

(Expenses that you pay each year as a percentage of the value of your investment)

	Management Fee	Distribution (12b-1) Fee	Other Expenses	Total Annual Fund Operating Expenses
BARON GROWTH FUND				
Retail Shares†	1.00%	0.25%	0.10%	1.35%
Institutional Shares*	1.00%	0.00%	0.13%	1.13%

† Based on the fiscal year ended September 30, 2009.

* Based on the period May 29, 2009 (Commencement of Operations) to September 30, 2009.

Example

This example is intended to help you compare the cost of investing in the Fund with the cost of investing in other mutual funds. The example assumes that you invest \$10,000 in the Fund for the time periods indicated and then redeem all of your shares. The example also assumes that your investment has a 5% return each year and that the Fund's operating expenses remain the same. Although your actual costs may be higher or lower, based on these assumptions your costs would be:

YEAR	1	3	5	10
BARON GROWTH FUND				
Retail Shares	\$137	\$428	\$739	\$1,624
Institutional Shares	\$115	\$359	\$622	\$1,375

Portfolio Turnover. The Fund pays transaction costs, such as commissions, when it buys and sells securities (or "turns over" its portfolio). A higher portfolio turnover rate may indicate higher transaction costs and may result in higher taxes when Fund shares are held in a taxable account. These costs, which are not reflected in Annual

Fund Operating Expenses or in the example, affect the Fund's performance. During the most recent fiscal year ended September 30, 2009, the Fund's portfolio turnover rate was 26.65% of the average value of its portfolio.

Investments, Risks, and Performance

Principal Investment Strategies of the Fund

The Fund invests for the long term primarily in equity securities in the form of common stock of small-sized growth companies with market capitalizations of under \$2.5 billion at the time of purchase selected for their capital appreciation potential. The Fund purchases securities in businesses that BAMCO, Inc. ("BAMCO" or "the Adviser") believes could double in value in four or five years, and then hopefully, double again in the next four or five years. The Adviser selects securities that it believes have favorable price-to-value characteristics, are well managed, have significant long term growth prospects and have significant barriers to competition. Of course, there can be no guarantee that the Adviser will be successful in achieving the Fund's investment goals. Because of its long-term approach, the Fund could have a significant percentage of its assets invested in securities that have appreciated beyond their original market cap ranges.

Principal Risks of Investing in the Fund

General Stock Market. Investing in the stock market is risky because securities fluctuate in value. These fluctuations may be due to political, economic or general market circumstances. Other factors may affect a single company or industry but not the broader market. Because the values of securities fluctuate, when you sell your investment in the Fund, you may receive less money than you originally invested. Current and future portfolio holdings in the Fund are subject to risk.

Small-Sized Companies. The Adviser believes there is more potential for capital appreciation in small-sized companies, but there also may be more risk. Securities of small-sized companies may not be well known to most investors, and the securities may be less actively traded than those of large businesses. The securities of small-sized companies may fluctuate in price more widely than the stock market generally, and they may be more difficult to sell during market downturns. Small-sized companies rely more on the skills of management and on their continued tenure. Investing in small-sized companies requires a long-term outlook and may require shareholders to assume more risk and to have more patience than investing in the securities of larger, more established companies.

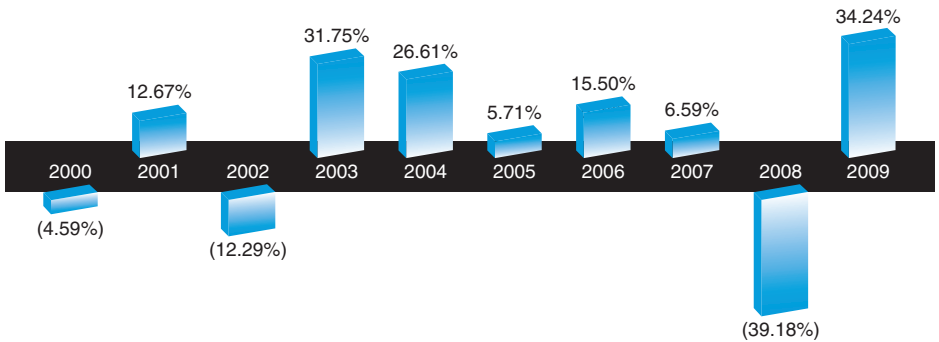
Growth Investing. Growth stocks can react differently to issuer, political, market and economic developments than the market as a whole and other types of stocks. Growth stocks tend to be more expensive relative to their earnings or assets

compared to other types of stocks. As a result, growth stocks tend to be sensitive to changes in their earnings and more volatile than other types of stocks.

Performance

The following bar chart and table provide some indication of the risks of investing in the Fund (Retail Shares) by showing changes in the Fund’s performance from year to year and by showing how the Fund’s average annual returns for 1, 5 and 10 years compare with those of a broad measure of market performance. The Fund’s past performance (before and after taxes) is not necessarily an indication of how the Fund will perform in the future. Updated performance information is available online at www.BaronFunds.com/performance or by calling 1-800-99BARON (1-800-992-2766).

Year by Year Total Return (%) as of December 31 of Each Year (Retail Shares)



Best Quarter: 06/30/09: 20.76%
 Worst Quarter: 12/31/08: (26.10%)

Average Annual Total Returns (for periods ended 12/31/09)

The table below shows the Fund’s Retail Shares’ annual returns and long-term performance (before and after taxes) and the change in value of broad-based market indexes over various periods ended December 31, 2009. The table also shows the average annual returns of the Fund’s Institutional Shares, but it does not show after-tax returns.

After-tax returns are calculated using the highest individual federal marginal income tax rate in effect at the time of each distribution and assumed sale, but they do not include the impact of state and local taxes. In some instances, the “Return after taxes on distributions and sale of Fund shares” is greater than the “Return before taxes” because you are assumed to be able to use the capital loss on the sale of Fund shares to offset other taxable gains.

Your actual after-tax returns depend on your own tax situation and may differ from those shown. After-tax returns reflect past tax effects and are not predictive of future tax effects. After-tax returns are not relevant to investors who hold their Fund's shares in a tax-deferred account (including a 401(k) or IRA or Coverdell account), or to investors that are tax-exempt.

Average Annual Total Returns for the periods ended December 31, 2009

	1 year	5 years	10 years	Since Inception
BARON GROWTH FUND				
Retail Shares (Inception date: 12-31-94)				
Return before taxes	34.24%	1.22%	5.27%	12.91%
Return after taxes on distributions	34.22%	0.80%	4.69%	12.33%
Return after taxes on distributions and sale of Fund shares	22.28%	1.09%	4.44%	11.64%
Institutional Shares* (Inception date: 05-29-09)				
Return before taxes	34.44%	1.25%	5.28%	12.92%
Russell 2000 Growth (reflects no deduction for fees, expenses or taxes)†	34.47%	0.87%	-1.37%	4.99%
Russell 2000 (reflects no deduction for fees, expenses or taxes)†	27.17%	0.51%	3.51%	7.73%
S&P 500 (reflects no deduction for fees, expenses or taxes)	26.50%	0.40%	-0.97%	8.03%

† The Russell 2000 Growth is replacing the Russell 2000 as the primary broad-based index for the Fund because the Adviser believes that the Russell 2000 Growth is more representative of the Fund's investment strategy, as the companies in that index are growth companies. The Russell 2000 remains in the table above for comparison purposes.

* Performance 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 prior to May 29, 2009 did not reflect this fee, the returns would be higher.

The Russell 2000 Growth is an unmanaged index of U.S. small-cap growth companies. The Russell 2000 is an unmanaged index of U.S. small-cap companies. The S&P 500 is an unmanaged index that measures the performance of larger-cap U.S. equities.

Management

Investment Adviser. BAMCO is the investment adviser of the Fund.

Portfolio Manager. Ronald Baron has been the portfolio manager of the Fund since its inception on December 31, 1994. Mr. Baron founded the Adviser in 1987.

Purchase and Sale of Fund Shares

Shares may be purchased only on days that the New York Stock Exchange is open for trading.

	Minimum Initial Investment	Subsequent Investments
Retail Shares	\$2,000	No Minimum
Baron Automatic Investment Plan	\$500	\$50 per month
Baron Funds® website purchases	\$2,000	\$10
Institutional Shares	\$1,000,000	No Minimum
Baron Funds® website purchases	You may not make an initial purchase through the Baron Funds® website.	Up to \$25,000

You Can Purchase or Redeem Shares By:

1. Mailing a request to Baron Funds®, P.O. Box 219946, Kansas City, MO 64121-9946 or by overnight mail to: Baron Funds®, 430 West 7th Street, Kansas City, MO 64105-1514;
2. Wire (Purchase Only);
3. Calling 1-800-442-3814;
4. Visiting the Baron Funds® website www.BaronFunds.com (Purchase Only); or
5. Through a broker, dealer or other financial intermediary that may charge you a fee.

The Fund is not for short-term traders who intend to purchase and then sell their Fund shares within a six-month period. If the Adviser reasonably believes that a person is not a long-term investor, it will attempt to prohibit that person from making additional investments in the Fund.

Tax Information

The Fund intends to pay dividends from its net investment income and to distribute any net realized capital gains once each year. Distributions of the Fund's net investment income (other than "qualified dividend income") and distributions of net short-term capital gains will be taxable to you as ordinary income. Distributions of the Fund's net capital gains designated as capital gain dividends by the Fund will be taxable to you as long-term capital gains, regardless of the length of time you have held shares of the Fund.

Financial Intermediary Compensation

If you purchase shares of the Fund through a broker, dealer or other financial intermediary (such as a bank or financial adviser), the Fund, its Distributor, its Adviser or their affiliates may pay the intermediary for the sale of Fund shares and related services. These payments may create a conflict of interest by influencing the broker, dealer or other financial intermediary, including your salesperson, to recommend the Fund over another investment. Ask your salesperson or visit your financial intermediary's website for more information.

Investment Goal

The investment goal of Baron Small Cap Fund (the "Fund") is capital appreciation through investments primarily in securities of small-sized growth companies.

Fees and Expenses of the Fund

The table below describes the fees and expenses that you would pay if you bought and held shares of the Fund.

Annual Fund Operating Expenses

(Expenses that you pay each year as a percentage of the value of your investment)

	Management Fee	Distribution (12b-1) Fee	Other Expenses	Total Annual Fund Operating Expenses
BARON SMALL CAP FUND				
Retail Shares†	1.00%	0.25%	0.09%	1.34%
Institutional Shares*	1.00%	0.00%	0.16%	1.16%

† Based on the fiscal year ended September 30, 2009.

* Based on the period May 29, 2009 (Commencement of Operations) to September 30, 2009.

Example

This example is intended to help you compare the cost of investing in the Fund with the cost of investing in other mutual funds. The example assumes that you invest \$10,000 in the Fund for the time periods indicated and then redeem all of your Shares. The example also assumes that your investment has a 5% return each year and that the Fund's operating expenses remain the same. Although your actual costs may be higher or lower, based on these assumptions your costs would be:

YEAR	1	3	5	10
BARON SMALL CAP FUND				
Retail Shares	\$136	\$425	\$734	\$1,613
Institutional Shares	\$118	\$368	\$638	\$1,409

Portfolio Turnover. The Fund pays transaction costs, such as commissions, when it buys and sells securities (or "turns over" its portfolio). A higher portfolio turnover rate may indicate higher transaction costs and may result in higher taxes when Fund shares are held in a taxable account. These costs, which are not reflected in Annual Fund Operating Expenses or in the example, affect the Fund's performance. During

the most recent fiscal year ended September 30, 2009, the Fund's portfolio turnover rate was 35.83% of the average value of its portfolio.

Investments, Risks, and Performance

Principal Investment Strategies of the Fund

The Fund invests 80% of its net assets in equity securities in the form of common stock of small-sized growth companies with market capitalizations of less than \$2.5 billion at the time of purchase selected for their capital appreciation potential. The Fund seeks to purchase securities that BAMCO, Inc. ("BAMCO" or "the Adviser") expects could increase in value 50% within two years. The Adviser selects securities that it believes have favorable price-to-value characteristics, are well managed, have significant long term growth prospects and have significant barriers to competition. Of course, there can be no guarantee that the Adviser will be successful in achieving the Fund's investment goals. Because of its long-term approach, the Fund could have a significant percentage of its assets invested in securities that have appreciated beyond their original market cap ranges.

Principal Risks of Investing in the Fund

General Stock Market. Investing in the stock market is risky because securities fluctuate in value. These fluctuations may be due to political, economic or general market circumstances. Other factors may affect a single company or industry but not the broader market. Because the values of securities fluctuate, when you sell your investment in the Fund, you may receive less money than you originally invested. Current and future portfolio holdings in the Fund are subject to risk.

Small-Sized Companies. The Adviser believes there is more potential for capital appreciation in small-sized companies, but there also may be more risk. Securities of small-sized companies may not be well known to most investors, and the securities may be less actively traded than those of large businesses. The securities of small-sized companies may fluctuate in price more widely than the stock market generally, and they may be more difficult to sell during market downturns. Small-sized companies rely more on the skills of management and on their continued tenure. Investing in small-sized companies requires a long-term outlook and may require shareholders to assume more risk and to have more patience than investing in the securities of larger, more established companies.

Special Situations. The Funds may invest in "special situations." A special situation arises when, in the opinion of the Adviser, the securities of a company will be recognized and appreciate in value due to a specific anticipated development at that company. Such developments might include a new product, a management change,

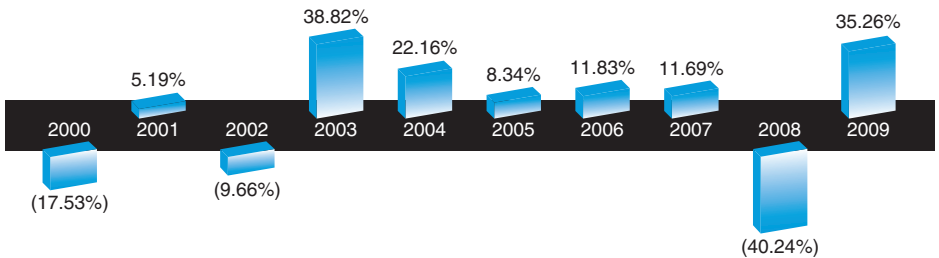
an acquisition or a technological advancement. The risk of investing in special situations is that the anticipated development does not occur or its impact is not what the Adviser expected.

Growth Investing. Growth stocks can react differently to issuer, political, market and economic developments than the market as a whole and other types of stocks. Growth stocks tend to be more expensive relative to their earnings or assets compared to other types of stocks. As a result, growth stocks tend to be sensitive to changes in their earnings and more volatile than other types of stocks.

Performance

The following bar chart and table provide some indication of the risks of investing in the Fund (Retail Shares) by showing changes in the Fund’s performance from year to year and by showing how the Fund’s average annual returns for 1, 5 and 10 years compare with those of a broad measure of market performance. The Fund’s past performance (before and after taxes) is not necessarily an indication of how the Fund will perform in the future. Updated performance information is available online at www.BaronFunds.com/performance or by calling 1-800-99BARON (1-800-992-2766).

Year by Year Total Return (%) as of December 31 of Each Year (Retail Shares)



Best Quarter: 06/30/09: 20.31%

Worst Quarter: 12/31/08: (23.85%)

Average Annual Total Returns (for periods ended 12/31/09)

The table below shows the Fund’s Retail Shares’ annual returns and long-term performance (before and after taxes) and the change in value of broad-based market indexes over various periods ended December 31, 2009. The table also shows the average annual returns of the Fund’s Institutional Shares, but it does not show after-tax returns.

After-tax returns are calculated using the highest individual federal marginal income tax rate in effect at the time of each distribution and assumed sale, but they do not include the impact of state and local taxes. In some instances, the “Return after taxes

on distributions and sale of Fund shares" is greater than the "Return before taxes" because you are assumed to be able to use the capital loss on the sale of Fund shares to offset other taxable gains.

Your actual after-tax returns depend on your own tax situation and may differ from those shown. After-tax returns reflect past tax effects and are not predictive of future tax effects. After-tax returns are not relevant to investors who hold their Fund's shares in a tax-deferred account (including a 401(k) or IRA or Coverdell account), or to investors that are tax-exempt.

Average Annual Total Returns for the periods ended December 31, 2009

	1 year	5 years	10 years	Since Inception
BARON SMALL CAP FUND				
Retail Shares (Inception date: 09-30-97)				
Return before taxes	35.26%	1.81%	3.81%	8.17%
Return after taxes on distributions	35.26%	1.15%	3.32%	7.75%
Return after taxes on distributions and sale of Fund shares	22.92%	1.61%	3.29%	7.29%
Institutional Shares* (Inception date: 05-29-09)				
Return before taxes	35.47%	1.84%	3.83%	8.18%
Russell 2000 Growth (reflects no deduction for fees, expenses or taxes)†	34.47%	0.87%	-1.37%	1.20%
Russell 2000 (reflects no deduction for fees, expenses or taxes)†	27.17%	0.51%	3.51%	3.98%
S&P 500 (reflects no deduction for fees, expenses or taxes)	26.50%	0.40%	-0.97%	3.09%

† The Russell 2000 Growth is replacing the Russell 2000 as the primary broad-based index the Fund because the Adviser believes that the Russell 2000 Growth is more representative of the Fund's investment strategy, as the companies in that index are growth companies. The Russell 2000 remains in the table above for comparison purposes.

* Performance 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 prior to May 29, 2009 did not reflect this fee, the returns would be higher.

The Russell 2000 Growth is an unmanaged index of U.S. small-cap growth companies. The Russell 2000 is an unmanaged index of U.S. small-cap companies. The S&P 500 is an unmanaged index that measures the performance of larger-cap U.S. equities.

Management

Investment Adviser. BAMCO is the investment adviser of the Fund.

Portfolio Manager. Cliff Greenberg has been the portfolio manager of the Fund since its inception on September 30, 1997. Mr. Greenberg has worked at the Adviser as an analyst since January of 1997.

Purchase and Sale of Fund Shares

Shares may be purchased only on days that the New York Stock Exchange is open for trading.

	Minimum Initial Investment	Subsequent Investments
Retail Shares	\$2,000	No Minimum
Baron Automatic Investment Plan	\$500	\$50 per month
Baron Funds® website purchases	\$2,000	\$10
Institutional Shares	\$1,000,000	No Minimum
Baron Funds® website purchases	You may not make an initial purchase through the Baron Funds® website.	Up to \$25,000

You Can Purchase or Redeem Shares By:

1. Mailing a request to Baron Funds®, P.O. Box 219946, Kansas City, MO 64121-9946 or by overnight mail to: Baron Funds®, 430 West 7th Street, Kansas City, MO 64105-1514;
2. Wire (Purchase Only);
3. Calling 1-800-442-3814;
4. Visiting the Baron Funds® website www.BaronFunds.com (Purchase Only); or
5. Through a broker, dealer or other financial intermediary that may charge you a fee.

The Fund is not for short-term traders who intend to purchase and then sell their Fund shares within a six-month period. If the Adviser reasonably believes that a person is not a long-term investor, it will attempt to prohibit that person from making additional investments in the Fund.

Tax Information

The Fund intends to pay dividends from its net investment income and to distribute any net realized capital gains once each year. Distributions of the Fund's net investment income (other than "qualified dividend income") and distributions of net short-term capital gains will be taxable to you as ordinary income. Distributions of the Fund's net capital gains designated as capital gain dividends by the Fund will be taxable to you as long-term capital gains, regardless of the length of time you have held shares of the Fund.

Financial Intermediary Compensation

If you purchase shares of the Fund through a broker, dealer or other financial intermediary (such as a bank or financial adviser), the Fund, its Distributor, its Adviser or their affiliates may pay the intermediary for the sale of Fund shares and related services. These payments may create a conflict of interest by influencing the broker, dealer or other financial intermediary, including your salesperson, to recommend the Fund over another investment. Ask your salesperson or visit your financial intermediary's website for more information.

Investment Goal

The investment goal of Baron iOpportunity Fund (the "Fund") is capital appreciation through investments primarily in growth companies that benefit from technology advances.

Fees and Expenses of the Fund

The table below describes the fees and expenses that you would pay if you bought and held shares of the Fund.

Annual Fund Operating Expenses

(Expenses that you pay each year as a percentage of the value of your investment)

	Management Fee	Distribution (12b-1) Fee	Other Expenses	Total Annual Fund Operating Expenses	Expense Waivers ¹	Net Annual Fund Operating Expenses ¹
BARON iOPPORTUNITY FUND						
Retail Shares†	1.00%	0.25%	0.25%	1.50%	—	1.50%
Institutional Shares*	1.00%	0.00%	0.37%	1.37%	(0.12%)	1.25%

† Based on the fiscal year ended September 30, 2009.

* Based on the period May 29, 2009 (Commencement of Operations) to September 30, 2009.

¹ BAMCO, Inc. ("BAMCO" or the "Adviser") has agreed that it will reimburse certain expenses of the Fund, limiting net annual operating expenses (exclusive of portfolio transaction costs, interest and extraordinary expenses) to 1.50% of average daily net assets of Retail Shares and 1.25% of average daily net assets of Institutional Shares. The Adviser may not reduce the expense waiver before January 28, 2011 without approval of the Fund's Board of Trustees. Certain expenses of the Fund, such as interest and dividend expenses, are not subject to the operating expense limitation.

The Fund imposes a short-term trading fee of 1% on redemptions for shares held for less than 6 months.

Example

This example is intended to help you compare the cost of investing in the Fund with the cost of investing in other mutual funds. The example assumes that you invest \$10,000 in the Fund for the time periods indicated and then redeem all of your Shares at the end of those periods. The example also assumes that your investment has a 5% return each year and that the Fund's operating expenses remain the same (after giving effect to the expense waiver only in Year 1). Although your actual costs may be higher or lower, based on these assumptions your costs would be:

YEAR	1	3	5	10
BARON iOPPORTUNITY FUND				
Retail Shares	\$153	\$474	\$818	\$1,791
Institutional Shares	\$127	\$422	\$739	\$1,636

Portfolio Turnover. The Fund pays transaction costs, such as commissions, when it buys and sells securities (or "turns over" its portfolio). A higher portfolio turnover rate may indicate higher transaction costs and may result in higher taxes when Fund shares are held in a taxable account. These costs, which are not reflected in Annual Fund Operating Expenses or in the example, affect the Fund's performance. During the most recent fiscal year ended September 30, 2009, the Fund's portfolio turnover rate was 68.09% of the average value of its portfolio.

Investments, Risks, and Performance

Principal Investment Strategies of the Fund

The Fund invests primarily in equity securities in the form of common stock of high growth businesses of all market capitalizations selected for their capital appreciation potential. The Adviser may invest in companies in any sector or industry that it believes will benefit from innovations and advances in technology. The Fund seeks to purchase securities that the Adviser expects could increase in value 100% within four years. The Adviser selects securities that it believes have favorable price-to-value characteristics, are well managed, have significant long term growth prospects and have significant barriers to competition. Of course, there can be no guarantee that the Adviser will be successful in achieving the Fund's investment goals.

Principal Risks of Investing in the Fund

General Stock Market. Investing in the stock market is risky because securities fluctuate in value. These fluctuations may be due to political, economic or general market circumstances. Other factors may affect a single company or industry but not the broader market. Because the values of securities fluctuate, when you sell your investment in the Fund, you may receive less money than you originally invested. Current and future portfolio holdings in the Fund are subject to risk.

Technology. Technology companies, including internet-related and information technology companies, as well as companies propelled by new technologies, may present the risk of rapid change and product obsolescence, and their successes may be difficult to predict for the long term. Some technology companies may be newly formed and have limited operating history and experience. Technology companies may also be adversely affected by changes in governmental policies, competitive pressures and changing demand. The securities of these companies may also experience significant price movements caused by disproportionate investor optimism or pessimism, with little or no basis in the companies' fundamentals or economic conditions.

Small- and Medium-Sized Companies. The Adviser believes there is more potential for capital appreciation in small- and medium-sized companies, but there also may be more risk. Securities of small- and medium-sized companies may not be well known

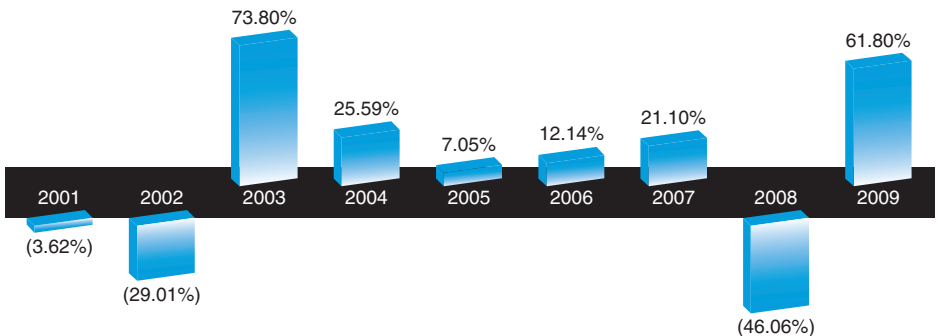
to most investors, and the securities may be less actively traded than those of large businesses. The securities of small- and medium-sized companies may fluctuate in price more widely than the stock market generally, and they may be more difficult to sell during market downturns. Small- and medium-sized companies rely more on the skills of management and on their continued tenure. Investing in small- and medium-sized companies requires a long-term outlook and may require shareholders to assume more risk and to have more patience than investing in the securities of larger, more established companies.

Growth Investing. Growth stocks can react differently to issuer, political, market and economic developments than the market as a whole and other types of stocks. Growth stocks tend to be more expensive relative to their earnings or assets compared to other types of stocks. As a result, growth stocks tend to be sensitive to changes in their earnings and more volatile than other types of stocks.

Performance

The following bar chart and table provide some indication of the risks of investing in the Fund (Retail Shares) by showing changes in the Fund's performance from year to year and by showing how the Fund's average annual returns for 1, 5 and 10 years compare with those of a broad measure of market performance. The Fund's past performance (before and after taxes) is not necessarily an indication of how the Fund will perform in the future. Updated performance information is available online at www.BaronFunds.com/performance or by calling 1-800-99BARON (1-800-992-2766).

Year by Year Total Return (%) as of December 31 of Each Year (Retail Shares)



Best Quarter: 12/31/01: 43.28%

Worst Quarter: 09/30/01: (37.94%)

Average Annual Total Returns (for periods ended 12/31/09)

The table below shows the Fund's Retail Shares' annual returns and long-term performance (before and after taxes) and the change in value of broad-based market indexes over various periods ended December 31, 2009. The table also shows the average annual returns of the Fund's Institutional Shares, but it does not show after-tax returns.

After-tax returns are calculated using the highest individual federal marginal income tax rate in effect at the time of each distribution and assumed sale, but they do not include the impact of state and local taxes. In some instances, the "Return after taxes on distributions and sale of Fund shares" is greater than the "Return before taxes" because you are assumed to be able to use the capital loss on the sale of Fund shares to offset other taxable gains.

Your actual after-tax returns depend on your own tax situation and may differ from those shown. After-tax returns reflect past tax effects and are not predictive of future tax effects. After-tax returns are not relevant to investors who hold their Fund's shares in a tax-deferred account (including a 401(k) or IRA or Coverdell account), or to investors that are tax-exempt.

Average Annual Total Returns for the periods ended December 31, 2009

	1 year	5 years	10 years	Since Inception
BARON iOPPORTUNITY FUND				
Retail Shares (Inception date: 02-29-00)				
Return before taxes	61.80%	4.88%	N/A	1.49%
Return after taxes on distributions	61.80%	4.88%	N/A	1.47%
Return after taxes on distributions and sale of Fund shares	40.17%	4.20%	N/A	1.26%
Institutional Shares* (Inception date: 05-29-09)				
Return before taxes	62.08%	4.91%	N/A	1.50%
NASDAQ Composite (reflects no deduction for fees, expenses or taxes)	43.89%	0.85%	N/A	-7.13%
S&P 500 (reflects no deduction for fees, expenses or taxes)	26.50%	0.40%	N/A	-0.27%
Russell MidCap Growth (reflects no deduction for fees, expenses or taxes)	46.29%	2.40%	N/A	-2.44%

* Performance 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 did not reflect this fee, the returns would be higher.

The NASDAQ Composite is an unmanaged index that tracks the performance of market-value weighted common stocks listed on NASDAQ. The Russell MidCap Growth is an unmanaged index of those Russell MidCap medium-sized companies that are classified as growth companies. The S&P 500 is an unmanaged index that measures the performance of larger-cap U.S. equities.

Management

Investment Adviser. BAMCO is the investment adviser of the Fund.

Portfolio Manager. Michael Lippert has been the portfolio manager of the Fund since March 3, 2006. Mr. Lippert has worked at the Adviser as an analyst since December of 2001.

Purchase and Sale of Fund Shares

Shares may be purchased only on days that the New York Stock Exchange is open for trading.

	Minimum Initial Investment	Subsequent Investments
Retail Shares	\$2,000	No Minimum
Baron Automatic Investment Plan	\$500	\$50 per month
Baron Funds® website purchases	\$2,000	\$10
Institutional Shares	\$1,000,000	No Minimum
Baron Funds® website purchases	You may not make an initial purchase through the Baron Funds® website.	Up to \$25,000

You Can Purchase or Redeem Shares By:

1. Mailing a request to Baron Funds®, P.O. Box 219946, Kansas City, MO 64121-9946 or by overnight mail to: Baron Funds®, 430 West 7th Street, Kansas City, MO 64105-1514;
2. Wire (Purchase Only);
3. Calling 1-800-442-3814;
4. Visiting the Baron Funds® website www.BaronFunds.com (Purchase Only); or
5. Through a broker, dealer or other financial intermediary that may charge you a fee.

The Fund is not for short-term traders who intend to purchase and then sell their Fund shares within a six-month period. If the Adviser reasonably believes that a person is not a long-term investor, it will attempt to prohibit that person from making additional investments in the Fund. The Fund imposes a short-term trading fee of 1% on redemptions for shares held for less than 6 months.

Tax Information

The Fund intends to pay dividends from its net investment income and to distribute any net realized capital gains once each year. Distributions of the Fund's net investment income (other than "qualified dividend income") and distributions of net short-term capital gains will be taxable to you as ordinary income. Distributions of the Fund's net capital gains designated as capital gain dividends by the Fund will be taxable to you as long-term capital gains, regardless of the length of time you have held shares of the Fund.

Financial Intermediary Compensation

If you purchase shares of the Fund through a broker, dealer or other financial intermediary (such as a bank or financial adviser), the Fund, its Distributor, its Adviser or their affiliates may pay the intermediary for the sale of Fund shares and related services. These payments may create a conflict of interest by influencing the broker, dealer or other financial intermediary, including and your salesperson, to recommend the Fund over another investment. Ask your salesperson or visit your financial intermediary's website for more information.

Investment Goal

The investment goal of Baron Fifth Avenue Growth Fund (the "Fund") is capital appreciation through investments primarily in securities of large-sized growth companies.

Fees and Expenses of the Fund

The table below describes the fees and expenses that you would pay if you bought and held shares of the Fund.

Annual Fund Operating Expenses

(Expenses that you pay each year as a percentage of the value of your investment)

	Management Fee	Distribution (12b-1) Fee	Other Expenses	Total Annual Fund Operating Expenses	Expense Waivers ¹	Net Annual Fund Operating Expenses ¹
BARON FIFTH AVENUE GROWTH FUND						
Retail Shares [†]	1.00%	0.25%	0.44%	1.69%	(0.29%)	1.40%
Institutional Shares [*]	1.00%	0.00%	0.61%	1.61%	(0.46%)	1.15%

[†] Based on the fiscal year ended September 30, 2009.

^{*} Based on the period May 29, 2009 (Commencement of Operations) to September 30, 2009.

¹ BAMCO, Inc. ("BAMCO" or the "Adviser") has agreed that it will reimburse certain expenses of the Fund, limiting net annual operating expenses (exclusive of portfolio transaction costs, interest and extraordinary expenses) to 1.40% of average daily net assets of Retail Shares and 1.15% of average daily net assets of Institutional Shares. The Adviser may not reduce the expense waiver before January 28, 2011 without approval of the Fund's Board of Trustees. Certain expenses of the Fund, such as interest and dividend expenses, are not subject to the operating expense limitation.

Example

This example is intended to help you compare the cost of investing in the Fund with the cost of investing in other mutual funds. The example assumes that you invest \$10,000 in the Fund for the time periods indicated and then redeem all of your Shares at the end of those periods. The example also assumes that your investment has a 5% return each year and that the Fund's operating expenses remain the same (after giving effect to the expense waiver only in Year 1). Although your actual costs may be higher or lower, based on these assumptions your costs would be:

YEAR	1	3	5	10
BARON FIFTH AVENUE GROWTH FUND				
Retail Shares	\$143	\$504	\$891	\$1,974
Institutional Shares	\$117	\$463	\$833	\$1,872

Portfolio Turnover. The Fund pays transaction costs, such as commissions, when it buys and sells securities (or "turns over" its portfolio). A higher portfolio turnover rate may indicate higher transaction costs and may result in higher taxes when Fund shares are held in a taxable account. These costs, which are not reflected in Annual Fund Operating Expenses or in the example, affect the Fund's performance. During the most recent fiscal year ended September 30, 2009, the Fund's portfolio turnover rate was 39.61% of the average value of its portfolio.

Investments, Risks, and Performance

Principal Investment Strategies of the Fund

The Fund invests primarily in equity securities in the form of common stock of large-sized growth companies with market capitalizations of more than \$5 billion at the time of purchase selected for their capital appreciation potential. The Fund seeks to purchase securities that the Adviser expects could increase in value 100% within five years. The Adviser selects securities that it believes have favorable price-to-value characteristics, are well managed, have significant long term growth prospects and have significant barriers to competition. Of course, there can be no guarantee that the Adviser will be successful in achieving the Fund's investment goals.

Principal Risks of Investing in the Fund

General Stock Market. Investing in the stock market is risky because securities fluctuate in value. These fluctuations may be due to political, economic or general market circumstances. Other factors may affect a single company or industry but not the broader market. Because the values of securities fluctuate, when you sell your investment in the Fund, you may receive less money than you originally invested. Current and future portfolio holdings in the Fund are subject to risk.

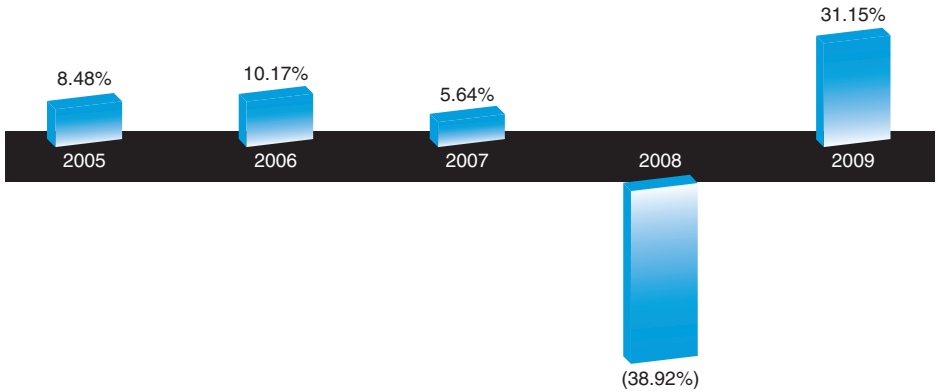
Growth Investing. Growth stocks can react differently to issuer, political, market and economic developments than the market as a whole and other types of stocks. Growth stocks tend to be more expensive relative to their earnings or assets compared to other types of stocks. As a result, growth stocks tend to be sensitive to changes in their earnings and more volatile than other types of stocks.

Performance

The following bar chart and table provide some indication of the risks of investing in the Fund (Retail Shares) by showing changes in the Fund's performance from year to year and by showing how the Fund's average annual returns for 1, 5 and 10 years compare with those of a broad measure of market performance. The Fund's past performance (before and after taxes) is not necessarily an indication of how the Fund

will perform in the future. Updated performance information is available online at www.BaronFunds.com/performance or by calling 1-800-99BARON (1-800-992-2766).

Year by Year Total Return (%) as of December 31 of Each Year (Retail Shares)



Best Quarter: 09/30/09: 16.37%

Worst Quarter: 12/31/08: (25.16%)

Average Annual Total Returns (for periods ended 12/31/09)

The table below shows the Fund's Retail Shares' annual returns and long-term performance (before and after taxes) and the change in value of broad-based market indexes over various periods ended December 31, 2009. The table also shows the average annual returns of the Fund's Institutional Shares, but it does not show after-tax returns.

After-tax returns are calculated using the highest individual federal marginal income tax rate in effect at the time of each distribution and assumed sale, but they do not include the impact of state and local taxes. In some instances, the "Return after taxes on distributions and sale of Fund shares" is greater than the "Return before taxes" because you are assumed to be able to use the capital loss on the sale of Fund shares to offset other taxable gains.

Your actual after-tax returns depend on your own tax situation and may differ from those shown. After-tax returns reflect past tax effects and are not predictive of future tax effects. After-tax returns are not relevant to investors who hold their Fund's shares in a tax-deferred account (including a 401(k) or IRA or Coverdell account), or to investors that are tax-exempt.

Average Annual Total Returns for the periods ended December 31, 2009

	1 year	5 years	10 years	Since Inception
BARON FIFTH AVENUE GROWTH FUND				
Retail Shares (Inception date: 04-30-04)				
Return before taxes	31.15%	0.22%	N/A	1.85%
Return after taxes on distributions	30.67%	-0.34%	N/A	1.35%
Return after taxes on distributions and sale of Fund shares	20.70%	0.16%	N/A	1.55%
Institutional Shares (Inception date: 05-29-09)*				
Return before taxes	31.43%	0.27%	N/A	1.89%
S&P 500 (reflects no deduction for fees, expenses or taxes)	26.50%	0.40%	N/A	2.17%

* Performance 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 did not reflect this fee, the returns would be higher.

The S&P 500 is an unmanaged index that measures the performance of larger-cap U.S. equities.

Management

Investment Adviser. BAMCO is the investment adviser of the Fund.

Portfolio Manager. Randall Haase has been the portfolio manager of the Fund since May 1, 2006.

Purchase and Sale of Fund Shares

Shares may be purchased only on days that the New York Stock Exchange is open for trading.

	Minimum Initial Investment	Subsequent Investments
Retail Shares	\$2,000	No Minimum
Baron Automatic Investment Plan	\$500	\$50 per month
Baron Funds® website purchases	\$2,000	\$10
Institutional Shares	\$1,000,000	No Minimum
Baron Funds® website purchases	You may not make an initial purchase through the Baron Funds® website.	Up to \$25,000

You Can Purchase or Redeem Shares By:

1. Mailing a request to Baron Funds®, P.O. Box 219946, Kansas City, MO 64121-9946 or by overnight mail to: Baron Funds®, 430 West 7th Street, Kansas City, MO 64105-1514;
2. Wire (Purchase Only);
3. Calling 1-800-442-3814;
4. Visiting the Baron Funds® website www.BaronFunds.com (Purchase Only); or
5. Through a broker, dealer or other financial intermediary that may charge you a fee.

The Fund is not for short-term traders who intend to purchase and then sell their Fund shares within a six-month period. If the Adviser reasonably believes that a person is not a long-term investor, it will attempt to prohibit that person from making additional investments in the Fund.

Tax Information

The Fund intends to pay dividends from its net investment income and to distribute any net realized capital gains once each year. Distributions of the Fund's net investment income (other than "qualified dividend income") and distributions of net short-term capital gains will be taxable to you as ordinary income. Distributions of the Fund's net capital gains designated as capital gain dividends by the Fund will be taxable to you as long-term capital gains, regardless of the length of time you have held shares of the Fund.

Financial Intermediary Compensation

If you purchase shares of the Fund through a broker, dealer or other financial intermediary (such as a bank or financial adviser), the Fund, its Distributor, its Adviser or their affiliates may pay the intermediary for the sale of Fund shares and related services. These payments may create a conflict of interest by influencing the broker, dealer or other financial intermediary, including and your salesperson, to recommend the Fund over another investment. Ask your salesperson or visit your financial intermediary's website for more information.

This prospectus is for Baron Investment Funds Trust, which currently has five series, Baron Asset Fund, Baron Growth Fund, Baron Small Cap Fund, Baron *i*Opportunity Fund and Baron Fifth Avenue Growth Fund. If you are interested in Baron Partners Fund, Baron Retirement Income Fund, Baron International Growth Fund and Baron Real Estate Fund, which are series of Baron Select Funds, please visit www.BaronFunds.com or contact us at 1-800-99BARON.

Investment Goals

Baron Asset Fund

capital appreciation through long-term investments primarily in securities of medium-sized companies with undervalued assets or favorable growth prospects.

Baron Growth Fund

capital appreciation through long-term investments primarily in securities of small-sized growth companies.

Baron Small Cap Fund

capital appreciation through investments primarily in securities of small-sized growth companies.

Baron *i*Opportunity Fund

capital appreciation through investments primarily in growth companies that benefit from technology advances.

Baron Fifth Avenue Growth Fund

capital appreciation through investments primarily in securities of large-sized growth companies.

Additional Investment Strategies

The following is a description of additional investment strategies of **Baron Asset Fund**, **Baron Growth Fund**, **Baron Small Cap Fund**, **Baron *i*Opportunity Fund** and **Baron Fifth Avenue Growth Fund** (each, a "Fund" and collectively, the "Funds").

The investment policy of the Funds relating to the types of securities in which the Funds' assets must be primarily invested may be changed by the Board of Trustees (the "Board") of the Funds without shareholder approval upon at least 60 days' notice.

The Funds may invest without limitation in the securities of non-U.S. issuers in U.S. denominated form known as American Depositary Receipts. They may also invest up to 10% of the respective total assets of **Baron Asset Fund**, **Baron Growth Fund** and **Baron Small Cap Fund**, and up to 25% of the respective total assets of **Baron *i*Opportunity Fund** and **Baron Fifth Avenue Growth Fund** directly in the securities

of non-U.S. issuers in foreign denominated form known as Global Depository Receipts or European Depository Receipts.

The Funds may also sell securities short. Short selling occurs when the Funds sell a security that the Funds do not own. In order to do so, the Funds must borrow a security to deliver it to the purchaser and later buy that security in the market and return it to the lender. The Funds may establish short positions in securities that the Adviser believes have limited growth prospects or are over-priced, or in securities of companies the Adviser believes are poorly managed or have highly leveraged balance sheets. The Funds may also establish a short position in a security to hedge exposure to a particular company or to hedge exposure to a certain industry or sector of the market. The Funds may also short market indices to hedge against broad movements in the market. Generally, when the Funds take a short position, the Adviser believes that the security's price will fall. If it falls sufficiently, the Funds will make money. If it instead increases in price, the Funds will lose money. The Funds will not use more than 35% of their respective total assets in maintaining short positions. The Adviser, in its sole discretion, may decide not to sell any securities short. The Adviser believes that the flexibility to execute a long and short strategy may reduce the short-term volatility inherent in the equity markets. However, the Adviser also believes short sales can be significantly more risky than long investments and, as a result, expects to employ this tactic relatively infrequently.

Baron Asset Fund may invest up to 10%, and **Baron Growth Fund, Baron Small Cap Fund, Baron iOpportunity Fund** and **Baron Fifth Avenue Growth Fund** may invest up to 15%, of their respective net assets in securities that are illiquid. An illiquid security is one that cannot be disposed of in the ordinary course of business within seven days. Such investments may include private equity securities, PIPE securities and other restricted securities.

The Funds may invest in debt securities of all types and repurchase agreements for those securities. Debt securities include corporate bonds, government securities, repurchase agreements, loans and loan participations, mortgage-backed securities and other securities that the Funds believe have debt-like characteristics, including hybrids and synthetic securities. Debt securities are used by issuers to borrow money. The issuer usually pays a fixed, variable, or floating rate of interest, and must repay the amount borrowed, usually at the maturity of the security. Some debt securities, such as zero coupon bonds, do not pay current interest but are sold at a discount from their face values.

The Funds may, from time to time, take temporary defensive positions that are inconsistent with the Funds' principal investment strategies in attempting to respond to adverse market, economic, political, or other conditions. In such circumstances, the Adviser may invest all or a portion of the Funds' assets in cash or cash equivalents, such as money market instruments, which include U.S. Government securities,

certificates of deposit, short-term investment grade corporate bonds and other short term debt instruments, and repurchase agreements. Taking such a temporary defensive position may cause the Funds not to achieve their investment goals. **Baron Asset Fund** may borrow up to 5% of its net assets for extraordinary or emergency temporary investment purposes or to meet redemption requests that might otherwise require an untimely sale of portfolio securities. **Baron Growth Fund, Baron Small Cap Fund, Baron iOpportunity Fund** and **Baron Fifth Avenue Growth Fund** may borrow up to 30% of the value of their respective total assets, including the amount borrowed, as of the time the borrowing is made, for temporary, emergency or other purposes.

The Funds have additional investment strategies and restrictions that govern their activities. For a list of these restrictions and more information about the investment strategies, please see the "Investment Strategies and Risks" section beginning on page 3 of the accompanying statement of additional information ("SAI"). Those strategies and restrictions that are identified as "fundamental" may only be changed with shareholder approval, while the others may be changed by the Board.

In making investment decisions for the Funds the Adviser seeks:

1. securities that the Adviser believes have favorable price-to-value characteristics based on the Adviser's assessment of their businesses' prospects for future growth and profitability; and
2. businesses that the Adviser believes are well managed, have significant long-term growth prospects and have significant barriers to competition.

The Adviser's research process includes visits and interviews with company managements, their major competitors and often their customers. It also studies industry data, statistics and trends. The Adviser looks for companies that it believes have the ability to grow substantially within a four or five-year period. The Adviser looks for companies that it believes have special business niches that offer favorable business opportunities and sustainable barriers to competition. It also seeks companies that it believes have strong management capabilities, good employee morale and favorable reputations. The Adviser invests without regard for market trends. It instead focuses on long-lasting "mega-trend" opportunities presented by individual investments. It also studies companies' financial strength and profitability.

The Funds purchase stocks that the Adviser believes are undervalued relative to their businesses' long-term growth prospects, future cash flows and asset values. The Adviser seeks to invest in businesses before their long-term growth prospects are appreciated by other investors. The Funds may make significant investments in companies in which the Adviser has great conviction. Of course, there can be no guarantee that the Funds will be successful at achieving their investment goals.

The Funds have a long-term outlook and often invest in businesses for several years. The Funds hope for significant business growth and stock price appreciation over that

time period. As long-term investors in businesses, the Funds are designed for long-term shareholders. The Funds are not designed, or intended to be suitable, for investors who intend to purchase and then sell their Fund shares within a six-month period (Please see the "Policies Regarding Frequent Purchases and Redemptions of Fund Shares" section on pages 46-47 of this prospectus).

Additional Investment Risks

Specific Securities. Earnings, cash flows and valuations projected by the Adviser for a long position may not be achieved, which could negatively affect the impact of that stock in a Fund's portfolio. With respect to a short position held by a Fund, the company or the securities markets may have favorable developments or news that positively affect the stock market price of that company, which in turn, could result in a loss for the Fund.

Small- and Medium-Sized Companies. The Adviser believes there is more potential for capital appreciation in small- and medium-sized companies, but there also may be more risk. Securities of small- and medium-sized companies may not be well known to most investors, and the securities may be less actively traded than those of large businesses. The securities of small- and medium-sized companies may fluctuate in price more widely than the stock market generally, and they may be more difficult to sell during market downturns. Small- and medium-sized companies rely more on the skills of management and on their continued tenure. Investing in small- and medium-sized companies requires a long-term outlook and may require shareholders to assume more risk and to have more patience than investing in the securities of larger, more established companies.

Large Positions. The Funds may establish relatively large positions in companies in which the Adviser has great conviction. Movement in the prices of securities in which the Funds hold large positions could have a significant impact on the Funds' net asset values. These large positions may represent a significant part of a company's outstanding stock, and sales by the Funds or a Fund could adversely affect stock prices. A Fund's returns may be more volatile than those of a fund that does not establish large positions.

Long-Term Outlook and Projections. The Funds are designed for long-term investors who are willing to hold investments for a substantial period of time. The cash flows and valuations that the Adviser projects for a company may not be achieved, which could negatively affect the impact of that stock in the Funds' portfolios.

Growth Investing. Growth stocks can react differently to issuer, political, market and economic developments than the market as a whole and other types of stocks. Growth stocks tend to be more expensive relative to their earnings or assets

compared to other types of stocks. As a result, growth stocks tend to be sensitive to changes in their earnings and more volatile than other types of stocks.

Credit and Interest Rate Risk. The market value of debt securities is affected by changes in prevailing interest rates and the perceived credit quality of the issuer. When prevailing interest rates fall or perceived credit quality improves, the market value of the affected debt securities generally rises. Conversely, when interest rates rise or perceived credit quality weakens, the market value of the affected debt securities generally declines. The magnitude of these fluctuations will be greater when the maturity of the debt securities is longer.

Prepayment. Many types of debt securities are subject to prepayment risk. Prepayment risk occurs when the issuer of a security can repay principal prior to the security's maturity. Securities subject to prepayment can offer less potential for gains during a declining interest rate environment and similar or greater potential for loss in a rising interest rate environment. In addition, the potential impact of prepayment features on the price of a debt security can be difficult to predict and result in greater volatility.

Short Sales. If the price of the stock sold short increases after the sale, the Funds will lose money because they will have to pay a higher price to repurchase the borrowed stock when they close their short position. The Funds may not be able to close out a short position at an acceptable price or time and the loss of value on a short sale is theoretically unlimited. The Funds have to borrow the securities to enter into the short sale. If the lender demands the securities be returned, the Fund must deliver them promptly, either by borrowing from another lender or buying the securities. If this occurs at the same time other short-sellers are trying to borrow or buy the securities, a "short squeeze" could occur, causing the stock price to rise and making it more likely that the Funds will have to cover their short positions at an unfavorable price. This could happen regardless of whether or not the prospects for a business are favorable or unfavorable.

Currency Risk. This refers to a decline in the value of a foreign currency versus the U.S. dollar, which reduces the dollar value of securities denominated in that currency. The overall impact on the Funds' holdings can be significant, unpredictable, and long-lasting, depending on the currencies represented in the portfolio and how each one appreciates or depreciates in relation to the U.S. dollar and whether currency positions are hedged. Under normal conditions, the Funds do not engage in extensive foreign currency hedging programs. Further, exchange rate movements are volatile, the Funds' attempts at hedging could be unsuccessful, and it is not possible to effectively hedge the currency risks of many developing countries.

Geographic Risk. Funds that are less diversified across geographic regions, countries, industries, or individual companies are generally riskier than more diversified funds. The economies and financial markets of certain regions — such as Latin America,

Asia, and Europe and the Mediterranean region — can be interdependent and may all decline at the same time.

Developing Market Risk. Investments in developing markets, which, according to the MSCI ACWI ex USA Index, include Brazil, Chile, China, Colombia, Czech Republic, Egypt, Hungary, India, Indonesia, Israel, Korea, Malaysia, Mexico, Morocco, Peru, Philippines, Poland, Russia, South Africa, Taiwan, Thailand, and Turkey are subject to the risk of abrupt and severe price declines. The economic and political structures of developing nations, in most cases, do not compare favorably with the U.S. or other developed countries in terms of wealth and stability, and their financial markets are not as liquid. These economies are less developed and can be overly reliant on particular industries and more vulnerable to the ebb and flow of international trade, trade barriers, and other protectionist or retaliatory measures. Certain countries have legacies and/or periodic episodes of hyperinflation and currency devaluations. Governments in many developing market countries participate to a significant degree in their economies and securities markets. Investments in countries or regions that have recently begun moving away from central planning and state-owned industries toward free markets should be regarded as speculative. While some countries have made progress in economic growth, liberalization, fiscal discipline, and political and social stability, there is no assurance these trends will continue. Some countries have histories of instability and upheaval that could cause their governments to act in a detrimental or hostile manner toward private enterprise or foreign investment. Significant risks, such as war and terrorism, currently affect some developing countries. The volatility of developing markets may be heightened by the actions of a few major investors. For example, substantial increases or decreases in cash flows of mutual funds investing in these markets could significantly affect local stock prices and, therefore, the Funds' share prices. These factors make investing in such countries significantly riskier than in other countries and any one of them could cause the Funds' share price to decline.

Non-U.S. Securities. Investments in non-U.S. securities may involve additional risks to those inherent in investments in U.S. securities, including exchange rate fluctuations, political or economic instability, the imposition of exchange controls, expropriation, limited disclosure and illiquid markets.

Other Risks of Non-U.S. Investing. Risks can result from varying stages of economic and political development, differing regulatory environments, trading days, and accounting standards, uncertain tax laws, and higher transaction costs of non-U.S. markets. Investments outside the United States could be subject to governmental actions such as capital or currency controls, nationalization of a company or industry, expropriation of assets, or imposition of high taxes. Trading in the underlying securities of the Funds may take place in various foreign markets on certain days when the Funds are not open for business and do not calculate net asset

values. As a result, net asset values may be significantly affected on days when shareholders cannot make transactions.

Taxes. Each of the Funds intends to elect to be treated and to qualify each year as a “regulated investment company” under Subchapter M of the Internal Revenue Code of 1986, as amended (the “Code”). To maintain its qualification for federal income tax purposes as a regulated investment company under the Code, each Fund must meet certain source-of-income, asset diversification and annual distribution requirements, as discussed in detail in the “U.S. Federal Income Taxation” section on pages 49-52 of this prospectus. If for any taxable year the Funds fail to qualify for the special federal income tax treatment afforded to regulated investment companies, all of the Funds’ taxable income will be subject to federal income tax at regular corporate rates (without any deduction for distributions to the Funds’ shareholders) and the Funds’ income available for distribution would be reduced (please see the “U.S. Federal Income Taxation” section on pages 49-51 of this prospectus, and the “Taxation of the Funds” section on pages 32-37 in the SAI).

Illiquid Securities. Illiquid Securities, which include securities that are not publicly traded such as private equity securities, PIPE securities and other restricted securities, may be difficult to sell or may be subject to agreements that prohibit or limit their sale or other disposition. This investment approach requires a long-term outlook and may involve more risk. **Baron Asset Fund** may invest up to 10%, and **Baron Growth Fund, Baron Small Cap Fund, Baron iOpportunity Fund** and **Baron Fifth Avenue Growth Fund** may invest up to 15%, of their respective net assets in securities that are illiquid. An illiquid security is one that cannot be disposed of in the ordinary course of business within seven days. Such investments may include private equity securities, PIPE securities and other restricted securities.

Share Classes

The Baron Funds offer two classes of shares, Retail Shares and Institutional Shares, which differ only in their ongoing fees and eligibility requirements. Retail Shares are available to all investors, and account minimums range from \$500 to \$2,000 per fund, depending on the account type. Institutional Shares are for accounts in the amount of \$1,000,000 or more per fund. Institutional Shares are intended for certain financial intermediaries that offer shares of the Baron Funds through fee-based platforms, retirement platforms or other platforms for which the financial intermediary provides services and is not compensated by the Baron Funds for those services. Shareholders meeting the eligibility requirements for the Institutional Shares may also purchase Institutional Shares directly through the Baron Funds without paying a sales charge or any other additional fees. Employees and Trustees of the Baron Funds are not subject to the eligibility requirements for Institutional Shares. For more information, please see the “How to Purchase Shares” section on pages 39-40

of this prospectus. Baron Funds reserve the right, without prior notice, to change the eligibility requirements of its share classes, including the types of clients who are eligible to purchase each share class.

Portfolio Holdings

A description of the Funds' policies and procedures with respect to the disclosure of the Funds' portfolio securities is available in the Funds' SAI and on the Baron Funds® website, www.BaronFunds.com.

Management of the Funds

The Board oversees the management of the Funds. A list of the Trustees and the Funds' officers may be found in the SAI. BAMCO is located at 767 Fifth Avenue, New York, NY 10153, and is responsible for portfolio management. BAMCO serves as investment adviser to other registered mutual funds, including Baron Partners Fund, Baron Retirement Income Fund, Baron International Growth Fund and Baron Real Estate Fund. Baron Capital, Inc. ("BCI"), an SEC registered broker-dealer and a member of FINRA (the Financial Industry Regulatory Authority) serves as the distributor of the shares of the Funds. BAMCO and BCI, along with their affiliate, Baron Capital Management, Inc., are wholly owned subsidiaries of Baron Capital Group, Inc., a holding company ("BCG" or the "Firm").

Ronald Baron is the Founder, Chief Executive Officer and Chairman of the Firm and, with his family, is the principal owner of BCG. Linda S. Martinson is the President and Chief Operating Officer of the Firm and has been with the Firm since 1983.

The portfolio managers for the Funds are senior members of the Adviser's research team and are responsible for stock selection and overseeing portfolio structure of the Funds. Mr. Baron has been the portfolio manager of **Baron Growth Fund** since its inception in 1994 to the present. He has managed money for others since 1975. Mr. Baron is also a senior member of the Adviser's research team and the Chief Investment Officer of the Adviser. The Funds' SAI provides additional information about Mr. Baron's compensation, other accounts managed by Mr. Baron and his ownership of securities in the Funds.

Andrew Peck has been the sole portfolio manager of **Baron Asset Fund** since January 23, 2008. He had been a co-portfolio manager of the Fund with Mr. Baron since July 23, 2003. Mr. Peck has worked at the Adviser as an analyst since February of 1998. Before that, he was an analyst at a large brokerage firm.

Cliff Greenberg has been the portfolio manager of **Baron Small Cap Fund** since its inception. Mr. Greenberg joined the Adviser in January of 1997. He was a general

partner and portfolio manager at HPB Associates, L.P., from January of 1990 until he joined the Adviser.

Michael Lippert has been the portfolio manager of **Baron iOpportunity Fund** since March 3, 2006. Mr. Lippert has worked at the Adviser as an analyst since December of 2001. From April of 2001 to December of 2001, Mr. Lippert was a research analyst and general counsel for JLF Asset Management, and from 2000 to 2001 he was a partner at Baker & Botts.

Randall Haase has been the portfolio manager of **Baron Fifth Avenue Growth Fund** since May 1, 2006. Mr. Haase was an investment manager at Duquesne Capital Management, LLC, from 2000 to 2005. He worked at Alliance Capital Management, L.P. as a portfolio manager from 1993 to 2000, and as an analyst from 1989 to 1993.

Each of the portfolio managers named above may serve as portfolio managers or analysts for other products offered by affiliates that could conflict with their responsibilities to the Funds of which they are portfolio managers. The Funds' SAI provides additional information about the portfolio managers' compensation, other accounts managed by the portfolio managers and the portfolio managers' ownership of securities in the Funds.

For its services, the Adviser receives a fee payable monthly from the assets of the Funds equal to 1% per annum of the average daily net asset value of **Baron Asset Fund, Baron Growth Fund, Baron Small Cap Fund and Baron iOpportunity Fund. Baron Fifth Avenue Growth Fund** pays the Adviser 1% per annum for average daily net assets under \$1 billion, 0.95% per annum for average daily net assets greater than \$1 billion but less than \$2 billion, 0.90% per annum for average daily net assets over \$2 billion but less than \$3 billion, 0.85% per annum for average daily net assets over \$3 billion but less than \$4 billion, and 0.80% per annum for average daily net assets greater than \$4 billion. A discussion regarding the basis for the approval by the Board of the investment advisory contract for each Fund is available in the Funds' Annual Financial Report to the Shareholders for the fiscal year ended September 30, 2009.

How Your Shares are Priced

The purchase or sale price for your Shares is the Funds' net asset value per share ("NAV"), which is generally calculated as of the close of regular trading on the Exchange (usually 4 p.m. Eastern Time ("E.T.)) on each day the Exchange is open. Your purchase or sale will be priced at the next NAV calculated after your order is accepted by DST Systems, Inc. (the "Transfer Agent"). The Exchange is closed on weekends and most national holidays, including New Year's Day, Martin Luther King, Jr. Day, Presidents' Day, Good Friday, Memorial Day, Independence Day, Labor Day, Thanksgiving Day and Christmas Day. The NAV will not be calculated on days when the Exchange is closed for trading. The Funds have agreements with certain financial intermediaries that authorize them to accept orders or designate third parties to accept orders on behalf of the Funds. If you place your order through these financial intermediaries, the order will be considered received when they accept the order. Those orders will be priced at the next NAV calculated after acceptance of the order by the financial intermediary or its agent.

Funds' investments traded on any national stock exchange are valued based on their last sale prices. For securities traded on NASDAQ, the Funds use the NASDAQ Official Closing Price. Where market quotations are not readily available, or, if in the Adviser's judgment, they do not accurately reflect the fair value of a security, or an event occurs after the market closes but before the Funds are priced that materially affects the value of a security, the securities will be valued by the Adviser using policies and procedures approved by the Board. The Adviser has a Fair Valuation Committee (the "Committee") comprised of senior executives, and the Committee provides a report to the Board every quarter. Factors the Committee considers when valuing a security include whether a current price is stale, there is recent news, the security is thinly traded, transactions are infrequent and quotations are genuine. There can be no guarantee, however, that a fair valuation used by the Funds on any given day will more accurately reflect the market value of an investment than the closing price of such investment in its market. The Funds may change the time at which orders are priced if the Exchange closes at a different time or an emergency exists. U.S. Government obligations and other debt instruments having sixty days or less remaining until maturity are stated at amortized cost. Debt instruments having a greater remaining maturity will be valued on the basis of prices obtained from a pricing service approved by the Board or at the mean of the bid and ask prices from a dealer maintaining an active market in that security.

Non-U.S. equity securities are valued on the basis of their most recent closing market prices and translated into U.S. Dollars at 4 p.m. E.T., except under the circumstances described below. Most foreign markets close before 4 p.m. E.T. For securities primarily traded in the Far East, for example, the most recent closing prices may be as much as 15 hours old at 4 p.m. E.T. If the Adviser determines that developments between the

close of the foreign market and 4 p.m. E.T. may, in its judgment, materially affect the value of some or all of a Funds' non-U.S. securities, the Adviser will adjust the previous closing prices to reflect what it believes to be the fair value of the securities as of 4 p.m. E.T. In deciding whether to make these adjustments, the Adviser reviews a variety of factors, including developments in foreign markets, the performance of U.S. securities markets and the performance of instruments trading in U.S. markets that represent non-U.S. securities and baskets of non-U.S. securities. The Adviser may also fair value securities in other situations, for example, when a particular foreign market is closed but the Funds are open. The Adviser uses outside pricing services to provide it with closing market prices and information used for adjusting those prices. The Adviser cannot predict how often it will use closing prices and how often it will adjust those prices.

How to Purchase Shares

You may purchase shares of the Funds directly without paying a sales charge. Please use the Funds' "Regular Account Application" form to open an account. Special applications are available to open individual retirement accounts, such as Traditional, Roth, SEP or Simple IRAs (collectively "IRAs" or individually an "IRA") and Coverdell accounts. All applications can be found at www.BaronFunds.com/applications. Please complete the application form in its entirety. If you do not provide all the information requested, your application will be returned to you and your investment will not be established.

The Funds offer two classes of shares, Retail Shares and Institutional Shares, which differ only in their ongoing fees and eligibility requirements. The minimum initial investment for the Retail Shares is \$2,000 per Fund, unless you choose to invest through the Baron Automatic Investment Plan (please see the "Baron Automatic Investment Plan" section on page 42 of this prospectus). The minimum initial investment for Institutional Shares is \$1,000,000 per Fund. Institutional Shares are intended for certain financial intermediaries that offer shares of the Baron Funds through fee-based platforms, retirement platforms or other platforms for which the financial intermediary provides services and is not compensated by the Baron Funds for those services. Shareholders meeting the eligibility requirements for the Institutional Shares may also purchase Institutional Shares directly through the Baron Funds without paying a sales charge or any other additional fees. Employees and Trustees of the Baron Funds are not subject to the eligibility requirements for Institutional Shares.

At the sole discretion of the Adviser, the initial investment minimum may be waived for certain investors. In addition, the Funds will not enforce the minimum for accounts opened through certain financial intermediaries and administrators that may not have systems that are able to enforce the Funds' minimum. There is no

minimum for subsequent purchases except for purchases made through the Funds' website (please see the "Special Information About the Baron Funds® Website" section on pages 48-49 of this prospectus). The Funds may reject any proposed purchase if the purchase would violate the Funds' policies on short-term trading (please see the "Policies Regarding Frequent Purchases and Redemptions of Fund Shares" section on pages 46-47 of this prospectus).

Only persons or entities with valid U.S. tax identification numbers may invest in the Funds (please see the "Anti-Money Laundering Regulations" section below). The Adviser may make exceptions at its discretion. Please call the Funds' Transfer Agent at 1-800-442-3814 if you have any questions.

Anti-Money Laundering Regulations. As part of the Funds' legal responsibility to fight the funding of terrorism and money laundering activities, the Funds require a detailed verification of the identity of a shareholder and individuals with authority or control over accounts opened by entities such as corporations, partnerships or trusts. When you open an account, the Funds will request such information as is necessary to verify your identity as a shareholder, as well as the identities of any individuals with authority or control over accounts being opened by entities. **The information requested includes name, address, date of birth and U.S. taxpayer identification number.** Please make sure to provide all required information. Incomplete information will delay your investment. The Funds will not process your investment until all required information has been provided.

You will receive the NAV of the Funds on the date that all required information has been provided to the Transfer Agent. United Missouri Bank of Kansas City, N.A. will hold your investment check until all required anti-money laundering information has been received. Investment funds received by bank wire will also be held by United Missouri Bank of Kansas City, N.A. If the application is not complete, the Funds' representatives will attempt to collect any missing information by contacting you directly. If you purchase the Funds through a broker, dealer or other financial intermediary, such broker, dealer or other financial intermediary will be responsible for collecting the required information.

If the application is complete, the Funds will process the investment and will take steps to verify your identity. The Funds may request additional information or documents, if needed, to verify your identity. If the Funds cannot verify your identity, the account will be closed and you will receive proceeds based on the next NAV calculated for the Fund(s) in which you invested. If the Funds deem it necessary, and upon written notice to you, the payment of redemption proceeds to you may be suspended to comply with the anti-money laundering regulations applicable to the Funds. The Funds will share the identity of their shareholders with federal authorities if required to do so by law and may report a failure to verify a shareholder's identity with federal authorities in accordance with applicable law.

How to Invest with the Baron Funds®

By Mail

To open a new account send your signed application form with your check payable to **BARON FUNDS®** to:

Baron Funds®
P.O. Box 219946
Kansas City, MO 64121-9946

or by overnight mail to:

Baron Funds®
430 West 7th Street
Kansas City, MO 64105-1514

Please make sure you indicate how much money you want invested in each Fund. Checks must be payable in U.S. dollars and must be drawn on a U.S. bank. Third party checks, credit cards, money orders, travelers' checks, bearer securities and cash will not be accepted. For IRAs and Coverdell accounts, please specify the year for which the contribution is made. If no year is specified, it will be applied as a current year contribution.

When adding to your account please complete the additional investment form provided at the bottom of your account statement or purchase confirmation. If you do not have that form, please write a note with the account number, indicating in which Fund the investment should be made and send it along with your additional investment check. Please note that any investment funded by check will be subject to a fifteen-day hold or held until the check clears to prevent any fraudulent transactions. Please send it to either the regular or overnight address.

By Wire

You can make your initial or additional investments in the Funds by wire. To do so, please: (1) contact the Funds' Transfer Agent at 1-800-442-3814 to obtain an account number; (2) complete and sign the application form and mail it to Baron Funds®, P.O. Box 219946, Kansas City, MO 64121-9946; (3) instruct your bank to wire funds to the United Missouri Bank of Kansas City, N.A., ABA No. 1010-0069-5, Account No. 98-7037-101-4; and (4) be sure to specify the following information in the wire: (a) the Fund you are buying; (b) your account number; and (c) your name. The Funds are not responsible for delays in the wiring process.

By Telephone

Once your account is open, and if you have banking instructions on your account, you may add to your investment or exchange among the Baron Funds® by speaking with a representative or by calling our automated voice recognition system "BaronTel," unless you specifically declined either of these options on your account application. Please call 1-800-442-3814 to invest or exchange by telephone (please see the "How to Exchange Shares" section on pages 47-48 of this prospectus). By choosing this option to make a purchase, you authorize the Funds to draw on your bank account. Please note that for an exchange, your accounts must be identically registered. If you need to add this option to your account, please call 1-800-442-3814.

By Internet

You may open a new account through the Baron Funds® website by going to www.BaronFunds.com/openaccount (please see the "Special Information about the Baron Funds® Website" on pages 48-49 of this prospectus). You may add to an existing account by going to www.BaronFunds.com/myaccount. You must have ACH/Banking instructions on your account in order to make online purchases.

Baron Automatic Investment Plan — Retail Shares Only

Baron Automatic Investment Plan (the "Plan") is an automatic investment plan offered by the Funds. For any account starting with an investment of less than \$2,000, the minimum initial investment is \$500 with subsequent monthly investments of as little as \$50, which are automatically invested from your checking account. Once your investment has reached \$2,000, you have the option of either discontinuing the Plan by contacting the Funds or continuing to automatically invest in the Funds. If your initial investment is greater than \$2,000 and you wish to utilize the Plan for your account, please contact the Funds. To enroll in the Plan, please complete the Enrollment Form (available by calling 1-800-99BARON), attach a voided check and mail with your application to either Baron Funds®, P.O. Box 219946, Kansas City, MO 64121-9946 or, to the overnight address, Baron Funds®, 430 West 7th Street, Kansas City, MO 64105-1514.

If your account has already been established without banking instructions and you wish to enroll in the Plan, please send a "signature guaranteed" letter of instruction along with a voided check attached to either the regular or overnight address. You can obtain a signature guarantee from most securities firms or banks, **but not from a notary public.**

Through Brokers, Dealers or Other Financial Institutions

You may purchase shares of the Funds through a broker, dealer or other financial intermediary that may charge a transaction fee. If you purchase the shares directly from the Funds, no transaction fee is charged. The Funds also participate in programs with many financial intermediaries where no transaction fee is charged.

How to Redeem Shares

You may redeem Fund shares by any of the methods described below. If you are selling shares in an IRA or Coverdell account, please read the information in the IRA or Coverdell plan document. Redemptions will not be made until all of the requirements are met. Redemptions are priced at the next NAV calculated after your redemption request is received in the proper form. If you have recently purchased shares, your redemption request may not be sent to you until the purchase check has cleared your bank, which generally occurs within fifteen calendar days.

By Mail

Please write a letter that includes the following information: the name of the registered owner(s) of the account; the name of the Fund(s); the number of shares or dollar amount to be redeemed; and the account number. The letter must be signed in exactly the same way the account is registered, including the signature of each joint owner, if applicable. Mail the request to the Transfer Agent at Baron Funds®, P.O. Box 219946, Kansas City, MO 64121-9946.

A signature guarantee is required for redemptions of more than \$50,000 per Fund in any quarter (please see the "Special Information About Redemptions" section on pages 44-45 of this prospectus). Normally, within seven days after receipt of a redemption request by the Transfer Agent in the proper form, the Fund will mail you the proceeds.

By Telephone

You are automatically granted the telephone redemption option when you open your account, unless you decline the option on your account application or by calling 1-800-442-3814. Once made, your telephone request cannot be changed. There is no minimum amount that you must redeem by telephone from your account. The maximum amount that you may redeem by telephone in any quarter is \$50,000 per Fund. You may receive the proceeds by any one of the following methods: (a) we will mail a check to the address to which your account is registered; (b) we will transmit the proceeds by electronic funds transfer to a previously designated bank account

(usually a two banking day process); or (c) we will wire the proceeds to a pre-authorized bank account for a \$10 fee that will be deducted from your redemption proceeds (usually a next banking day process). Banking instructions can be added to your account or changed by sending in a signature guaranteed letter of instruction. Please include your account number.

The Funds have the right to refuse a telephone redemption if they believe that it is advisable to do so. The Funds will not be responsible for any fraudulent telephone order as long as the Funds and their Transfer Agent use reasonable procedures to confirm that telephone instructions are genuine.

By Broker, Dealer or Other Financial Intermediaries

Accounts may redeem Fund shares held by a broker, dealer or other financial intermediary that may charge you a fee. The Funds may have special redemption procedures with certain brokers, dealers or other financial intermediaries.

Short-Term Trading Fee

Baron iOpportunity Fund imposes a short-term trading fee on redemptions and exchanges of shares held for less than six months. The fee is 1% of the redemption value and is deducted from the redemption proceeds. The Fund uses the "first-in, first-out" method to determine the holding period. So, if you bought shares on different days, the shares purchased first will be redeemed first for determining whether the fee applies. The fee is retained by the Fund for the benefit of the remaining shareholders to offset the administrative costs associated with processing redemptions and exchanges and portfolio management, and to offset the portfolio transaction costs.

The Fund waives the fee for defined contribution plans. The Fund may waive the fee on redemptions if the Adviser believes there exist extenuating circumstances that justify a waiver and it is in the best interest of the Fund. Please check with your account representative before you purchase your Shares to determine whether the fee waiver is applicable.

Special Information about Redemptions

If the amount to be redeemed in any quarter is greater than \$50,000 per Fund, all of the signatures on a redemption request must be signature guaranteed. **If you have changed your address within 30 days of a redemption request, a signature guarantee is required for any amount of redemption.** For joint tenant accounts, each signature must be signature guaranteed. A signature guarantee helps protect you and the Funds from fraud. You can obtain a signature guarantee from most

securities firms or banks, **but not from a notary public**. If you are redeeming \$50,000 or less per quarter, per Fund, and if the proceeds are sent to the address of record (which has not been changed within 30 days), no signature guarantee is required.

Please call the Transfer Agent at 1-800-442-3814 if you are unsure of any of the special redemption requirements. Please remember that the Funds will not process redemptions greater than \$50,000 per Fund in any quarter until the original letter of instruction with the signature guarantee in proper form has been received by the Transfer Agent.

The Transfer Agent may require other documentation from corporations, trustees, executors, and others who hold shares on behalf of someone else. If you have any questions concerning the requirements, please call the Transfer Agent at 1-800-442-3814. Redemptions will not be made until all of the conditions, including the receipt in proper form of all required documentation by the Transfer Agent, have been satisfied. A redemption of Fund shares may generate a tax liability.

If you redeem more than \$250,000 or 1% of the net asset value of a Fund during any 90-day period, that Fund has the right to pay the redemption price, either totally or partially, by a distribution of portfolio securities instead of cash.

For Retail Shares, if your account falls below \$2,000 because of redemptions, the Funds may contact you about your balance. If it is still below \$2,000 after 60 days, the Funds may close your account and send you the proceeds. For Institutional Shares, if your account falls below \$1,000,000 because of redemptions, the Funds may contact you about your balance. If your account is still below \$1,000,000 after 60 days, the Funds may convert your Institutional Shares into Retail Shares. The Funds will notify you in writing that your account will be cashed out or converted in advance of taking such action so that you are informed of the new status of your account.

The Funds may suspend the normal redemption process if trading on the Exchange is suspended or if an emergency exists that reasonably precludes the valuation of the Funds' net assets or if the SEC permits a suspension.

Dividends and Distributions

Each Fund pays its shareholders dividends from its net investment income and distributes any net realized capital gains once each year. Your distributions will be reinvested in the Fund unless you instruct the Fund otherwise. There are no charges on reinvestments. After every distribution, the value of a share is automatically reduced by the amount of the distribution. If you elect not to reinvest and the postal or other delivery service is unable to deliver checks to your address of record, your

distribution will be reinvested in additional shares at the next NAV calculated after the check is returned to the Fund. No interest will accrue on amounts represented by uncashed distribution or redemption checks.

Potential investors should read the "U.S. Federal Income Taxation" section on pages 49-51 of this prospectus and the "Taxation of the Funds" section on pages 31-36 in the accompanying SAI for information on the tax treatment of distributions from the Funds and for a discussion of the tax consequences of an investment in the Funds. References below to the "Fund" apply to each of the Funds described in this prospectus.

Policies Regarding Frequent Purchases and Redemptions of Fund Shares

The Funds discourage any person who is not a long-term investor from investing in the Funds. The Funds make investments for the long term and have had relatively low turnover of the portfolios (please see the "Additional Investment Strategies" section on pages 29-32 of this prospectus and the "Principal Investment Strategies of the Fund" sections of each summary section beginning on page 4 of the prospectus). The Board has adopted policies and procedures to minimize frequent purchases and redemptions of Fund shares by shareholders. The Board believes that frequent trading (which may include market timing, short-term trading or excessive trading) of Fund shares has the potential to adversely impact other shareholders of the Funds.

The Board believes that frequent trading of Fund shares causes risks to the Funds and their shareholders. Frequent trading may dilute the value of Fund shares held by long-term shareholders, trigger gains taxable to Fund shareholders, increase brokerage and administrative costs and interfere with the efficient management of the Funds. It may disrupt the Adviser's ability to manage the Funds in accordance with their goals. This disadvantages other shareholders of the Funds and adds to Fund costs, since the Adviser may be required to sell investments prematurely to raise cash to meet redemptions. The impact could be particularly severe for a smaller Fund because the frequent activity would have a greater impact on each remaining long-term shareholder. Shareholders could also be negatively affected by frequent trading if the Adviser is forced to rebalance the portfolio and thereby incur substantial expenses in doing so.

If the Adviser reasonably believes that a person is not a long-term investor, it will attempt to prohibit that person from investing in the Funds. **The policy of the Funds is to presume that a person who trades in and out of a Fund within six months or less is not a long-term investor**, although the Adviser, in its sole discretion, will consider evidence that rebuts that presumption, including the existence of extenuating circumstances such as medical emergencies or other hardships. The Adviser will examine information that is reasonably available to it at the time,

including information supplied by third parties and the shareholder's investment history, to the extent known, in other mutual funds or investment vehicles (including vehicles managed by the Adviser or its affiliates), and if it is able to identify a person whom the Adviser deems is not a long-term investor, it will attempt to: (i) bar the person from returning to the Funds; or (ii) reject the investment from the outset. Although the Adviser may not be able to identify all persons who engage in frequent trading, it will make attempts to minimize frequent trading activity in the Funds. **Baron iOpportunity Fund** imposes a 1% short-term trading fee (please see the "Short-Term Trading Fee" section on page 44 of this prospectus) to discourage frequent trading. The Funds will not allow exchanges for an investor that the Adviser reasonably believes is not a long-term shareholder.

Certain financial intermediaries and administrators may not have systems that can accommodate the Funds' policies regarding the frequent purchases and redemptions of Fund shares. In these limited instances, the Funds must rely on those financial intermediaries and administrators to enforce their own frequent trading policies. If the Adviser reasonably believes that a financial intermediary is not enforcing its own policy, or the Funds' policies regarding frequent purchases and redemptions of Fund shares, even though it has the appropriate systems, the Funds may prohibit the financial intermediary from investing in the Funds on behalf of any of its clients.

The Funds' policies and procedures may be modified or terminated at any time. The Funds reserve the right to reject any purchase or exchange request for any reason.

How to Exchange Shares

You may exchange all or a portion of your investment from one Baron Fund into another. You may exchange shares by mail, telephone (speaking with a representative or using our automated voice recognition system "BaronTel") or through the Baron Funds® website. You must not have opted out of the telephone option to do an exchange via telephone or online (please see the "Special Information about the Baron Funds® Website" section on pages 48-49 of this prospectus). Any new account established through an exchange will have the same registration, the same privileges and will be subject to the same minimum investment requirements as your original account. There is currently no fee for an exchange. Exchanges will be executed on the basis of the relative NAV of the shares exchanged. An exchange is considered a sale for federal income tax purposes, and you may realize a taxable gain or loss. The policy of the Funds is to presume that a person who trades in and out of a Fund within six months or less is not a long-term investor (please see the "Policies Regarding Frequent Purchases and Redemptions of Fund Shares" section on pages 46-47 of this prospectus). Exchanges between funds within six months or less violate this policy. The Funds reserve the right to cancel the exchange privilege of any investor who uses the exchange privilege excessively. The Funds may change or temporarily suspend the

exchange privilege during unusual market conditions. **Baron iOpportunity Fund** imposes a short-term trading fee on redemptions and exchanges of shares held less than six months.

How to Convert Shares

The Funds offer two classes of shares, Retail Shares and Institutional Shares, which differ only in their ongoing fees and eligibility requirements. You may convert Retail Shares into Institutional Shares if your balance is at least \$1,000,000. If your account falls below \$1,000,000, the Fund may convert your Institutional Shares into Retail Shares. The transaction will be based on the relative net asset values of the respective securities to be exchanged on the trade date for the conversion. Such a conversion is not a taxable event.

Other Fees

The Funds may charge a fee of \$5 per year, with a maximum charge of \$20, to provide historical information for an account. Please call the Funds' Transfer Agent at 1-800-442-3814 for additional information.

Special Information about the Baron Funds® Website

The Baron Funds® website, www.BaronFunds.com, allows you to check your Fund account balance and historical transactions and make purchases of Fund shares or exchanges into other Baron Funds®. Exchanges into other Baron Funds on the Baron Funds® website may only be made for Retail Shares. You are automatically granted the online transaction option unless you decline the option on your account application or by calling 1-800-442-3814. To purchase shares online, you must have telephone transaction privileges and bank instructions with respect to your account. Payment for the purchase of Baron Funds shares through the website may be made only through a debit of your bank account at a U.S. bank that is a member of the Federal Reserve System.

For Retail Shares, the Funds impose a limit of \$25,000 per initial purchase transaction or subsequent transaction through the website. The minimum initial investment for Retail Shares is \$2,000 per Fund with subsequent minimum investments through the website of \$10 per month. If you are utilizing the Baron Automatic Investment Plan, you can start with an initial investment of \$500 per Fund with subsequent minimum investments of \$50 per month. You may not make an initial purchase of Institutional Shares through the Baron Funds® website unless you are an employee or Trustee of the Baron Funds. For Institutional Shares, the Funds impose a limit of \$25,000 for subsequent transactions through the website.

Redemptions cannot be processed via the website. However, shareholders have the option to redeem by telephone or mail (please see the “How to Redeem Shares” section on pages 43-45 of this prospectus).

Please be aware that the Internet is an unsecured, unstable, unregulated and unpredictable environment. Your ability to use the Baron Funds® website for transactions is dependent on the Internet, equipment, software, systems, data and services provided by various vendors and third parties. While the Funds, the Distributor, the Transfer Agent and the Adviser have established certain security measures, they cannot guarantee that inquiries, account information or trading activity will be completely secure. There may also be delays, malfunctions or other inconveniences, or times when the website is not available for Fund transactions or other purposes. If this occurs, you should consider using other methods to purchase or exchange shares. The Funds, the Distributor, the Transfer Agent and the Adviser are not liable for any delays, malfunctions or unauthorized interception or access to communications or account information.

The Funds, the Distributor, the Transfer Agent and the Adviser are not liable for any loss, liability, cost or expense for following instructions communicated through the Internet, including fraudulent or unauthorized instructions.

U.S. Federal Income Taxation

Tax Status of the Fund

Each Fund intends to qualify every year as a “regulated investment company” under the Code. If a Fund qualifies as a regulated investment company, it generally will not be subject to U.S. federal income tax on income that is distributed to shareholders, provided that it distributes to its shareholders at least 90% of its net taxable income (which includes, among other items, dividends, interest, the excess of any net short-term capital gains over net long-term capital losses and taxable income other than net capital gains) and 90% of its net tax exempt interest income in each year (“Qualifying Income”).

Taxability of Dividends and Distributions

Distributions of a Fund’s net investment income (other than “qualified dividend income”) and distributions of net short-term capital gains will be taxable to you as ordinary income. Distributions of a Fund’s net capital gains (the excess of a Fund’s net long-term capital gain for the taxable year over its net short-term capital loss for that year) designated as capital gain dividends by a Fund will be taxable to you as long-term capital gains, regardless of the length of time you have held shares of a Fund. Distributions in excess of a Fund’s current and accumulated earnings and profits will

be treated as a tax-free return of capital, to the extent of your adjusted basis in your Shares of a Fund, and as a capital gain thereafter (if you held your Shares of a Fund as capital assets). Provided that you satisfy the applicable holding period and other requirements with respect to your Shares of a Fund, distributions of a Fund's "qualified dividend income" in taxable years beginning before January 1, 2011 will be treated as qualified dividend income received by you and will therefore be subject to U.S. federal income tax at the rates applicable to long-term capital gains. The Funds will inform you each year of the tax status of distributions you received for the previous year. Your tax liabilities for such distributions will depend on your particular tax situation.

If you elect to reinvest distributions in additional shares of a Fund, you will be treated for U.S. federal income tax purposes as receiving the relevant distributions and using them to purchase shares. All distributions of net investment income and net capital gains, whether received in cash or reinvested, must be reported on your U.S. federal income tax return.

A distribution will be treated as paid during a calendar year if it is declared by the Fund in October, November or December of the year to holders of record in such a month and paid by January 31 of the following year. Such distributions will be taxable to you as if received on December 31 of such prior year, rather than in the year in which the distributions are actually received.

Dividends and interest received by a Fund may give rise to withholding and other taxes imposed by foreign countries. If a Fund meets certain requirements and so elects, a ratable portion of the amounts withheld or paid will generally be taxable to you as a shareholder even though you do not receive them. However, you may be able to claim a tax credit or a deduction for your portion of any foreign withholding and income taxes paid by a Fund.

By law, a Fund must withhold 28% of your dividends and redemption proceeds if you have not provided a taxpayer identification number or social security number or if the number you have provided is incorrect.

Taxability of the Sale or Redemption of Shares

You will recognize a taxable gain or loss, if any, if you sell or redeem your Shares. You will generally be subject to taxation based on the difference between your adjusted tax basis in your Shares sold or redeemed and the value of the cash or other property you receive in payment therefor.

Any gain or loss arising from the sale or redemption of shares will be treated as capital gain or loss if the shares are capital assets in your hands and will generally be long-term capital gain or loss if your holding period for your Shares is more than one

year and short-term capital gain or loss if it is one year or less. Currently, capital gains recognized by individuals and other non-corporate shareholders on a sale or redemption of shares generally are taxed at the rate of 15% if your holding period for your Shares is more than one year. Any loss realized on a sale or redemption will be disallowed to the extent your Shares disposed of are replaced with substantially identical shares within a period beginning 30 days before and ending 30 days after the disposition of your Shares. In such a case, your basis of the shares acquired will be adjusted to reflect the disallowed loss. Any loss arising from the sale or redemption of shares for which you have a holding period of six months or less will be treated for U.S. federal tax purposes as a long-term capital loss to the extent of any amount of capital gain dividends you receive with respect to such shares.

The foregoing is a summary of some of the important U.S. federal income tax considerations affecting the Funds and their shareholders. It is not a complete analysis of all relevant tax considerations, nor is it a complete listing of all potential tax risks involved in purchasing or holding shares of the Funds. You should consult your own tax adviser regarding specific questions of federal, state, local or foreign tax law.

Taxability of Conversion of Shares

The Funds offer two classes of shares, Retail Shares and Institutional Shares, which differ only in their ongoing fees and eligibility requirements. You may convert Retail Shares into Institutional Shares if your balance in a Fund is at least \$1,000,000. If your account falls below \$1,000,000 because of redemptions, the Fund may convert your Shares into Retail Shares. The transaction will be based on the respective NAV of each class on the trade date for the conversion. Such a conversion is not a taxable event. You should consult your own tax adviser regarding specific questions of federal, state, local or foreign tax law.

Distribution Arrangements

12b-1 Plan

The Funds have adopted a distribution plan for Retail Shares under Rule 12b-1 of the Investment Company Act of 1940 (the "1940 Act") that allows the Funds to pay distribution fees for the sale of Retail Shares and for services provided to shareholders. A substantial portion of the 12b-1 fees is directed to third parties that provide shareholder servicing to existing shareholders. Because the fees are paid out of the Funds' assets attributable to the Retail Shares on an on-going basis, over time these fees will increase the cost of your investment in Retail Shares and may cost you more than paying other types of sales charges. The 12b-1 plan authorizes the Funds to pay BCI a distribution fee equal to 0.25% per annum of each Fund's average daily

net assets attributable to the Retail Shares (please see the “12b-1 Plan” section on page 25-27 of the SAI). The 12b-1 Plan does not apply to Institutional Shares.

Third Party Arrangements. The Adviser, the Distributor or their affiliates, may, at their own expense out of their own financial resources (a source of which may be payment under the Funds’ 12b-1 Plan for Retail Shares), make cash payments for shareholder services to some, but not all brokers, dealers or other financial intermediaries, as an incentive to sell shares of the Funds and/or promote retention of their customers’ assets in the Funds. These payments, sometimes referred to as “revenue sharing payments,” do not change the price paid by investors to purchase the Funds’ shares or the amount the Funds receive as proceeds from such sales.

Revenue sharing payments may be made to brokers, dealers or other financial intermediaries that provide services to the Funds or to shareholders of the Funds, including shareholder servicing, transaction processing, sub-accounting services, marketing support and/or access to sales meetings, sales representatives and management representatives of the broker, dealer or other financial intermediary. Revenue sharing payments may also be made to brokers, dealers or other financial intermediaries for inclusion of the Funds on a sales list, including a preferred or select sales list, in other sales programs, or as an expense reimbursement in cases where the broker, dealer or other financial intermediary provides shareholder services to Fund shareholders. Revenue sharing payments may be structured: (i) as a percentage of net sales; (ii) as a percentage of net assets; and/or (iii) as a fixed dollar amount.

The Funds may pay fees to financial intermediaries out of the applicable Fund’s assets (in addition to 12b-1 fees for Retail Shares), for servicing shareholder accounts. Such financial intermediaries would have omnibus accounts with the Transfer Agent, and provide shareholder servicing and/or sub-transfer agent services to shareholders or beneficial owners. It is anticipated that any amounts paid by the Funds to such financial intermediaries would not exceed the amount each Fund would have incurred in maintaining the shareholder accounts for those who invest in the Fund directly rather than through these financial intermediaries. As of December 31, 2009, the Funds have made no such payments.

Financial Highlights

The financial highlights table is intended to help you understand the Funds' financial performance for the fiscal years indicated. Certain information reflects financial results for a single Fund share. The "total return" shows how much your investment in a Fund would have increased (or decreased) during each period, assuming you had reinvested all dividends and distributions. These financial highlights, for each of the periods presented in the five year period ended September 30, 2009 have been audited by PricewaterhouseCoopers LLP, the Funds' independent registered public accounting firm, whose report, along with the Funds' financial statements, is included in the Funds' Annual Financial Report, which is available upon request by calling 1-800-99BARON or by emailing info@baronfunds.com. The Annual Financial Report is also incorporated by reference in the SAI. The SAI and the Annual Financial Report can be found at www.BaronFunds.com.

BARON ASSET FUND

Fiscal Year Ended September 30	RETAIL SHARES					INSTITUTIONAL SHARES
	2009	2008	2007	2006	2005	2009 ⁽³⁾
Net Asset Value, Beginning of Year	\$ 52.12	\$ 66.57	\$ 60.08	\$ 56.52	\$ 47.89	\$37.38
INCOME FROM INVESTMENT OPERATIONS:						
Net Investment Loss	(0.20) ⁽¹⁾	(0.29) ⁽¹⁾	(0.10) ⁽¹⁾	(0.27)	(0.46)	(0.05) ⁽¹⁾
Net Realized and Unrealized Gain (Loss) on Investments	(5.68)	(12.08)	11.27	6.64	12.08	6.32
Total from Investment Operations	(5.88)	(12.37)	11.17	6.37	11.62	6.27
LESS DISTRIBUTIONS TO SHAREHOLDERS FROM:						
Net Investment Income	0.00	0.00	0.00	0.00	0.00	0.00
Net Realized Gain on Investments	(2.62)	(2.08)	(4.68)	(2.81)	(2.99)	0.00
Total Distributions	(2.62)	(2.08)	(4.68)	(2.81)	(2.99)	0.00
Net Asset Value, End of Year	\$ 43.62	\$ 52.12	\$ 66.57	\$ 60.08	\$ 56.52	\$43.65
TOTAL RETURN	(9.88%)	(19.14%)	19.56%	11.54%	25.21%	16.77%⁽⁴⁾
RATIOS/SUPPLEMENTAL DATA:						
Net Assets (in millions), End of Year	\$2,652.6	\$3,311.8	\$4,468.0	\$3,365.6	\$2,687.4	\$ 82.3
Ratio of Operating Expenses to Average Net Assets	1.36 ⁽²⁾	1.33% ⁽²⁾	1.34% ⁽²⁾	1.33%	1.34%	1.16% ⁽⁵⁾
Ratio of Net Investment Loss to Average Net Assets	(0.54%)	(0.49%)	(0.17%)	(0.49%)	(0.91%)	(0.39%) ⁽⁵⁾
Portfolio Turnover Rate	14.67%	16.02%	13.39%	21.87%	11.47%	14.67% ⁽⁴⁾

(1) Based on average shares outstanding.

(2) Benefit of expense reduction rounds to less than 0.01%.

(3) For the period May 29, 2009 (Commencement of Operations) to September 30, 2009.

(4) Not Annualized.

(5) Annualized.

BARON GROWTH FUND

Fiscal Year Ended September 30	RETAIL SHARES					INSTITUTIONAL SHARES
	2009	2008	2007	2006	2005	2009 ⁽³⁾
Net Asset Value, Beginning of Year	\$ 41.69	\$ 54.55	\$ 47.23	\$ 45.96	\$ 38.92	\$33.71
INCOME FROM INVESTMENT OPERATIONS:						
Net Investment Loss	(0.18) ⁽¹⁾	(0.28) ⁽¹⁾	(0.25) ⁽¹⁾	(0.29)	(0.29)	(0.04) ⁽¹⁾
Net Realized and Unrealized Gain (Loss) on Investments	(2.47)	(10.07)	10.11	3.61	7.33	5.36
Total from Investment Operations	(2.65)	(10.35)	9.86	3.32	7.04	5.32
LESS DISTRIBUTIONS TO SHAREHOLDERS FROM:						
Net Investment Income	0.00	0.00	0.00	0.00	0.00	0.00
Net Realized Gain on Investments	(0.04)	(2.51)	(2.54)	(2.05)	0.00	0.00
Total Distributions	(0.04)	(2.51)	(2.54)	(2.05)	0.00	0.00
Net Asset Value, End of Year	\$ 39.00	\$ 41.69	\$ 54.55	\$ 47.23	\$ 45.96	\$39.03
TOTAL RETURN	(6.34%)	(19.78%)	21.41%	7.36%	18.09%	15.78%⁽⁴⁾
RATIOS/SUPPLEMENTAL DATA:						
Net Assets (in millions), End of Year	\$5,034.5	\$5,615.0	\$7,075.9	\$5,315.8	\$5,005.1	\$238.7
Ratio of Operating Expenses to Average Net Assets	1.35% ⁽²⁾	1.32% ⁽²⁾	1.31% ⁽²⁾	1.31%	1.31%	1.13% ⁽⁵⁾
Ratio of Net Investment Loss to Average Net Assets	(0.56%)	(0.59%)	(0.49%)	(0.61%)	(0.73%)	(0.29%) ⁽⁵⁾
Portfolio Turnover Rate	26.65%	25.97%	21.37%	21.27%	15.50%	26.65% ⁽⁴⁾

(1) Based on average shares outstanding.

(2) Benefit of expense reduction rounds to less than 0.01%.

(3) For the period May 29, 2009 (Commencement of Operations) to September 30, 2009.

(4) Not Annualized.

(5) Annualized.

BARON SMALL CAP FUND

Fiscal Year Ended September 30	RETAIL SHARES					INSTITUTIONAL SHARES
	2009	2008	2007	2006	2005	2009 ⁽⁴⁾
Net Asset Value, Beginning of Year	\$ 18.70	\$ 25.47	\$ 23.59	\$ 23.08	\$ 19.18	\$15.52
INCOME FROM INVESTMENT OPERATIONS:						
Net Investment Loss	(0.13) ⁽¹⁾	(0.09) ⁽¹⁾	(0.02) ⁽¹⁾	(0.18)	(0.10)	(0.04) ⁽¹⁾
Net Realized and Unrealized Gain (Loss) on Investments	(0.61)	(5.01)	4.96	1.43	4.55	2.49
Total from Investment Operations	(0.74)	(5.10)	4.94	1.25	4.45	2.45
LESS DISTRIBUTIONS TO SHAREHOLDERS FROM:						
Net Investment Income	0.00	0.00	0.00	0.00	0.00	0.00
Net Realized Gain on Investments	(0.00) ⁽²⁾	(1.67)	(3.06)	(0.74)	(0.55)	0.00
Total Distributions	(0.00)	(1.67)	(3.06)	(0.74)	(0.55)	0.00
Net Asset Value, End of Year	\$ 17.96	\$ 18.70	\$ 25.47	\$ 23.59	\$ 23.08	\$17.97
TOTAL RETURN	(3.95%)	(21.44%)	22.54%	5.52%	23.56%	15.79%⁽⁵⁾
RATIOS/SUPPLEMENTAL DATA:						
Net Assets (in millions), End of Year	\$2,719.4	\$2,871.6	\$3,522.4	\$2,921.7	\$2,828.6	\$ 89.4
Ratio of Operating Expenses to Average Net Assets	1.34% ⁽³⁾	1.32% ⁽³⁾	1.31% ⁽³⁾	1.33%	1.33%	1.16% ⁽⁶⁾
Ratio of Net Investment Loss to Average Net Assets	(0.86%)	(0.42%)	(0.09%)	(0.73%)	(0.48%)	(0.75%) ⁽⁶⁾
Portfolio Turnover Rate	35.83%	41.52%	36.51%	39.99%	24.68%	35.83% ⁽⁵⁾

(1) Based on average shares outstanding.

(2) Less than \$0.01 per share.

(3) Benefit of expense reduction rounds to less than 0.01%.

(4) For the period May 29, 2009 (Commencement of Operations) to September 30, 2009.

(5) Not Annualized.

(6) Annualized.

BARON iOPPORTUNITY FUND

Fiscal Year Ended September 30	RETAIL SHARES					INSTITUTIONAL SHARES
	2009	2008	2007	2006	2005	2009 ⁽⁵⁾
Net Asset Value, Beginning of Year	\$ 9.90	\$ 13.01	\$ 10.05	\$ 9.16	\$ 7.58	\$ 8.88
INCOME FROM INVESTMENT OPERATIONS:						
Net Investment Loss	(0.08) ⁽¹⁾	(0.09) ⁽¹⁾	(0.07) ⁽¹⁾	(0.03)	(0.09)	(0.02) ⁽¹⁾
Net Realized and Unrealized Gain (Loss) on Investments	0.79	(3.02)	3.03	0.92	1.66	1.76
Total from Investment Operations	0.71	(3.11)	2.96	0.89	1.57	1.74
LESS DISTRIBUTIONS TO SHAREHOLDERS FROM:						
Net Investment Income	0.00	0.00	0.00	0.00	0.00	0.00
Net Realized Gain on Investments	0.00	0.00	0.00	0.00	0.00	0.00
Total Distributions	0.00	0.00	0.00	0.00	0.00	0.00
Redemption Fees Added to Paid-In Capital	0.00 ⁽²⁾	0.00 ⁽²⁾	0.00 ⁽²⁾	0.00 ⁽²⁾	0.01	0.00
Net Asset Value, End of Year	\$10.61	\$ 9.90	\$13.01	\$10.05	\$ 9.16	\$10.62
TOTAL RETURN	7.17%	(23.90%)	29.45% ⁽³⁾	9.72%	20.84% ⁽³⁾	19.59% ⁽³⁾⁽⁶⁾
RATIOS/SUPPLEMENTAL DATA:						
Net Assets (in millions), End of Year	\$142.7	\$ 154.4	\$198.0	\$145.4	\$145.7	\$ 10.9
Ratio of Operating Expenses to Average Net Assets	1.50%	1.42%	1.43%	1.45%	1.52%	1.37% ⁽⁷⁾
Less: Reimbursement of Expenses by Adviser and/or Offsets	0.00% ⁽⁴⁾	0.00% ⁽⁴⁾	(0.01%)	0.00%	(0.02%)	(0.12) ⁽⁷⁾
Ratio of Net Expenses to Average Net Assets	1.50%	1.42%	1.42%	1.45%	1.50%	1.25% ⁽⁷⁾
Ratio of Net Investment Loss to Average Net Assets	(1.00%)	(0.79%)	(0.61%)	(0.26%)	(1.01%)	(0.74%) ⁽⁷⁾
Portfolio Turnover Rate	68.09%	61.44%	46.20%	67.25%	83.64%	68.09% ⁽⁶⁾

(1) Based on average shares outstanding.

(2) Less than \$0.01 per share.

(3) The total returns would have been lower had certain expenses not been reduced during the periods shown.

(4) Benefit of expense reduction rounds to less than 0.01%.

(5) For the period May 29, 2009 (Commencement of Operations) to September 30, 2009.

(6) Not Annualized.

(7) Annualized.

BARON FIFTH AVENUE GROWTH FUND

Fiscal Year Ended September 30	RETAIL SHARES					INSTITUTIONAL SHARES
	2009	2008	2007	2006	2005	2009 ⁽²⁾
Net Asset Value, Beginning of Year	\$ 10.38	\$ 14.12	\$ 12.22	\$ 11.56	\$ 9.89	\$ 7.54
INCOME FROM INVESTMENT OPERATIONS:						
Net Investment Income (Loss)	0.03 ⁽¹⁾	0.00 ⁽¹⁾⁽⁷⁾	(0.01) ⁽¹⁾	(0.02)	(0.05)	0.02 ⁽¹⁾
Net Realized and Unrealized Gain (Loss) on Investments	(1.03)	(2.62)	1.91	0.68	1.72	1.05
Total from Investment Operations	(1.00)	(2.62)	1.90	0.66	1.67	1.07
LESS DISTRIBUTIONS TO SHAREHOLDERS FROM:						
Net Investment Income	(0.01)	0.00	0.00	0.00	0.00	0.00
Net Realized Gain on Investments	(0.77)	(1.12)	0.00	0.00	0.00	0.00
Total Distributions	(0.78)	(1.12)	0.00	0.00	0.00	0.00
Net Asset Value, End of Year	\$ 8.60	\$ 10.38	\$ 14.12	\$ 12.22	\$ 11.56	\$ 8.61
TOTAL RETURN	(7.75%)⁽³⁾	(19.96%)⁽³⁾	15.55%	5.71%	16.89%⁽³⁾	14.19%⁽³⁾⁽⁴⁾
RATIOS/SUPPLEMENTAL DATA:						
Net Assets (in millions), End of Year	\$ 32.8	\$ 58.2	\$ 110.2	\$ 123.3	\$ 96.5	\$ 9.5
Ratio of Operating Expenses to Average Net Assets	1.69%	1.47%	1.36%	1.39%	1.49%	1.61% ⁽⁶⁾
Less: Reimbursement of Expenses by Adviser and/or Offsets	(0.29%)	(0.07%)	0.00% ⁽⁵⁾	0.00%	(0.09%)	(0.46%) ⁽⁶⁾
Ratio of Net Expenses to Average Net Assets	1.40%	1.40%	1.36%	1.39%	1.40%	1.15% ⁽⁶⁾
Ratio of Net Investment Income (Loss) to Average Net Assets	0.40%	(0.01%)	(0.08%)	(0.16%)	(0.58%)	0.58% ⁽⁶⁾
Portfolio Turnover Rate	39.61%	39.59%	28.75%	105.77%	46.71%	39.61% ⁽⁴⁾

(1) Based on average shares outstanding.

(2) For the period May 29, 2009 (Commencement of Operations) to September 30, 2009.

(3) The total returns would have been lower had certain expenses not been reduced during the periods shown.

(4) Not Annualized.

(5) Benefit of expense reduction rounds to less than 0.01%.

(6) Annualized.

(7) Less than \$0.01 per share.

General Information

Custodian, Administrator, Transfer Agent and Dividend Agent

State Street Bank and Trust Company ("SSBT"), One Lincoln Street, Boston, MA 02111, serves as the custodian for the Funds' cash and securities.

SSBT serves as the administrator to the Funds and provides certain accounting and bookkeeping services, which include maintaining the books of each Fund, calculating daily the income and NAV per share of each Fund and assisting in the preparation of tax returns and reports to shareholders.

DST Systems, Inc. ("DST") serves as transfer agent and dividend disbursing agent for the Funds.

These institutions are not responsible for investment decisions of the Funds.

Shareholder Information

If you have questions about your account or transactions, please contact DST at DST Systems, Inc., P.O. Box 219946, Kansas City, MO 64121-9946, or by telephone at 1-800-442-3814.

If you have questions about general Fund information, please call 1-800-99BARON or 212-583-2100.

As a Massachusetts business trust, annual shareholder meetings are not required. The Adviser sends Semi-Annual Financial Reports to shareholders. Pending legal proceedings, if any, are disclosed in the SAI.

Privacy Notice

The Funds collect nonpublic personal information about you from the following sources:

- Information we receive from you on applications or other forms;
- Information about your transactions with us, our Adviser or others; and
- Information we receive from third parties, such as credit reporting agencies.

"Nonpublic personal information" is private information about you that we obtain in connection with providing a financial product or service to you.

We may share your name and address with other Funds and the Adviser and its affiliates for the purpose of sending you information about our products that we believe may be of interest to you and informing you of our upcoming Baron Investment Conference and for sending required information.

We do not disclose any nonpublic personal information about our customers to anyone, except as permitted or required by law. Examples of permitted disclosures under the law include sharing with companies that work for us to provide you services, such as the Transfer Agent or mailing house. All such companies that act on our behalf are contractually obligated to keep the information that we provide to them confidential and to use the information only to provide the services that we have asked them to perform for you and us.

We restrict access to nonpublic information about you to those employees who need to know that information to provide products or services to you. We maintain physical, electronic and procedural safeguards to guard your nonpublic personal information.

This privacy notice is also available at all times on the Baron Funds® website, www.BaronFunds.com or by calling 1-800-99BARON.

For More Information

Investors who want more information about Baron Funds® may obtain the following documents free upon request at the numbers or addresses below.

Shareholder Reports and Statement of Additional Information

Additional information about the Funds' investments is available in the Funds' Annual and Semi-Annual Financial Reports to shareholders. In the Funds' Annual Report you will find a discussion of the market conditions and investment strategies that significantly affected the Funds' performance during the last fiscal year.

Additional information is also contained in the SAI dated January 28, 2010. A current SAI is on file with the SEC and is incorporated by reference in this prospectus. You may obtain the SAI and the shareholder reports without charge by writing or calling 1-800-99BARON. The SAI and shareholder reports are also available on the Baron Funds® website, www.BaronFunds.com.

By telephone: Call 1-800-99BARON (1-800-992-2766)

By mail: Write to: BARON FUNDS®
767 Fifth Avenue
New York, NY 10153

By e-mail: Send your request to:
info@BaronFunds.com

On the Internet: Text-only versions of Baron Funds® documents can be viewed online or downloaded from: www.BaronFunds.com or from the EDGAR database on the SEC's website at www.sec.gov.

Other: Information about the Funds (including the SAI) can be reviewed and copied at the Commission's Public Reference Room in Washington, D.C., and information on the operation of the Public Reference Room may be obtained by calling the SEC at 1-202-551-8090. Reports and other information about the Funds are available on the EDGAR Database on the SEC's Internet site at <http://www.sec.gov> and copies of this information may be obtained, after paying a duplication fee, by electronic request at the following email address; publicinfo@sec.gov, or by writing the SEC's Public Reference Section, Washington, D.C. 20549-1520.

Ticker Symbols:	Baron Asset Fund	
	Retail Shares	BARAX
	Institutional Shares	BARIX
	Baron Growth Fund	
	Retail Shares	BGRFX
	Institutional Shares	BGRIX
	Baron Small Cap Fund	
	Retail Shares	BSCFX
	Institutional Shares	BSFIX
	Baron iOpportunity Fund	
	Retail Shares	BIOPX
	Institutional Shares	BIOIX
	Baron Fifth Avenue Growth Fund	
	Retail Shares	BFTHX
	Institutional Shares	BFTIX
SEC file number:	811-5032	

No person has been authorized to give any information or to make any representations other than those contained in this prospectus or in the related SAI.



767 Fifth Avenue • New York, NY 10153

Back to Table of Contents