DEAR BARON FOCUSED GROWTH FUND SHAREHOLDER:

PERFORMANCE

Baron Focused Growth Fund (the "Fund") increased 1.09% (Institutional Shares) in the first quarter. The Russell 2500 Growth Index, the benchmark against which we compare the performance of the Fund, rose 2.38%, while the S&P 500 Index, which measures the performance of large-cap companies, fell 0.76% during the period.

Table I.
Performance
Annualized for periods ended March 31, 2018

	Baron Focused Growth Fund Retail Shares[1,2,3]	Baron Focused Growth Fund Institutional Shares[1,2,3,4]	Russell 2500 Growth Index[2]	S&P 500 Index[2]
Three Months[5]	0.98%	1.09%	2.38%	(0.76)%
One Year	17.57%	17.89%	19.92%	13.99%
Three Years	6.63%	6.92%	9.11%	10.78%
Five Years	7.77%	8.05%	13.37%	13.31%
Ten Years	7.35%	7.59%	11.17%	9.49%
Since Inception (May 31,1996)	10.85%	10.96%	8.06%	8.52%

While the Fund's focused investments continued to make good fundamental progress, **Tesla, Inc.**, one of the Fund's largest investments, had a setback we believe to be temporary. Tesla had trouble increasing production capacity to meet unprecedented consumer demand for its Model 3. As a result, investors expected the company to return to capital markets for additional funding. After the quarter ended, Tesla's management indicated they are making good progress on Model 3 production and do not expect to raise additional capital this year. Tesla's shares rebounded modestly early in the second quarter. We continue to believe there has been no change to the company's favorable long-term growth prospects. The Fund's other top positions outperformed in the quarter. **Vail Resorts, Inc.** and **CoStar Group, Inc.** generated stronger results than most expected and were rewarded with higher multiples and strong stock performance.

RONALD BARON

CEO AND PORTFOLIO MANAGER

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

While the Fund's 3-, 5- and 10-year performance continues to trail its benchmark index, this was partly due to our lack of exposure to outperforming biotechnology stocks, as well as the poor performance of our retail, industrial, and financial businesses, many of which have since been sold. Additionally, most of the businesses we presently own have been investing and penalizing their current earnings to become much larger enterprises. We believe this negatively impacted the share prices of these companies in recent years. Those investments are now contributing to accelerated earnings growth for these businesses. Several of our portfolio companies have also acquired assets during the last few years that we believe will add to their earnings growth. Examples include CoStar purchasing apartments.com and ForRent; Vail Resorts buying Park City, Whistler and Stowe; **Hyatt Hotels Corp.** purchasing Miraval and Exhale spas; and **Choice Hotels International, Inc.** buying an extended stay hotel franchisor. We think the changes made to the portfolio as well as the steps

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Performance listed in the above table is net of annual operating expenses. Annual expense ratio for the Retail Shares and Institutional Shares as of December 31, 2017 was 1.40% and 1.12%, but the net annual expense ratio was 1.35% and 1.10% (net of the Adviser's fee waivers), respectively. The performance data quoted represents past performance. *Past performance is no guarantee of future results. The investment return and principal value of an investment will fluctuate; an investor's shares, when redeemed, may be worth more or less than their original cost. The Adviser has reimbursed certain Fund expenses (by contract as long as BAMCO, Inc. is the adviser to the Fund) for and the Fund's transfer agency expenses may be reduced by expense offsets from an unaffiliated transfer agent, without which performance would have been lower. Current performance may be lower or higher than the performance data quoted. For performance information current to the most recent month end, visit www.BaronFunds.com or call 1-800-99BARON.*

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

2 The indexes are unmanaged. The Russell 2500™ Growth Index measures are classified as growth and the S&P 500 Index of 500 widely the performance of small to medium-sized U.S. companies that held large cap U.S. companies. The indexes and the Fund are with dividends, which positively impact the performance results. Russell Investment Group is the source and owner of the trademarks, service marks and copyrights related to the Russell Indexes. Russell is a trademark of Russell Investment Group.

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

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

5 Not annualized.

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being taken by our businesses to enhance growth should improve the Fund's performance. While we are disappointed with the 3-, 5- and 10-year results, the fundamentals of the Fund's business investments are favorable, and we expect the Fund to again be a top performing fund as it has been since its inception in 1996.

Table II.
Performance
Periods Baron Focused Growth Fund underperformed

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

While the Fund's three- and five-year performance lags its benchmark Russell 2500 Growth Index, most of this underperformance is the consequence of 2014 to 2016 results. While we are disappointed with the three- and five-year performance of the Fund, the investments our businesses made from 2014-2016 are beginning to earn returns.

We believe the Fund's underperformance from 2014 through 2016, which has negatively impacted its trailing three- and five-year returns, is analogous to instances when after brief periods of underperformance, the Fund subsequently outperformed for an extended period. For example, in the 18-month period from October 1998 through March 2000, at the height of the Internet Bubble, the Fund, which owned no internet stocks, increased in value 41.77% annualized while the benchmark increased 126.53% annualized…just prior to the Internet Bubble bursting and the index falling materially.

Similar to Baron Focused Growth Fund's relatively strong performance in the post-Internet Bubble period, we expect the Fund's performance to continue. This is though we can certainly make no guarantee this will be the case.

Since its inception on May 31, 1996, the Fund's 10.96% annualized performance has exceeded that of its benchmark by an average of approximately 300 basis points per year. A $10,000 investment in Baron Focused Growth Fund at its inception in May 31, 1996 would now be worth $96,929! If an investor had instead invested $10,000 in a passive index that mirrored the Russell 2500 Growth Index, it would be worth only $54,325. Please see Table III.

Baron Focused Growth Fund's beta has averaged .77 since inception. This means the Fund has been 77% as volatile as the benchmark. As a result of Baron Focused Growth Fund's strong absolute and relative returns and lower risk, the Fund has achieved 4.83% annual alpha, a measure of risk-adjusted excess performance, since inception.

Table III.
Performance
Millennium to Present. The Impact of Not Losing Money.

	Millennium Internet Bubble to Financial Panic 12/31/99 to 12/31/08		Financial Panic to Present 12/31/08 to 3/31/18		Millennium Internet Bubble to Present 12/31/99 to 3/31/18		Inception 5/31/96 to 3/31/18	
	Value $10,000	Cumulative	Value $10,000	Cumulative	Value $10,000	Cumulative	Value $10,000	Cumulative
Baron Focused Growth Fund (Institutional Shares)	$12,732	27.32%	$31,550	215.50%	$40,169	301.69%	$96,929	869.29%
Russell 2500 Growth Index	$ 6,931	(30.69)%	$43,842	338.42%	$30,386	203.86%	$54,325	443.25%
S&P 500 Index	$ 7,188	(28.12)%	$35,604	256.04%	$25,592	155.92%	$59,551	495.51%

Baron Focused Growth Fund didn't make much money from the peak of the Internet Bubble December 31,1999 through the trough of the Financial Crisis December 31, 2008. But…we did make *something*…which gave you a much better outcome than if you had invested in a passive index mirroring either the Russell 2500 Growth Index, our benchmark, or the S&P 500 Index. Both indexes lost money during that period.

Due to the "magic" of compounding, $10,000 invested in Baron Focused Growth Fund on December 31,1999 is worth 4.0 times that amount, or $40,169 on March 31, 2018. Due to the losses experienced by the Russell Midcap Growth Index in Millennium Internet Bubble to Financial Panic period, that is 32.2% more than an investment in a passive Russell 2500 Growth Index mutual fund.

We are pleased that our long-term investments in what we believe are competitively advantaged, exceptionally well-managed growth companies enabled us to be heedful of Buffett's "don't lose money" admonition during the Millennium Internet Bubble to Financial Panic Years. Of course, past performance is no guarantee of future results.

Baron Focused Growth Fund, like all Baron Funds, utilizes a bottom-up, fundamental research approach to invest in what we consider to be fast growing, competitively advantaged, and well-managed businesses at attractive valuations. When we invest, we do so with a long-term mindset and do not seek to change our portfolios from one quarter to the next due to temporary events in the macro or geopolitical environment, which we consider impossible to predict.

Despite the market's recent gains, we continue to believe many businesses owned in the Fund remain significantly undervalued relative to their long-term growth prospects. Many of our companies continue to invest in their businesses at strong rates of return, make accretive acquisitions, and use excess cash flow for share buybacks and dividend payments.

Hyatt Hotels Corp. continued to take market share from competitors and signed up more developers for its brands, while continuing to buy back stock. **Red Rock Resorts, Inc.** continued to invest in the renovation of two key casinos in the Las Vegas locals market and expects to generate a mid-teens return on capital over time. **CoStar Group, Inc.** generated stronger than expected bookings and successfully upgraded customers to its CoStar suite of products. **Tesla, Inc.** continued to ramp up production of its Model 3 vehicles adding to its production of upscale Model S and Xs. It also continued to add service locations and charging stations domestically and abroad. **Vail Resorts, Inc.** had a stronger-than-expected start to the 2019 ski season and raised the price on its season pass for next year by 5%, despite increased competition from mountain group's ski passes. **Manchester United plc** has a globally recognized brand and vast worldwide following with almost 700 million fans. The company is penalizing its present earnings by investing heavily in players and a new manager. We expect Manchester United's investments to boost its revenues more than 50% on their way to $1 billion and double its EBITDA during the next five or six years.

Table IV.
Top contributors to performance for the quarter ended March 31, 2018

	Year Acquired	Market Cap When Acquired (billions)	Quarter End Market Cap (billions)	Total Return	Percent Impact
CoStar Group, Inc.	2014	$6.2	$13.1	22.14%	2.26%
Vail Resorts, Inc.	2013	2.3	9.0	5.03	0.70
Space Exploration Technologies Corp.	2017	0.8	4.1	18.41	0.65
Hyatt Hotels Corp.	2009	4.2	9.1	3.89	0.50
Guidewire Software, Inc.	2013	2.7	6.5	8.85	0.35

Shares of **CoStar Group, Inc.**, a real estate information and marketing services company, contributed to performance. Business trends are excellent, with the company announcing that fourth quarter sales jumped approximately 50% year-over-year. We are excited about the upsell of Loopnet Premium Searcher customers to the flagship CoStar product, which we believe can contribute an incremental $150 million to $200 million of recurring revenue. We think CoStar has an even larger opportunity to optimize its Premium Lister product, and we expect the recent acquisition of ForRent to be meaningfully accretive. (Neal Rosenberg)

Shares of **Vail Resorts, Inc.**, a global operator of ski resorts, increased in the quarter on the company's reported EBITDA growth, despite a tough ski season that saw the worst snowfall in decades at its Colorado, Utah, and Tahoe resorts. The company increased its dividend by 40% thanks to strong season pass sales and demonstrated consistency in its earnings and free cash flow. (David Baron)

Private investment **Space Exploration Technologies Corp.** (SpaceX) designs, manufactures, and launches advanced rockets and spacecrafts. Shares increased after recent transactions in the private market showed demand for the stock. The company continued to leverage its unique inventory of reusable rockets to offer launches at a lower cost than other vendors and take significant share in commercial and governmental launches. SpaceX is building broadband capabilities by deploying a new satellite constellation, and aims to ultimately revolutionize space technology. (Ishay Levin)

Table V.
Top detractors from performance for the quarter ended March 31, 2018

	Year Acquired	Market Cap When Acquired (billions)	Quarter End Market Cap (billions)	Total Return	Percent Impact
Tesla, Inc.	2014	$31.2	$45.0	–14.52%	–1.99%
Red Rock Resorts, Inc.	2017	2.6	3.4	–12.95	–0.54
Benefitfocus, Inc.	2014	0.7	0.8	–9.63	–0.31
Arch Capital Group Ltd.	2003	0.9	11.7	–5.71	–0.25
Denali Therapeutics Inc.	2018	1.7	1.9	–0.25	–0.21

Tesla, Inc. makes electric vehicles, solar products, and energy storage solutions. Shares declined on a series of events, including the Model 3 ramp-up that was slower than market expectations, a government investigation into a fatal Model X accident, a Moody's downgrade of Tesla's bond rating, and a recall of more than 100,000 Model S vehicles. Though they impacted short-term results, we maintain our long-term investment thesis on Tesla based on its potential to disrupt multiple large markets. (Ishay Levin)

Shares of **Red Rock Resorts, Inc.**, an operator of casinos in the Las Vegas locals market, decreased in the first quarter on news that the company increased its investment in Palms Casino Resort from $800 million to $935 million, causing investors to question the previously stated expected return on capital. However, we believe the investment should still generate a mid-teens return over time. Red Rock Resorts operates in an improving market, which we believe has favorable fundamentals including population growth that is 2.7 times the national average and $14 billion of planned real estate developments. (David Baron)

Shares of benefits software vendor **Benefitfocus, Inc.** detracted from performance this quarter due to lingering concerns about business model changes. We believe recent financial performance is encouraging, as evidenced by increases in bookings, margins, and cash flow in the most recent quarter. Additionally, we believe the increase in outreach to brokers and carriers is a positive development. We view the company's addressable opportunity as large and expanding, and its competitive position as strong, and we believe margins can continue to improve. (Neal Rosenberg)

Investment Strategy & Portfolio Structure

The strategy of Baron Focused Growth Fund is to invest for the long term in a focused portfolio of what we believe are appropriately capitalized, well-managed, small- and mid-cap growth businesses at attractive prices. We attempt to create a portfolio of less than 20 securities diversified by GICS sectors that will be approximately 80% as volatile (beta) as the market. These businesses are identified by using our Firm's proprietary research and time-tested investment approach, our investment professionals identify these businesses.

As of March 31, 2018, Baron Focused Growth Fund held 14 investments as the Fund initiated a position in **Denali Therapeutics Inc.**, a biotech company involved in the development of medicines for neurological disorders specifically for Alzheimer's, Parkinson's, and ALS. We recognize the high-risk nature of such an early investment and have been thoughtful in our total exposure to Denali's risk profile as it is just 2% of the Fund. However, Denali is leading the efforts to bring genetics and molecular biology to neurodegenerative diseases, and we believe it should be successful over time.

The Fund's average portfolio turnover for the past three years was 12.5%. This means the Fund has an average holding period for its investments of eight years. This contrasts sharply with the average mid-cap growth mutual fund which typically turns over its portfolio every 16 to 20 months. From a quality characteristics standpoint, the Fund's investments have higher earnings growth than the average holdings in the benchmark, are more conservatively financed (evidenced by lower debt to market capitalization ratio), and offer more consistent earnings growth (lower beta). We believe these metrics are important to help limit risk for this concentrated portfolio.

While focused, the Fund is diversified by sector. The Fund's weightings are significantly different from that of the Russell 2500 Growth Index, the index against which we benchmark our performance. This is because the Fund has over 50% of its portfolio in Consumer Discretionary vs. just 14% for the index. The Fund is further diversified by investments in businesses at different stages of growth and development. For example, we classify the holdings of Baron Focused Growth Fund as one of three types: rapid, early stage growth businesses; companies with irreplaceable assets that offer pricing power and a hedge against inflation; and finally, foundational, long-term holdings that continue to steadily grow sales and earnings while using excess free cash to return value to shareholders.

Table VI.
Investments in Less Seasoned Growth Companies

	Percent of Net Assets	Year Acquired	Cumulative Return Since Initial Purchase
CoStar Group, Inc.	13.0%	2014	69.5%
Tesla, Inc.	12.3	2014	6.3
Space Exploration Technologies Corp.	4.4	2017	19.8
Iridium Communications Inc.	4.4	2014	65.2
Guidewire Software, Inc.	4.2	2013	74.9
Benefitfocus, Inc.	2.8	2014	–10.5
Denali Therapeutics Inc.	2.0	2018	–0.4

Rapidly growing firms account for 43.1% of the Fund's assets (Please see Table VI). On current metrics, these businesses look expensive; however, we think they will continue to grow and have the potential to generate exceptional returns over time. Examples of these companies include electric vehicle leader **Tesla, Inc.**, commercial satellite company **Iridium Communications Inc.**, and commercial real estate data supplier **CoStar Group, Inc.**

Table VII.
Investments with Irreplaceable Assets

	Percent of Net Assets	Year Acquired	Cumulative Return Since Initial Purchase
Vail Resorts, Inc.	15.5%	2013	288.5%
Hyatt Hotels Corp.	13.3	2009	172.9
Manchester United plc	5.4	2012	43.4
Red Rock Resorts, Inc.	3.8	2017	33.6

Companies with what we believe represent irreplaceable assets represent 38.0% of the assets (Please see Table VII). **Vail Resorts, Inc.**, owner of the premier ski resort portfolio in the world, upper upscale lodging brand **Hyatt Hotels Corp.**, storied soccer franchise **Manchester United plc**, and Las Vegas locals casino operator **Red Rock Resorts, Inc.** are all examples of companies we believe possess meaningful brand equity and barriers to entry in their businesses that equate to pricing power over time.

Table VIII.
Foundational Investments: Growth, Dividends, and Share Repurchases

	Percent of Net Assets	Year Acquired	Cumulative Return Since Initial Purchase
FactSet Research Systems, Inc.	7.7%	2008	334.8%
Choice Hotels International, Inc.	6.2	2010	281.9
Arch Capital Group Ltd.	4.4	2003	683.6

Steady growers that continually return excess free cash to shareholders represent 18.3% of the portfolio (Please see Table VIII). For example, **Choice Hotels International, Inc.** employs a capital light franchise model for its economy hotel brands that allows the company to return cash to shareholders through buybacks and dividends while still achieving strong revenue and earnings growth no matter the stage of the lodging cycle. As the leading specialty P&C insurance underwriter in their industry, **Arch Capital Group Ltd.** generates a steady stream of cash flow that it uses for acquisitions, debt reduction, and share buybacks. Recently, the company acquired AIG's mortgage insurance subsidiary at what we believe was an unusually attractive price and that complements Arch's underwriting philosophy. We expect this acquisition will lead to even faster growth in earnings and book value per share.

Portfolio Holdings

For the quarter ended March 31, 2018, the Fund's top 10 holdings represented 86.6% of net assets (Please see Table IX). A number of these investments have been successful and were purchased when they were smaller businesses. We believe they continue to offer significant further appreciation potential, although we cannot guarantee that will be the case.

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

Table IX.
Top 10 holdings as of March 31, 2018

	Year Acquired	Market Cap When Acquired (billions)	Quarter End Market Cap (billions)	Amount (millions)	Percent of Net Assets
Vail Resorts, Inc.	2013	$ 2.3	$ 9.0	$30.2	15.5%
Hyatt Hotels Corp.	2009	4.2	9.1	25.9	13.3
CoStar Group, Inc.	2014	6.2	13.1	25.4	13.0
Tesla, Inc.	2014	31.2	45.0	24.0	12.3
FactSet Research Systems, Inc.	2008	2.5	7.8	15.0	7.7
Choice Hotels International, Inc.	2010	1.9	4.6	12.0	6.2
Manchester United plc	2012	2.3	3.1	10.6	5.4
Space Exploration Technologies Corp.	2017	–	–	8.7	4.4
Iridium Communications Inc.	2014	0.6	1.2	8.6	4.4
Arch Capital Group Ltd.	2003	0.9	11.7	8.6	4.4

Thank you for investing in Baron Focused Growth Fund.

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

Respectfully,

Ronald Baron
CEO and Portfolio Manager

David Baron
Assistant Portfolio Manager

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

The Adviser believes that there is more potential for capital appreciation in small and medium-sized companies and using non-diversification, but there also may be more risk. Specific risks associated with non-diversification include increased volatility of the Fund's returns and exposure of the Fund to greater risk of loss in any given period. Securities of small and medium-sized companies may be thinly traded and they may be more difficult to sell during market downturns. The Fund may not achieve its objectives. Portfolio holdings are subject to change. Current and future holdings are subject to risk.

The discussions of the companies herein are not intended as advice to any person regarding the advisability of investing in any particular security. The views expressed in this report reflect those of the respective portfolio managers only through the end of the period stated in this report. The portfolio manager's views are not intended as recommendations or investment advice to any person reading this report and are subject to change at any time based on market and other conditions and Baron has no obligation to update them.

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

Beta: measures a fund's sensitivity to market movements. The beta of the market (Russell 2500 Growth Index) is 1.00 by definition.

P/E: the price earnings ratio is a valuation ratio of a company's current stock price to its actual earnings per share.

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