DEAR BARON OPPORTUNITY FUND SHAREHOLDER:

PERFORMANCE

Baron Opportunity Fund (the "Fund") had a strong first quarter of 2018, climbing 9.20% (Institutional Shares). The Fund markedly outperformed both the Russell 3000 Growth Index, which advanced 1.48%, and the S&P 500 Index, which decreased 0.76%.

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

	Baron Opportunity Fund Retail Shares[1,2]	Baron Opportunity Fund Institutional Shares[1,2,3]	Russell 3000 Growth Index[1]	S&P 500 Index[1]
Three Months[4]	9.18%	9.20%	1.48%	(0.76)%
One Year	33.38%	33.67%	21.06%	13.99%
Three Years	12.39%	12.68%	12.57%	10.78%
Five Years	12.92%	13.20%	15.32%	13.31%
Ten Years	10.73%	10.98%	11.31%	9.49%
Fifteen Years	13.96%	14.13%	10.96%	10.10%
Since Inception (February 29, 2000)	6.44%	6.58%	4.12%	5.75%

MICHAEL A. LIPPERT
PORTFOLIO MANAGER

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

REVIEW & OUTLOOK

The Fund built on its robust 2017 performance with a solid start to 2018. I almost wish I could tell you something different – not really – but I continue to believe our healthy performance is due to our consistent focus on secular innovation trends and sustainable growth. We target our investments towards how the world has changed and is changing: the generational, disruptive and tectonic shifts impacting how we live and work. The world remains in the early innings of digital transformation: the changes associated with the application of digital technology in all aspects of human society.

So far this year, the market environment has become more volatile and uncertain. Market leadership is unclear and shifting. Investors and traders appear to be wrestling with geopolitical challenges (tariffs and trade wars, including China and NAFTA renegotiation; the conflict in Syria; and the upcoming summit with North Korea over its nuclear program), domestic political dysfunction (the Mueller investigation, presidential tweets, mid-term elections) and real and fake market debates (the impact of tax cuts, continued tightening by the Fed, data privacy regulation and penalties, anti-trust threats against tech leaders). We believe our portfolio – focused on platform businesses and predictable secular growth trends – continues to be in a strong position to weather and thrive in a period such as this. Moreover, we expect stock picking will play an even more important role in the Fund's performance this year. We are confident we are well positioned and well prepared to generate positive returns in such an environment (although we cannot, of course, guarantee that will be the case).

We remain steadfast in our belief that sustainable/secular growth will be the predominant underpinning of long-term market leadership for both individual businesses and industry groups. Even with the strongest economic growth rates in years (since the financial crisis) both domestically and abroad, the current expansion is long in the tooth by historical standards, and it is hard to find evidence of a persistent cyclical upturn. Moreover,

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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 September 30, 2017 was 1.41% and 1.14%, 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) and the Fund's transfer agency expenses may be reduced by expense offsets from an unaffiliated transfer agent, without which performance would have been lower. Current performance may be lower or higher than the performance data quoted. For performance information current to the most recent month-end, visit www.BaronFunds.com or call 1-800-99BARON.*

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

1 The indexes are unmanaged. The Russell 3000® Index measures the performance of the broad segment of the U.S. equity universe comprised of the largest 3000 U.S. companies representing approximately 98% of the investable U.S. equity market. The Russell 3000® Growth Index measures the performance of those companies classified as growth among the largest 3,000 U.S. companies and the S&P 500 Index of 500 widely held large cap U.S. companies. 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.

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

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

4 Not annualized.

BARON FUNDS 1987

there are fewer firms and industry groups growing double digits and many barely growing at all. There is a significant growth/market share divide between the structural/secular winners and the legacy/cyclical also-rans.[1] We are confident in the structural growth prospects of the secular megatrends we relentlessly focus on:

- Cloud computing
- Software-as-a-service (SaaS)
- "Big Data" and "Artificial Intelligence"
- Mobile
- Digital media
- Targeted, people-based digital advertising
- E-commerce
- Genetics
- Minimally-invasive surgical procedures
- Cybersecurity
- Electric-drive vehicles/autonomous driving
- Electronic payments

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

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

	Actual Q4 2017	Actual Q3 2017	Actual Q2 2017	Actual Q1 2017
Baron Opportunity Fund	24.7%	23.7%	20.6%	17.7%
S&P 500 Index	9.3%	6.6%	6.5%	8.2%
Russell 3000 Index	9.9%	7.5%	7.1%	8.2%
Russell 3000 Growth Index	11.5%	9.0%	8.5%	8.2%

I am often asked about the so-called "FANG" stocks[2] by investors and the media. These are the "big tech" players everybody likes to discuss. They are the big winners. They are the platforms. They have threatened and disrupted legacy industries. Some fear they have become too powerful. We invest in them, research them diligently, know them well, have strong opinions about them … but we are not a FANG fund. We do not run our portfolio to match an index – our long-term shareholders know how consistently differentiated our Fund has been – nor do we consider index weights an important factor in how we size our own investments. But we appreciate that investors commonly compare funds to indexes in terms of performance, sector allocations and stock weightings. In that regard, as one can see in the chart below, at the end of the quarter, for our more expansive cohort of FANG stocks – FAANMG for **Facebook**, **Apple**, **Amazon**, **Netflix**, **Microsoft** and Google (**Alphabet**) – we were slightly "underweight" relative to the Russell 3000 Growth Index and our position sizing was quite different.

	Baron Opportunity Fund Weight	Russell 3000 Growth Index Weight	Variation
Facebook	1.4	2.7	-1.3
Apple	3.4	6.1	-2.7
Amazon	6.5	4.2	2.3
Netflix	1.8	0.9	0.9
Microsoft	4.5	4.9	-0.4
Alphabet	4.5	4.4	0.1
Total	**22.1**	**23.2**	**-1.1**

We have long been "overweight" Amazon (the Fund's largest position) and Netflix. We have long been "underweight" Apple (though we have re-initiated this quarter, as discussed below). And we have more recently reduced our Facebook position – and have become "underweight" – due to our concerns regarding user engagement and data privacy (also discussed below). Moreover, if you look at our top contributors for the quarter, you will see that what drove Fund performance was our emphasis on (or "overweighting" of) Amazon and Netflix, as well as classic Baron stock picking in secular-driven, competitively advantaged mid-sized growth companies like **CoStar**, **Wix** and **SS&C** (all of which are tiny weights in the Russell 3000 Growth Index we are compared against).

In keeping with our consistent strategy, we have made only modest changes to the portfolio. Our focus has been on improving portfolio quality – which I define as companies that are clear leaders in well-established secular themes; further ahead on the business maturity curve, measured by scale, customer adoption or market capitalization; and material free cash flow generators – and increasing portfolio diversification. The Fund has experienced solid capital inflows this year, and we have let cash build a bit (ending the quarter at 5.8% of the Fund) to position ourselves to take advantage of episodes of downside market or stock-specific volatility. Moreover, we have trimmed or allowed inflows to dilute some of our better-performing and/or larger positions where we believed valuations were extending or there were fundamental or regulatory challenges. Lastly, further to our aim of steadily enhancing portfolio quality, we have increased portfolio weightings in Apple, Microsoft and **Electronic Arts**. Additionally, the top of our portfolio remains populated by high-quality platform companies, such as Amazon, Google (Alphabet), Microsoft, Apple and **Tencent**, and leading innovators, like **Guidewire**, CoStar and **Tesla.**

1 Secular refers to a company whose growth persists regardless of the economy and is less affected by short-term trends. It also relates to trends that are not cyclical or seasonal, but sustain for a relatively long period. On the other hand, a company or industry is cyclical if it needs a strong economy to perform well – if its fortunes depend on the business cycle. The term legacy is commonly used to refer to businesses and industries perceived to be old and outdated, such as traditional brick-and-mortar retailers battling the e-commerce trend.

2 Acronym for Facebook, Amazon, Netflix and Google.

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

	Percent Impact
Amazon.com, Inc.	1.63%
Netflix, Inc.	0.87
CoStar Group, Inc.	0.79
Wix.com Ltd.	0.70
SS&C Technologies Holdings, Inc.	0.61

Shares of **Amazon.com, Inc.**, the world's largest retailer and cloud services provider, performed well during the first quarter. Amazon reported strong fourth quarter results, with its operating income growing 69% and earnings per share more than doubling year-over-year. These bottom line results were driven by stellar revenue growth for a company of Amazon's scale – with retail sales (ex Whole Foods) increasing 24%, Amazon Web Services growing 44%, subscription services (particularly Prime) expanding 47% and advertising and other services rising 60%. The company's flywheel effect of growing participation from Prime members driving further activity on Amazon.com is showing no signs of letting up. Moreover, its cloud business now contributes substantial profitability to the overall business and remains the category leader in market share. Amazon is also becoming a major player in digital advertising, a high-margin business, and, in our research, is being mentioned in the same conversations as Facebook and Google. Lastly, Amazon continues to invest in new and potentially large business opportunities, such as streaming video content, e-finance, apparel and international expansion (particularly India), which should lay the groundwork for years of future growth. (Ashim Mehra)

Shares of **Netflix, Inc.** were strong in the period on the back of another quarter of better-than-expected subscriber growth. I've written about our view of Netflix's competitive advantages for years, so this quarter I thought you might like to hear from a respected authority and competitor, Jeff Bewkes, Chairman and CEO of Time Warner (owner of HBO), in the form of an excerpt from his testimony in the DOJ vs. AT&T Time Warner anti-trust case: "[W]hen you're streaming television over the Internet to someone's house, you can do a lot of things a bit differently or better than if you're putting it through a set-top box. And basically, what it allows is those companies that are streaming the TV directly to you, they don't go through a wholesaler. They have a direct pipe to you. They have a direct connection with the consumer. So they know who the consumer is. They know what the consumer is watching. They know – they know the contact information. They know billing – they have billing relationship – they have all kinds of relationships with the consumers, beyond just providing, in many cases, the television. So they can offer more effective choices. Or whatever choices they do have on their TV channels, they can tell you about the programming and recommend it to you based on when you may have watched, because they know all that." Yup, Jeff, we agree. (Ashim Mehra)

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 net bookings 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 high-margin recurring revenue (it's already contributed $40 million in just a few months). 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)

Wix.com Ltd. is an Israeli internet company that provides a leading cloud-based development platform to help small- and micro- businesses build and maintain websites and operate their businesses more efficiently. Wix, with over 120 million registered users and 3 million paying premium users, is the clear industry leader. Shares of Wix performed well in the first quarter as the company continued to show rapid growth with revenues increasing more than 40% year-over-year. We retain conviction in Wix due to the large market opportunity; strong customer cohort economics; its brand name and innovative culture; and its efficient, cash generative business model. (Guy Tartakovsky)

Shares of financial technology vendor **SS&C Technologies Holdings, Inc.** contributed to performance as the company announced the acquisition of DST Systems, a key player in long-only portfolio administration. SS&C has a strong M&A track record, and investors believe there will be meaningful synergies from the deal. SS&C reported solid fourth quarter earnings with a positive 2018 outlook. We believe the company will generate attractive revenue growth through market share gains, cross-sales of its expanded services portfolio and new product introductions. (Neal Rosenberg)

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

	Percent Impact
Tesla, Inc.	-0.39%
Adamas Pharmaceuticals, Inc.	-0.32
Acxiom Corporation	-0.29
Expedia Group, Inc.	-0.22
Apple, Inc.	-0.16

Tesla, Inc. is the world's first pure play diversified sustainable-energy company, manufacturing fully electric automobiles, solar roof products and energy storage solutions. Tesla shares underperformed during the first quarter following multiple negative events. These included a slower-than-expected ramp of the Model 3 program, an NTSB investigation of a fatal Model X accident that followed a fatal autonomous-driving Uber accident, a downgrade of the company's bond rating by Moody's and a recall of over 100,000 Model S vehicles. The Model 3 roll out continues to be the main near-term driver for the stock. We maintain a steady dialogue with the company and believe Tesla will solve its Model 3 production issues. We continue to expect Model 3 – which has garnered excellent reviews – to enable Tesla to make electric vehicles major players in the automotive mass market. (Ishay Levin)

Adamas Pharmaceuticals, Inc. is a biotech company focused on reformulating the pharmacokinetic and pharmacodynamic profile of existing drugs to improve their safety and efficacy profiles. Its current focus is on a reformulated version of amantadine for levodopa-induced dyskinesia in Parkinson's disease. Adamas shares underperformed during the quarter as the Street was surprised by an out-of-the-blue competitor filing for a potentially competitive disease indication. We have limited concerns given the lack of clinical data for the competitor's drug. We initiated our position and added to it on this weakness during the quarter and are looking forward to the amantadine commercial launch in 2018, followed by a slew of clinical read-outs from other pipeline assets. (Josh Riegelhaupt)

Acxiom Corporation, in our view, is a critical and ethical player in the data-driven, people-based advertising industry, whose technology, data and connections help advertisers significantly improve the targeting and productivity of their digital advertising spend. Acxiom enables enterprises to bring customer data securely and in a privacy-compliant manner to ad platforms to target their own customers better and to find new customers that look like their best ones. Acxiom shares dropped at the end of the quarter in reaction to Facebook disallowing advertisers to buy Acxiom data on Facebook's platform. While the hit to earnings was modest, the negative publicity around the move attracted undue attention from Wall Street. In response to the weakness in its shares, the company announced plans to buy back approximately 10% of the company through a share repurchase program. Additionally, we expect Acxiom's announced plan to sell its marketing services business to act as a positive catalyst for the company as we move through the year. We continue to believe that Acxiom remains in a unique position to be the privacy-compliant identity management layer in the broader digital marketing and advertising ecosystem. (Ashim Mehra)

Shares of **Expedia Group, Inc.**, the world's second largest global travel agency, were down in the quarter. The lead reason for this underperformance, in our view, was the company's decision to accelerate investments into calendar 2018. The investments are focused on a few areas: accelerating the rate of adding new lodging properties to the Expedia network in key markets, such as Europe; accelerating its technology migration to the cloud; and increasing brand and performance-based marketing spend on HomeAway, its leading vacation rental marketplace. While these investments are expected to adversely impact profitability this year, they should provide the company with a higher growth rate going forward. Moreover, the cloud investments should reduce the company's capital expenditures and yield higher levels of free cash flow in ensuing years. We remain supporters of the company and believe that the vacation rental business at Expedia is still substantially undervalued by investors. (Ashim Mehra)

Apple, Inc. shares underperformed as iPhone volumes, a trade war with China, and a tech sector sell-off weighed on investor sentiment. We gradually built our position during the quarter on this weakness. Please see our longer discussion of Apple below in the Recent Activity section.

PORTFOLIO STRUCTURE

The Fund invests in high-growth, innovative businesses across all market capitalizations. As of the end of the first quarter, the largest market cap holding in the Fund was $851.3 billion and the smallest was $93 million.

The median market cap of the Fund was $16.8 billion. The Fund had $332.0 million of assets under management. The Fund had investments in 55 securities. The Fund's top 10 positions accounted for 39.1% of the portfolio.

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

	Quarter End Market Cap (billions)	Quarter End Investment Value (millions)	Percent of Net Assets
Amazon.com, Inc.	$700.7	$21.7	6.5%
Guidewire Software, Inc.	6.5	16.6	5.0
Microsoft Corporation	702.8	14.9	4.5
Alphabet Inc.	719.1	14.9	4.5
Gartner, Inc.	10.7	13.2	4.0
Apple, Inc.	851.3	11.4	3.4
CoStar Group, Inc.	13.1	11.3	3.4
Tesla, Inc.	45.0	10.0	3.0
Mastercard Incorporated	184.2	8.4	2.5
Electronic Arts Inc.	37.2	7.7	2.3

RECENT ACTIVITY

Table V.
Top net purchases for the quarter ended March 31, 2018

	Quarter End Market Cap (billions)	Amount Purchased (millions)
Apple, Inc.	$851.3	$12.0
Microsoft Corporation	702.8	7.5
Electronic Arts Inc.	37.2	3.9
Adamas Pharmaceuticals, Inc.	0.6	3.6
PagSeguro Digital Ltd.	12.1	3.0

We re-initiated our **Apple, Inc.** position during the quarter. Apple was once the Fund's largest investment, but we haven't owned it in years based, candidly, on our concerns regarding its pace of innovation after the passing of Steve Jobs. This year, with steady inflows into the Fund, and mindful of the fact that Apple is the largest weight in the Russell 3000 Growth Index, we decided it no longer made sense not to own any Apple given its stellar balance sheet, generous capital returns, and what we see as several levers to unlock faster earnings growth and multiple expansion. On the back of the late 2017 tax reform package, we expect Apple to meaningfully enhance already healthy capital returns, particularly share repurchases, from the repatriation of over $200 billion in overseas cash. This should not only help drive earnings growth but should also enable Apple to boost its dividend from the current 1.5% yield.

As importantly, from a fundamental perspective, Apple's expanding services revenue should lead to higher margins, accelerating earnings and perhaps multiple expansion. Apple had a global installed base of 1.3 billion devices at the end of 2017, including approximately 700 million iPhones, which compares favorably with 100 million Amazon Prime members and 125 million Netflix subscribers. Apple's services revenue run rate was $34 billion in the December quarter, which increased about 27% year-over-year on a weekly basis, and Apple ended the year with about 240 million paying subscribers, only about 18% of its total device installed base. Apple services include iCloud, Apple Music, Apple Pay and the App Store. Apple garners about $30 of annual services revenue per installed device, which we believe should grow at a steady clip for the next several years as Apple continues to penetrate its installed base, increases the number of services used per device, innovates on new services (such as Apple Pay Cash) and increases the value of each service (such as the recent re-design of the App Store). We believe services, not devices, will become Apple's primary revenue driver going forward. This mix shift to services (we are projecting an increase from 13% of total revenues towards 20% of sales by fiscal year 2020) accelerates gross margin expansion and the percentage of Apple revenues from recurring sources. In light of these factors, we believe there is the potential for Apple's P/E multiple to expand from its current level, which is far below the average S&P 500 company.

We continued to build our position in **Microsoft Corporation**. In our view, Microsoft's recent quarterly results underscored the moat around its installed customer base and channel reach, as well as the strength of its overall offering (both on-premises and in the cloud). Microsoft grew quarterly commercial bookings by 7% even in a period where the base of customers up for contract renewal was 20% smaller than last year. Commercial bookings consist of both its on-premise and cloud solutions, which makes this performance both impressive and another data point against the cannibalization bear case – that Microsoft will be forced to significantly cannibalize its existing on-premise business to grow its cloud business. We believe these solid bookings are happening for several reasons. First, the notion of intelligent edge and hybrid cloud is resonating with customers who are expanding their existing enterprise license agreements to include more "intelligent applications" while building an architecture that makes sense regardless of whether applications and data are housed in the cloud, on-premise, or a combination of each. (CEO Satya Nadella remarked that Microsoft's hybrid offering is doing very well). Second, Microsoft Office 365 continues to do well, as customers migrating to the cloud with Office are also upgrading to higher-valued applications.

We added to our position in **Electronic Arts Inc.**, a leading video game publisher, following a pullback in the stock as investors were worried about fan backlash related to the company's Star Wars game. The company alleviated these fears by reporting strong fiscal third quarter earnings results, and we continue to believe that EA will drive solid revenue growth, expand margins from the shift to digital, benefit from eSports and deploy its large cash balance in a shareholder friendly manner. Additionally, EA has several upcoming catalysts, including Ultimate Team upside from the FIFA World Cup, the new Anthem game being released later this fiscal year and a new Battlefield game.

For **Adamas Pharmaceuticals, Inc**., see our discussion above in the Top Detractors section.

PagSeguro Digital Ltd. is a new Brazilian public company, whose business model is essentially a clone of Square here in the U.S. PagSeguro is the leading Brazilian provider of self-service merchant acquiring, point-of-sales and software solutions targeting the small- and micro-merchant market. PagSeguro enables these small- and micro- merchants, typically unbanked, to accept all forms of credit, debit and digital currency transactions. For most of its merchant customers, PagSeguro's simple product offering – an internet-enabled payment device along with a mobile wallet – allows the merchant to instantly accept credit transactions without the need of a bank account. We believe that PagSeguro's platform, advertised widely across the country given the media relationships of a strong parent entity, has the potential to dramatically lower transaction costs for these small merchants. Over time, we expect PagSeguro to capture significant market share from the bank-controlled incumbent payment processors who heretofore had not offered service to this important merchant community.

Table VI.
Top net sales for the quarter ended March 31, 2018

	Quarter End Market Cap or Market Cap When Sold (billions)	Amount Sold (millions)
Supernus Pharmaceuticals, Inc.	$ 2.1	$2.4
Sage Therapeutics, Inc.	7.4	1.6
ServiceNow, Inc.	28.9	1.5
Facebook, Inc.	464.2	1.3
Red Hat, Inc.	22.2	1.3

We sold **Supernus Pharmaceuticals, Inc.** to fund increased investments in other biopharma positions.

We trimmed **Sage Therapeutics, Inc.**, after realizing substantial returns, to manage the position size and to give ourselves dry powder in the event of a pullback, given the significant volatility that often presents itself in the biotech space.

After the stock performed extremely well last year, we trimmed **SeviceNow, Inc.** given our view of valuation and future upside. We continue to retain a high level of conviction in the company's growth opportunity, competitive advantages, superior business model and management team, and it remained a top 15 position in the portfolio.

We trimmed **Facebook, Inc.** given our concerns regarding user engagement and data privacy issues. Even with these issues, we believe Facebook remains a differentiated platform company with significant competitive advantages and now trades at an attractive valuation, so we decided the prudent move was to adjust our position size but not to exit Facebook's stock completely.

We exited **Red Hat, Inc.**, after strong long-term returns, based on our view of valuation and to fund larger software investments in companies like Microsoft, EA and Adobe, as discussed in our December 2017 quarterly letter.

To conclude, I believe wholeheartedly in the strategy of the Fund: growth based on powerful, long-term, innovation-driven secular growth trends. In the highly uncertain world we live in, we believe non-cyclical, sustainable and resilient growth should be part of investors' portfolios.

Sincerely,

Michael A. Lippert
Portfolio Manager

Baron Opportunity Fund

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 securities of high growth businesses benefiting from innovation through development of pioneering, transformative or technologically advanced products or services, but there also is more risk. Companies propelled by innovation, including technological advances and new business models, may present the risk of rapid change and product obsolescence and their successes may be difficult to predict for the long term. Securities issued by small and medium sized companies may be thinly traded and may be more difficult to sell during market downturns. The Fund may not achieve its objectives. Portfolio holdings are subject to change. Current and future portfolio holdings are subject to risk.

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

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