Dear Baron Focused Growth Fund Shareholder:

Performance

Baron Focused Growth Fund (the "Fund") increased 3.20% (Institutional Shares) in the quarter. This was lower than the Russell 2500 Growth Index, the benchmark against which we compare the performance of the Fund, which rose by 5.78%. Year-to-date, the Fund increased in value by 23.31% compared to 17.03% for its benchmark and 14.24% for the large-cap S&P 500 Index.

Table I.
Performance
Annualized for periods ended September 30, 2017

	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]	3.18%	3.20%	5.78%	4.48%
Nine Months[5]	23.18%	23.31%	17.03%	14.24%
One Year	22.33%	22.56%	20.07%	18.61%
Three Years	8.14%	8.40%	11.27%	10.81%
Five Years	10.50%	10.76%	14.46%	14.22%
Ten Years	5.67%	5.88%	8.72%	7.44%
Fifteen Years	13.05%	13.20%	12.30%	10.04%
Since Inception (May 31,1996)	10.94%	11.04%	7.83%	8.43%

The Fund's focused investments continued to make good fundamental progress against their large addressable markets. This quarter, most of the largest positions in the portfolio generated strong results and were rewarded with higher multiples and strong stock performance as management teams continued to execute on their business strategies. Those companies took share in their markets through strong brand recognition and a focus on customer service, leading to higher margins and increased cash flow. Many of our holdings then used this cash flow to invest in their businesses, repurchase shares, and increase dividends. Our largest holding at the start of the third quarter, electric vehicle manufacturer **Tesla, Inc.,** which has increased 60% year-to-date, fell in the quarter, penalizing performance by about 1%. The stock's drop was due to a slower-than-anticipated start up for the manufacturing of the mass market-priced Model 3. Orders have been robust and we expect Tesla's price weakness to be short-lived.

RONALD BARON
CEO AND PORTFOLIO MANAGER

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

Over much of the last three years, while the fundamentals of the businesses in the portfolio had been outperforming, their stocks often did not reflect this underlying strength. We believe this was due to significant reinvestments by those businesses that were penalizing short-term profits. As a result, their share prices lagged the business' fundamental performance. This changed in 2017, with most of our stocks starting to catch up to the outsized growth occurring in their businesses. This reversal continued into the third quarter, including top 10 holdings **Vail Resorts, Inc.**, **Guidewire Software, Inc.,** and **Manchester United plc**, all of which significantly outperformed in the quarter.

Since its inception on May 31, 1996, the Fund's 11.04% annualized performance has exceeded that of its benchmark by an average of 3.21% per year. This means that a $10,000 investment in Baron Focused Growth Fund over 21 years ago would now be worth approximately $93,000! If an investor had instead invested $10,000 in a passive index that mirrored the Russell 2500 Growth Index, it would be worth approximately $50,000. Please see Tables I and II.

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, 2016 was 1.43% and 1.13%, 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.

Baron Focused Growth Fund

Baron Focused Growth Fund's beta has averaged 0.77 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 5.09% annual alpha, a measure of risk-adjusted performance, since inception.

Baron Focused Growth Fund, like all of our 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 as a result of temporary events in the macro or geopolitical environment, which we consider impossible to predict.

Despite the market's recent gains, we still believe many of the businesses in which the Fund has invested remain undervalued relative to their long-term potential. Earnings for many of these businesses should soon accelerate as a result of the companies' consistent investments in their businesses, in the form of organic growth initiatives and opportunistic acquisitions.

Tesla continued to ramp up production of its Model S and X vehicles and began initial production of its mass market Model 3, all while continuing to add more service locations and charging stations both domestically and abroad.

Vail continued to sell more season passes as a result of its purchases of Whistler Blackcomb in Vancouver and Stowe Mountain in Vermont, which added new destinations for pass holders to visit.

CoStar Group, Inc., the leading provider of commercial real estate information, is generating robust double-digit revenue growth, while significantly investing in its business as it expands its sales, research, and product development capabilities.

Manchester United 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 a new manager and players. We expect Manchester United's investments to boost its revenues more than 50% on the way to $1 billion and double its EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization) during the next five or six years.

Guidewire Software, the leading provider of technology solutions to the P&C insurance industry, is benefiting from a replacement cycle of 30-year-old legacy P&C industry systems. Through innovation and targeted acquisitions, Guidewire has more than tripled its addressable market since becoming publicly owned. We believe the company has the potential to increase its EBITDA 10-fold over our investment horizon.

Table II.
Performance
Periods of euphoria and stress

	"Yesterday" Clinton Years 1992-2000 12/31/99 P/E 33x	Internet Bubble	"The Long and Winding Road" Bush Years 2000-2008 9/11; Iraq; Afghanistan; Housing Bubble; Financial Panic	"Here Comes the Sun" Recovery and Quantitative Easing 2009-2013	"Helter Skelter" Fed Tightening	"Any Time at All"
	Annualized Returns					
	Inception 5/31/1996 to 12/31/1999	10/8/1998 to 3/9/2000	12/31/1999 to 12/31/2008	12/31/2008 to 12/31/2013	12/31/2013 to 9/30/2017	Inception 5/31/1996 to 9/30/2017
Baron Focused Growth Fund (Institutional Shares)	27.87%	41.77%	2.72%	19.46%	6.12%	11.04%
Russell 2500 Growth Index	17.60%	126.53%	(3.99)%	24.03%	8.80%	7.83%
S&P 500 Index	26.58%	32.29%	(3.60)%	17.94%	10.91%	8.43%
Percentile rank in Morningstar Mid-Cap Growth Category*				76	82	
# of Share Class in the Category				531	543	
Morningstar US Fund Mid-Cap Growth Peer Group Avg				20.97%	7.72%	

* As of 8/31/2017, Moningstar calculates the **Morningstar US Fund Mid-Cap Growth Category Average** using its Fractional Weighting methodology. Morningstar rankings are based on total returns and do not include sales charges. Total returns do account for management, administrative, and 12b-1 fees and other costs automatically deducted from fund assets. As of 9/30/17, the category consisted of 614, 484 and 378 share classes for the 1-year, 5-year, and since conversion (6/30/2008) periods. **Baron Focused Growth Fund Institutional** Share Class ranked in the 11th, 84th , and 67th percentiles, respectively, in the category. The category consisted of 531 and 543 share classes during the time intervals 12/31/2008–12/31/2013 and 12/31/2013–9/30/2017, respectively. **Baron Focused Growth Fund Institutional** Share Class ranked in the 76th and 79th percentiles, for the respective time intervals.

Table III.
Top contributors to performance for the quarter ended September 30, 2017

	Year Acquired	Market Cap When Acquired (billions)	Quarter End Market Cap (billions)	Total Return	Percent Impact
Vail Resorts, Inc.	2013	$2.3	$9.1	12.47%	1.90%
Hyatt Hotels Corp.	2009	4.2	7.5	9.93	1.04
FactSet Research Systems, Inc.	2008	2.5	7.1	8.77	0.55
Guidewire Software, Inc.	2013	2.7	5.8	13.32	0.52
Manchester United plc	2012	2.3	3.0	10.77	0.51

Shares of **Vail Resorts, Inc.**, the largest global operator of ski resorts in the U.S., Canada, and Australia, gained in the quarter on strong ski pass sales for the upcoming season. Sales increased 16% from last year's record sales. Vail expects further growth in season pass sales from its recently acquired Stowe and Whistler resorts. Both resorts offer Vail an opportunity to further penetrate destination skiers on the East and West Coasts. We believe this strategy will help provide a more stable base of revenue for Vail, since season passes make up 43% of its lift ticket revenue. (David Baron)

Shares of **Hyatt Hotels Corp.** a global hotelier, increased in the quarter on strong revenue per available room and increasing market share. The company continued to use its ample cash flow to repurchase stock, which it regards as undervalued relative to its growing asset value. Hyatt has also said that it believes it will be able to leverage its strong brand to grow its room base while using minimal capital due to the rapid growth in management and franchise contracts with developers. We think this will shift earnings towards a more fee-based business over time. (David Baron)

Shares of **FactSet Research Systems, Inc.**, a leading provider of investment management tools, contributed to performance this quarter. FactSet's financial results have demonstrated consistent and accelerating market share gains, which is being partially offset by more challenging end markets. For the most recent quarter, FactSet grew its volume by 5.7% organically, well ahead of market growth of 0% to1% and showed a modest improvement versus prior results. The company also continued to aggressively return capital to shareholders through a growing dividend and meaningful share repurchases. (Neal Rosenberg)

Table IV.
Top detractors from performance for the quarter ended September 30, 2017

	Year Acquired	Market Cap When Acquired (billions)	Quarter End Market Cap or Market Cap When Sold (billions)	Total Return	Percent Impact
Tesla, Inc.	2014	$31.2	$56.9	−5.67%	−1.07%
Benefitfocus, Inc.	2014	0.7	1.0	−7.43	−0.34
Iridium Communications Inc.	2014	0.6	1.0	−5.74	−0.28
Financial Engines, Inc.	2014	1.8	2.2	−4.85	−0.18
Church & Dwight Co., Inc.	2007	3.0	12.1	−7.18	−0.16

Tesla, Inc. designs, manufactures, and sells fully electric vehicles, solar products, and energy storage solutions. Shares fell following vehicle delivery numbers that were lower than analyst estimates the result of a difficult startup period. In addition, although management retains confidence in its ability to ramp Model 3 production, investors are still waiting for confirmation of this. On the other hand, Model 3 was launched successfully during the quarter with a remarkable backlog of over 450,000 net reservations, despite no advertising! (Ishay Levin)

Shares of benefits software vendor **Benefitfocus, Inc.** detracted from performance in the quarter, as uncertainty around health care reform froze sales cycles at many customers. We believe short-term headwinds, including longer implementation periods, slower employer signings because of a sales restructuring, and a revenue share of BenefitStore commissions, should abate later this year. We believe the addressable opportunity is large and expanding; the company's competitive position is continuing to improve; and the company is progressing on its margin goals. (Neal Rosenberg)

Iridium Communications Inc. provides satellite-based mobile voice and data communications services. Iridium is in the process of launching its new NEXT satellites. Liquidity fears pressured the stock in the period. Instead, creditors have agreed to a payment schedule that will provide additional liquidity flexibility in 2018. Iridium's assets are difficult to replicate, its recurring voice business is stable, and new products should allow it to grow cash flow, reduce leverage, and create significant value, in our view. (Ishay Levin)

Investment Strategy & Portfolio Structure

The objective of Baron Focused Growth Fund is to double its value per share within five years. Of course, the Fund may not meet its objective. 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, small- and mid-cap growth businesses at attractive prices. We attempt to create a portfolio of approximately 20 securities diversified by GICS sectors that will be an estimated 80% as volatile (beta) as the market. These businesses are identified by our Firm's proprietary research and time-tested investment process.

As of September 30, 2017, Baron Focused Growth Fund held 15 investments. The Fund sold **Church and Dwight Co., Inc.** Church and Dwight has been experiencing increased promotional pressure and slower growth in its core business. The Fund's average portfolio turnover for the past three years was 15.7%. This means the Fund has an average holding period for its investments of over six years. This contrasts sharply with the average mid-cap growth mutual fund which typically turns over its portfolio every 20 months. From a quality characteristics standpoint, the Fund's investments have higher sales and 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 (lower beta and lower standard deviation of EPS growth). We believe these metrics help mitigate 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 the Fund's performance. The Fund is heavily weighted in Consumer Discretionary with over 55% of the portfolio in this sector vs. just 15% 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, foundational, long-term holdings that continue to steadily grow sales and earnings while using excess free cash to return value to shareholders.

Rapidly growing firms account for approximately 47% of the Fund's assets. On current metrics, these businesses look expensive; however, we think they will continue to grow rapidly and have the potential to generate exceptional returns if they grow as we expect. Examples of these companies include electric vehicle leader **Tesla, Inc**, commercial satellite company **Iridium Communications Inc.**, commercial real estate data supplier **Costar Group, Inc.** and corporate benefits software provider, **Benefitfocus, Inc**.

Table V.
Investments in Less Seasoned Growth Companies

	Percent of Net Assets	Year Acquired	Cumulative Return Since Initial Purchase
Tesla, Inc.	16.1%	2014	36.2%
CoStar Group, Inc.	10.5	2014	25.4
Iridium Communications Inc.	4.2	2014	51.2
Guidewire Software, Inc.	4.2	2013	68.5
Benefitfocus, Inc.	4.0	2014	23.4
Financial Engines, Inc.	3.2	2014	4.1
Red Rock Resorts, Inc.	2.0	2017	5.0
Space Exploration Technologies Corp.	1.8	2017	7.3
Masonite International Corp.	1.5	2017	12.6

Companies that own what we believe are irreplaceable assets comprise approximately 33% of the Fund's assets. **Vail Resorts, Inc.**, owner of the premier ski resort portfolio in the world, upper upscale lodging brand **Hyatt Hotels Corp.** and storied soccer franchise **Manchester United plc** are all examples of companies we believe possess meaningful brand equity and barriers to entry in their businesses that equates to pricing power over time.

Table VI.
Investments with Irreplaceable Assets

	Percent of Net Assets	Year Acquired	Cumulative Return Since Initial Purchase
Vail Resorts, Inc.	16.3%	2013	293.4%
Hyatt Hotels Corp.	11.0	2009	120.7
Manchester United plc	5.2	2012	33.8

Steady growers that continually return excess free cash to shareholders represent approximately 17% of the portfolio. 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 its industry, **Arch Capital Group Ltd.** generates a steady stream of cash flow that it uses for acquisitions, debt reduction and share repurchases. Recently, the company acquired AIG's mortgage insurance subsidiary at what we believe was an unusually attractive price that complements Arch's underwriting philosophy. We expect this acquisition will lead to even faster growth in earnings and book value per share.

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

	Percent of Net Assets	Year Acquired	Cumulative Return Since Initial Purchase
FactSet Research Systems, Inc.	7.1%	2008	290.5%
Arch Capital Group Ltd.	5.2	2003	801.7
Choice Hotels International, Inc.	5.0	2010	202.9

For the quarter ended September 30, 2017, the Fund's top 10 holdings represented 84.8% of net assets. A number of these investments have been successful and were purchased when they were much 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, Tesla, Hyatt Hotels, CoStar and FactSet, all have, in our view, significant competitive advantages due to irreplaceable assets, strong brand awareness, technologically superior knowhow 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 VIII.
Top 10 holdings as of September 30, 2017

	Year Acquired	Market Cap When Acquired (billions)	Quarter End Market Cap (billions)	Amount (millions)	Percent of Net Assets
Vail Resorts, Inc.	2013	$ 2.3	$ 9.1	$31.1	16.3%
Tesla, Inc.	2014	31.2	56.9	30.7	16.1
Hyatt Hotels Corp.	2009	4.2	7.5	21.0	11.0
CoStar Group, Inc.	2014	6.2	9.6	20.1	10.5
FactSet Research Systems, Inc.	2008	2.5	7.1	13.5	7.1
Manchester United plc	2012	2.3	3.0	9.9	5.2
Arch Capital Group Ltd.	2003	0.9	12.9	9.9	5.2
Choice Hotels International, Inc.	2010	1.9	3.6	9.6	5.0
Iridium Communications Inc.	2014	0.6	1.0	8.1	4.2
Guidewire Software, Inc.	2013	2.7	5.8	7.9	4.2

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 we 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.

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.

Beta: measures a fund's sensitivity to market movements. The beta of the market is 1.00 by definition.