BARON FIFTH AVENUE GROWTH FUND

September 30, 2019 | Institutional Shares (BFTIX)

Portfolio Manager

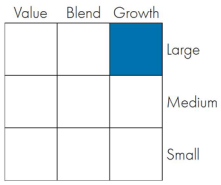
Alex joined Baron in 2011 as a portfolio manager. He has 26 years of research experience, 18 of which were at Morgan Stanley. From 2007 to 2011, he was a co-manager of the Morgan Stanley Opportunity Fund, while also co-managing the Global Opportunity Fund from 2008 to 2011, the International Opportunity Fund and the International Advantage Fund from 2010 to 2011. From 1998 to 2004, he was lead manager of the Morgan Stanley Institutional Technology Strategy and the Technology Fund. He was also the co-manager of the Information Fund from 2004 to 2005 and the Small Company Growth Fund from 1999 to 2002. Alex graduated from New York University Stern School of Business with a B.S. in Finance, Information Systems, and Mathematics in 1993.

Investment Principles

- Long-term perspective allows us to think like an owner of a business
- Independent and exhaustive research is essential to understanding the long-term fundamental growth prospects of a business
- We seek appropriately capitalized open-ended growth opportunities, exceptional leadership, and sustainable competitive advantages
- Purchase price and risk management are integral to our investment process

Investment Strategy

The Fund invests mainly in large-sized U.S. companies with significant growth potential and competitive advantages. Diversified.



Portfolio Facts and Characteristics

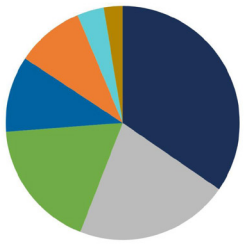
Inception Date	April 30, 2004
Net Assets	$308.35 million
# of Equity Securities / % of Net Assets	34 / 97.4%
Turnover (3 Year Average)	14.66%
Active Share	79.5%
Median Market Cap[2]	$43.93 billion
Weighted Average Market Cap[2]	$247.19 billion
As of FYE 9/30/2018	**Institutional Shares**
CUSIP	068278878
Gross Expense Ratio[3]	0.82%
Less: Reimbursement of Expenses by Adviser[3]	(0.07)%
Net Expense Ratio[3]	0.75%

Retail and R6 Shares are also available for this Fund.

Top 10 Holdings

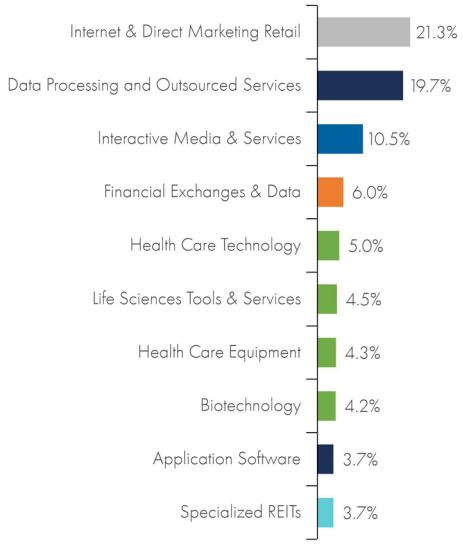
	% of Net Assets
Amazon.com, Inc.	11.7
Mastercard Incorporated	5.9
Alibaba Group Holding Limited	5.0
Veeva Systems Inc.	5.0
Alphabet Inc.	4.9
Visa, Inc.	4.8
Illumina, Inc.	4.4
Intuitive Surgical, Inc.	4.3
Fidelity National Information Services, Inc.	3.8
Facebook, Inc.	3.7
Total	**53.5**

GICS Sector Breakdown[1]



- Information Technology 34.6%
- Consumer Discretionary 21.3%
- Health Care 17.9%
- Communication Services 10.5%
- Financials 9.4%
- Real Estate 3.7%
- Cash & Cash Equivalents 2.6%

Top GICS Sub-Industry Breakdown[1]



Colors of Sub-Industry bars correspond to sector chart above.

Risks

Risks: The Fund invests primarily in equity securities, which are subject to price fluctuations in the stock market. Even though the Fund is diversified, it may establish significant positions where the Adviser has the greatest conviction. This could increase volatility of the Fund's returns.

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Historical Performance (Calendar Year %)[5]

Year	BFTIX	Russell 1000 Growth Index	S&P 500 Index
2011[6]	-3.05	-0.33	0.80
2012	21.20	15.26	16.00
2013	35.73	33.48	32.39
2014	8.34	13.05	13.69
2015	6.61	5.67	1.38
2016	-1.76	7.08	11.96
2017	40.97	30.21	21.83
2018	1.39	-1.51	-4.38

Performance Based Characteristics[4]

	3 Years	5 Years	10 Years
Std. Dev. (%) - Annualized	15.23	15.29	15.59
Sharpe Ratio	1.13	0.86	0.89
Alpha (%) - Annualized	0.80	-0.53	-1.69
Beta	1.06	1.11	1.11
R-Squared (%)	85.70	87.34	87.91
Tracking Error (%)	5.81	5.62	5.60
Information Ratio	0.31	0.12	-0.10
Upside Capture (%)	102.43	108.46	104.78
Downside Capture (%)	92.34	112.02	113.99

Performance[5]

	Total Return (%)				Annualized Returns (%)						Cumulative Returns (%)
	3rd Q 2019	2nd Q 2019	1st Q 2019	YTD	1 Year	3 Years	5 Years	11/01/2011-09/30/2019	10 Years	Since Inception 4/30/2004	Since Inception 4/30/2004
BFTIX-Institutional Shares	-1.32	6.61	18.69	24.86	3.73	18.68	14.08	15.96	14.39	9.42	300.48
Russell 1000 Growth Index	1.49	4.64	16.10	23.30	3.71	16.89	13.39	15.37	14.94	9.95	331.34
S&P 500 Index	1.70	4.30	13.65	20.55	4.25	13.39	10.84	13.92	13.24	8.85	269.87
Morningstar Large Growth Category Average	-0.47	4.63	15.67	20.54	1.87	14.62	11.04	13.23	13.13	N/A	N/A

Top Contributors/Detractors to Performance[2]

BY SUB-INDUSTRIES[1]

Top Contributors	Average Weight(%)	Contribution(%)
Data Processing and Outsourced Services	19.54	0.92
Semiconductor Equipment	2.78	0.48
Specialized REITs	3.32	0.46
Financial Exchanges & Data	5.81	0.44
Systems Software	0.72	0.28

Top Detractors	Average Weight(%)	Contribution(%)
Internet & Direct Marketing Retail	22.99	-1.41
Life Sciences Tools & Services	4.32	-0.80
Biotechnology	4.54	-0.75
Internet Services & Infrastructure	3.46	-0.66
Health Care Supplies	0.10	-0.30

BY HOLDINGS

Top Contributors	Average Weight(%)	Contribution(%)
Alphabet Inc.	4.57	0.50
ASML Holding N.V.	2.78	0.48
Equinix, Inc.	3.32	0.46
PagSeguro Digital Ltd.	2.90	0.44
Worldpay, Inc.	1.32	0.31

Top Detractors	Average Weight(%)	Contribution(%)
Amazon.com, Inc.	12.16	-0.99
Illumina, Inc.	4.29	-0.82
Sage Therapeutics, Inc.	2.42	-0.58
Wix.com Ltd.	1.94	-0.36
SmileDirectClub	0.10	-0.30

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

1 - Industry sector or sub-industry group levels are provided from the Global Industry Classification Standard ("GICS"), developed and exclusively owned by MSCI, Inc. ("MSCI") and Standard & Poor's Financial Services LLC ("S&P"). All GICS data is provided "as is" with no warranties. The Adviser may have reclassified/classified certain securities in or out of a sub-industry. Such reclassifications are not supported by S&P or MSCI.

2 - Source: FactSet PA and BAMCO.

3 - Restated to reflect current expense waiver

4 - Source: FactSet SPAR. Except for Standard Deviation and Sharpe Ratio, the performance based characteristics above were calculated relative to the Fund's benchmark.

5 - Alex Umansky began managing Baron Fifth Avenue Growth Fund on 11/1/2011. The Category Average is calculated manually from 11/1/2011 to the most recent quarter end using Morningstar's Fractional Weighting methodology and only includes funds categorized in Morningstar's US Large Growth Category for the entire time period.

6 - For the period 11/1/2011 to 12/31/2011.

The Fund may not achieve its objectives. Portfolio holdings may change over time.

Performance for the Institutional Shares prior to 5/29/2009 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 5/29/2009 did not reflect this fee, the returns would be higher.

The Fund's historical performance was impacted by gains from IPOs and/or secondary offerings, and 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.

Definitions (provided by BAMCO, Inc.): The indexes are unmanaged. The **Russell 1000® Growth Index** measures the performance of large-sized U.S. companies that are classified as growth. The **S&P 500 Index** measures the performance 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. Morningstar calculates the **Morningstar US Fund Large Growth Category Average** using its Fractional Weighting methodology. The Fund's Institutional Shares have been included in the category since May 29, 2009 and the Fund's Retail Shares since inception. © 2019 Morningstar, Inc. All Rights Reserved. The Morningstar information contained herein: (1) is proprietary to Morningstar and/or its content providers; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information. **Standard Deviation (Std. Dev.):** measures the degree to which a fund's performance has varied from its average performance over a particular time period. The greater the standard deviation, the greater a fund's volatility (risk). **Sharpe Ratio:** is a risk-adjusted performance statistic that measures reward per unit of risk. The higher the Sharpe ratio, the better a fund's risk adjusted performance. **Alpha:** measures the difference between a fund's actual returns and its expected performance, given its level of risk as measured by beta. **Beta:** measures a fund's sensitivity to market movements. The beta of the market is 1.00 by definition. **R-Squared:** measures how closely a fund's performance correlates to the performance of the benchmark index, and thus is a measurement of what portion of its performance can be explained by the performance of the index. Values for R-Squared range from 0 to 100, where 0 indicates no correlation and 100 indicates perfect correlation. **Tracking Error:** measures how closely a fund's return follows the benchmark index returns. It is calculated as the annualized standard deviation of the difference between the fund and the index returns. **Information Ratio:** measures the excess return of a fund divided by the amount of risk the fund takes relative to the benchmark index. The higher the information ratio, the higher the excess return expected of the fund, given the amount of risk involved. **Upside Capture:** explains how well a fund performs in time periods where the benchmark's returns are greater than zero. **Downside Capture:** explains how well a fund performs in time periods where the benchmark's returns are less than zero. **Active Share:** a term used to describe the share of a portfolio's holdings that differ from that portfolio's benchmark index. It is calculated by comparing the weight of each holding in the Fund to that holding's weight in the benchmark. Positions with either a positive or negative weighting versus the benchmark have Active Share. An Active Share of 100% implies zero overlap with the benchmark. Active Share was introduced in 2006 in a study by Yale academics, M. Cremers and A. Petajisto, as a measure of active portfolio management.

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