Dear Baron Partners Fund Shareholder:

Performance

The second quarter of the year was highly volatile as market sentiment swung from bullish to bearish to bullish. The period ended on a strong note as tensions with major trading partners in China and Mexico eased, amid signs of softening global economic growth. The U.S. Federal Reserve became "dovish" and other central banks appeared willing to undertake stimulus measures as well. These geopolitical and monetary policy moves led to a continuation in the rising equity market.

Baron Partners Fund (the "Fund") increased in value by 7.50% (Institutional Shares) in the three months ended June 30, 2019. The Fund's benchmark, the Russell Midcap Growth Index (the "Index"), appreciated 5.40%, and the S&P 500 Index and the Morningstar Mid-Cap Growth Category average gained 4.30% and 5.61%, respectively.

Table I.
Performance
Annualized for periods ended June 30, 2019

	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]	7.44%	7.50%	5.40%	4.30%
Six Months[5]	25.41%	25.56%	26.08%	18.54%
One Year	6.54%	6.81%	13.94%	10.42%
Three Years	18.77%	19.07%	16.49%	14.19%
Five Years	10.40%	10.69%	11.10%	10.71%
Ten Years	16.82%	17.13%	16.02%	14.70%
Fifteen Years	11.23%	11.43%	10.25%	8.75%
Since Conversion (April 30, 2003)	13.60%	13.79%	11.86%	9.70%
Twenty Years	8.65%	8.79%	7.73%	5.90%
Since Inception (January 31, 1992)	12.94%	13.05%	9.95%	9.67%

MICHAEL BARON
CO-PORTFOLIO MANAGER

RON BARON
CEO AND LEAD PORTFOLIO MANAGER

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

The Fund's favorable performance in the quarter enabled the Fund to nearly match the strong performance of its Index year-to-date. The Fund has now increased 25.56% in the first half of the year while the Index reported a 26.08% return. The S&P 500 Index and the Morningstar Mid-Cap Growth Category average were up 18.54% and 24.97%, respectively

Performance listed in the above table is net of annual operating expenses. Annual expense ratio for the Retail Shares as of December 31, 2018 was 2.03% (comprised of operating expenses of 1.32% and interest expense of 0.71%) and Institutional Shares was 1.77% (comprised of operating expenses of 1.06% and interest expense of 0.71%). *The performance data quoted represents past performance. Past performance is no guarantee of future results. The investment return and principal value of an investment will fluctuate; an investor's shares, when redeemed, may be worth more or less than their original cost. The Adviser reimburses certain Baron Fund expenses pursuant to a contract expiring on August 29, 2030, unless renewed for another 11-year term and the Fund's transfer agency expenses may be reduced by expense offsets from an unaffiliated transfer agent, without which performance would have been lower. Current performance may be lower or higher than the performance data quoted. For performance information current to the most recent month end, visit www.BaronFunds.com or call 1-800-99BARON.*

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

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

BARON FUNDS 1987

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

	Millennium Internet Bubble to Financial Panic 12/31/1999 to 12/31/2008		Financial Panic to Present 12/31/2008 to 6/30/2019		Millennium Internet Bubble to Present 12/31/1999 to 6/30/2019		Inception 1/31/1992 to 6/30/2019	
	Value $10,000	Annualized	Value $10,000	Annualized	Value $10,000	Annualized	Value $10,000	Annualized
Baron Partners Fund (Institutional Shares)	$11,479	1.54%	$50,599	16.70%	$58,081	9.44%	$288,577	13.05%
Russell Midcap Growth Index	$ 6,488	(4.69)%	$51,543	16.90%	$33,439	6.39%	$134,813	9.95%
S&P 500 Index	$ 7,188	(3.60)%	$40,663	14.29%	$29,228	5.65%	$125,522	9.67%

Baron Partners Fund has generally "kept up" when markets are extremely strong while outperforming during more challenging times. As Table II indicates, the Fund's returns approximated its benchmark from the market's trough following the Financial Panic to the Present. During that period, the Fund and its benchmark delivered exceptionally strong annualized returns of 16.70% and 16.90%, respectively. However, in the more difficult financial period from before the Internet Bubble burst in December 1999 until the Financial Panic, the Index lost 35.1% cumulatively, or 4.69% per year, while the Fund increased in value 14.8% cumulatively, achieving an annualized gain of 1.54%. Additionally, the Fund's relative performance has exceeded its benchmark over the prior 3-year, 10-year and since inception periods.

Table III.
Total returns by category for the quarter ended June 30, 2019

	% of Net Assets (as of 6/30/2019)	Total Return (%)	Contribution to Return (%)
Core Growth	**18.0**	**15.28**	**2.72**
HEICO Corporation	1.2	32.96	0.34
IDEXX Laboratories, Inc.	10.4	23.14	2.06
Gartner, Inc.	5.7	6.10	0.34
Activision Blizzard, Inc.	0.3	3.55	0.01
Fastenal Co.	0.4	1.73	0.03
NVIDIA Corporation	–	–14.92	–0.05
Financials	**26.4**	**10.99**	**2.90**
Air Lease Corp.	1.0	20.72	0.21
MSCI, Inc.	0.5	20.41	0.10
FactSet Research Systems, Inc.	9.2	15.72	1.37
Arch Capital Group Ltd.	10.7	14.72	1.48
Windy City Investments Holdings, L.L.C.	0.0	–	–
The Charles Schwab Corp.	4.9	–5.64	–0.27
Russell Midcap Growth Index		**5.40**	
Disruptive Growth	**51.8**	**3.72**	**1.90**
Zillow Group, Inc.	4.3	33.79	1.19
CoStar Group, Inc.	20.0	18.79	3.43
Space Exploration Technologies Corp.	6.6	12.33	0.76
Spotify Technology S.A.	2.8	5.07	0.13
Guidewire Software, Inc.	5.1	4.34	0.18
Align Technology, Inc.	1.4	–4.27	–0.05
Iridium Communications Inc.	0.4	–11.96	–0.06
Tesla, Inc.	10.3	–20.15	–2.89
Benefitfocus, Inc.	0.9	–45.17	–0.79
Real/Irreplaceable Assets	**31.6**	**1.50**	**0.52**
Hyatt Hotels Corp.	8.3	5.17	0.42
Marriott Vacations Worldwide Corp.	3.4	3.58	0.14
Vail Resorts, Inc.	8.6	3.48	0.34
Gaming and Leisure Properties, Inc.	3.3	2.79	0.09
Douglas Emmett, Inc.	1.6	–0.77	–0.01
Norwegian Cruise Line Holdings, Ltd.	1.1	–2.44	–0.03
MGM Growth Properties LLC	0.5	–3.46	–0.02
Manchester United plc	3.9	–5.50	–0.24
Red Rock Resorts, Inc.	0.8	–16.52	–0.16
Cash	**–27.9**	**–0.00**	**0.00**
Fees	–	**–0.54**	**–0.57**
Total	**100.0**	**7.47***	**7.47***

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

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

Despite the concentrated nature of the Fund, where the top 10 positions represent 95% of net assets, the portfolio is diversified among holdings that react differently in the short term to various market environments. (Please see Table III.) "Core Growth" and "Financials" companies represented 18.0% and 26.4% of net assets, respectively. These groups considerably outperformed the market in the quarter. However, "Disruptive Growth" and "Real/Irreplaceable Assets," representing 51.8% and 31.6% of net assets, respectively, lagged the Index.

"Core Growth" businesses increased in value by 15.28% in the quarter. "Core Growth" and "Disruptive Growth" investments are normally the most volatile and fastest growing companies in which we invest. The "Core Growth" category includes businesses like **HEICO Corporation**, a manufacturer of alternative replacement aerospace parts, and **IDEXX Laboratories, Inc.,** a medical testing company supplying veterinarians. These businesses are often leaders in their fields and the strong economic backdrop allowed their categories to grow while these companies continued to gain market share. Sales growth is marginally higher than that of the benchmark, but earnings growth is substantially greater as a result of their high incremental margins. Additionally, profit growth has the lowest standard deviation. In the recent period, HEICO's organic growth accelerated as it offered more products to a diverse set of its aerospace customers at more attractive prices than original equipment vendors. HEICO is also improving its margins by achieving more revenue at its existing facilities and growing its specialized, higher-margin electronic offerings. HEICO uses its growing free cash flow to acquire additional product lines that we believe should support future growth.

Similarly, our "Financials" investments appreciated more than the market and increased in value 10.99% in the period. Unlike the financial companies in the Index that are highly dependent on interest rates, most of the Fund's financial holdings are service providers and are not dependent upon Federal Reserve Bank decisions. For example, **FactSet Research Systems, Inc.** is a service provider of financial intelligence to the investment community. The company continues to grow its users and services and to improve its average subscription value. The services are increasingly more integrated and a necessary part of clients' workflow. Its software services model leads to margin expansion as it adds clients. The more traditional financial businesses like **Arch Capital Group Ltd.**, an insurance provider, also did well. Property and casualty pricing has marginally improved from lower-than-desired levels. That company's mortgage insurance segment is achieving strong returns as a result of low default rates. **The Charles Schwab Corp.** benefits from rising interest rates. However, we regard Schwab's asset gathering prowess and ability to earn fees on those assets as the metric most determinative of its value. Schwab holds custody of more than $3.7 trillion of its clients' assets. These financial companies also have the added benefit of dampening the beta (risk) of the Fund.

In this year's exceptionally strong market, "Real/Irreplaceable Assets" have not garnered the attention (and valuations) we think they deserve. We believe the strong fundamentals of the businesses so categorized are not valued appropriately. The "Real/Irreplaceable Assets" category rose only 1.50% in the period. These types of businesses provide stable growth and compound returns, but not large dividend yields. **Norwegian Cruise Line Holdings, Ltd.**, a cruise ship operator, has experienced strong pricing and higher on board spending. Net yields were up over 4%. The company is protected from competition given the three years required to produce a ship and over $1 billion investment per ship.... assuming a new entrant can get a ship produced, which we think is unlikely since yards are at capacity and unable to take new orders. Investors concerned about a potential recession and geopolitical tensions that make some locations inaccessible have made these companies unusually "cheap." Rather than hypothesizing about the economy, we feel confident in the business fundamentals and projected outlook. The stock price of **Manchester United plc**, the New York Yankees of soccer, a nearly 150-year-old soccer team with diehard fans, has declined because of recent poor investments in players and personnel. We feel, however, the club's on field success will eventually improve and its loyal fans, whose allegiance goes back generations, will continue to support their team. The team is also taking steps to improve interaction with its supporters through digital experiences. Expiring contracts should be renewed at higher values, which will lead to increased profitability. We believe the company's private market value is probably 50-to-100 times higher than the price of its shares.

"Disruptive Growth" companies, which are often revolutionizing their industries, are difficult to measure in any one short period. Their performance tends to be lumpy and their stock prices are volatile. But, in the long term, we expect "Disruptive Growth" and "Core Growth" investments to provide the strongest performance. As a group, "Disruptive Growth" investments returned 3.72% in the quarter, but there was a material variance among the companies in the category. **Zillow Group, Inc.** and **Costar Group, Inc.,** information service providers to various real estate segments, performed extremely well in the period. Zillow appears to have turned a corner after Rich Barton, with whom we've invested for more than 20 years, returned as CEO. The changes to the company's Premier Agent offering seem to be paying off. Its service is driving more leads for agents and churn has declined. Additionally, the newer Zillow Offers is being recognized as permanently altering the housing market. Zillow's unprecedented hordes of data provides the acquisition team with confidence in making smart transactions. We feel Zillow can significantly grow the volumes of homes it purchases and offer more adjacent services to the eventual home buyers.

However, "Disruptive Growth" companies can also face temporary hurdles. **Benefitfocus, Inc.,** the cloud-based benefit software provider for consumers, employers and insurance carriers, declined sharply in the period. The company modified its relationship with Mercer Marketplace; it will no longer be the exclusive technology provider for this platform. While this change may reduce sales in the short term, it could improve sales and profitability in the long term, in our view. Acceptance in this channel was below expectations. Additionally, shares of **Tesla, Inc.**, the electric car manufacturer, declined in the period. The investment community has continually shifted its area of concerns as Tesla has proven each false. Skeptics initially claimed demand could not be sustained, then claimed that the company could not produce the number of vehicles it promised and now that profitability would never materialize. We feel that the company will continue to execute on its business plan. Multiple trips to its factory and conversations with its executives and industry sources give us confidence that its manufacturing process is improving and that Tesla will demonstrate substantial and growing free cash flow generation in the next year.

While not all categories will outperform in any one quarter, we believe each set of companies should perform better than the Index over the long term. And this diversification provides risk protection for the Fund.

Table IV.
Top contributors to performance for the quarter ended June 30, 2019

	Year Acquired	Market Cap When Acquired (billions)	Quarter End Market Cap (billions)	Total Return	Percent Impact
CoStar Group, Inc.	2005	$0.7	$20.2	18.79%	3.43%
IDEXX Laboratories, Inc.	2013	4.7	23.7	23.14	2.06
Arch Capital Group Ltd.	2002	0.6	15.0	14.72	1.48
FactSet Research Systems, Inc.	2007	2.5	11.0	15.72	1.37
Zillow Group, Inc.	2015	4.3	9.5	33.79	1.19

Shares of **CoStar Group, Inc.**, a real estate information and marketing services company, experienced excellent business trends. The company's bookings improved by approximately 36% year-over-year. We are pleased that the acquisition of ForRent successfully integrated into Apartments.com. We expect sustained growth of 20% or more in the multi-family real estate listings market. The company may soon begin to raise prices given its unique competitive position in commercial real estate data. The company has over $1.2 billion of cash on its balance sheet, which we expect it to use for acquisitions.

Veterinary diagnostics leader **IDEXX Laboratories, Inc.** reported robust financial results. In the core companion animal business, competitive trends are outstanding, highlighted by instrument installed base growth of 21%, domestic lab growth more than twice that of competitor VCA, and improving sales productivity. We think new proprietary innovations and field sales force expansion should be meaningful contributors to growth. Margins are increasing significantly, and we believe they could approach 30% over the next several years.

Arch Capital Group Ltd. is a specialty insurance company based in Bermuda. Shares appreciated after the company reported first quarter financial results that exceeded Street expectations. Book value per share grew 13% due to strong Mortgage segment margins and low catastrophe losses. After years of soft market conditions, we are starting to see firmer pricing for insurance and reinsurance, which we think could drive profitability over time. We continue to own Arch due to its strong management team and underwriting discipline.

FactSet Research Systems, Inc. is leading provider of investment management tools. Shares increased on reports of solid earnings growth, with steady (though slightly declining) increases in annual subscription value, meaningful margin expansion, and approximately 20% adjusted EPS growth. We retain conviction in FactSet due to the large addressable market, consistent execution on both new product development and financial results, and robust free cash flow generation.

Zillow Group, Inc. operates leading U.S. real estate sites, as well as a mortgage marketplace and the Zillow Offers homebuying business. Shares appreciated as the company continued growing its nascent, capital-intensive Offers business. In our view, Offers can substantially grow Zillow's addressable market through houses that can be bought and sold via Offers and through additional leads that Offers could provide to the core Premier Agent segment. We view Zillow as well positioned to penetrate the large opportunity in online real estate advertising.

Table V.
Top detractors from performance for the quarter ended June 30, 2019

	Year Acquired	Market Cap When Acquired (billions)	Quarter End Market Cap (billions)	Total Return	Percent Impact
Tesla, Inc.	2014	$21.9	$39.8	–20.15%	–2.89%
Benefitfocus, Inc.	2015	1.1	0.9	–45.17	–0.79
The Charles Schwab Corp.	1992	1.0	53.7	–5.64	–0.27
Manchester United plc	2014	2.8	3.0	–5.50	–0.24
Red Rock Resorts, Inc.	2017	2.9	2.5	–16.52	–0.16

Shares of **Tesla, Inc.**, which designs, manufactures, and sells fully electric vehicles, solar products, and energy storage solutions, detracted from performance as first quarter results that fell short of investor expectations stoked concerns over demand and profitability. However, Tesla raised $2.7 billion in equity, and CEO Elon Musk noted strong demand trends. It ended the quarter with more than $5 billion cash. We remain confident that Tesla's first mover advantage and its focus on electric vehicle architecture position it to capture significant growth in the coming years. Its annual revenue when the Fund first invested in its stock in 2014 was $3.2 billion. It has since increased more than eight times to an estimated $27 billion in 2019. The company's yearly vehicle production has increased approximately 12 times in that same period. We expect Tesla revenues to exceed $50 billion by 2022. Since 2014, our investment in Tesla has appreciated approximately 5% cumulatively, while its business, measured by sales, has increased ten-fold. We believe the stock price will eventually more accurately reflect the company's strong growth fundamentals.

Shares of benefits software vendor **Benefitfocus, Inc.** detracted from performance due to disappointing short-term growth forecasts. The company terminated its exclusive technology relationship with Mercer, which will reduce organic growth in 2019; however, we believe it will allow the company to work with a larger number of independent brokers and, as a result, be accretive to growth in 2020. Despite the unexpected departure of the CFO and head of sales, we expect the company to drive significant growth in customers and revenue per customer, pushing growth above 20%.

Shares of **The Charles Schwab Corp.**, a brokerage platform, declined in the quarter. Investors have paid close attention to interest rate changes and sentiment regarding upcoming moves. Most believe rates will stay constant, if not decline, over the near future. Low interest rate expectations curtail the company's ability to expand net interest margin, an important driver of profitability. However, we remain encouraged that the company continues to attract assets and broaden its services while expanding margins. We believe net interest margins will eventually return to typical levels.

Manchester United plc is an English Premier League professional sports team that generates revenue from broadcasting, sponsorship, and licensing. Quarterly results were in-line with expectations, but shares declined after the club failed to finish in the top four, losing its chance to play in the Champions League next year. We believe the company is a unique media business with broad global appeal, and shares should benefit as it continues its commercial partnership strategy with potential upside from the upcoming shirt renewal process. We believe Manchester United's market value is substantially greater than its current share trading price.

Shares of **Red Rock Resorts, Inc.**, a casino owner and operator in the Las Vegas locals market, declined in the quarter as, we presume, investors grew concerned over earnings at the newly renovated Palms casino. However, we believe The Palms' revenues continue to be in line with the ramping of a new property. The company continues to expect the Palms to produce a strong high-single-digit return next year. This should generate more cash flow, which we expect Red Rock to use to pay down debt and reduce leverage.

Investment Strategy and Portfolio Structure

The objective of Baron Partners Fund is to double its value per share within five years. Our strategy to accomplish this goal is to invest for the long term in a focused portfolio of what we believe are appropriately capitalized, well-managed growth businesses at attractive prices across market capitalizations. We attempt to create a portfolio of less than 30 securities diversified by GICS sectors. The Fund uses what we consider moderate leverage, to enhance returns and balance its portfolio. This is although leverage may increase the volatility of returns. Businesses in which the Fund invests are identified by our firm's proprietary research. We think these businesses have sustainable competitive advantages and strong, long-term growth opportunities, and are managed by individuals who are exceptional leaders with what we judge to be high integrity.

As of June 30, 2019, Baron Partners Fund held 29 investments. The weighted median market capitalization of these growth companies was $11.0 billion. The top 10 positions represented 95.0% of net assets and 74.3% of total investments. Leverage was 27.9%.

The long-term absolute and relative performance of the Fund has been very good. The Fund has returned 13.05% annualized since inception, besting its Index, the Russell Midcap Growth Index, by 3.10% per year. The absolute annualized return over the past three years is 19.07%, surpassing the Fund's historical average, and beating the benchmark by 2.58% annualized.

Portfolio Holdings

Table VI.
Top 10 holdings as of June 30, 2019

	Year Acquired	Market Cap When Acquired (billions)	Quarter End Market Cap (billions)	Quarter End Investment Value (millions)	Percent of Total Investments
CoStar Group, Inc.	2005	$ 0.7	$20.2	$479.3	15.7%
Arch Capital Group Ltd.	2002	0.6	15.0	255.9	8.4
IDEXX Laboratories, Inc.	2013	4.7	23.7	247.8	8.1
Tesla, Inc.	2014	21.9	39.8	245.8	8.0
FactSet Research Systems, Inc.	2007	2.5	11.0	220.7	7.2
Vail Resorts, Inc.	2008	1.6	9.0	206.6	6.8
Hyatt Hotels Corp.	2009	4.2	8.0	197.9	6.5
Space Exploration Technologies Corp.	2017	–	–	156.9	5.1
Gartner, Inc.	2013	5.7	14.5	136.8	4.5
Guidewire Software, Inc.	2017	6.0	8.3	122.7	4.0

Thank you for joining us as fellow shareholders in Baron Partners Fund. We continue to work hard to justify your confidence and trust in our stewardship of your hard-earned savings. We remain dedicated to 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 Lead Portfolio Manager

Michael Baron
Co-Portfolio Manager

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

Risks: The Adviser believes that there is more potential for capital appreciation 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.

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