DEAR BARON PARTNERS FUND SHAREHOLDER:

PERFORMANCE

After an extended period of steady gains in equity markets since the 2016 U.S. Presidential election, volatility returned during the first quarter. Despite a turbulent market, Baron Partners Fund (the "Fund") returned 3.50% (Institutional Shares) in the period. The Russell Midcap Growth Index appreciated 2.17%, while the S&P 500 Index declined 0.76%.

Baron Partners Fund's gains were achieved during a very strong January when optimism about the new tax law led to an expansion of earnings estimates and multiples. Investors' concerns in February and March about trade wars, geopolitical unrest and hawkish Fed actions unsettled markets. While little changed regarding the long-term prospects of businesses in which the Fund has invested, the Fund declined during February and March along with the general market…but, as noted, achieved acceptable returns nevertheless.

RONALD BARON

CEO AND PORTFOLIO MANAGER

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

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

	Baron Partners Fund Retail Shares[1,2,3]	Baron Partners Fund Institutional Shares[1,2,3,4]	Russell Midcap Growth Index[2]	S&P 500 Index[2]
Three Months[5]	3.43%	3.50%	2.17%	(0.76)%
One Year	21.44%	21.74%	19.74%	13.99%
Three Years	10.32%	10.62%	9.17%	10.78%
Five Years	13.57%	13.87%	13.31%	13.31%
Ten Years	9.87%	10.12%	10.61%	9.49%
Since Conversion (April 30, 2003)	13.50%	13.68%	11.70%	9.58%
Fifteen Years	14.03%	14.21%	12.12%	10.10%
Twenty Years	9.06%	9.18%	7.85%	6.46%
Since Inception (January 31,1992)	12.85%	12.95%	9.77%	9.59%

The Fund's top gainers in the period exemplify the strong improvement in America's economy and businesses. **Zillow Group, Inc.** appreciated over 32% in the period as it continued to provide technology to assist the home purchase process. The company's current earnings growth was limited due to higher commissions paid for future revenue, but set the stage for faster growth in coming periods. Through its acquisitions and new product offerings, Zillow is becoming more integrated throughout the entire purchase process and could expand into both rentals and international markets in future years. **IDEXX Laboratories, Inc.** and **CoStar Group, Inc.** both rose over 22% since the start of the year. IDEXX is experiencing strong placement of its diagnostic equipment, which should lead to future sales of its medical testing consumable products. CoStar is seeing positive momentum after integrating and cross-selling its many products. With the consolidation complete, it should benefit from growth in sales and margin expansion.

Performance listed in the above table is net of annual operating expenses. Annual expense ratio for the Retail Shares as of December 31, 2017 was 1.79% (comprised of operating expenses of 1.34% and interest expense of 0.45%) and Institutional Shares was 1.53% (comprised of operating expenses of 1.08% and interest expense of 0.45%). *The performance data quoted represents past performance. Past performance is no guarantee of future results. The investment return and principal value of an investment will fluctuate; an investor's shares, when redeemed, may be worth more or less than their original cost. The Fund's transfer agency expenses may be reduced by expenses offsets from an unaffiliated transfer agent, without which performance would have been lower. Current performance may be lower or higher than the performance data quoted. For performance information current to the most recent month end, visit www.BaronFunds.com or call 1-800-99BARON.*

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

2 The indexes are unmanaged. The Russell Midcap® Growth Index measures the performance of medium-sized U.S. companies that are classified as growth and the S&P 500 Index of 500 widely held large cap U.S. companies. The Russell Midcap Growth Index, the S&P 500 Index 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 in the table does not reflect the deduction of taxes that a shareholder would pay on Fund distributions or redemption of Fund shares.

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

5 Not annualized.

Companies that experienced delays in their business plans performed poorly over the period. **Tesla, Inc.** and **Red Rock Resorts, Inc.** had the largest declines. Tesla incurred delays in its production of its Model 3 vehicles that are experiencing unprecedented consumer demand. We believe the company's long-term prospects remain favorable. The company is presently reworking its manufacturing lines and reports progress. Red Rock is undertaking an additional phase of its remodel plans for the Palms Hotel property. While it will spend an additional $135 million and suffer lost sales from disruption, the improved property should produce materially more revenue and profits from an expanded casino floor, new amenities, and hotel room upgrades. Red Rock's Palms hotel is a premier attraction for the locals Vegas customer.

Table II.
Performance
Periods Baron Partners 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 Partners Fund (Institutional Shares)	59.72%	4.00%
Russell Midcap Growth Index	110.65%	6.23%
S&P 500 Index	32.29%	8.87%

We believe Baron Partners Fund's performance from 2014 through 2016, when its investments increased modestly although their underlying businesses continued to grow rapidly, is analogous for us to the 18-month period from October 1998 through March 2000 amid the Internet Bubble. Our investments then increased less than the market immediately prior to the bursting of the Internet Bubble. Baron Partners Fund, which owned no internet stocks, then increased in value 59.72% annualized from 1998 to 2000, while its benchmark index increased 110.65%. For the next nine years through December 2008, though, the Fund returned 14.79%, 1.54% annualized and the benchmark index lost 35.12%, (4.69)% annualized. The Fund outperformed its index by 623 basis points per year! (See Table III – Millennium Internet Bubble to Financial Panic). Of course, past performance is no guarantee of future results.

During the "Internet Bubble," the Fund did not own strongly performing internet stocks because they did not meet our investment parameters. From 2014 through 2016, we did not own many of the strongly performing commodity, cyclical, and leveraged companies for the same reason. We believe the recent strong outperformance of Baron Partners Fund was, in part, because those investments are beginning to bear fruit…which provides us with increasing confidence that the Fund's recent strong relative and absolute outperformance will continue. Of course, we cannot assure you that will be the case.

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 1/31/92 to 3/31/18	
	Value $10,000	Cumulative	Value $10,000	Cumulative	Value $10,000	Cumulative	Value $10,000	Cumulative
Baron Partners Fund (Institutional Shares)	$11,479	14.79%	$42,451	324.51%	$48,728	387.28%	$242,103	2,321.03%
Russell Midcap Growth Index	$ 6,488	(35.12)%	$43,852	338.52%	$28,450	184.50%	$114,698	1,046,98%
S&P 500 Index	$ 7,188	(28.12)%	$35,604	256.04%	$25,592	155.92%	$109,905	999.05%

Baron Partners 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 (see table III – Millennium Internet Bubble to Financial Panic). But…we did make *something*…which resulted in a much better outcome than if you had invested in a passive index mirroring either the Russell Midcap 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 Partners Fund on December 31,1999 is worth 4.9 times that amount, or $48,728 on March 31, 2018. Due to the losses experienced by the Russell Midcap Growth Index during the Millennium Internet Bubble to Financial Panic years, that is 71 % more than an investment in a passive Russell Midcap Growth Index mutual fund!

We are pleased that our long-term investments in what we believe are competitively advantaged growth companies with exceptional managements enabled us to heed to Buffett's "don't lose money" admonition during the Millennium Internet Bubble to Financial Panic period. Of course, past performance is no guarantee of future results…even if we hope our efforts to protect the downside will continue to be successful.

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.	2005	$0.7	$13.1	22.14%	2.76%
IDEXX Laboratories, Inc.	2013	4.7	16.7	22.39	1.49
Zillow Group, Inc.	2015	4.3	10.3	32.55	1.37
Space Exploration Technologies Corp.	2017	–	–	18.41	0.65
Vail Resorts, Inc.	2008	1.6	9.0	5.03	0.46

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 veterinary diagnostics leader **IDEXX Laboratories, Inc.** contributed to performance. Competitive trends are strong, highlighted by instrument installed base growth of 20%, domestic lab growth more than twice that of competitor VCA, improving sales productivity, and acceleration in rapid assays. We believe the launch of its SDMA test for kidney disease and fecal antigen testing at the point of care will boost organic revenue and earnings growth over time. Margins are moving significantly higher, and we believe they can approach 30% over the next several years. (Neal Rosenberg)

Zillow Group, Inc. operates the leading online real estate sites in the U.S. Shares appreciated following strong earnings results and positive management guidance. Zillow is making substantial progress on better real estate agent attribution, which we believe will drive higher agent spending and revenue growth over time. The company's rental business is growing rapidly. We believe Zillow is still in the early innings of penetrating the online real estate advertising market, and is well positioned to expand its share of the $8 billion real estate advertising market. (Ashim Mehra)

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	$21.9	$45.0	–14.52%	–2.35%
Arch Capital Group Ltd.	2002	0.6	11.7	–5.71	–0.57
Gaming and Leisure Properties, Inc.	2008	4.2	7.1	–7.79	–0.30
Air Lease Corp.	2014	3.3	4.4	–11.17	–0.22
Gartner, Inc.	2013	5.7	10.7	–4.49	–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)

Arch Capital Group Ltd. is a specialty insurance and reinsurance company based in Bermuda. The company reported 10% growth in book value per share during the most recent quarter, but the stock declined as industry pricing trends remained challenging. Additionally, Freddie Mac introduced a new pilot program for distributing mortgage insurance, sparking concerns about greater competition. We continue to own the stock due to Arch's strong management team and underwriting discipline. (Josh Saltman)

Shares of **Gaming and Leisure Properties, Inc.**, a gaming-related REIT, decreased in the quarter after investors pulled out of REITs in anticipation of interest rate hikes. Amid a high-valuation environment, investors seemed bearish on the company's ability to complete additional accretive acquisitions and grow dividends. We retain conviction. The company has a $700 million credit facility at 2% interest, and its stock trades at 12.5x forward EBITDA, which should allow buyouts to be accretive to free cash flow and dividends. (David Baron)

INVESTMENT STRATEGY AND PORTFOLIO STRUCTURE

The strategy of Baron Partners Fund is to invest for the long term in a focused portfolio of appropriately capitalized, well-managed businesses at attractive prices across all market capitalizations. We attempt to create a portfolio of less than 30 securities diversified by GICS sectors. The Fund uses leverage, to enhance returns and manage position sizes, although this increases the volatility of returns. The businesses in which we invest are identified by our firm's proprietary research. We think these well-managed businesses have sustainable competitive advantages and strong, long-term growth opportunities.

As of March 31, 2018, Baron Partners Fund held 23 investments. The median market capitalization of these growth companies was $9.0 billion. The top 10 positions represented 76.9% of total investments or 95.5% of net assets. Leverage was 24.2%.

The long-term absolute and relative performance of the Fund has been very good. The Fund has returned 12.95% annualized since its inception in 1992 besting its comparable index, the Russell Mid Cap Growth Index, by 3.18% per year. Absolute annualized returns over the past three years have been good at 10.62%, beating the benchmark by 1.45% per year.

Baron Partners Fund

Portfolio Holdings

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

	Year Acquired	Market Cap When Acquired (billions)	Quarter End Market Cap (billions)	Amount (millions)	Percent of Total Investments
CoStar Group, Inc.	2005	$ 0.7	$13.1	$317.3	12.7%
Tesla, Inc.	2014	21.9	45.0	295.4	11.8
Arch Capital Group Ltd.	2002	0.6	11.7	205.4	8.2
Vail Resorts, Inc.	2008	1.6	9.0	205.2	8.2
Hyatt Hotels Corp.	2009	4.2	9.1	198.3	7.9
IDEXX Laboratories, Inc.	2013	4.7	16.7	172.3	6.9
FactSet Research Systems, Inc.	2007	2.5	7.8	153.6	6.2
The Charles Schwab Corp.	1992	1.0	70.3	151.4	6.1
Zillow Group, Inc.	2015	4.3	10.3	118.8	4.8
Manchester United plc	2014	2.8	3.1	102.7	4.1

Thank you for investing in Baron Partners Fund.

Thank you for joining us as fellow shareholders in Baron Partners Fund. We believe the growth prospects for the businesses in which Baron Partners Fund has invested are favorable and improving. Since, in our opinion, the share prices of our businesses do not reflect their prospects, we believe they remain attractive. Of course, there can be no guarantee this will be the case.

We are continuing to work hard to justify your confidence and trust in our stewardship of your family's hard-earned savings. We also remain dedicated to continuing to provide you with the information we would like to have if our roles were reversed. This is so you will be able to make an informed decision about whether this Fund remains an appropriate investment for you and your family.

Respectfully,

Ronald Baron
CEO and Portfolio Manager

Michael 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 using non-diversification and leverage, but there also is more risk. Specific risks associated with non-diversification and leverage include increased volatility of the Fund's returns and exposure of the Fund to greater loss in any given period. The Fund invests in companies of all sizes, including small and medium sized companies whose securities may be thinly traded and made difficult to sell during market downturns. Leverage is the degree to which an investor or business is utilizing borrowed money. 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.